



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

April 25, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Murchison Oil & Gas, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4723 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Murchison Oil & Gas, Inc. ("Murchison"), that was submitted to the New Mexico Oil Conservation Division ("Division") on April 5, 2002 (*pKRV0-209828931*); and (ii) the Division's records in Santa Fe: all concerning Murchison's request for an exception to Rule 4 of the "*Special Rules and Regulations for the White City-Pennsylvanian Gas Pool*", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-2429-A, as amended, for an infill well to be drilled at an unorthodox gas well location within an existing 638.72-acre gas spacing and proration unit comprising all of Section 3, Township 25 South, Range 26 East, NMPM, White City-Pennsylvanian Gas Pool (**87280**), Eddy County, New Mexico.

This 638.72-acre unit is currently dedicated to Murchison's Ringer Well No. 1 (**API No. 30-015-00410**), located at a standard gas well location 2012 feet from the North line and 1808 feet from the West line (Unit F) of Section 3.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999 and Rule 5 of the special White City-Pennsylvanian gas pool rules.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation of the Pennsylvanian system than a well drilled at a location considered to be standard.

By the authority granted me under the provisions of Division Rule 104.F (2) and the applicable provisions of the special rules governing the White City-Pennsylvanian Gas Pool the following described well to be drilled at an unorthodox infill location within this 638.72-acre unit is hereby approved:

Administrative Order NSL-4723 (SD)

Murchison Oil & Gas, Inc.

April 25, 2002

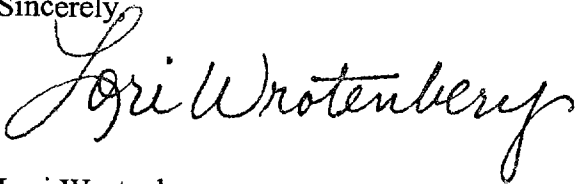
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Ringer Well No. 4
660' FNL & 1040' FEL (Lot 1/Unit A) of Section 3

Murchison is hereby authorized to simultaneously dedicate production attributed to the White City-Pennsylvanian Gas Pool from its existing Ringer Well No. 1 with the proposed Ringer Well No. 4. Further, the aforementioned wells and 638.72-acre spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenbery". The signature is written in dark ink and is positioned below the word "Sincerely,".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad