

March 13, 2001

Mr. Michael Stogner
State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM. 87505

RE: UNORTHODOX LOCATION EXCEPTION
LINCOLN STATE COM #1
2030' FNL & 660' FEL, SEC. 24, T18S, R24E
EDDY CO., NM.


Dear Mr. Stogner:

The referenced well was drilled in 1978 at an orthodox location and completed in the Morrow formation. The well has remained on production since then, but has become uneconomic in the Morrow. We are attempting to recomple the well in the Wolfcamp-Bursum from 6308' to 6650'.

The well's location is now unorthodox by virtue of Order No. R-11231. The Well Dedication and Acreage Plat Form C-102 for the well is attached as well as NM OCD Form 103 to perform the recompletion work which is conditionally approved. Since the well is no closer than 660 feet to an outer boundary, a list of offset operators has not been included, but a current commercial land map is attached for your use and reference. Please contact me if you have questions. Please grant an exception to the well's location requirements of Rule 104 C (2) (b) in view of these circumstances.

Very truly yours,

MURCHISON OIL & GAS, INC.


Michael S. Daugherty
Vice President Operations

RECEIVED

JAN 20 2004

OCD-ARTESIA

MSD/cb/LincSC#1-OCD-UnorthLocExc.

cc: Mr. Bryan Arrant-St. of New Mexico
Oil Conservation Division - District II
811 S. 1st Street
Artesia, NM. 88210-2834

16				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Michael Daugherty</i></p> <p>Signature</p> <p>MICHAEL S. DAUGHERTY</p> <p>Printed Name</p> <p>V P OPERATIONS mdaugherty@jdmii.com</p> <p>Title and E-mail Address</p> <p>1/14/04</p> <p>Date</p>
			<p>2030'</p> <p>660'</p> <p>← →</p>	
<p>RECEIVED</p> <p>JAN 20 2004</p> <p>OCD-ARTESIA</p>		<p>SPACING UNIT</p> <p>└→</p>		<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-128
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

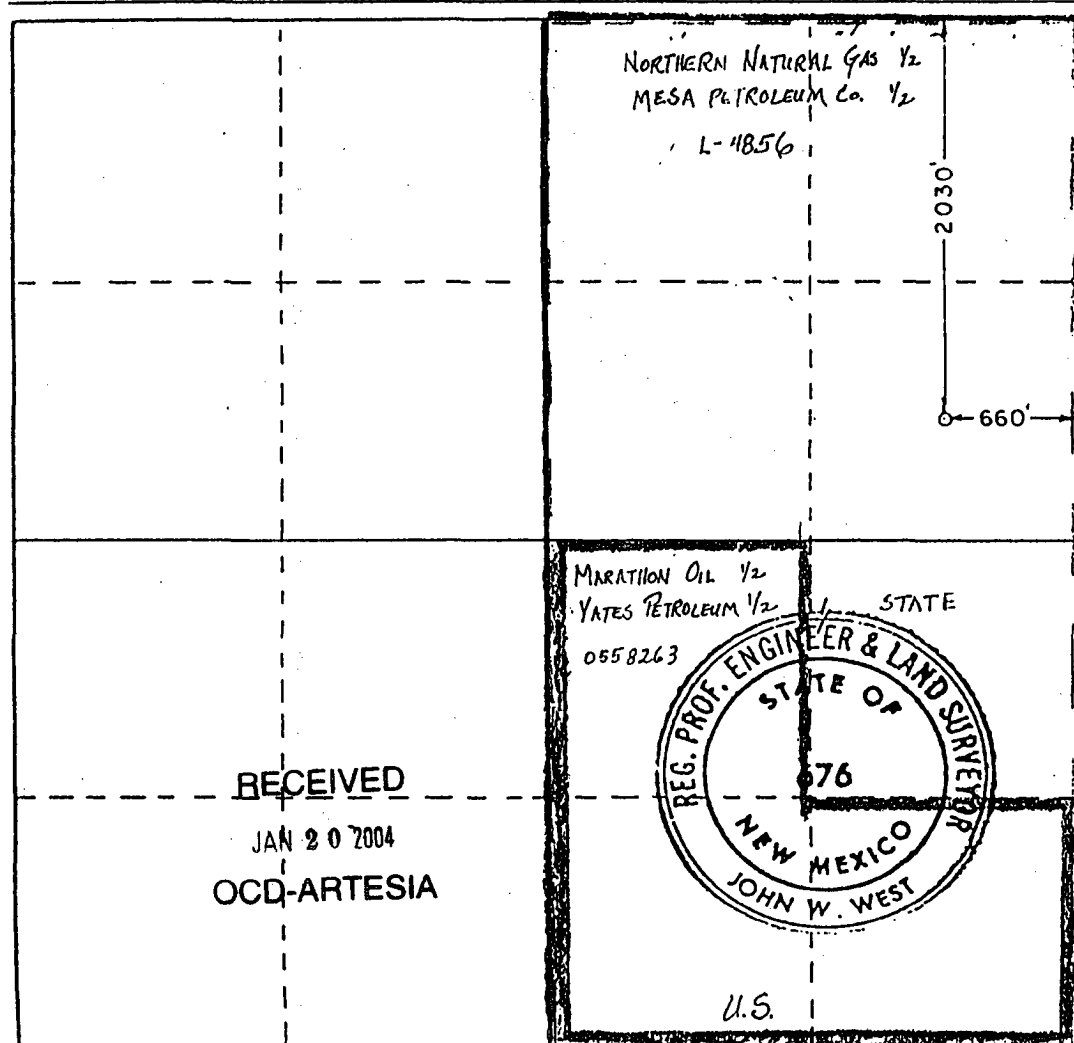
Mesa Petroleum Company			Lincoln State Com.		RECEIVED 1
Unit: letter H	Section 24	Township 18 South	Range 24 East	County Eddy	MAR 3 1978
Actual Well Location of Well:					
2030		feet from the North line and		660 feet from the East	
Ground level Elev. 3659.4	Producing Formation MORROW	Port UNDESIGNATED		Dedicated Acreage: 320	Acre

- 1 Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- 2 If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation FORCE POOLING HEARING IS PENDING

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name

Position

Company

Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Feb. 28, 1978

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **John W. West**

676

Donald L. Edgess 3230