



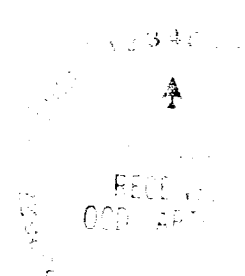
VIA CERTIFIED MAIL

MURCHISON OIL & GAS, INC.

MURCHISON PROPERTIES, INC.

January 29, 2002

Mr. Michael Stogner
State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 South Saint Francis Dr.
Santa Fe, NM. 87505



**RE: UNORTHODOX LOCATION EXCEPTION
HIGH MESA STATE COM #1
1320' FSL & 1000' FEL, SEC. 2, T17S, R28E
EDDY CO., NM.**

Dear Mr. Stogner:

The referenced well was drilled at an orthodox location for the Morrow and Atoka formation. Unfortunately we were not successful in the Morrow and the Atoka production is marginal. We now would like to recomplete the well in the Wolfcamp formation from 7510' – 7524'.

The well's location is unorthodox for 40 acre spacing by virtue of Order No. R-11231. The Well Dedication and Acreage Plat Form C-102 for the well is attached. The well is 320 feet from the outer boundary of our lease but Murchison Oil & Gas, Inc. operates the offset acreage. Therefore a list of offset operators has not been included, but a current commercial land map is attached for your use and reference. Please note from the survey plat that although the well is 1320 feet from the south line, it is 25' from the quarter-quarter section line. Section 2 is not square and its dimensions are irregular. Also note that the E/2 of the SE/4 is all one lease. You may contact me if you have questions. MOGI respectfully requests that the Commission grant an exception to the well's location requirements of Rule 104 C (2) (a) in view of these circumstances.

Very truly yours,

MURCHISON OIL & GAS, INC.

Michael S. Daugherty
Vice President Operations

MSD/ct/HighMesaStCom#1-OCD-UnorthLocExc.