



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

February 8, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Murchison Oil & Gas, Inc.
1100 Mira Vista Blvd.
Plano, Texas 75093-4698

Attention: Michael S. Daugherty

Re: Administrative application for an exception to Division Rule 104.B (1) in the Wolfcamp formation for the existing High Mesa State Com. Well No. 1 (API No. 30-015-31720), recently drilled at a point 1320 feet from the South line and 1000 feet from the East line (Unit P) of irregular Section 2, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

Dear Mr. Daugherty:

This letter acknowledges your administrative application dated January 29, 2002 for an unorthodox Wolfcamp oil well location for the above described well. The Division received this application on January 31, 2002, and assigned it NMOCD application reference No. *pKRV0-203654132*. Please refer to this number in future correspondence with the Division.

Pursuant to my preliminary review of your application, clarification regarding notice is needed. As you are aware Division Rule 1207.A (2) (a) states:

"In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit".

It was stated in your application "Murchison Oil & Gas, Inc. operates the offset acreage," being state lease V-05660 comprising the W/2 SE/4 of irregular Section 2. To clarify, does this mean that Murchison Oil & Gas, Inc. owns 100% of the working interest in the state lease? If not please identify each interest owner within this lease, show his or her percentage of ownership, and provide adequate notice as required.

Since the submitted information is insufficient to review, the application was ruled as incomplete on February 8, 2002. Please submit the above stated information by Friday, February 15, 2002.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465 or e-mail me at "*mstogner@state.nm.us*." Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Artesia