



January 13, 2003

Mr. Pete Martinez
State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM. 87504-1148

Ms. Lori Wrotenbery
State of New Mexico
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM. 87505

Mr. Bryan Arrant
State of New Mexico
Oil Conservation Division – District II
1301 W. Grand Avenue
Artesia, NM. 88210



**RE: BIG CAT STATE COM WELL NO. 1
API NO. 30-015-32091
UNIT G, SEC. 11, T17S, R28E, NMPM,
EDDY CO., NM.
NORTH ANDERSON-WOLFCAMP (OIL 97183) AND
UNDESIGNATED NORTH EMPIRE-ABO (OIL 96365) POOLS**

Ladies and Gentlemen:

Murchison Oil & Gas, Inc. filed for a permit to commingle Wolfcamp and Abo production from the referenced well. The request was approved by Administrative Order DHC-3071 on November 14, 2002. Since that time we have been informed by Bryan Arrant with the Artesia OCD that the zone we added (MOGI deemed it to be Abo) was actually Wolfcamp and it was not necessary to have a commingling order. We also received a letter dated January 7, 2003 from Pete Martinez with the NM State Land Office requesting that we seek further approval from the State Land Office in order to commingle the zones.

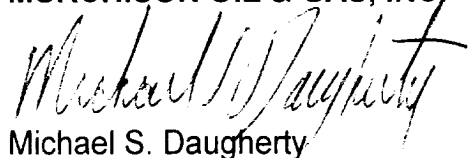
In view of the confusion and complexity of the situation, Murchison Oil & Gas, Inc. requests the following action be taken:

- 1) MOGI will defer to the Artesia OCD's determination that the referenced well is only completed in the Wolfcamp formation which will eliminate the need to have a commingling permit.
- 2) The Administrative Order 3071 approving the commingling of Wolfcamp and Abo be rescinded.
- 3) All production will be reported on the Monthly C-115 as being produced from the North Anderson-Wolfcamp Pool.

On behalf of MOGI, I apologize for creating the confusion as outlined above. Our efforts to abide by OCD regulations were unsuccessful, but never the less well intended. I would appreciate your informing me if the proposed remedies are acceptable.

Very truly yours,

MURCHISON OIL & GAS, INC.



Michael S. Daugherty
Vice President Operations

MSD/ct/BigCatSC#1-StLnd-OCD-Commingling

Encl.

cc: Tommy Folsom



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3071

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

Attention: Mr. Tommy Folsom

Big Cat State Com Well No.1
API No. 30-015-32091
Unit G, Section 11, Township 17 South, Range 28 East, NMPM
Eddy County, New Mexico
North Anderson-Wolfcamp (Oil 97183), and
Undesignated North Empire-Abo (Oil 96365) Pools



Dear Mr. Folsom:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.(1), each of the commingled pools shall be allowed to produce up to the top oil allowable and top casing head gas allowable applicable for that pool.

The applicant shall consult with the supervisor of the Artesia District Office of the Division upon completion and testing of the well in order to determine a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Artesia District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 14th day of November 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg (wvj)
LORI WROTENBERY
Director

LW/wvj

cc: Oil Conservation Division - Artesia
State Land Office – Santa Fe



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

January 7, 2003

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

Attn: Mr. Tommy Folsom

Re: Application for Downhole Commingling
Big Cat State Com Well No. 1
Unit Letter G, Section 11-17S-38E
North Anderson-Wolfcamp and Undesignated North Empire-Abo Pools
Eddy County, New Mexico



Dear Mr. Folsom:

The New Mexico Oil Conservation Division has advised this office that Murchison Oil & Gas, Inc. has applied to downhole commingle the production from the Big Cat State Com Well No. 1. Murchison Oil & Gas, Inc. proposes to commingle the production from the North Anderson-Wolfcamp and Undesignated North Empire-Abo Pools.

Pursuant to State Land Office Rule No. 1.053, 1.054 and 1.055, please submit an application to this office for our approval together with the data recommended on the attached commingling pre-application form. The filing fee for a commingling application is \$30.00.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

A handwritten signature in cursive script, appearing to read "Jami Bailey".

BY:
JAMI BAILEY, Director
Oil/Gas and Minerals Division
(505) 827-5744

PL/JB/cpm

Enclosure

xc: Reader File

OCD--Attention: David Catanach