## PARESD- 615235433

## Stogner, Michael, EMNRD

 From:
 Mull, Donna, EMNRD

 To:
 Stogner, Michael, EMNRD

 Cc:
 Cc:

RE: NSP-1898 (NSL)

Sent: Wed 5/31/2006 2:25 PM

Attachments:

Subject:

Mike, Thanks for the order. But I see maybe a typo in last paragraph. I have intent to drill well name as Hightower State Unit #1. Please let me know if this is correct. Thanks again. Donna.

From: Stogner, Michael, EMNRD Sent: Tue 5/30/2006 4:06 PM To: JamesBruc@aol.com Cc: Mull, Donna, EMNRD; Kautz, Paul, EMNRD; Williams, Chris, EMNRD Subject: NSP-1898 (NSL)

Correct order attached:

From: Stogner, Michael, EMNRD Sent: Tue 5/30/2006 12:30 PM To: JamesBruc@aol.com Cc: Mull, Donna, EMNRD; Kautz, Paul, EMNRD; Williams, Chris, EMNRD Subject: RE: unorthodox location application/Murchison Oil & Gas

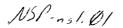
see attached order

From: JamesBruc@aol.com [mailto:JamesBruc@aol.com] Sent: Tue 5/30/2006 7:31 AM To: Stogner, Michael, EMNRD Subject: unorthodox location application/Murchison Oil & Gas

Mike: Have you had the chance to look at this one? If not, that's fine. I'll just tell them to drill another looation first.

Jim





## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joan Prukop CabinelSecretary

May 30, 2006

Mark E. Fesmire, P.E. Director Oil Conservation Division

60

Nurchison Oil & Gas, Inc. cル James Bruce P.O. Box 1056 S anta Fe, New Mexico 87504

## Administrative Order NSP-1898 (NSL)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pTDS0-611735069*) filed on behalf of the operator Murchison Oil & Gas, Inc. ("Murchison") and submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 27, 2006; (ii) your e-mail sent to Mr. Michael E. Stogner, Engineer with the Division in Santa Fe on Tuesday morning, May 30, 2006 checking on the status of this application; and (iii) the Division's records in Artesia and Santa Fe: all concerning Murchison's request to develop the Hightower-Devonian Pool (31160) underlying a non-standard 80-acre lay-down oil spacing and proration unit comprising the N/2 NE/4 of Section 27, Township 12 South, Range 33 East, NMPM, Hightower State Exploratory Unit Area (see Division Order No. R-12512, issued in Case No. 13645 on February 27, 2006), Lea County, New Mexico, with its proposed Hightower State Unit Well No. 1 to be drilled at an unorthodox oil well location 660 feet from the North line and 1300 feet from the East line (Unit A) of Section 27.

Your application for Murchison has been duly filed under the provisions of the following rules and regulations:

(a) Order No. 846, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 198 on November 18, 1949, which adopted Rules for the Hightower-Devonian Pool that established, in part, 80-acre (oil) proration units and a uniform pattern for the spacing and drilling of wells to the Devonian formation within the area comprising Sections 22, 23, 26, and 27 of Township 12 South, Range 33 East, NMPM, Lea County, New Mexico;

(**b**) Division Rule 104.D;

(c) Division Rule 104.F; and

(d) Division Rule 1210.A (2) [formerly Division Rule 1207.A
(2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that the E/2 of Section 27 comprises a single state lease issued by the New Mexico State Land Office (*State Lease No. V-7612*) in which Murchison is the leasehold operator and that all mineral interests therein is common.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered standard within the NE/4 of Section 27. Also, by orienting the required 80-acre unit as a lay-down tract rather then a stand-up, the proposed well is encroaching only upon the interior line within the unit.

By the authority granted me under the provisions of Division Rules 104.D (2) (b) and 104.F (2), the above-described non-standard 80-acre lay-down oil spacing and proration unit in the Hightower-Devonian Pool and unorthodox Devonian oil well location for Murchison's proposed Viersen Federal Well No. 3 is hereby approved.

C Highdower State Unit #1

Sincerely,

QPJ N. 30-025-3790,

Mark E. Fesmire, P. E. Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs New Mexico State Land Office – Santa Fe

CMD : OG6C101 C101	ONGARD -APPLICATION FOR PERMIT TO DR	06/01/06 09:32:30 ILL OGOMES -TQ92
Opr Name, Addr: MURCHIS 1100 MI	API Well No: 30 25 37901 APD SON OIL & GAS INC Apr IRA VISTA BLVD IX 75093-4698	
Prop Idn: 35627 HIGHTOW	VER STATE UNIT	Well No: 1
U/L Sec	Township Range Lot Idn Nort	h/South East/West
Surface Locn : A 27 OCD U/L : A API	12S 33E FTG	660 F N FTG 1300 F E
	: N Well typ(O/G/M/I/S/W/C): ): S Ground Level Elevation :	
State Lease No: Prpsd Depth : 10600 Pi	Multiple Comp (S/M/C) : rpsd Frmtn : Devonian	
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Dedicated Land	:										
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			В	21	172	JJE	40.00	IN	51		

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PF07	BKWD	PF08 FWD	PF09	PF10 LAND	PF11 NXTSEC	PF12 RECONF