

*PMESD-615235433***Stogner, Michael, EMNRD**

From: Mull, Donna, EMNRD **Sent:** Wed 5/31/2006 2:25 PM
To: Stogner, Michael, EMNRD
Cc:
Subject: RE: NSP-1898 (NSL)
Attachments:

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 location first.

Jim



NSP-1898.01

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joan Prukop

Cabinet Secretary

May 30, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Murchison Oil & Gas, Inc.
c/o **James Bruce**
P.O. Box 1056
Santa 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

Murchison Oil & Gas, Inc.
May 30, 2006
Page 2

Division Administrative Order NSP-1898 (NSL)

(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 than 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.

Sincerely,

Hightower State Unit #1



Mark E. Fesmire, P. E.
Director

MEF/ms

APJ M. 30-025-37901

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

CMD : ONGARD 06/01/06 09:32:30
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TQ92

OGRID Idn : 15363 API Well No: 30 25 37901 APD Status(A/C/P): A
Opr Name, Addr: MURCHISON OIL & GAS INC Aprvl/Cncl Date : 05-31-2006
1100 MIRA VISTA BLVD
PLANO, TX 75093-4698

Prop Idn: 35627 HIGHTOWER STATE UNIT Well No: 1

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----
Surface Locn : A	27	12S	33E			FTG 660 F N	FTG 1300 F E
OCD U/L : A		API	County	25			

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 4245

State Lease No: Multiple Comp (S/M/C) :
Prpsd Depth : 10600 Prpsd Frmtn : Devonian

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

06/01/06 09:32:55
OGOMES -TQ92

API Well No : 30 25 37901 Eff Date : 05-31-2006 WC Status : N
Pool Idn : 31160 HIGHTOWER;DEVONIAN
OGRID Idn : 15363 MURCHISON OIL & GAS INC
Prop Idn : 35627 HIGHTOWER STATE UNIT

Well No : 001
GL Elevation: 4245

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act(P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : A	27	12S	33E	FTG	660 F N	FTG 1300 F E	
Lot Identifier:							
Dedicated Acre: 80.00							
Lease Type : S							
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6ACRE

ONGARD
C102-DEDICATE ACREAGE

06/01/06 09:33:02
OGOMES -TQ92
Page No : 1

API Well No : 30 25 37901 Eff Date : 05-31-2006
Pool Idn : 31160 HIGHTOWER;DEVONIAN
Prop Idn : 35627 HIGHTOWER STATE UNIT Well No : 001
Spacing Unit : 91562 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : 27 12S 33E Acreage : 80.00 Revised C102? (Y/N) :
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	A	27	12S	33E		40.00	N	ST		
	B	27	12S	33E		40.00	N	ST		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 LAND	PF11 NXTSEC	PF12 RECONF