



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

November 30, 2006

Murchison Oil & Gas, Inc.
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Attention: Mr. James Bruce, Attorney

Re: **Hightower State Unit Well No. 1**
API No. 30-025-37901
660' FNL & 1300' FEL, Unit A,
Section 27, T-12 South, R-33 East, NMPM,
Lea County, New Mexico

Administrative Order NSL-5512

Dear Mr. Bruce:

Reference is made to the following:

- (a) your application on behalf of Murchison Oil & Gas, Inc. ("applicant") for a non-standard well location (*administrative application referenece No. pTDS0633236632*) for the Hightower State Unit Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 27, 2006; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox oil well location for its **existing** Hightower State Unit Well No. 1 in the Hightower Permo-Pennsylvanian Pool. The well has been drilled at a location 660 feet from the North line and 1300 feet from the East line (Unit A) of Section 27, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico. The NE/4 NE/4 of Section 27 is to be dedicated to the well forming a standard 40-acre oil spacing and prorating unit for that pool.

It is our understanding that the well was originally drilled as a Devonian test well within the Hightower-Devonian Pool, which is currently spaced on 80 acres, and that the well was drilled at an approved unorthodox oil well location for that pool (approved by Division Order No. NSP-1898 (NSL) dated May 30, 2006). It is also our understanding that the well has tested non-commercial in the Devonian formation, and has been recompleted to the Permo-Pennsylvanian interval.

The Hightower Permo-Pennsylvanian Pool is currently governed by Division Rule 19.15.3.104(B).

The applicant's evidence shows that the NE/4 of Section 27 is a single state lease (Lease No. V-7612) that has common ownership throughout. Therefore, there are no affected parties and consequently, the applicant is not required to provide notice of this application.

Division records show that the Hightower State Unit Well No. 1 will be the only well producing from the Hightower Permo-Pennsylvanian Pool within the NE/4 NE/4 of Section 27.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Hightower Permo-Pennsylvanian Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office-Oil & Gas Division
File NSP-1898(NSL)