

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCD

State of New Mexico
Energy Minerals and Natural Resources

Form C-129
Revised August 1, 2011

OCT 25 2013

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit one copy to appropriate
District Office

RECEIVED

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

A. Applicant Murchison Oil & Gas, Inc.,
whose address is 1100 Mira Vista Blvd., Plano, TX 75093,
hereby requests an exception to Rule 19.15.18.12 for approximately 120 days or until _____
_____, Yr _____, for the following described tank battery (or LACT):

Name of Lease Jackson Unit 12H (30-025-41227) Name of Pool Triple X; Bone Spring, West
Location of Battery: Unit Letter A Section 16 Township 24S Range 33E
Number of wells producing into battery 1

B. Based upon oil production of 600 barrels per day, the estimated * volume
of gas to be flared is 1,000 MCF; Value \$5,000 per day.

C. Name and location of nearest gas gathering facility:

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: Waiting for Agave Energy to lay new gas
lines to location.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation
Division have been complied with and that the information given above
is true and complete to the best of my knowledge and belief.

Signature Michael S. Daugherty

Printed Name
& Title Michael S. Daugherty, EVP & COO

Email Address mdaugherty@jdmii.com

Date 10/22/2013 Telephone No. 972-931-0700

OIL CONSERVATION DIVISION

Approved Until 12-30-2013

By [Signature]

Title Dist. MGR

Date 10-28-2013

* Gas-Oil ratio test may be required to verify estimated gas volume.

OCT 29 2013