

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Permit 115526

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

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

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

WELL API NUMBER 30-025-39735
5. Indicate Type of Lease P
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name CAPROCK FEE
8. Well Number 002
9. OGRID Number 15363
10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFRENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: O

2. Name of Operator
MURCHISON OIL & GAS INC

3. Address of Operator
1100 MIRA VISTA BLVD. , PLANO , TX 75093

4. Well Location
 Unit Letter K : 1880 feet from the S line and 1880 feet from the W line
 Section 26 Township 12S Range 33E NMPM Lea County

11. Elevation (Show whether DR, KB, BT, GR, etc.)
4235 GR

Pit or Below-grade Tank Application or Closure
 Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
 Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>Other: _____</p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>Other: Drilling/Cement <input checked="" type="checkbox"/></p>
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work.) SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.
 Spud & Run 13-3/8" Casing
 See Attached
 6/8/2010 Spudded well.

Casing and Cement Program

Date	String	Fluid Type	Hole Size	Csg Size	Weight lb/ft	Grade	Est TOC	Dpth Set	Sacks	Yield	Class	1" Dpth	Pres Held	Pres Drop	Open Hole
06/09/10	Surf	FreshWater	17.5	13.375	54.5	J-55	0	414	500		C		1000	0	N

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Electronically Signed TITLE President DATE 6/14/2010
 Type or print name Michael Daugherty E-mail address ctracy@jdmii.com Telephone No. 972-931-0700

For State Use Only:
 APPROVED BY: Paul Kautz TITLE Geologist DATE 6/15/2010 1:39:10 PM

Spud well @ 6:30 PM on 6/8/10 with 17-1/2" hole and drill to 415'. Run 13-3/8" casing as follows:

1	Texas Pattern Shoe	1'
1 Jt.	13-3/8" 54.5# J-55 BT&C	43'
1	Float Collar	1'
9 Jts.	13-3/8" 54.5# J-55 BT&C	<u>378'</u>
	Total	423'

Set casing @ 414'. Cement – Lead w/160 SXS ExtendedCem w/3% salt, 2% CaCl – 12.9 ppg, 1.84 yield, 9.76 gal/sx. Tail w/220 SXS HalCem-C w/2% CaCl – 14.8 ppg, 1.35 yield, 6.39 gal/sx. Displaced with 58 bbls fresh water. Bumped plug w/500 psi over (950 psi total), float held. Plug down. Did not circulate cement. WOC 6 hrs. TIH w/1" cement string & tag at 135', backside fluid level fell to 60' below. Mix & pump 120 SXS Halliburton Neat Cmt – 14.8 ppg, 1.32 yield, 6.35 gal/sx. Circulated 20 SXS into half tank. Cut off 13-3/8" csg, weld on wellhead. Nipple up BOP and test to 270 psi low and 3000 psi high. Test annular to 1500 psi high. Held OK. WOC additional 36.75 hrs. Trip in hole w/ 12-1/4" bit and drill plug & cement from 372' – 415'. Resume drilling formation.