

| <b>District I</b><br>1625 N. French Dr., Hobbs, NM 88240<br>Phone:(575) 393-8161 Fax:(575) 393-0720<br><b>District II</b><br>811 S. First St., Artesia, NM 88210<br>Phone:(575) 748-1283 Fax:(575) 748-9720<br><b>District III</b><br>1000 Rio Brazos Rd., Aztec, NM 87410<br>Phone:(505) 334-6178 Fax:(505) 334-6170<br><b>District IV</b><br>1220 S. St Francis Dr., Santa Fe, NM 87505<br>Phone:(505) 476-3470 Fax:(505) 476-3462   | <b>State of New Mexico</b><br><b>Energy, Minerals and Natural Resources</b><br><b>Oil Conservation Division</b><br><b>1220 S. St Francis Dr.</b><br><b>Santa Fe, NM 87505</b> | Form C-103<br>August 1, 2011<br>Permit 189583<br>WELL API NUMBER<br>30-025-41229<br>5. Indicate Type of Lease<br>S<br>6. State Oil & Gas Lease No.<br>7. Lease Name or Unit Agreement Name<br>JACKSON UNIT |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
|--|---|--|-----------|----------|--------------|-----------|----------|--------------|-------|---------|----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|----------|------|------------|----|--------|------|------|---|------|-----|--|---|--|------|---|--|----------|------|----------|-------|-------|----|------|---|------|------|--|---|--|------|---|--|----------|------|----------|-----|---|----|-------|---|-------|------|--|-------|--|--|--|--|----------|------|----------|-----|-----|------|-------|--|-------|--|--|--|--|--|--|--|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)  |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 1. Type of Well:<br>O  |   | 8. Well Number<br>023H   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 2. Name of Operator<br>MURCHISON OIL & GAS INC   |   | 9. OGRID Number<br>15363   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 3. Address of Operator<br>Legacy Tower One, 7250 Dallas Pkwy Ste 1400, Plano, TX 75024   |   | 10. Pool name or Wildcat   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 4. Well Location<br>Unit Letter <u>N</u> : <u>200</u> feet from the <u>S</u> line and feet <u>1670</u> from the <u>W</u> line<br>Section <u>22</u> Township <u>24S</u> Range <u>33E</u> NMPM County <u>Lea</u>   |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 11. Elevation (Show whether DR, KB, BT, GR, etc.)<br>3529 GR   |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/><br>Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____<br>Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____  |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data<br>NOTICE OF INTENTION TO:<br>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/><br>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/><br>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/><br>Other: _____<br>SUBSEQUENT REPORT OF:<br>ALTER CASING <input type="checkbox"/><br>PLUG AND ABANDON <input type="checkbox"/><br>Other: <u>Drilling/Cement</u> <input checked="" type="checkbox"/>  |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 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.<br>7/2/14 BHA twisted off & stuck @ 8994'. 7/3/14 2 fish attempts. 7/4/14 Set 90 sx omt plug from 8827'-8924'. 7/5/14 WOC 20 hrs; attempt to drill out. Applied 50K psi on plug & omt fell thru; WOC 4 hrs; failed to kick off; drilled to 8929'. 7/6/14 Set 388' omt plug w/210 sx H-TIH & tag omt @ 8819'; time drill 1"/min & kicked off plug. 7/20/14 TD 8.5" hole @ 15729'. 7/22/14 Ran 7" & 4.5" tapered csg string; 257 jts 7" 26# P-110 from surf to 10404'; 117 jts 4.5" 11.6# P-110 10407'-15617'. Cmt w/800 sx H, 1186 sx C & 100 sx C; ciro 92 sx to surf. 7/23/14 Released rig @ 6 AM. 6/23/2014 Spudded well.   |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| <b>Casing and Cement Program</b><br><table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>String</th> <th>Fluid Type</th> <th>Hole Size</th> <th>Csg Size</th> <th>Weight lb/ft</th> <th>Grade</th> <th>Est TOC</th> <th>Dpth Set</th> <th>Sacks</th> <th>Yield</th> <th>Class</th> <th>1" Dpth</th> <th>Pres Held</th> <th>Pres Drop</th> <th>Open Hole</th> </tr> </thead> <tbody> <tr> <td>06/24/14</td> <td>Surf</td> <td>FreshWater</td> <td>16</td> <td>13.375</td> <td>54.5</td> <td>J-55</td> <td>0</td> <td>1262</td> <td>603</td> <td></td> <td>C</td> <td></td> <td>1500</td> <td>0</td> <td></td> </tr> <tr> <td>06/28/14</td> <td>Int1</td> <td>CutBrine</td> <td>12.25</td> <td>9.625</td> <td>40</td> <td>L-80</td> <td>0</td> <td>5175</td> <td>1295</td> <td></td> <td>C</td> <td></td> <td>1500</td> <td>0</td> <td></td> </tr> <tr> <td>07/22/14</td> <td>Prod</td> <td>CutBrine</td> <td>8.5</td> <td>7</td> <td>26</td> <td>P-110</td> <td>0</td> <td>10404</td> <td>2066</td> <td></td> <td>H &amp; C</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>07/22/14</td> <td>Prod</td> <td>CutBrine</td> <td>8.5</td> <td>4.5</td> <td>11.6</td> <td>P-110</td> <td></td> <td>15617</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> |   |  | 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 | 06/24/14 | Surf | FreshWater | 16 | 13.375 | 54.5 | J-55 | 0 | 1262 | 603 |  | C |  | 1500 | 0 |  | 06/28/14 | Int1 | CutBrine | 12.25 | 9.625 | 40 | L-80 | 0 | 5175 | 1295 |  | C |  | 1500 | 0 |  | 07/22/14 | Prod | CutBrine | 8.5 | 7 | 26 | P-110 | 0 | 10404 | 2066 |  | H & C |  |  |  |  | 07/22/14 | Prod | CutBrine | 8.5 | 4.5 | 11.6 | P-110 |  | 15617 |  |  |  |  |  |  |  |
| 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 |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 06/24/14   | Surf  | FreshWater   | 16        | 13.375   | 54.5         | J-55      | 0        | 1262         | 603   |         | C        |         | 1500      | 0         |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 06/28/14   | Int1  | CutBrine   | 12.25     | 9.625    | 40           | L-80      | 0        | 5175         | 1295  |         | C        |         | 1500      | 0         |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 07/22/14   | Prod  | CutBrine   | 8.5       | 7        | 26           | P-110     | 0        | 10404        | 2066  |         | H & C    |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 07/22/14   | Prod  | CutBrine   | 8.5       | 4.5      | 11.6         | P-110     |          | 15617        |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| 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 <input type="checkbox"/> , a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .  |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| SIGNATURE _____ TITLE _____ COO _____ DATE <u>7/29/2014</u><br>Type or print name <u>Michael Daugherty</u> E-mail address <u>ccottrell@jdmil.com</u> Telephone No. <u>972-931-0700</u>   |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |
| <b>For State Use Only:</b><br>APPROVED BY: <u>Paul Kautz</u> TITLE <u>Geologist</u> DATE <u>7/29/2014 11:26:44 AM</u>  |   |  |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |       |   |       |      |  |       |  |  |  |  |          |      |          |     |     |      |       |  |       |  |  |  |  |  |  |  |

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Comments  
Permit 189583

**DRILLING COMMENTS**

|   |                          |
|---|--------------------------|
| Operator:<br>MURCHISON OIL & GAS INC<br>Legacy Tower One<br>Plano, TX 75024 | OGRID:<br>15363          |
|   | Permit Number:<br>189583 |
|   | Permit Type:<br>Drilling |

**Comments**

| Created By                            | Comment | Comment Date |
|---------------------------------------|---------|--------------|
| There are no Comments for this Permit |         |              |