District 1 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 State of New Mexico Energy Minerals and Natural Resources DEC 0 3 2015

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

HOBBS OCD

Form C-129 Revised August 1, 2011

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)

| Α. | Applicant Murchison Oil & Gas, Inc. | | |
|---|---|---|--|
| | whose address is7250 Dallas Parkway, Ste. 1400, Plano, TX 75024, | | |
| | hereby requests an exception to Rule 19.15.18.12 for90 days or until March 9, | | |
| | , Yr 2016 , for the following described tank battery (or LACT): | | |
| | Name of Lease Jackson Unit 28H (30-025-41710) Name of Pool Triple X; Bone Spring, West | | |
| | Location of Battery: Unit Letter N_Section 21_Township 24S_Range 33E_ | | |
| | Number of wells producing into battery1_ | | |
| B. | Based upon oil production of 60 barrels per day, the estimated * volume | | |
| | of gas to be flared is <u>85</u> MCF; W | /alue\$170 per day. | |
| C. | Name and location of nearest gas gathering facility: | | |
| | Frac Cat Compressor Station, Lea County, NM | | |
| D. | DistanceEstim | nated cost of connection | |
| E. | This exception is requested for the following reasons: <u>Intermittent curtailment by Agave due to</u> <u>compressor maintenance</u> . Well shut in at this time may damage formation and reduce future production. | | |
| OPERATOR OIL CONSERVATION DIVISION | | | |
| 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. | | Approved Until 5/1/2016 | |
| Signature | | Approved Until 3/1/2016 By MajursBrown | |
| Printed Name | | | |
| & Title <u>Gary Cooper, Vice President Operations</u> | | Title | |
| Email Address <u>rcooper@jdmii.com</u> | | Date 12/9/2015 | |

Telephone No. 972-931-0700 Date 12/01/15

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

DEC 1 1 2015