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

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-129 Revised August 1, 2011

Submit one copy to appropriate District Office

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) HOBBS OCD Applicant Murchison Oil & Gas, Inc. FEB 2 2 2016 A. whose address is 7250 Dallas Parkway, Ste. 1400, Plano, TX 75024 hereby requests an exception to Rule 19.15.18.12 for days or until June 1, Yr 2016, for the following described tank battery (or LACT): Name of Lease MOGI 9 State Com 41 (30-025-41071) Name of Pool Triple X; Bone Spring, West Location of Battery: Unit Letter P Section 9 Township 24S Range 33E Number of wells producing into battery 2 Based upon oil production of 60 barrels per day, the estimated * volume B. of gas to be flared is 120 MCF; Value \$216 per day. C. Name and location of nearest gas gathering facility: Frac Cat Compressor Station, Lea County, NM Distance Estimated cost of connection D. This exception is requested for the following reasons: Intermittent curtailment by Agave due to E. compressor maintenance. Well shut in at this time may damage formation and reduce future production. OIL CONSERVATION DIVISION **OPERATOR** I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above Approved Until is true and complete to the best of my knowledge and belief. Signature Printed Name & Title Gary Cooper, Vice President Operations Email Address rcooper@jdmii.com Date 2/17/16 Telephone No. 972-931-0700

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