

| <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 173739<br>WELL API NUMBER<br>30-025-41227<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 |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |      |      |       |     |  |   |  |      |   |  |
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| <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>012H                                                                                                                                                                                     |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |      |      |       |     |  |   |  |      |   |  |
| 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>A</u> : <u>200</u> feet from the <u>N</u> line and feet <u>960</u> from the <u>E</u> line<br>Section <u>16</u> Township <u>24S</u> Range <u>33E</u> NMPM County <u>Lea</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                               |                                                                                                                                                                                                            |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |      |      |       |     |  |   |  |      |   |  |
| 11. Elevation (Show whether DR, KB, BT, GR, etc.)<br>3620 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>REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/><br>COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/><br>CASING/CEMENT JOB <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>9/6/13: TD 8.5" hole @ 10915'.<br>9/7 - 11/13: Core 10915' - 11365'.<br>9/11 - 16/13: Drill to 11550'; log & core. Set 1st cmt plug 11550' - 11210' w/148 sx Class H. Set 2nd cmt plug 11210' - 10870' w/148 sx Class H. Set 3rd cmt plug 10870' - 10520' w/169 sx Class H.<br>9/17/13: Drill cmt to 10837'.<br>9/18/13: Set 7" 26# P-110 csg @ 10628'. Cmt w/885 sx Class H; tail w/105 sx Class H. Lost returns 180 bbls into displacement. Calculated TOC 4495'.<br>Continued on attached.<br>See Attached<br>6/1/2013 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>08/20/13</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>1285</td> <td>642</td> <td></td> <td>C</td> <td></td> <td>1500</td> <td>0</td> <td></td> </tr> <tr> <td>08/28/13</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>5223</td> <td>1473</td> <td></td> <td>C</td> <td></td> <td>1500</td> <td>0</td> <td></td> </tr> <tr> <td>09/18/13</td> <td>Prod</td> <td>CutBrine</td> <td>8.5</td> <td>7</td> <td>26</td> <td>P110</td> <td>4495</td> <td>10628</td> <td>990</td> <td></td> <td>H</td> <td></td> <td>1500</td> <td>0</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 | 08/20/13 | Surf | FreshWater | 16 | 13.375 | 54.5 | J-55 | 0 | 1285 | 642 |  | C |  | 1500 | 0 |  | 08/28/13 | Int1 | CutBrine | 12.25 | 9.625 | 40 | L-80 | 0 | 5223 | 1473 |  | C |  | 1500 | 0 |  | 09/18/13 | Prod | CutBrine | 8.5 | 7 | 26 | P110 | 4495 | 10628 | 990 |  | H |  | 1500 | 0 |  |
| 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 |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |      |      |       |     |  |   |  |      |   |  |
| 08/20/13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Surf                                                                                                                                                                          | FreshWater                                                                                                                                                                                                 | 16        | 13.375   | 54.5         | J-55      | 0        | 1285         | 642   |         | C        |         | 1500      | 0         |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |      |      |       |     |  |   |  |      |   |  |
| 08/28/13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Int1                                                                                                                                                                          | CutBrine                                                                                                                                                                                                   | 12.25     | 9.625    | 40           | L-80      | 0        | 5223         | 1473  |         | C        |         | 1500      | 0         |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |      |      |       |     |  |   |  |      |   |  |
| 09/18/13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Prod                                                                                                                                                                          | CutBrine                                                                                                                                                                                                   | 8.5       | 7        | 26           | P110      | 4495     | 10628        | 990   |         | H        |         | 1500      | 0         |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |      |      |       |     |  |   |  |      |   |  |
| 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 <u>Electronically Signed</u> TITLE <u>COO</u> DATE <u>10/4/2013</u><br>Type or print name <u>Michael Daugherty</u> E-mail address <u>ccottrell@jdmii.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>10/4/2013 2:40:06 PM</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                               |                                                                                                                                                                                                            |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |          |      |          |     |   |    |      |      |       |     |  |   |  |      |   |  |

**Jackson Unit 12H**

9/19/13: Test csg to 1500 psi & held 30 min - OK. WOC 17.5 hrs.

9/21/13: Set 4th cmt plug 10562' - 10927' w/85 sx Class H.

9/23/13: Wash & ream to 10927'. Set 5<sup>th</sup> cmt plug 10512' – 10927' w/100 sx Class H. WOC.

9/24 – 25/13: Polish cmt to 10,783'.

9/26/13: Set whipstock at 10,775' & kick off to curve.

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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 173739

**DRILLING COMMENTS**

|                                                                             |                          |
|-----------------------------------------------------------------------------|--------------------------|
| Operator:<br>MURCHISON OIL & GAS INC<br>Legacy Tower One<br>Plano, TX 75024 | OGRID:<br>15363          |
|                                                                             | Permit Number:<br>173739 |
|                                                                             | Permit Type:<br>Drilling |

**Comments**

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