



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

February 19, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Murchison Oil & Gas, Inc.
1100 Mira Vista Blvd.
Plano, Texas 75093-4698
Attention: **Michael S. Daugherty**

Telefax No. (972) 931-0701

Administrative Order NSL-4702

Dear Mr. Daugherty:

Reference is made to the following: (i) your application (*application reference No. pKRV0-203654132*) submitted to the New Mexico Oil Conservation Division ("Division") on January 31, 2002; (ii) the Division's initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated February 8, 2002 with a question regarding notification; (iii) your telefaxed response of February 19, 2002 with the necessary information to complete this application; and (iv) the Division's records in Santa Fe and Artesia: all concerning Murchison Oil & Gas, Inc.'s request for an unorthodox Wolfcamp oil well location for its High Mesa State Com. Well No. 1 (API No. 30-015-31720), which was recently drilled to test both the Undesignated North Empire-Atoka Gas Pool and Undesignated South Empire-Morrow Gas Pool underlying a standard 318.64-acre stand-up gas spacing and proration unit comprising Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 equivalent) of irregular Section 2, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. Pursuant to Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, the well's location, being 1320 feet from the South line and 1000 feet from the East line (Unit P) of irregular Section 2, is considered to be "standard" for this unit.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

It is the Division's understanding after reviewing your application and its records that this well was permitted by Murchison only as a Morrow gas test within the aforementioned 318.64-acre unit (see the "*Application for Permit to Drill*" dated April 16, 2001); the well was subsequently spud on June 15, 2001, drilled to a total depth of 10,436 feet, whereby the Morrow test is described as "not successful." The shallower Atoka interval was subsequently tested and completed on October 5, 2001. However, this production is considered to be marginal and Murchison now intends to recomplete up-hole into the Wolfcamp formation (to be within the governing limits of the proposed *North Anderson-Wolfcamp Pool*) with perforations from 7,510 feet to 7,524 feet. Pursuant to Division Rule 104.B (1), as revised, this Wolfcamp oil location is considered to be "unorthodox" for the standard 40-acre oil spacing and proration unit to be dedicated to this well comprising the SE/4 SE/4 (Unit P) of irregular Section 2.

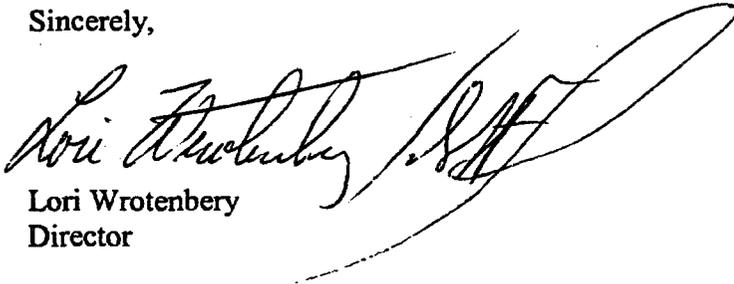
Administrative Order NSL-4702
Murchison Oil & Gas, Inc.
February 19, 2002
Page 2

By the authority granted me under the provision of Division Rule 104.F (2), as revised, the above-described unorthodox Wolfcamp oil well location is hereby approved.

PLEASE NOTE HOWEVER THAT IN THE FUTURE, Murchison, as a prudent operator, shall take all necessary steps to locate wells at a location considered to be standard for all possible zones to be encountered and should be more cognizant of well location requirements for different producing horizons within the immediate area of operations. Any future disregard to the Division's well spacing rules with respect to secondary intervals may subject all such future requests to the Division's hearing process.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery". The signature is written in black ink and is positioned above the typed name and title.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia

Sec : 02 Twp : 17S Rng : 28E Section Type : NORMAL

| | | | |
|--|---|--|---|
| <p>4 39.22 CS B02178 0016 CONOCOPHILLIPS & 10/10/43</p> | <p>3 39.26 CS B02178 0016 CONOCOPHILLIPS & 10/10/43</p> | <p>2 39.30 CS E09782 0001 B. RESLER KARLSRUD C U 02/21/66</p> | <p>1 39.34 CS E09782 0001 B. RESLER KARLSRUD C U 02/21/66 A</p> |
| <p>E 40.00 CS B02178 0016 CONOCOPHILLIPS & 10/10/43</p> | <p>F 40.00 CS B02178 0016 CONOCOPHILLIPS & 10/10/43 A</p> | <p>G 40.00 CS E09782 0001 B. RESLER KARLSRUD C U 02/21/66 P</p> | <p>H 40.00 CS E09782 0001 B. RESLER KARLSRUD C U 02/21/66 A A</p> |
| <p>L 40.00 CS V05660 0000 MURCHISON OIL & G 12/01/04</p> | <p>K 40.00 CS B02178 0016 CONOCOPHILLIPS & 10/10/43</p> | <p>J 40.00 CS V05660 0000 MURCHISON OIL & G 12/01/04 C</p> | <p>I 40.00 Fee owned C P</p> |
| <p>M 40.00 CS V05660 0000 MURCHISON OIL & G 12/01/04 A</p> | <p>N 40.00 CS B02178 0016 CONOCOPHILLIPS & 10/10/43</p> | <p>O 40.00 CS V05660 0000 MURCHISON OIL & G 12/01/04 C A</p> | <p>P 40.00 Fee owned C A</p> |

CMD :
OG6IWCMD INQUIRE WELL COMPLETIONS

ONGARD
04/02/04 12:44:09
OGOMES -TPNJ

API Well No : 30 15 32176 Eff Date : 01-29-2004 WC Status : P
Pool Idn : 75720 CROW FLATS;MORROW (GAS)
OGRID Idn : 15363 MURCHISON OIL & GAS INC
Prop Idn : 29244 HUGGIE BEAR STATE COM

Well No : 001
GL Elevation: 3573

U/L Sec Township Range North/South East/West Prop/Act (P/A)

B.H. Locn : H 2 17S 28E FTG 1420 F N FTG 990 F E P
Lot Identifier:
Dedicated Acre:
Lease Type : S
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll
PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXXTRC

RECEIVED

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

JAN 29 2004

Form C-103
Revised March 25, 1999

OCD-ARTESIA

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

| |
|---|
| WELL NO. 30-015-32176 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. E-9782 |
| 7. Lease Name or Unit Agreement Name: HUGGIE BEAR ST. COM. |
| 8. Well No. 1 |
| 9. Pool name or Wildcat CROW FLATS - MORROW |

SUNDRY NOTICES AND REPORTS ON WELLS
(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:
Oil Well Gas Well Other

2. Name of Operator
MURCHISON OIL & GAS, INC.

3. Address of Operator
1100 MIRA VISTA BLVD., PLANO, TX. 75093-4698

4. Well Location
Unit Letter H : 1420 feet from the NORTH line and 990 feet from the EAST line
Section 2 Township 17S Range 28E NMPM County EDDY

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
GL 3573' KDB 3595'

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

| | | | |
|--|--|---|--|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input checked="" type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

12. 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 recompilation.

Drilled 8-1/2" hole to a depth of 10422'. Logged well and decided to plug and abandon well as follows. Pump plugs as follows:

| | | |
|--------------------------------|----------------|---------------------|
| Plug #1 | 10020' - 9920' | w/ 42 SXS Class "H" |
| Plug #2 | 9160' - 9060' | w/ 47 SXS Class "H" |
| Plug #3 | 6741' - 6641' | w/ 47 SXS Class "H" |
| Plug #4 | 5591' - 5491' | w/ 41 SXS Class "H" |
| Plug #5 | 3704' - 3604' | w/ 45 SXS Class "H" |
| Plug #6 | 2235' - 2120' | w/ 50 SXS Class "C" |
| WOC, Tag top of cement @ 2150' | | |
| Plug #7 | 254' - 160' | w/ 50 SXS Class "C" |
| WOC, Tag top of cement @ 95' | | |
| Plug #8 | 0' - 64' | w/ 30 SXS Class "C" |

Circulate 3 SXS to surface

Nipple down BOP and cut off wellhead and install 4 x 4 P&A marker. Release rig 0200 Hr. 4/30/03. Wellbore schematic attached.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Michael S. Daugherty TITLE VICE PRESIDENT OPERATIONS DATE 5/12/03

Type or print name MICHAEL S. DAUGHERTY Telephone No. (972) 931-0700
(This space for State use)

APPROVED BY [Signature] TITLE [Signature] DATE JAN 29 2004

Conditions of approval, if any:

Submit To Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources

Form C-105
Revised March 25, 1999

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

| |
|---|
| WELL API NO. 30-015-32176 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| State Oil & Gas Lease No. E-9782 |

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

| | |
|---|--|
| 1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____ | 7. Lease Name or Unit Agreement Name HUGGIE BEAR ST. COM. |
| b. Type of Completion: NEW <input type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL <input type="checkbox"/> OVER <input type="checkbox"/> BACK <input type="checkbox"/> RESVR. <input checked="" type="checkbox"/> OTHER P&A | 8. Well No. 1 |
| 2. Name of Operator MURCHISON OIL & GAS, INC. | 9. Pool name or Wildcat CROW FLATS - MORROW 75720 |
| 3. Address of Operator 1100 MIRA VISTA BLVD., PLANO, TX. 75093-4698 | |

| | | | | |
|---|---|--|--|------------------------------|
| 4. Well Location Unit Letter <u>H</u> <u>1420</u> Feet From The <u>NORTH</u> Line and <u>990</u> Feet From The <u>EAST</u> Line Section <u>2</u> Township <u>17S</u> Range <u>28E</u> NMPM <u>EDDY</u> County | | | | |
| 10. Date Spudded <u>4/1/03</u> | 11. Date T.D. Reached <u>4/28/03</u> | 12. Date Compl. (Ready to Prod.) | 13. Elevations (DF& RKB, RT, GR, etc.) <u>GL 3573'</u> <u>RKB 3595'</u> | 14. Elev. Casinghead |
| 15. Total Depth <u>10422'</u> | 16. Plug Back T.D. <u>P&A'd</u> | 17. If Multiple Compl. How Many Zones? <u>N/A</u> | 18. Intervals Drilled By <u>Rotary Tools</u> | Cable Tools <u>10422'</u> |
| 19. Producing Interval(s), of this completion - Top, Bottom, Name <u>N/A</u> | | | 20. Was Directional Survey Made <u>NO</u> | |
| 21. Type Electric and Other Logs Run <u>LATEROLOG ARRAY, GR, CNDL</u> | | | 22. Was Well Cored <u>NO</u> | |

| 23. CASING RECORD (Report all strings set in well) | | | | | |
|--|----------------|-----------|-----------|------------------|---------------|
| CASING SIZE | WEIGHT LB./FT. | DEPTH SET | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
| 13-3/8" | 68 #/FT | 210' | 17-1/2" | 250 | NONE |
| 9-5/8" | 43.5 #/FT | 2170' | 12-1/4" | 1450 | NONE |
| | | | | | |
| | | | | | |

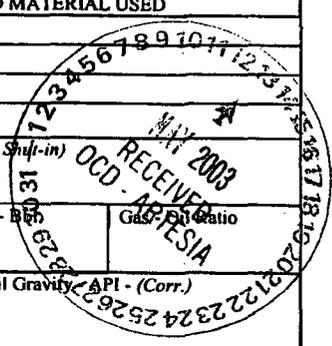
| 24. LINER RECORD | | | | 25. TUBING RECORD | | | |
|------------------|-----|--------|--------------|-------------------|------|-----------|------------|
| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN | SIZE | DEPTH SET | PACKER SET |
| | | | | | | | |
| | | | | | | | |

| | | | | | | | |
|---|--|--|--|--|--|--|--|
| 26. Perforation record (interval, size, and number) | | 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED | | | | | |
| | | | | | | | |
| | | | | | | | |

| 28. PRODUCTION | | | | | | | |
|-----------------------|-----------------|---|------------------------|-----------|--------------------------------|-----------------------------|---------------|
| Date First Production | | Production Method (Flowing, gas lift, pumping - Size and type pump) | | | Well Status (Prod. or Shut-in) | | |
| Date of Test | Hours Tested | Choke Size | Prod'n For Test Period | Oil - Bbl | Gas - MCF | Water - Bbl | Gas/Oil Ratio |
| Flow Tubing Press. | Casing Pressure | Calculated 24-Hour Rate | Oil - Bbl. | Gas - MCF | Water - Bbl. | Oil Gravity - API - (Corr.) | |

| | |
|--|-------------------|
| 29. Disposition of Gas (Sold, used for fuel, vented, etc.) | Test Witnessed By |
|--|-------------------|

| |
|--|
| 30. List Attachments |
| 31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief |
| Signature <u>Michael S. Daugherty</u> Printed Name <u>MICHAEL S. DAUGHERTY</u> Date <u>5/12/03</u> |



Mc V P OPERATIONS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

GEOLOGICAL TOPS

**Murchison Oil & Gas, Inc.
Huggie Bear State Com. #1
Unit H, Sec. 2, T-17-S R-28-E
1420' FNL & 990' FEL
(G.L.-3576'; K.B.-3598')
Eddy Co., N.M.
30-015-32176**

Geological Tops per/Bryan G. Arrant-OCD

| | |
|----------------------|---------------|
| Bowers | 1150' |
| Queen | 1347' |
| Grayburg | 1601' |
| San Andres | 2142' |
| Glorieta | 3526' |
| Tubb | 4884' |
| Abo | 5590' |
| Wolfcamp | 6748' |
| Pennsylvanian | 8082' |
| Canyon | 8591' |
| Strawn | 9192' |
| Atoka | 9648' |
| Chester | 10088' |

MURCHISON OIL & GAS INC

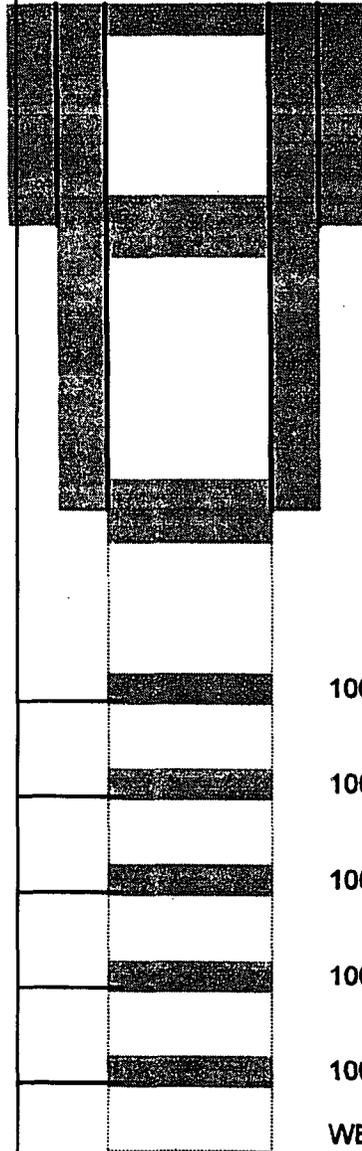
FILE WLBHB1

12-May-03

HUGGIE BEAR ST #1
SEC 2 T-17S R-28E
1420' FNL & 990' FEL
EDDY COUNTY NEW MEXICO
30-015-32176

P&A'D WELLBORE SKETCH

KDB @ 3595'
GL @ 3573'



64' CMT PLUG @ SURFACE

13-3/8" 68 #/FT J-55 BUTT @ 210'

159' CMT PLUG @ 254' TO 95'

9-5/8" 43.5 #/FT P-110 LT&C SET @ 2170'

115' CMT PLUG @ 2235' TO 2150'
TAG PLUG @ 2150'

YESO TOP @ 3690'

100' CMT PLUG @ 3704' TO 3604'

ABO TOP @ 5590'

100' CMT PLUG @ 5591' TO 5491'

WOLFCAMP TOP @ 6748'

100' CMT PLUG @ 6741' TO 6641'

STRAWN TOP @ 9178'

100' CMT PLUG @ 9160' TO 9060'

MORROW TOP @ 10008'

100' CMT PLUG @ 10020' TO 9920'

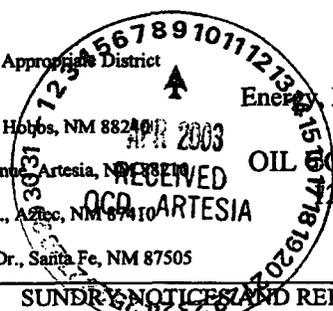
WELL TD 10418'



Submit 3 Copies To Appropriate District Office
 District I 1625 N. French Dr., Hobbs, NM 88240
 District II 1301 W. Grand Avenue, Artesia, NM 88210
 District III 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999



OIL CONSERVATION DIVISION
 220 South St. Francis Dr.
 Santa Fe, NM 87505

| |
|---|
| WELL API NO. 30-015-32176 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. E-9782 |
| 7. Lease Name or Unit Agreement Name: HUGGIE BEAR ST. COM. |
| 8. Well No. 1 |
| 9. Pool name or Wildcat CROW FLATS - MORROW |

SUNDRY NOTICES AND REPORTS ON WELLS
 (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:
 Oil Well Gas Well Other

2. Name of Operator
 MURCHISON OIL & GAS, INC.

3. Address of Operator
 1100 MIRA VISTA BLVD., PLANO, TX. 75093-4698

4. Well Location
 Unit Letter H : 1420 feet from the NORTH line and 990 feet from the EAST line
 Section 2 Township 17S Range 28E NMPM County EDDY

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
 GL 3383' RKB 3405'

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

| | | | |
|--|--|--|---|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

12. 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 recompilation.

Drill 12-1/4" hole to a depth of 2171'. Run casing as follows:

| | |
|-------------------------------------|-------|
| Float Shoe | 1' |
| 1 Jt. 9-5/8" 43.50 #/FT P-110 LTC | 44' |
| Float Collar | 1' |
| 54 Jts. 9-5/8" 43.50 #/FT P-110 LTC | 2130' |
| | 2176' |

Set casing @ 2170'. Cement casing with 1250 SXS 35:65:6 + 2% CACL + 1/4 #/SX Celloflake followed by 200 SXS Class "C" + 2% CACL. Circulated 235 SXS to reserve pit. Plug down @ 4:10 PM 4/5/03. Floats held. Nipple down BOP and nipple up "B" Sec. Test BOP to 5000 PSI. Test casing to 1000 PSI. OK. WOC for total of 30 Hrs. Drill plug and cement. Resume drilling formation w/ 8-1/2" bit.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Michael S. Daugherty TITLE V P OPERATIONS DATE 4/7/03

Type or print name MICHAEL S. DAUGHERTY Telephone No. (972) 931-0700

(This space for State use) District Supervisor

APPROVED BY [Signature] TITLE District Supervisor DATE APR 10 2003

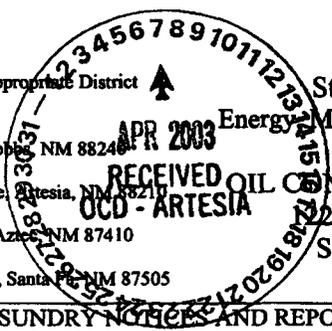
Conditions of approval, if any:

S

Submit 3 Copies To Appropriate District Office
 District I 1625 N. French Dr., Hobbs, NM 88248
 District II 1301 W. Grand Avenue, Artesia, NM 88210
 District III 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources
RECEIVED OIL CONSERVATION DIVISION
 220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 Revised March 25, 1999



WELL API NO.
 30-015-32176

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 E-9782

7. Lease Name or Unit Agreement Name:
 HUGGIE BEAR ST. COM.

SUNDRY NOTICES AND REPORTS ON WELLS
 (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.)
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 Oil Well Gas Well Other

2. Name of Operator
 MURCHISON OIL & GAS, INC.

8. Well No.
 1

3. Address of Operator
 1100 MIRA VISTA BLVD. PLANO, TX. 75093-4698

9. Pool name or Wildcat
 CROW FLATS MORROW

4. Well Location
 Unit Letter H : 1420 feet from the NORTH line and 990 feet from the EAST line
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10. Elevation (Show whether DR, RKB, RT, GR, etc.)
 GL 3383' RKB 3405'

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| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

12. 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 recompilation.

Spud well 0600 4/1/03 and drill a 17-1/2" hole to 215'. Ran 13-3/8" casing as follows:

| | |
|---------------------------------|------|
| Shoe | 1' |
| 1 Jt 13-3/8" 68 #/FT J-55 Butt | 30' |
| Insert Float | |
| 6 Jts 13-3/8" 68 #/FT J-55 Butt | 187' |
| | 218' |

Casing set @ 210'. Cement w/ 250 SXS CL "C" + 2% CACL + 1/4 #/SX Cellofiake. Circulate 50 SXS to reserve pit. Plug down @ 1700 HR 4/1/03. Floats held. WOC 4 Hr. Cut off conductor and weld on head. Test to 500 PSI. Nipple up BOP. Test BOP to 500 PSI. Pick up BHA and TIH. WOC total 18 Hr. Drill cement & plug. Test casing to 500 PSI. Resume drilling 12-1/4" hole.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
 SIGNATURE Michael S. Daugherty TITLE V P OPERATIONS DATE 4/4/03

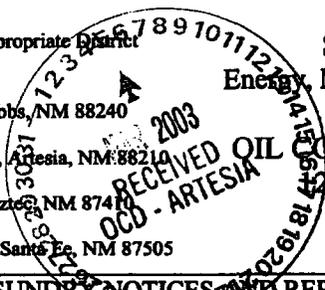
Type or print name MICHAEL S. DAUGHERTY Telephone No. (972) 931-0700
 (This space for State use)

APPROVED BY Blaine W. Green TITLE District Supervisor DATE APR 9 2003

Conditions of approval, if any:

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
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 1301 W. Grand Avenue, Artesia, NM 88210
 District III
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 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources
CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505



WELL API NO.
 30-015-32176

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
 (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:
 Oil Well Gas Well Other

2. Name of Operator **MURCHISON OIL & GAS, INC.**

3. Address of Operator **1100 MIRA VISTA BLVD. PLANO, TX. 75093-4698**

4. Well Location
 Unit Letter **H** : **1420** feet from the **NORTH** line and **990** feet from the **EAST** line
 Section **2** Township **17S** Range **28E** NMPM County **EDDY**

7. Lease Name or Unit Agreement Name:
HUGGIE BEAR STATE COM

8. Well No. **1**

9. Pool name or Wildcat
CROW FLATS MORROW

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

| | | | |
|---|--|---|---|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: INTENT TO MOVE LOCATION TO DRILL <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

12. 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 recompilation.

Murchison Oil & Gas, Inc. staked and permitted the Huggie Bear State Com #1 on January 30, 2002 at 660' FNL & 990' FEL, Sec. 2, T17S, R28E. This filing serves to request that the Drilling permit be amended to move the location to 1420' FNL & 990' FEL, Sec. 2, T17S, R28E, Eddy County, NM. A C-102 Survey Plat for the amended location along with the original Application for Permit to Drill are attached.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Michael Daugherty TITLE VICE PRESIDENT OPERATIONS DATE 3/4/03

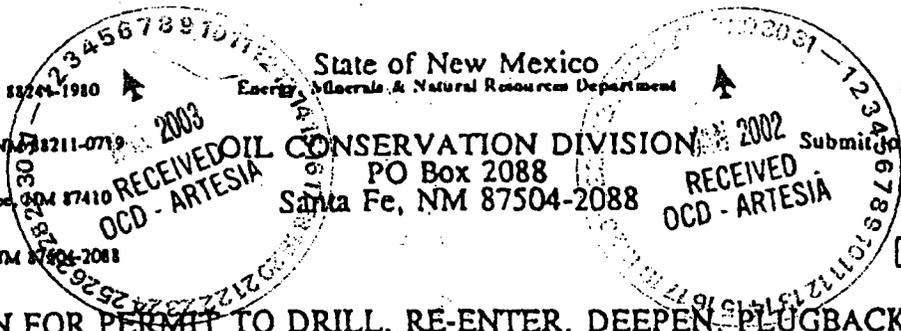
Type or print name MICHAEL S. DAUGHERTY Telephone No. (972) 931-0700

APPROVED BY [Signature] TITLE District Supervisor DATE MAR 10 2003

Conditions of approval, if any:

District I
 PO Box 1910, Hobbs, NM 88240-1910
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department



Form C-101
 Revised February 10, 1994
 Instructions on back
 Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|--|----------------------------|
| Operator Name and Address. MURCHISON OIL & GAS, INC. 1100 MIRA VISTA BLVD. PLANO, TX. 75093-4698 | | OCRID Number 015363 |
| Property Code 29244 | | API Number 30-015-32176 |
| Property Name HUGGIE BEAR STATE.COM | | Well No. 1 |

| Surface Location | | | | | | | | | |
|------------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Foot from the | East/West line | County |
| H | 2 | 17-S | 28-E | | 1400 | NORTH | 990 | EAST | EDDY |

| Proposed Bottom Hole Location If Different From Surface | | | | | | | | | |
|---|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Foot from the | East/West line | County |
| | | | | | | | | | |

| | | | | | | | | | |
|---|--|--|--|--|-----------------|--|--|--|--|
| Proposed Pool 1 Crew Flats SOUTH EMPIRE MORROW (GAS) , Southeast | | | | | Proposed Pool 2 | | | | |
|---|--|--|--|--|-----------------|--|--|--|--|

| | | | | |
|---------------------|-------------------------|------------------------|-----------------------|--|
| Work Type Code N | Well Type Code G | Cable/Rotary ROTARY | Lease Type Code S | Ground Water Protection 2573 3576 |
| Multiple N/A | Proposed Depth 10300 | Formation MORROW | Contractor UNKNOWN | Spud Date 3/1/02 |

| Proposed Casing and Cement Program | | | | | |
|------------------------------------|-------------|--------------------|------------------|-----------------|-----------------|
| Well Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
| 17-1/2 | 13-3/8 | 61 #/FT | 200' 400' | 470 SXS | SURFACE |
| 12-1/4 | 9-5/8 | 47 #/FT | 150' 150' | 600 SXS | SURFACE |
| 7-7/8 | 5-1/2 | 17 #/FT | 10300' | 640 SXS | EST TOC @ 6500' |

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

DRILL, CASE & COMPLETE WELL IN MORROW FORMATION

Cement to cover all oil, gas and water bearing zones

- BOP'S INCLUDE
- 1) HYDRILL DOUBLE RAM 11" x 3000 PSI
 - 2) CHOKE MANIFOLD 4" x 5000 PSI FLANGED CONNECTIONS
 - 3) SIX STATION ACCUMULATOR CLOSING UNIT W/ REMOTE CONTROL

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Michael S. Daugherty*
 Printed name: MICHAEL S. DAUGHERTY
 Title: VICE PRESIDENT OPERATIONS
 Date: 1/25/02
 Phone: (972) 931-0700

OIL CONSERVATION DIVISION
 Approved by: ORIGINAL SIGNED BY TIM W. GUM
 Title: DISTRICT II SUPERVISOR
 Approval Date: **JAN 30 2002**
 Expiration Date: **MAR 31 2003**
 Conditions of Approval Attached

District I
1625 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|--|
| API Number 30-015-32176 | Pool Code 76400 | Pool Name SOUTH EMPIRE MORROW (GAS) |
| Property Code | Property Name HUGGIE BEAR STATE COM | Well Number 1 |
| OGRID No. 015363 | Operation Name MURCHISON OIL & GAS, INC. | Elevation 3573 |

Surface Location

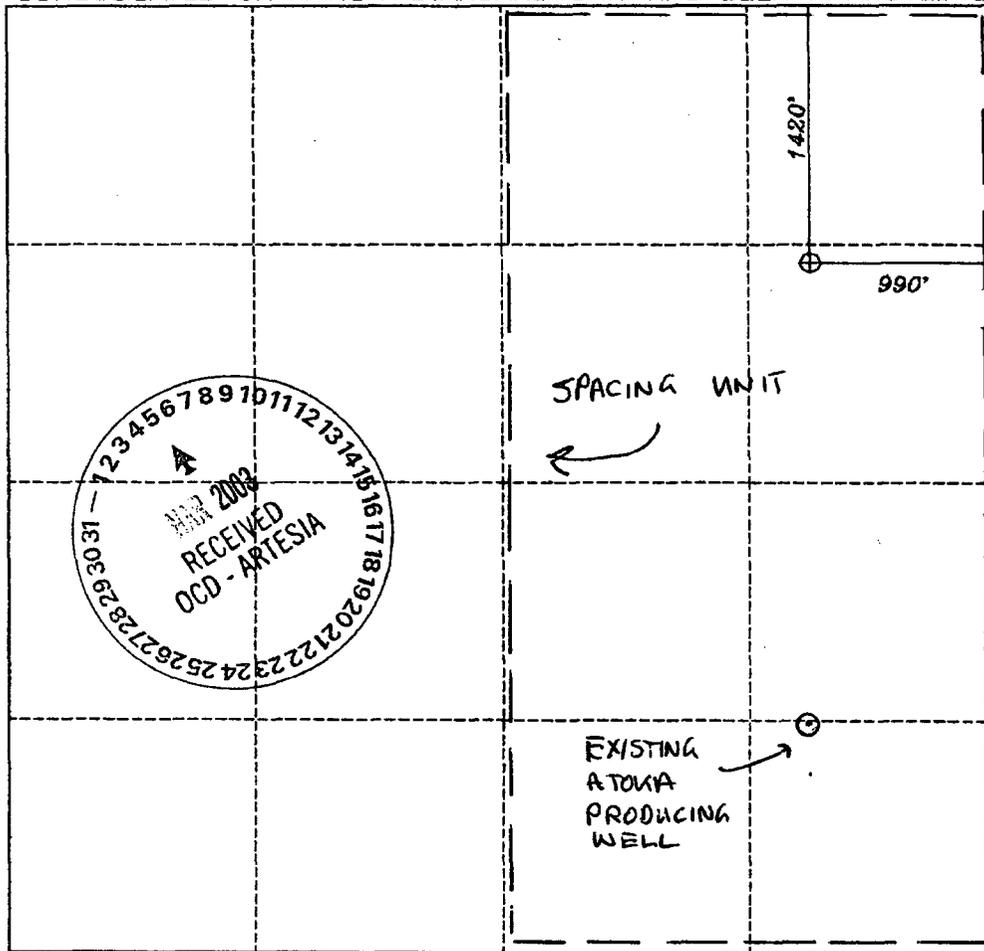
| UL or Lot No. | Section | Township | Range | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|----------|-------------|-------------|----------|---------------|------------------|---------------|----------------|-------------|
| H | 2 | 17-S | 28-E | | 1420 | NORTH | 990 | EAST | EDDY |

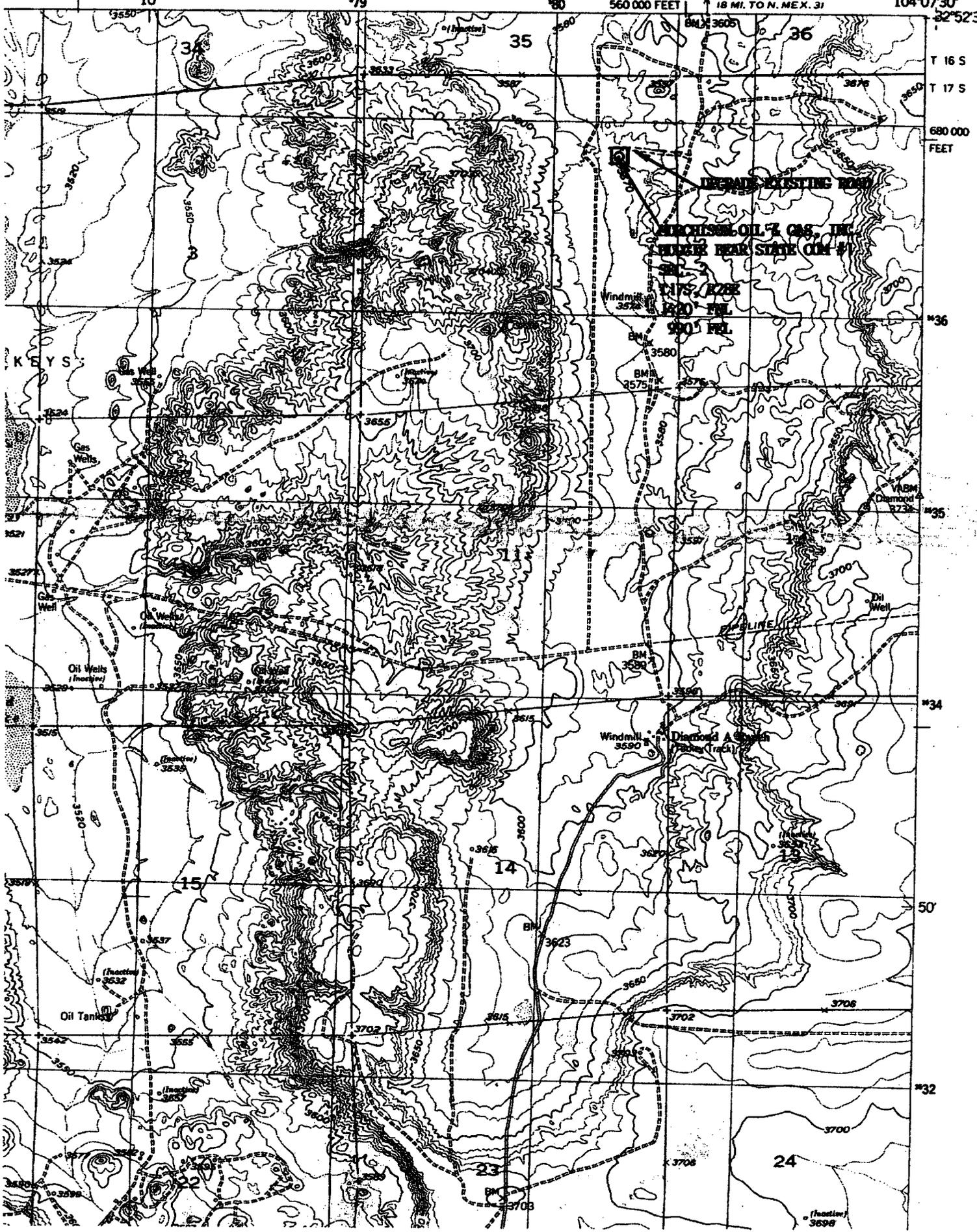
Bottom Hole Location If Different From Surface

| UL or Lot No. | Section | Township | Range | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 320 | Joint or Infill | Consolidation Code | Order No. |
|-------------------------------|-----------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|---|---|---|
|  |  | OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. |
| | | Signature <i>Michael S. Daugherty</i> |
| | | Printed Name MICHAEL S. DAUGHERTY |
| | | Title VICE PRESIDENT OPERATIONS |
| | | Date 3/4/03 |
| | | SURVEYOR CERTIFICATION I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. |
| | | Date of Survey FEBRUARY 21, 2003 |
| | | Signature and Seal of Professional Surveyor <i>Sam R. Redd</i> NEW MEXICO 5412 REGISTERED PROFESSIONAL SURVEYOR NM PROFESSIONAL SURVEYOR Certificate Number |



KEYS

BEHOLDING RIGHTS
MICHIGAN OIL & GAS, INC.
WELLS BEAR STATE OIL #1

WINDMILL
3522
3590

PIPELINE

WINDMILL
3590
DIAMOND A GAS
PROBE (TRACK)

OIL TANK

24

T 16 S
T 17 S
680 000
FEET

#36

#35

#34

#32

#32

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

CISE
 DAM
 SKOP

Form C-101
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

RECEIVED
 OCD - ARTESIA

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|--|----------------------------|
| Operator Name and Address. MURCHISON OIL & GAS, INC. 1100 MIRA VISTA BLVD. PLANO, TX. 75093-4698 | | OGRID Number 015363 |
| Property Code 29244 | | API Number 30-015-32176 |
| Property Name HUGGIE BEAR STATE COM | | Well No. 1 |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Ids | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A | 2 | 17-S | 28-E | | 660 | NORTH | 990 | EAST | EDDY |

Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ids | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---------|----------|-------|---------|-----------------|------------------|---------------|----------------|--------|
| Crow Flats SOUTH ENDERS MORROW (GAS), Southeast | | | | | Proposed Pool 1 | | | | |
| | | | | | Proposed Pool 2 | | | | |

| | | | | |
|---------------------|-------------------------|------------------------|-----------------------|---------------------------------|
| Work Type Code N | Well Type Code G | Cable/Rotary ROTARY | Lease Type Code S | Ground Level Elevation 3576' |
| Multiple N/A | Proposed Depth 10300 | Formation MORROW | Contractor UNKNOWN | Spud Date 3/1/02 |

Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|-----------------|
| 17-1/2 | 13-3/8 | 61 #/FT | 700' - 150' | 470 SXS | SURFACE |
| 12-1/4 | 9-5/8 | 47 #/FT | 150' | 600 SXS | SURFACE |
| 7-7/8 | 5-1/2 | 17 #/FT | 10300' | 640 SXS | EST TOC @ 6500' |

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on 1 zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

DRILL, CASE & COMPLETE WELL IN MORROW FORMATION

Cement to cover all oil, gas and water bearing zones

- BOP'S INCLUDE 1) HYDRILL DOUBLE RAM 11" x 3000 PSI
 2) CHOKE MANIFOLD 4" x 5000 PSI FLANGED CONNECTIONS
 3) SIX STATION ACCUMULATOR CLOSING UNIT W/ REMOTE CONTROL

| | | | |
|--|-----------------------|--|------------------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Michael S. Daugherty</i> | | OIL CONSERVATION DIVISION | |
| Printed name: MICHAEL S. DAUGHERTY | | Approved by: ORIGINAL SIGNED BY TIM W. GUM DISTRICT II SUPERVISOR | |
| Title: VICE PRESIDENT OPERATIONS | | Approval Date: JAN 30 2002 | Expiration Date: JAN 30 2003 |
| Date: 1/25/02 | Phone: (972) 931-0700 | Conditions of Approval: Attached <input type="checkbox"/> | |

DISTRICT I
P.O. Box 1988, Hobbs, NM 88241-1988

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

| | | |
|---------------------|--|--|
| API Number | Pool Code 76400 | Pool Name SOUTH EMPIRE MORROW (GAS) |
| Property Code | Property Name HUGGIE BEAR STATE | Well Number 1 |
| OGRID No. 015363 | Operator Name MURCHISON OIL & GAS, INC. | 3503' 3576 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| A | 2 | 17-S | 28-E | | 660 | NORTH | 990 | EAST | EDDY |

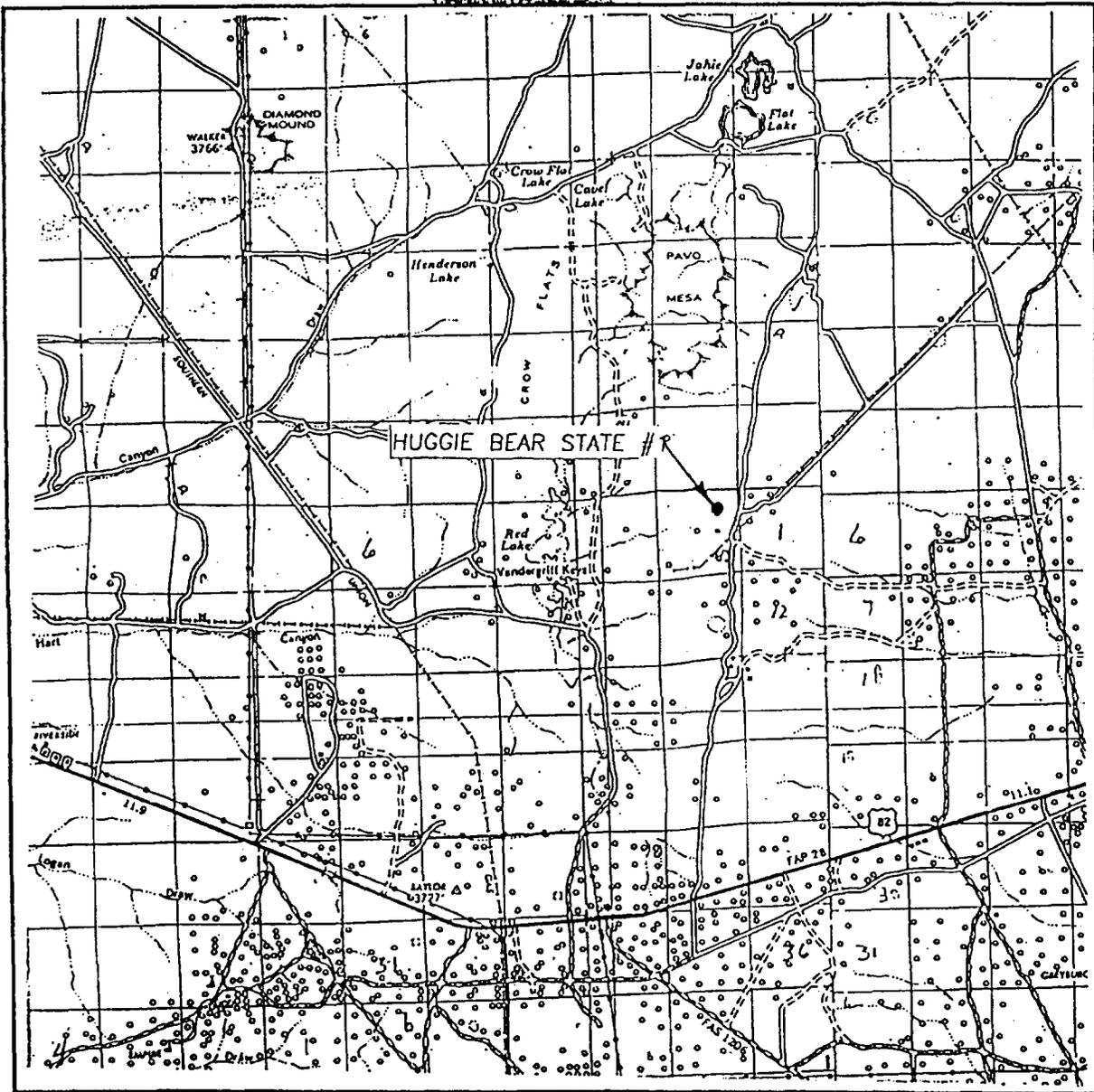
Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County |
|------------------------|-----------------|--------------------|-----------|----------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres 320 | Joint or Infill | Consolidation Code | Order No. | | | | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|--|---|
| | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Michael S. Daugherty</i> Signature</p> <p>MICHAEL S. DAUGHERTY Printed Name</p> <p>VICE PRESIDENT OPERATIONS Title</p> <p>1/25/02 Date</p> |
| | <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>JANUARY 19, 2002 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 02.11.0060</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p> |

VICINITY MAP

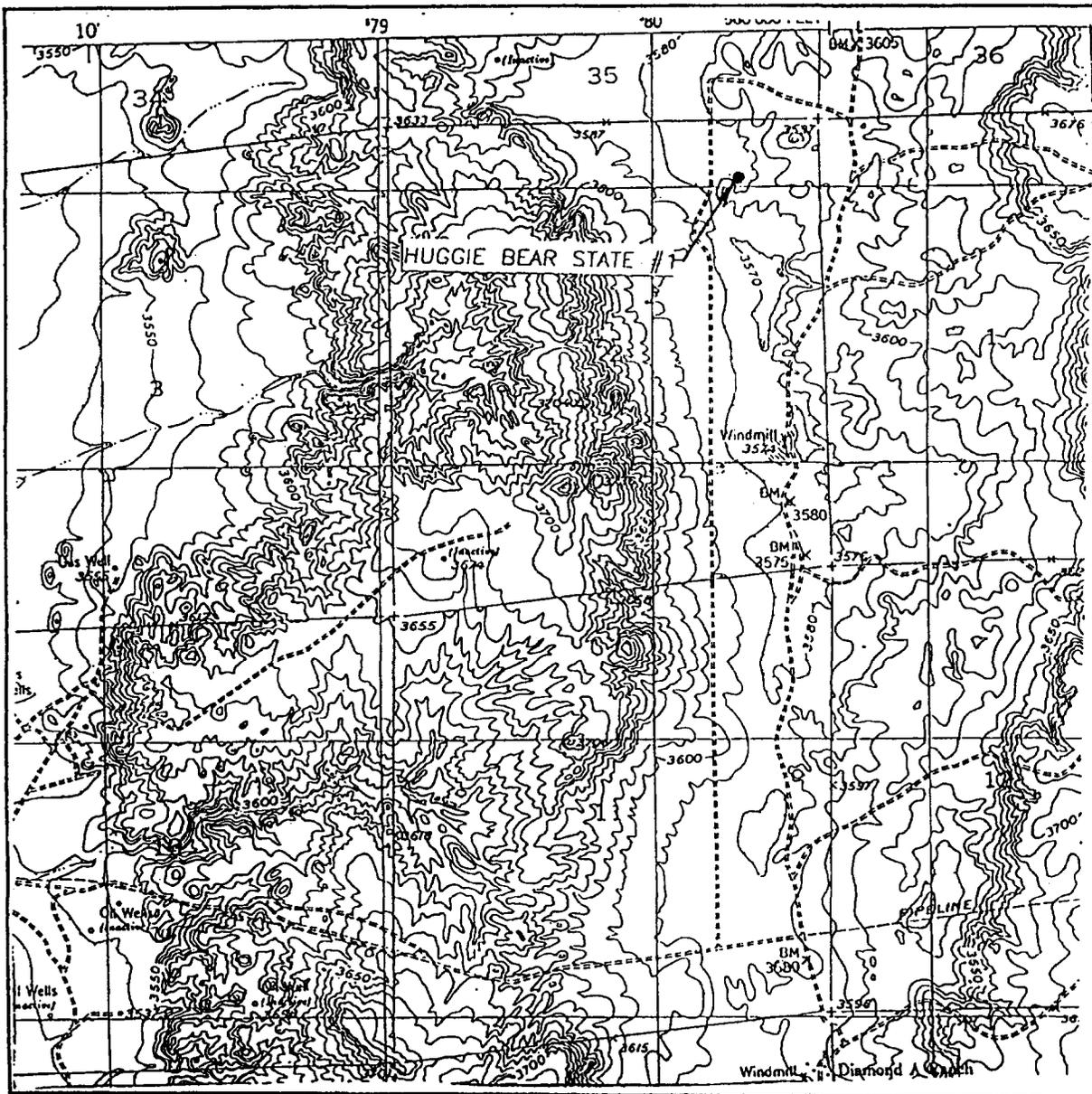


SCALE: 1" = 2 MILES

SEC. 2 TWP. 17-S RGE. 28-E
 SURVEY N.M.P.M.
 COUNTY LEA
 DESCRIPTION 660' FNL & 990' FEL
 ELEVATION 3576'
 OPERATOR MURCHISON OIL & GAS
 LEASE HUGGIE BEAR

JOHN WEST SURVEYING
 HOBBS, NEW MEXICO
 (505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

RED LAKE

SEC. 2 TWP. 17-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 990' FEL

ELEVATION 3576'

OPERATOR MURCHISON OIL & GAS

LEASE HUGGIE BEAR

U.S.G.S. TOPOGRAPHIC MAP

RED LAKE

JOHN WEST SURVEYING
HOBBS, NEW MEXICO

(505) 393-3117

70-015-32176

Ogrid - 15263
Prop - 29244
Pool -

Oxford[®]

✱ ESSELTE

MADE IN U.S.A.

NO. R753 1/3

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