

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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

Form C-101
May 27, 2004

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

Submit to appropriate District Office

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☐ AMENDED REPORT

OCT 27 2004

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

¹ Operator Name and Address MURCHISON OIL & GAS, INC. 1100 MIRA VISTA BLVD. PLANO, TX. 75093-4698		² OGRID Number 015363
		³ API Number 30 - 015 - 33691
⁴ Property Code	⁵ Property Name LINCOLN STATE COM	⁶ Well No. 2
⁹ Proposed Pool 1 PENASCO DRAW MORROW GAS 82770		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	24	18S	24E		1250	SOUTH	1250	EAST	EDDY

⁸ Proposed 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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3657
¹⁶ Multiple N/A	¹⁷ Proposed Depth 9,000'	¹⁸ Formation MORROW	¹⁹ Contractor N/A	²⁰ Spud Date 12/1/2004
Depth to Groundwater +100'		Distance from nearest fresh water well +1000'		Distance from nearest surface water +1000'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 30,000 bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ 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	54.5	360'	375	SURFACE
12-1/4 *	9-5/8	43.5	1150'	600	SURFACE
7-7/8	5-1/2	17	9000'	900	5000'

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present prod Describe the blowout prevention program, if any. Use additional sheets if necessary.

DRILL, CASE & COMPLETE WELL IN MORROW FORMATION

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

*Operator to submit daily mud reports

Fresh Water Mud only to intermediate depth.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: MICHAEL S. DAUGHERTY <i>Michael Daugherty</i>		Approved by: TIM W. GUM	
Title: VICE PRESIDENT OPERATIONS		DISTRICT II SUPERVISOR	
E-mail Address: mdaugherty@jdmii.com		Approval Date: OCT 29 2004 Expiration Date: OCT 29 2005	
Date:	Phone:	Conditions of Approval Attached <input type="checkbox"/> NOTIFY OCD OF SPUD & TIME TO WITNESS CEMENTING OF SURFACE & INTERMEDIATE CASING	

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State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

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

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: MURCHISON OIL & GAS, INC. Telephone: (972) 931-0700 e-mail address: mdaugherty@jdmii.com

Address: 1100 MIRA VISTA BLVD., PLANO, TX. 75093-4698

Facility or well name: LINCOLN STATE COM #2 API #: _____ U/L or Qtr/Qtr P Sec 24 T 18S R 24E

County: EDDY Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Inner type: Synthetic ☒ Thickness 12 mil Clay ☐

Pit Volume 30,000 bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not. _____

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DOB-ARTESIA

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more X

(0 points)

0

Vellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

X

(0 points)

0

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more X

(0 points)

0

Ranking Score (Total Points)

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 10/26/04

Printed Name/Title MICHAEL S. DAUGHERTY, V.P. OPERATIONS

Signature Michael S. Daugherty

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title Wild Sep 10

Signature Wild Sep 10

OCT 27 2004

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1625 N. French Dr. Hobbs, NM 88240

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811 South First, Artesia, NM 88210

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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

Form C-102
Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

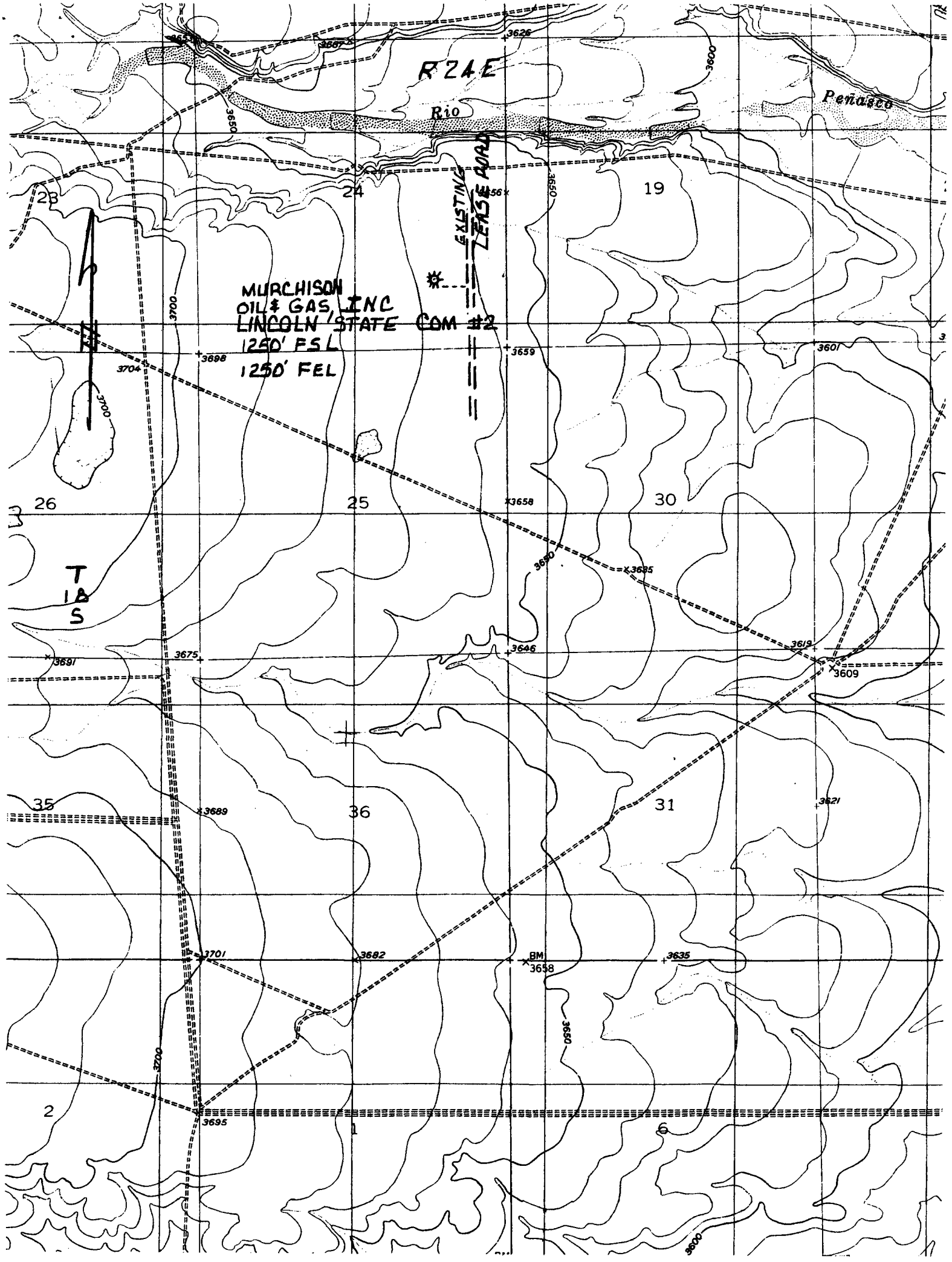
API Number	Pool Code	Pool Name
		PENASCO DRAW MORROW GAS
Property Code	Property Name	Well Number
	LINCOLN STATE COM	2
OGRID No.	Operation Name	Elevation
015363	MURCHISON OIL & GAS, INC.	3657

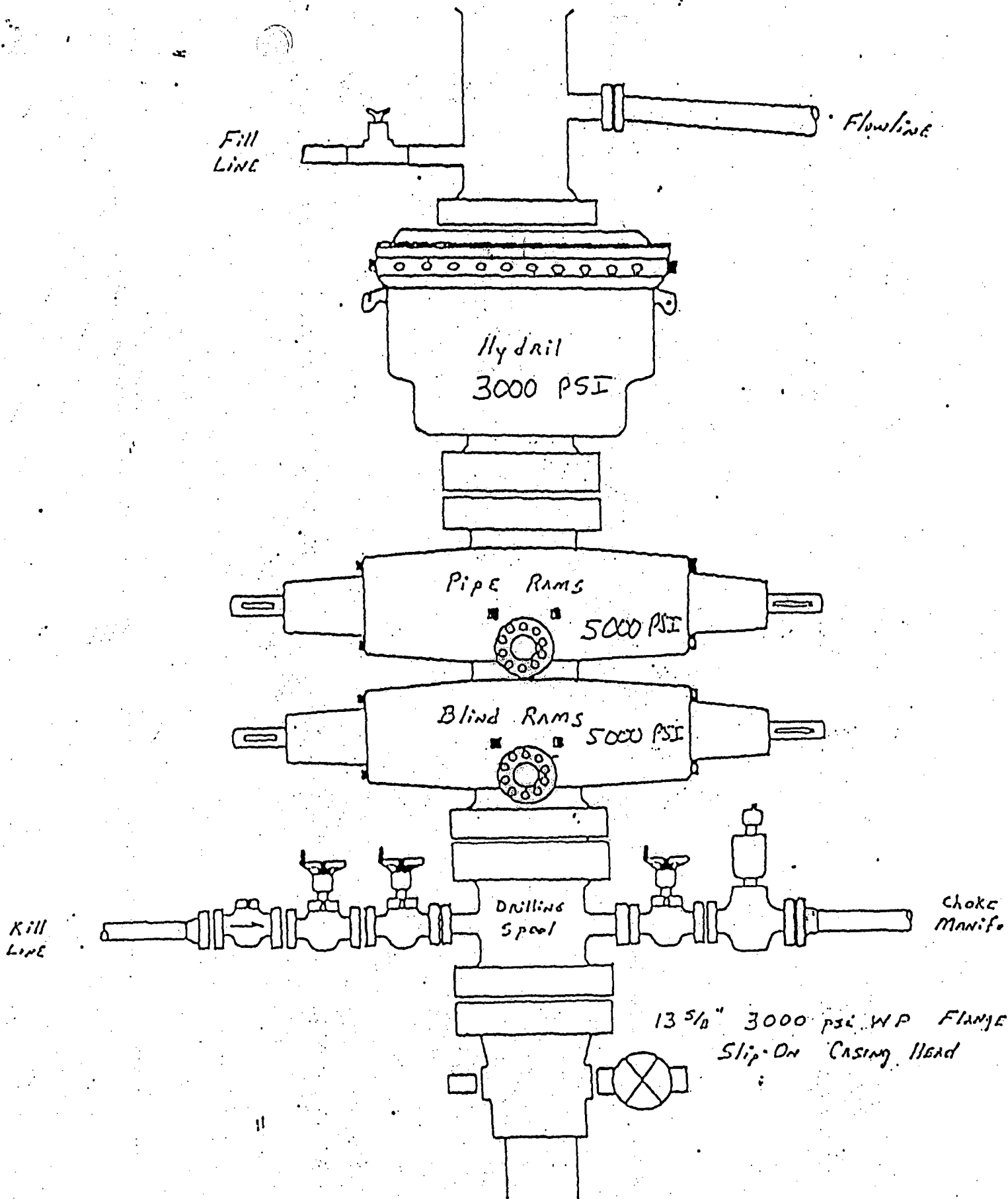
Surface Location									
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
P	24	18-S	24-E		1250	SOUTH	1250	EAST	EDDY

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	Joint or Infill	Consolidation Code	Order No.						
320	INFILL								

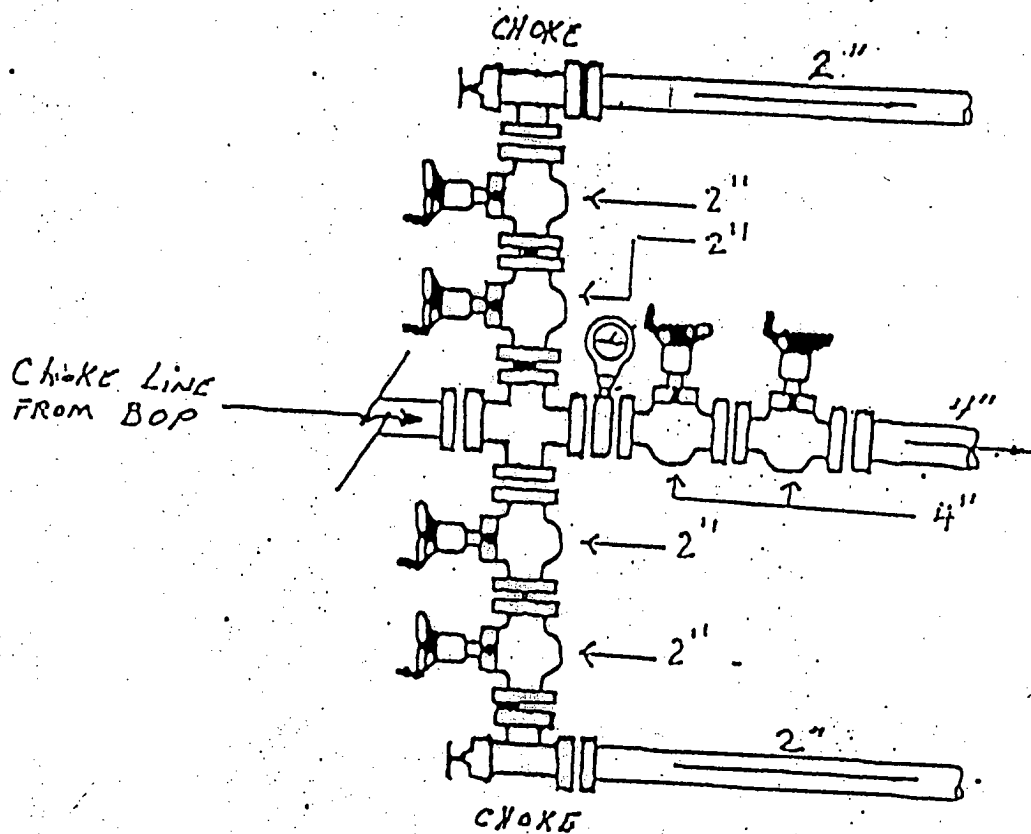
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.</p>
	<p>Signature: <i>Michael S. Daugherty</i></p>
	<p>Printed Name: MICHAEL S. DAUGHERTY</p>
	<p>Title: V P OPERATIONS</p>
<p>Date: 10/26/2004</p>	<p>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.</p>
<p>LAT N 32°43'48.3" LON W 104°32'14.6"</p>	<p>OCTOBER 15, 2004</p>
<p>1250'</p>	<p>Date of Survey: REDDY</p>
<p>1250'</p>	<p>Signature and Seal of Professional Surveyor</p>
<p>1250'</p>	<p>NEW MEXICO REGISTERED LAND SURVEYOR 5412 ENGINEER</p>
<p>1250'</p>	<p>NM PROFESSIONAL SURVEYOR Certificate Number</p>





LINCOLN STATE COM #2
1250' FSL & 1250' FEL
SEC. 24, T18S, R24E
EDDY CO., NM.



LINCOLN STATE COM #2
 1250' FSL & 1250' FEL
 SEC. 24, T18S, R24E
 EDDY CO., NM.

MURCHISON OIL & GAS, INC.

LINCOLN STATE COM #2
SEC. 24, T18S, R24E
1250' FSL & 1250' FEL
EDDY CO., NM.

MUD PROGRAM

<u>DEPTH</u>	<u>WEIGHT</u>	<u>CHLORIDES</u>	<u>VISCOSITY</u>	<u>FILTRATE</u>
0' - 360'	8.4	0 - 50K	32 - 36	NO CONTROL
360' - 1,150'	8.4 - 10.0	0 - 50K	28 - 29	NO CONTROL
1,150' - 8,000'	8.6 - 8.8	50 - 60K	28 - 29	NO CONTROL
8,000' - 9,000'	8.6 - 10.0	50 - 100K	28 - 29	6 - 8 WL

PH to be maintained at 10 or above

**Fresh Water Mud on Air Drilled Hole
Only!**

**Bryan C. Abram
OCD**

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OCT 27 2004
OCD-ARTESIA



October 26, 2004

Mr. Bryan Arrant
State of New Mexico
Oil Conservation Commission
1301 W. Grand Avenue
Artesia, New Mexico 88210

**RE: LINCOLN STATE COM #2
1250' FSL & 1250' FEL
SEC. 24, T18S, R24E
EDDY CO., NM.**

Dear Bryan:

This letter is in reference to the OCD's requirements for H2S contingency plan for the above captioned well. No H2S is expected in the drilling of the above captioned well. H2S detection equipment will be installed prior to the top of the Delaware formation as a precautionary measure.

Very truly yours,

MURCHISON OIL & GAS, INC.

Michael S. Daugherty
Vice President Operations

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OCT 27 2004

OCD-ARTESIA

MSD/ct/LincolnSC#2-OCDH2S