

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

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

1. Operator Name and Address MURCHISON OIL & GAS INC 1100 MIRA VISTA BLVD PLANO , TX 750934698		2. OGRID Number 15363
		3. API Number 30-015-34706
4. Property Code 8134	5. Property Name PENASCO STATE COM	6. Well No. 002

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	30	18S	25E	A	990	S	990	W	EDDY

**8. Pool Information**

PENASCO DRAW,MORROW (GAS)	82770
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**Additional Well Information**

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3644
14. Multiple N	15. Proposed Depth 9000	16. Formation Morrow	17. Contractor	18. Spud Date 6/1/2006
Depth to Ground water 100		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000

Pit: Liner: Synthetic ☒ 12 \_\_\_\_\_ mils thick Clay ☐ Pit Volume: 30000 \_\_\_\_\_ bbls Drilling Method:  
 Closed Loop System ☐ Fresh Water ☐ Brine ☐ Diesel/Oil-based ☒ Gas/Air ☐

**19. Proposed Casing and Cement Program**

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	61	360	375	0
Int1	12.25	9.625	47	1150	600	0
Prod	7.875	5.5	17	9000	900	5000

**Casing/Cement Program: Additional Comments**

Surface Casing cement w/ Class "C" or Type I + Additive Intermediate Casing cement w/ Class "C" or Type I + Additive Production Casing cement w/ Class "C" or Type I + additives
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**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	11	5000	
Hydril	11	3000	

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 OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Michael Daugherty	Approved By: Bryan Arrant
Title: Vice President Operations	Title: Geologist
Email Address: mdaugherty@jdmii.com	Approved Date: 3/23/2006   Expiration Date: 3/23/2007
Date: 3/22/2006   Phone: 972-931-0700	Conditions of Approval Attached

**1220 S. St. Francis Dr., Santa Fe, NM 87505**

**Santa Fe, NM 87505**

Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code 82770	<sup>3</sup> Pool Name PENASCO DRAW MORROW (GAS)
<sup>4</sup> Property Code	<sup>5</sup> Property Name PENASCO STATE COM		<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 015363	<sup>8</sup> Operator Name MURCHISON OIL AND GAS, INC.		<sup>9</sup> Elevation 3644

## <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>LOT 4</b>	<b>30</b>	<b>18-S</b>	<b>25-E</b>		<b>990</b>	<b>SOUTH</b>	<b>990</b>	<b>WEST</b>	<b>EDDY</b>

<sup>11</sup> 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
<sup>12</sup> Dedicated Acre 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code			<sup>15</sup> 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>16</p>				<p><b>17 OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><u>Michael Daugherty</u>      <u>3/15/2006</u> Signature      Date</p> <p><u>MICHAEL S. DAUGHERTY</u> Printed Name</p>
<p>LAT N32.71483 LON W104.53002 990'</p> <p>990'</p>		<p><u>SPACING UNIT</u></p>		<p><b>18 SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p><b>FEBRUARY 20, 2006</b></p> <p>Date of Survey: <u>FEB 20 2006</u></p> <p>Signature and Seal of Professional Surveyor: <u>[Signature]</u></p> <p>Certificate Number: <u>5412</u></p> <p><b>DAN R. REDDY NM PE &amp; PS NO. 5412</b></p>

## Permit Comments

Operator: MURCHISON OIL & GAS INC , 15363

Well: PENASCO STATE COM #002

API: 30-015-34706

Created By	Comment	Comment Date
MSDAUGHERTY	A review of the area indicates that no H2S Contingency Plan is required pursuant to NMOCD Rule 118.H2S monitoring equipment will be installed on the rig as a precautionary measure.	3/22/2006
MSDAUGHERTY	Mud Program is as follows: 0'-360' 8.4 0-10K, 360'-1150' 8.4 0-10K, 1150'-5200' 8.4-8.8 0-40k, 5200' - 8000' 8.6-9.2 40-60K, 8000'-9000' 8.8-9.4 50-70K, PH to be maintained 10 or above	3/22/2006

# Permit Conditions of Approval

Operator: MURCHISON OIL & GAS INC , 15363

Well: PENASCO STATE COM #002

API: 30-015-34706

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Please notify OCD time of spud and time to witness the cementing of the surface and intermediate strings of casing.
BArrant	Operator to drill surface and intermediate hole with 'fresh water' mud.