

12-19-08 DATE IN	SUSPENSE	D. Brooks ENGINEER	12-19-08 LOGGED IN	NSL TYPE	PRAA0835449041 APP NO.
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39130

RECEIVED

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2008 DEC 19 PM 1 15

1220 South St. Francis Drive, Santa Fe, NM 87505



API 30-025-37401
Hightower State Unit #3
Murchison O&G, Inc.
0153123

ADMINISTRATIVE APPLICATION CHECKLIST

5982

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] ☒ Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] ☐ Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] ☐ Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] ☐ Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☒ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Signature

Attorney for Applicant
Title Date

jamesbruc@aol.com
e-mail Address

12/19/08

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

December 19, 2008

Hand delivered

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Pursuant to Division Rule NMAC 19.15.15.13, Murchison Oil & Gas, Inc. applies for approval of an unorthodox gas well location for the following well:

<u>Well:</u>	Hightower State Unit Well No. 3
<u>Location:</u>	1750 feet FSL & 330 feet FEL (Unit I)
<u>Well unit:</u>	E½ of Section 27, Township 12 South, Range 33 East, N.M.P.M., Lea County, New Mexico

Applicant is operator of the Hightower State Unit, approved by Division Order No. R-12512. **Exhibit A.** The unit covers, among other lands, all of Section 27. Applicant has drilled three wells in the unit, all within Section 27:

1. Well No. 1, in Unit A of Section 27, was drilled to the Devonian formation, but completed uphole in the Permo Penn formation (Hightower Permo-Pennsylvanian Pool). The Hightower Permo-Pennsylvanian Pool includes zones from the Wolfcamp to the base of the Morrow, and is classified as an oil pool. **Exhibit B.** Well No. 1 is completed in the Wolfcamp and Atoka zones of the Pool. **Exhibit C.** The Pool is spaced on statewide rules providing for 40 acre well units, with wells to be located no closer than 330 feet to a quarter-quarter section line.

2. Well No. 2, in Unit J of Section 27, was another Permo Penn test, and was drilled to the top of the Mississippian formation, at an approximate depth of 10320 feet, to thoroughly test the Permo Penn. **Exhibit D.**

3. Well No. 3 was permitted as a 10300 foot Permo Penn test, sufficient to test the Atoka zone productive in Well No. 1. **Exhibit E.** While drilling the well applicant drilled through the Atoka, into the top of the Mississippian formation at a depth of 10,349 feet, to be able to test the entire Atoka zone. **Exhibit F.** It encountered a productive gas zone at the top of the Mississippian, and is now completing Well No. 3 as a gas well in the Mississippian formation (wildcat Mississippian). Under statewide rules spacing is 320 acres, with wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line.

The well encroaches on the Section 26. The lessees and operators in all of Section 26 are as follows (see **Exhibits G and H**):

ConocoPhillips Company
Building 6
3300 North A Street
Midland, Texas 79705

Attention: Eileen Dey

Paladin Energy Corporation
Suite 301
1290 Monroe Drive
Dallas, Texas 75229

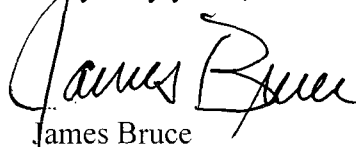
JM Cox Resources LP
P.O. Box 2217
Midland, Texas 79702

The offset owners have been notified of the application by certified mail. **Exhibit I.**

Approval of the application will prevent waste.

Please contact me if you need any further information regarding this application.

Very truly yours,


James Bruce

Attorney for Murchison Oil & Gas, Inc.

HIGHTOWER STATE EXPLORATORY UNIT
Lea County, New Mexico

Order No. R-12512, Approving the Hightower State Exploratory Unit Agreement, Lea County, New Mexico, February 27, 2006.

Application of Rubicon Oil & Gas, L.L.C. for Approval of a Unit Agreement, Lea County, New Mexico.

Case No. 13645
Order No. R-12512

ORDER OF THE DIVISION

BY THE DIVISION: This case came on for hearing at 8:15 a.m. on February 16, 2006, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of February, 2006, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Rubicon Oil & Gas, L.L.C. ("Rubicon"), seeks approval of the Hightower State Exploratory Unit Agreement for all oil and gas in any and all formations from the surface to the base of the Devonian formation underlying the following-described 2,080 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 15: All
Section 22: All
Section 23: NW/4
Section 27: All

(3) The applicant presented evidence that demonstrates that:

(a) the primary objective within the Hightower State Exploratory Unit is the Wolfcamp interval; and

(b) the initial well will be drilled at a standard gas well location 660 feet from the North and East lines (Unit A) of Section 27, Township 12 South, Range 33 East.

(4) No other interested party appeared at the hearing or otherwise objected to the proposed unit.

(5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Rubicon Oil & Gas, L.L.C., the Hightower State Exploratory Unit Agreement is hereby approved for all oil and gas in any and all formations from the surface to the base of the Devonian formation underlying the following-described 2,080 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM,
Section 15: All
Section 22: All
Section 23: NW/4
Section 27: All

(2) The plan contained in the unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of (i) development and operation; (ii) creation, expansion or contraction of participating areas; or (iii) expansion or contraction of the unit area shall be submitted to the Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the Commissioner of Public Lands for the State of New Mexico. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

EXHIBIT

A

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 215
ORDER NO. R-17

IN THE MATTER OF THE ESTABLISHMENT,
DEFINITION AND CLASSIFICATION OF
CERTAIN NEW POOLS, AND THE EXTENSION
OF CERTAIN EXISTING POOLS IN SOUTH-
EASTERN NEW MEXICO UNDER AUTHORITY
OF RULE 5.

ORDER OF THE COMMISSION

This matter came on for hearing at Santa Fe, New Mexico, on March 21, 1950, on the motion of the Oil Conservation Commission and upon recommendation of the Southeastern New Mexico Nomenclature Committee, and the Commission having heard evidence and having taken the matter under advisement

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of the subject matter and of the interested parties.
2. That the hereinafter named pools should be established.
3. That the extensions of existing pools should be made.

IT IS THEREFORE ORDERED

1. That a new pool designated as the "Saunders" pool for Permo-Pennsylvanian production is hereby created, the boundaries of which shall include the S/2 of Section 34, Township 14S, Range 33E, and the N/2 of Section 3, Township 15S, Range 33E; said pool (in Lea County, New Mexico) is hereby classified as an oil pool.
2. That a new pool, designated as the "South Nadine" pool for San Andreas production is hereby created, the boundaries of which shall include only the E/2 of Section 11 and W/2 of Section 12, Township 20S, Range 38E; said pool (in Lea County, New Mexico) is hereby classified as an oil pool.
3. That a new pool designated as "Hightower-Permo-Pennsylvanian" for Permo-Pennsylvanian production is hereby created, the boundaries of which shall include only, all of Sections 22, 23, 26 and 27, Township 12S, Range 33E; said pool (in Lea County, New Mexico) is hereby classified as an oil pool.
4. That a new pool designated as the "Foster-Lea" pool for Lower Drinkard production is hereby created, the boundaries of which shall include all of Section 23, Township 19S, Range 38E; said pool (in Lea County, New Mexico) as hereby classified as an oil pool.
5. That a new pool designated as the "East Bough" pool for Permo-Pennsylvanian production is hereby created, the boundaries of which shall include only SE/4 Section 7; SW/4 Section 8, NW/4 Section 17 and NE/4 Section 18, in Township 9S, Range 36E; said pool (in Lea County, New Mexico) is hereby classified as an oil pool.


EXHIBIT

6. That a new pool designated as the "South Leonard" pool for Queen production is hereby created, the boundaries of which shall include only all of Section 24, Township 26S, Range 37E; said pool (in Lea County, New Mexico) is hereby classified as an oil pool.

7. That a new pool, designated as the "Teague-Ellenberger" pool for Ellenberger production is hereby created, the boundaries of which shall include only S/2 Section 22, and the N/2 Section 27, Township 23S, Range 37E; said pool is hereby classified as an oil pool.

IT IS FURTHER ORDERED that the following additions to existing named Rule 5 pools be made and the respective boundaries thereof be extended and classifications be applied to such extensions as follows:

- a. The boundaries of the "Artesia" pool (Grayburg production) are hereby extended so as to include W/2 Section 25, Township 18S, Range 27E, (Eddy County);
- b. The boundaries of the "Hare" pool, (for McKee production) are hereby extended so as to include NE/4 Section 21, N/2 and SE/4 Section 22, Township 21S, Range 37E (Lea County);
- c. The boundaries of the "Empire" pool (for Seven Rivers production) are hereby extended so as to include S/2 Section 7, Township 17S, Range 28E (Eddy County);
- d. The boundaries of the "West Wilson" pool (for Seven Rivers production) are hereby extended so as to include W/2 Section 15, Township 21S, Range 34E (Lea County);
- e. The boundaries of the "Langlie-Mattix" pool (for Queen production) are hereby extended so as to include W/2 Section 35, Township 23S, Range 37E (Lea County).

DONE this 27th day of April, 1950, at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. SPURRIER, SECRETARY

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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
May 27, 2004

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

WELL API NO. 30-025-37901
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No V-7612
7. Lease Name or Unit Agreement Name HIGHTOWER STATE UNIT (35627)
8. Well Number 1
9. OGRID Number 015363
10. Pool name or Wildcat HIGHTOWER PERMO PENNSYLVANIAN (31350)

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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 A 660 feet from the NORTH line and 1300 feet from the EAST line
Section 27 Township 12-S Range 33-E NMPM County LEA

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

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

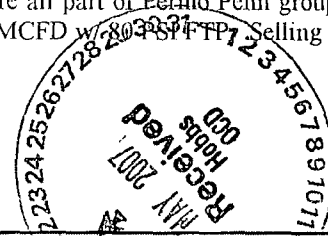
SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ADD PERFORATIONS ☒

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.

Set RBP @ 8552'. Perforated from 8470' to 8478'. Ran 256 jts. of 2-7/8" tbg @ 8390'. Acidized w/ 1500 gal. Tested Upper Wolfcamp @ 55 MCFD w/ 80 PSI FTP, 0 Water and 0 Oil. Retrieve RBP @ 8552'. RIH w/ coil tbg and drilled thru composite plug @ 9930'. The Upper Wolfcamp, Lower Wolfcamp and Atoka zones which are all part of Permian Penn group have been commingled and have been returned to production. Test well @ 12 BOPD and 512 MCFD w/ 80 PSI FTP. Selling production.



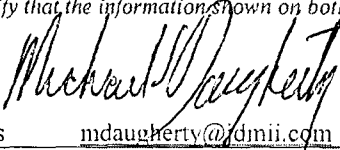
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD approved plan ☐.

SIGNATURE Michael S. Daugherty TITLE VICE PRESIDENT OPERATIONS DATE 5/17/2007

Type or print name MICHAEL S. DAUGHERTY E-mail address: mudaugherty@jdmii.com Telephone No. (972) 931-0700
For State Use Only

APPROVED BY: Chris Williams TITLE DISTRICT SUPERVISOR/GENERAL MANAGER DATE JUL 09 2007
Conditions of Approval (if any):

EXHIBIT C

Subject To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies 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 RECEIVED Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 APR 07 2008 ADPERS-001		Form C-105 Revised June 10, 2003	
		WELL API NO.		30-025-38605	
		5. Indicate Type of Lease		STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
		State Oil & Gas Lease No.		V-7612	
WELL COMPLETION OR RECOMPLETION REPORT AND LOG					
1a. Type of Well:		OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER <input type="checkbox"/>		7. Lease Name or Unit Agreement Name	
b. Type of Completion:		NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER <input type="checkbox"/> BACK RESVR. <input type="checkbox"/> OTHER <input type="checkbox"/>		HIGHTOWER STATE UNIT	
2. Name of Operator		MURCHISON OIL & GAS, INC.		8. Well No.	
3. Address of Operator		1100 MIRA VISTA BLVD., PLANO, TX. 75093-4698		9. Pool name or Wildcat	
				HIGHTOWER, PERMO PENN	
4. Well Location					
Unit Letter <u>J</u> : <u>2080</u> Feet From The <u>SOUTH</u> Line and <u>1625</u> Feet From The <u>EAST</u> Line					
Section <u>27</u> Township <u>12S</u> Range <u>33E</u> NMPM County <u>LEA</u>					
10. Date Spudded	11. Date T.D. Reached	12. Date Compl. (Ready to Prod.)	13. Elevations (DF& RKB, RT, GR, etc.)	14. Elev. Casinghead	
1/27/2008	3/9/2008	3/25/2008	GL 4251' RKB 4268'		
15. Total Depth	16. Plug Back T.D.	17. If Multiple Compl. How Many Zones?	18. Intervals Drilled By	Rotary Tools	Cable Tools
10,395'	10,340'	N/A		ALL	
19. Producing Interval(s), of this completion - Top, Bottom, Name				20. Was Directional Survey Made	
9450 - 9558 PERMO PENN				NO	
21. Type Electric and Other Logs Run			22. Was Well Cored		
COMPENSATED NEUTRON DENSITY GR, DUAL LATEROLOG			SIDEWALL CORES		
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	54.5	370	17-1/2	390	
9-5/8	40	3815	12-1/4	1400	
5-1/2	17	10395	8-3/4	2035	
24. LINER RECORD					
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	
25. TUBING RECORD					
SIZE	DEPTH SET	PACKER SET			
2-7/8	9350	9350			
26. Perforation record (interval, size, and number)			27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.		
9450 - 9458			DEPTH INTERVAL		
9548 - 9558			AMOUNT AND KIND MATERIAL USED		
			9458 - 9558 2500 GAL 15% HCL		
28. PRODUCTION					
Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)		Well Status (Prod. or Shut-in)	
3/27/2008		SWABBING		SHUT-IN	
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF
3/27/2008	24	N/A		47	47
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.
0	0		47	47	110
29. Disposition of Gas (Sold, used for fuel, vented, etc.)				Test Witnessed By	
FLARED				T. FOLSOM	
30. List Attachments					
COMPENSATED NEUTRON DENSITY, GR, DUAL LATEROLOG					
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		Printed Name		Title	
		MICHAEL S. DAUGHERTY		PRESIDENT	
E-mail Address		Date			
mdaugherty@dmii.com		4/4/2008			

EXHIBIT



INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn. "B"
T. Salt 1750	T. Strawn 9875	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Atoka 10170	T. Pictured Cliffs	T. Penn. "D"
T. Yates 2466	T. Miss 10320	T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian	T. Menefee	T. Madison
T. Queen 3180	T. Silurian	T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya	T. Mancos	T. McCracken
T. San Andres 3771	T. Simpson	T. Gallup	T. Ignacio Otzte
T. Glorieta 5140	T. McKee	Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger	T. Dakota	T.
T. Blinebry	T. Gr. Wash	T. Morrison	T.
T. Tubb 6587	T. Delaware Sand	T. Todilto	T.
T. Drinkard	T. Bone Springs	T. Entrada	T.
T. Abo 7292	T.	T. Wingate	T.
T. Wolfcamp 8598	T.	T. Chinle	T.
T. Penn	T.	T. Permian	T.
T. Cisco (Bough C) 9162	T.	T. Penn "A"	T.

OIL OR GAS SANDS OR ZONES

No. 1, from.....9450.....to.....9558.....
 No. 2, from.....to.....
 No. 3, from.....to.....
 No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology	From	To	Thickness In Feet	Lithology
3820	4720	900	DOLOMITE & SAND				
4720	5200	480	DOLOMITE, LIMESTONE & SAND				
5200	5770	570	ANHYDRITE, DOLOMITE & LIMESTONE				
5770	6080	310	ANHYDRITE, DOLOMITE, LIMESTONE & SAND				
6080	7370	1290	ANHYDRITE, DOLOMITE & SHALE				
7370	8560	1190	SHALE & DOLOMITE				
8560	8820	260	DOLOMITE & LIMESTONE				
8820	10180	1360	LIMESTONE				
10180	10380	200	LIMESTONE, SAND & SHALE				

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

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

Form C-101
Permit 81168

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 75093		2. OGRID Number 15363
4. Property Code 35627		3. API Number 30-025-39130
5. Property Name HIGHTOWER STATE UNIT		6. Well No. 003

7. Surface Location

UL - Lot	Section	Township	Range	Lot /dn	Feet From	N/S Line	Feet From	E/W Line	County
I	27	12S	33E	I	1750	S	330	E	LEA

8. Pool Information

HIGHTOWER;PERMO PENN	31350
----------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4241
14. Multiple N	15. Proposed Depth 10300	16. Formation Pennsylvanian	17. Contractor	18. Spud Date 11/1/2008
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mls thick Clay <input type="checkbox"/> Pit Volume: bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

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	48	400	390	0
Int1	12.25	9.625	40	3800	815	0
Prod	8.5	5.5	17	10300	2025	3300

Casing/Cement Program: Additional Comments

Surface and Intermediate casing cement w/class "C" or type I + additives; Production casing amount w/class "H" + additives. Equivalent or adequate grades and weights of casing may be substituted at the time casing is run, depending upon availability. 13.375" Surface Casing - Cementing Program Cement with 390 sacks of Premium Plus Class C + additives with yield = 1.35 cu. ft./sack; circulate cement to surface. If cement does not circulate, will run a temperature survey to find actual top of cement and run 1" tubing into annulus and pump cement as necessary to achieve circulation to surface. 9.625" Intermediate Casing - Cementing Program Cement with 615 sacks of 50:50 Poz:Premium Plus Class C + additives with yield = 2.44 cu.ft./sack, tail with 200 sacks Premium Plus Class C + additives with yield = 1.34 cu.ft./sack; circulate cement to surface. If cement does not circulate, will run a temperature survey to find actual top of cement and run 1" tubing into annulus and pump

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	
Hydril	3000	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 type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/>	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Michael Daugherty	Approved By: Paul Kautz
Title: President	Title: Geologist
Email Address: ctracy@jdmii.com	Approved Date: 9/8/2008 Expiration Date: 9/8/2010
Date: 8/29/2008 Phone: 972-931-0700	

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 81168

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-39130	2. Pool Code 31350	3. Pool Name HIGHTOWER;PERMO PENN
4. Property Code 35627	5. Property Name HIGHTOWER STATE UNIT	6. Well No. 003
7. OGRID No. 15363	8. Operator Name MURCHISON OIL & GAS INC	9. Elevation 4241

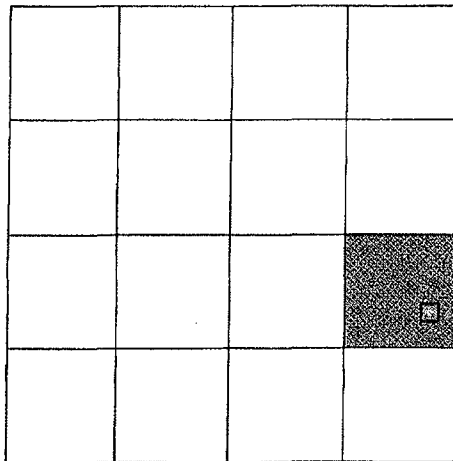
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	27	12S	33E		1750	S	330	E	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code		15. 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

**OPERATOR CERTIFICATION**

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 or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Michael Daugherty
 Title: President
 Date: 8/29/2008

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 belief.

Surveyed By: Gary Jones
 Date of Survey: 8/2/2008
 Certificate Number: 7977

RECEIVED

DEC 03 2008

HOBBS, NM

OIL CONSERVATION DIVISION

100 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-39130

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

V-07612

7. Lease Name or Unit Agreement Name

HIGHTOWER STATE UNIT

8. Well Number

3

9. OGRID Number

015363

10. Pool name or Wildcat

HIGHTOWER, PERMO PENN

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 I : 1750 feet from the SOUTH line and 330 feet from the EAST line

Section 27 Township 12S Range 33E NMPM County LEA

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

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☒OTHER: ☐

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.

Drill a 8-3/4" hole to a total depth of 10361'. Ran 5-1/2" casing as follows:

1	Float Shoe	2'
1 Jt.	5-1/2" 17#/FT HCP-110 LT&C	45'
1	Float Collar	2'
13 Jts.	5-1/2" 17#/FT HCP-110 LT&C	576'
30 Jts.	5-1/2" 17#/FT I-100 LT&C	1307'
208 Jts.	5-1/2" 17#/FT L-80 LT&C	8417'
		10349'

EXHIBIT

F

Set 5-1/2" casing @ 10,345'. Cement w/ 1035 SXS Econocem-H + 3% PPS Gilsonite + 1% BWOC HR-800, WT = 11.9 PPG, Yield = 2.47 cu. ft/sk, WR = 13.94 GPS. Tail with 675 SXS Versacem-PBSH2 + .5% BWOC Halad 344 + 0.4% BWOC CFR-3 + 5 PPS Gilsonite + 0.35% BWOC HR-800 + 1 PPS NACL, WT = 13.2 PPG, Yield = 1.62 cu. ft/sk, WR = 8.19 GPS. Bump plug to 2535 PSI, floats held. Bled 1 bbl. back to tank. Did not circulate any cement to surface. ND BOP, set slip, cut csg, install WH and test to 5000 PSI. Held OK. Release rig @ 9:00 pm (Texas time) 11/19/2008.

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 NMOC guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE A. Arnold Nall TITLE Vice President Operations DATE 12/2/2008

Type or print name A. Arnold Nall

E-mail address: arnall@jdmii.com

Telephone No. (972) 931-0700

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE DEC 04 2008

Conditions of Approval (if any):

10 Records found.

Lease Number:

V0-3639-0001

Company name: CONOCOPHILLIPS COMPANY
Company ID: 217817
Assigned from: N/A
Total acres: 400.00
Prod stat: N/A

Lease term:

Lease term: FIVE(5) YEAR TERM, 1/6th ROYALTY
Issue date: 4/1/1991
Termination date: Active
Termination reason: N/A
Current term: Extended Primary Term

Billing information:

Bill to: CONOCOPHILLIPS COMPANY
Rent per acre: 0.50
Billing frequency: Annual
Minimum annual rent: 200.00
Last bill date: 3/7/2008
Next bill date: 4/1/2009
Escalation: 0

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
26	12S	33E	A			40.00
			B			40.00
			C			40.00
			D			40.00
			E			40.00
			F			40.00
			G			40.00
			H			40.00
			I			40.00
			J			40.00

EXHIBIT **6**

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected.

The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

7 Records Found

Displaying Screen 1 of 1

API Number	ULSTR	Footages
3002501062	L -26-12S-33E	1980 FSL & 660 FWL
Well Name & Number: B C ROACH No. 001		
Operator: PALADIN ENERGY CORP		
3002501063	D -26-12S-33E	660 FNL & 660 FWL
Well Name & Number: PRE-ONGARD WELL No. 001		
Operator: PRE-ONGARD WELL OPERATOR		
3002501064	B -26-12S-33E	660 FNL & 1980 FEL
Well Name & Number: PRE-ONGARD WELL No. 001		
Operator: PRE-ONGARD WELL OPERATOR		
3002501065	F -26-12S-33E	1980 FNL & 1980 FWL
Well Name & Number: PRE-ONGARD WELL No. 002		
Operator: PRE-ONGARD WELL OPERATOR		
3002501066	G -26-12S-33E	1980 FNL & 1980 FEL
Well Name & Number: PRE-ONGARD WELL No. 002		
Operator: PRE-ONGARD WELL OPERATOR		
3002533305	C -26-12S-33E	940 FNL & 2650 FEL
Well Name & Number: PHILLIPS 26 STATE No. 001		
Operator: JM COX RESOURCES LP		
3002539248	M -26-12S-33E	990 FSL & 660 FWL
Well Name & Number: CAPROCK FEE No. 001		
Operator: MURCHISON OIL & GAS INC		

7 Records Found

Displaying Screen 1 of 1

[Continue](#)[Go Back](#)

EXHIBIT



JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

December 19, 2008

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

ConocoPhillips Company
Building 6
3300 North A Street
Midland, Texas 79705

Attention: Eileen Dey

Paladin Energy Corporation
Suite 301
1290 Monroe Drive
Dallas, Texas 75229

JM Cox Resources LP
P.O. Box 2217
Midland, Texas 79702

Ladies and gentlemen:

Murchison Oil & Gas, Inc. has filed an application with the New Mexico Oil Conservation Division for an unorthodox gas well location in the Mississippian formation in the E½ of Section 27, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 20 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,


James Bruce

Attorney for Murchison Oil & Gas, Inc.

EXHIBIT

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