

Confidential

|   |                                   |  |                           |  |   |   |  |               |          |        |
|---|-----------------------------------|--|---------------------------|--|---|---|--|---------------|----------|--------|
| Submit To Appropriate District Office<br>Two Copies<br>District I<br>1625 N. French Dr., Hobbs, NM 88240<br>District II<br>1301 W. Grand Avenue, Artesia, NM 88210<br>District III<br>1000 Rio Brazos Rd., Aztec, NM 87410<br>District IV<br>1220 S. St. Francis Dr., Santa Fe, NM 87505  |                                   | State of New Mexico<br>Energy, Minerals and Natural Resources<br><br>Oil Conservation Division<br>1220 South St. Francis Dr.<br>Santa Fe, NM 87505 |                           | Form C-105<br>July 17, 2008                                  |   |   |  |               |          |        |
| 1. WELL API NO.<br>30-015-40130   |                                   | 2. Type of Lease<br><input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> FED/INDIAN                     |                           | 3. State Oil & Gas Lease No.                                 |   |   |  |               |          |        |
| <b>WELL COMPLETION OR RECOMPLETION REPORT AND LOG</b>   |                                   |  |                           |  |   |   |  |               |          |        |
| 4. Reason for filing:<br><input checked="" type="checkbox"/> <b>COMPLETION REPORT</b> (Fill in boxes #1 through #31 for State and Fee wells only)<br><input type="checkbox"/> <b>C-144 CLOSURE ATTACHMENT</b> (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC) |                                   |  |                           | 5. Lease Name or Unit Agreement Name<br>POLAR BEAR STATE COM |   |   |  |               |          |        |
| 7. Type of Completion:<br><input checked="" type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER   |                                   |  |                           | 6. Well Number: 004H   |   |   |  |               |          |        |
| 8. Name of Operator<br>MURCHISON OIL & GAS, INC.  |                                   |  |                           | 9. OGRID<br>15363  |   |   |  |               |          |        |
| 10. Address of Operator<br>1100 MIRA VISTA BLVD., PLANO, TX 75093   |                                   |  |                           | 11. Pool name or Wildcat<br>EMPIRE; GLORIETA-YESO            |   |   |  |               |          |        |
| 12. Location  | Unit Ltr                          | Section  | Township                  | Range  | Lot   | Feet from the   | N/S Line                                 | Feet from the | E/W Line | County |
| Surface:  | H                                 | I  | 17S                       | 28E  |   | 2260  | N  | 150           | E        | EDDY   |
| BH:   | F                                 | I  | 17S                       | 28E  |   | 2263  | N  | 2168          | W        | EDDY   |
| 13. Date Spudded<br>05/18/12  | 14. Date T.D. Reached<br>06/20/12 | 15. Date Rig Released<br>06/24/12  |                           | 16. Date Completed (Ready to Produce)<br>8/20/12             |   | 17. Elevations (DF and RKB.<br>RT, GR, etc.) 3668 GR            |  |               |          |        |
| 18. Total Measured Depth of Well<br>6590'   |                                   | 19. Plug Back Measured Depth   |                           | 20. Was Directional Survey Made?<br>YES                      |   | 21. Type Electric and Other Logs Run<br>COMP NEUTRON; LATEROLOG |  |               |          |        |
| 22. Producing Interval(s), of this completion - Top, Bottom, Name<br>3900' - 6590' Paddock  |                                   |  |                           |  |   |   |  |               |          |        |
| <b>23. CASING RECORD (Report all strings set in well)</b>   |                                   |  |                           |  |   |   |  |               |          |        |
| CASING SIZE   | WEIGHT LB./FT.                    | DEPTH SET  |                           | HOLE SIZE  |   | CEMENTING RECORD  |  | AMOUNT PULLED |          |        |
| 9.625"  | 36                                | 371'   |                           | 12.25"   |   | 558 sx/ CL C  |  |               |          |        |
| 7"  | 26                                | 3,896'   |                           | 8.75"  |   | 725 sx/ CL C  |  |               |          |        |
| 4.5"  | 11.6                              | 6,572'   |                           | 6.125"   |   | 0   |  |               |          |        |
| <b>24. LINER RECORD</b>   |                                   |  |                           |  |   |   |  |               |          |        |
| SIZE  | TOP                               | BOTTOM   | SACKS CEMENT              | SCREEN   | <b>25. TUBING RECORD</b>                        |   |  |               |          |        |
|   |                                   |  |                           |  | SIZE  | DEPTH SET   | PACKER SET                               |               |          |        |
|   |                                   |  |                           |  | 2.875   | 3,417'  |  |               |          |        |
| 26. Perforation record (interval, size, and number)<br>4,019' TO 6,572' 14 STAGE OPEN HOLE SYSTEM   |                                   |  |                           |  | 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. |   |  |               |          |        |
|   |                                   |  |                           |  | DEPTH INTERVAL                                  |   | AMOUNT AND KIND MATERIAL USED            |               |          |        |
|   |                                   |  |                           |  | 4,019' - 6,572'                                 |   | 1,029 BBLS 15 % HCL ACID; 37,304 LBS 100 |               |          |        |
|   |                                   |  |                           |  |   |   | MESH SD; 993,398 LBS 20/40 WHITE SD;     |               |          |        |
|   |                                   |  |                           |  |   |   | 241,777 SUPER LC SD; 34,594 BBLS WTR     |               |          |        |
| <b>28. PRODUCTION</b>   |                                   |  |                           |  |   |   |  |               |          |        |
| Date First Production<br>8/29/12  |                                   | Production Method (Flowing, gas lift, pumping - Size and type pump)<br>TD-850 140 STAGE ESP PUMP, 75 HP  |                           |  |   | Well Status (Prod. or Shut-in)<br>PRODUCING                     |  |               |          |        |
| Date of Test<br>09/03/12  | Hours Tested<br>24                | Choke Size<br>20/64  | Prod'n For<br>Test Period | Oil - Bbl<br>25  | Gas - MCF<br>125                                | Water - Bbl.<br>1069  | Gas - Oil Ratio<br>5000                  |               |          |        |
| Flow Tubing<br>Press.<br>120  | Casing Pressure<br>80             | Calculated 24-<br>Hour Rate  | Oil - Bbl.<br>25          | Gas - MCF<br>125   | Water - Bbl.<br>1069                            | Oil Gravity - API - (Corr.)<br>37.4                             |  |               |          |        |
| 29. Disposition of Gas (Sold, used for fuel, vented, etc.)<br>SOLD  |                                   |  |                           |  |   | 30. Test Witnessed By   |  |               |          |        |
| 31. List Attachments<br>LITHO-DENSITY COMP NEUTRON; HI-RES LATEROLOG; CALIPER; SONIC SCANNER  |                                   |  |                           |  |   |   |  |               |          |        |
| 32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.  |                                   |  |                           |  |   |   |  |               |          |        |
| 33. If an on-site burial was used at the well, report the exact location of the on-site burial:<br>Currently drying cuttings; on-site burial not yet completed.   |                                   |  |                           |  |   |   |  |               |          |        |
| Latitude 32.866091 Longitude 107.12179 NAD 1983   |                                   |  |                           |  |   |   |  |               |          |        |
| I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief  |                                   |  |                           |  |   |   |  |               |          |        |
| Signature   |                                   | Printed<br>Name: Steve Morris  |                           | Title: Sr. Drilling Engineer                                 |   | Date: 09/06/12  |  |               |          |        |
| E-mail Address: smorris@jdniii.com  |                                   |  |                           |  |   |   |  |               |          |        |

# 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 and not later than 60 days after completion of closure. When submitted as a completion report, this 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 11, 12 and 26-31 shall be reported for each zone.

## 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 A"       |
| T. Salt 469'            | T. Ranger Lake   | T. Kirtland             | T. Penn. "B"     |
| B. Salt                 | T. Atoka         | T. Fruitland            | T. Penn. "C"     |
| T. Yates 772'           | T. Miss          | T. Pictured Cliffs      | T. Penn. "D"     |
| T. 7 Rivers 1021'       | T. Devonian      | T. Cliff House          | T. Leadville     |
| T. Queen 1574'          | T. Silurian      | T. Menefee              | T. Madison       |
| T. Grayburg 1997'       | T. Montoya       | T. Point Lookout        | T. Elbert        |
| T. San Andres 2370'     | T. Simpson       | T. Mancos               | T. McCracken     |
| T. Glorieta 3738'       | T. McKee         | T. Gallup               | T. Ignacio Otzte |
| T. Paddock 3790'        | T. Ellenburger   | Base Greenhorn          | T. Granite       |
| T. Blinebry             | T. Gr. Wash      | T. Dakota               |                  |
| T. Tubb                 | T. Delaware Sand | T. Morrison             |                  |
| T. Drinkard             | T. Bone Springs  | T. Todilto              |                  |
| T. Abo                  | T.               | T. Entrada              |                  |
| T. Wolfcamp             | T.               | T. Wingate              |                  |
| T. Penn                 | T.               | T. Chinle               |                  |
| T. Cisco (Bough C)      | T.               | T. Permian              |                  |

## OIL OR GAS SANDS OR ZONES

No. 1: from 3790 to 4145 No. 3, from.....to.....  
 No. 2, 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<br>In Feet | Lithology                            | From | To | Thickness<br>In Feet | Lithology |
|------|------|----------------------|--------------------------------------|------|----|----------------------|-----------|
| 469  | 772  | 303                  | salt, anhydrite                      |      |    |                      |           |
| 772  | 1574 | 802                  | anhydrite, red shale, dolomite       |      |    |                      |           |
| 1574 | 2370 | 796                  | anhydrite, dolomite, silt, red shale |      |    |                      |           |
| 2370 | 3738 | 1368                 | dolomite, anhydrite                  |      |    |                      |           |
| 3738 | 3790 | 52                   | silt, dolomite                       |      |    |                      |           |
| 3790 | 4145 | 355                  | dolomite, anhydrite                  |      |    |                      |           |