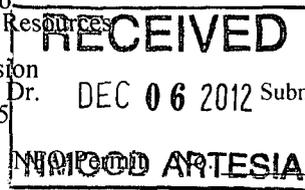


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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



Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

30-015-40042

- A. Applicant Murchison Oil & Gas, Inc.,
whose address is 1100 Mira Vista Blvd., Plano, TX 75093,
hereby requests an exception to Rule 19.15.18.12 for _____ days or until
December 31, 2013, for the following described tank battery (or LACT):
Name of Lease: Grizzly Bear State Com 2H (30-015-40042) Name of Pool: Empire; Glorieta-Yeso
Location of Battery: Unit Letter 1 Section 1 Township 17S Range 28E
Number of wells producing into battery 1
- B. Based upon oil production of 132 barrels per day, the estimated * volume
of gas to be flared is 288 MCF; Value \$1,086 per day.
- C. Name and location of nearest gas gathering facility: Well currently connected to DCP's Artesia Plant
- D. Distance: N/A Estimated cost of connection: Well connected to pipeline
- E. This exception is requested for the following reasons: High line pressures have potential to shut in well causing formation recharge with water which requires restart of the dewatering process. Well may require flare of excess gas in order to maintain oil production.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature

Michael S. Daugherty

Printed Name

& Title Michael S. Daugherty, COO

Email Address mdaugherty@jdmii.com

Date 12/03/2012 Telephone No. 972-931-0700

OIL CONSERVATION DIVISION

Approved Until

Mar 31 - 2013

By

L.R. Dade

Title

District Supervisor

Date

12/10/2012

* Gas-Oil ratio test may be required to verify estimated gas volume.