

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 30-015-34740
4. Property Code 35540	5. Property Name FOUR MILE DRAW ST	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	35	18S	24E	L	1980	S	660	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 3712
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: 3/28/2006	Expiration Date: 3/28/2007
Date: 3/27/2006	Phone: 972-931-0700	Conditions of Approval Attached

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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 82770	³ Pool Name PENASCO DRAW MORROW (GAS)
⁴ Property Code	⁵ Property Name FOUR MILE DRAW STATE	⁶ Well Number 1
⁷ OGRID No. 015363	⁸ Operator Name MURCHISON OIL AND GAS, INC.	⁹ Elevation 3712

¹⁰ Surface Location

UL or lot no. L	Section 35	Township 18-S	Range 24-E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 660	East/West line WEST	County EDDY
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¹¹ 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
¹² Dedicated Acre 320	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.

¹⁶						¹⁷ 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 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>Michael S. Daugherty</i> 3/17/06 Signature Date MICHAEL S. DAUGHERTY Printed Name
						¹⁸ 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. FEBRUARY 27, 2006 Date of Survey Signature and Seal of Professional Surveyor DAN R. REDDY Certificate Number 5412 REGISTERED LAND SURVEYOR PROFESSIONAL ENGINEER DAN R. REDDY NM PE&PS NO. 5412
660'		LAT N32.70312 LON W104.56537		SPACING UNIT		
1980'						

Permit Comments

Operator: MURCHISON OIL & GAS INC , 15363

Well: FOUR MILE DRAW ST #001

API: 30-015-34740

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.	3/27/2006
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 at 10 or above	3/27/2006

Permit Conditions of Approval

Operator: MURCHISON OIL & GAS INC , 15363

Well: FOUR MILE DRAW ST #001

API: 30-015-34740

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	As noted, operator to drill surface and intermediate hole with fresh water mud. Please notify OCD time of spud and time to witness the cementing of the surface and intermediate casing.
BArrant	Cement to cover all oil, gas and water bearing zones. For example if significant oil/gas zones in this well location is found in the Undes. Penasco Draw; San Andres-Yeso Oil Pool to east.