

District I
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Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-103
August 1, 2011
Permit 151207

<p align="center">SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p>		WELL API NUMBER 30-015-40160
		5. Indicate Type of Lease S
1. Type of Well: O		6. State Oil & Gas Lease No.
2. Name of Operator MURCHISON OIL & GAS INC		7. Lease Name or Unit Agreement Name HIGH NITRO STATE COM
3. Address of Operator 1100 Mira Vista Blvd., Plano, TX 75093		8. Well Number 003H
4. Well Location Unit Letter <u>A</u> : <u>580</u> feet from the <u>N</u> line and <u>150</u> feet from the <u>E</u> line Section <u>12</u> Township <u>17S</u> Range <u>28E</u> NMPM <u>Eddy</u> County		9. OGRID Number 15363
		10. Pool name or Wildcat
11. Elevation (Show whether DR, KB, BT, GR, etc.) 3714 GR		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> 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:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE OF PLANS <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>
Other:	Other: Drilling/Cement <input checked="" type="checkbox"/>

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.
6/28/12 - 6/29/12 Drilled 12 1/4" hole to 409' & ran 9 5/8" casing (see details attached).

See Attached
6/28/2012 Spudded well.

Casing and Cement Program

Date	String	Fluid Type	Hole Size	Csg Size	Weight lb/ft	Grade	Est TOC	Dpth Set	Sacks	Yield	Class	1" Dpth	Pres Held	Pres Drop	Open Hole
06/29/12	Surf	FreshWater	12.25	9.625	36	J-55	198	373	750		C				N
06/29/12	Surf	FreshWater	12.25	9.625	36	J-55	198	373	190		C	198			N
06/29/12	Surf	FreshWater	12.25	9.625	36	J-55	198	373	50		C	198			N
06/29/12	Surf	FreshWater	12.25	9.625	36	J-55	198	373	100		C	198			N
06/29/12	Surf	FreshWater	12.25	9.625	36	J-55	156	373	50		C	156			N
06/29/12	Surf	FreshWater	12.25	9.625	36	J-55	0	373	100		C	156			N

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 Electronically Signed _____ TITLE COO _____ DATE 7/2/2012
Type or print name Michael Daugherty E-mail address ccottrell@jdmii.com Telephone No. 972-931-0700

For State Use Only:
APPROVED BY: Randy Dade TITLE District Supervisor DATE 7/3/2012 8:00:43 AM

High Nitro State Com #3H

9 5/8" Casing Sundry

6/28/12 – 6/29/12 - Drilled 12-1/4 in. hole to 414 ft. & ran 9-5/8 in. casing as follows:

1 Casing Shoe – 1 ft.
1 Jt. 9-5/8 in. 36# J-55 LTC – 41.56 ft.
1 Float Collar – 1.2 ft.
9 Jts. 9-5/8 in. 36# J-55 LTC – 334.04 ft.
Total – 377.8 ft.

Set casing @ 373 ft.

Cement:

Lead: w/150 sx Class C + 10% W-60, 1% CACL₂, 5# Gilsonite, .25% R-38; 14.4 ppg, yield 1.56 gal/sk

Tail: w/600 sx Class C + 1% CACL₂, .25% R-38; 14.8 ppg, yield 1.34 gal/sk

Drop bottom plug. Displaced with 24.8 bbls fresh water. No cement returns to surface.

Run grout string between annulus and 9 5/8" casing to 198'. Perform top job with 190 sx (47 bbls) Class C + 1% CACL₂, .25% R-38. WOC & pull 3 jts 1" pipe.

Pump 50 sx cmt (11.9 bbls) & pull 3 jts 1" pipe & WOC. No cement returns to surface.

Run grout string in to 196', tag hard cement. Perform top job w/ 100 sx (23.8 bbls) Class C + 1% CACL₂, .25% R-38. POOH & WOC.

Pump 50 sx (11.9 bbls) same cmt w/ LCM; POOH & WOC. RIH & tag cmt at 156'.

Pump 100 sx cmt (23.8 bbls) same cmt. Cement returns to surface 42 sx (10 bbls).

6/30/12 – 7/1/12 Nipple up BOP and test; test failed. Nipple down & replace API ring; NU and test to 250 psi low and 5000 psi high. Test annular to 250 psi low and 2500 psi high. Test choke to 250 psi low and 5000 psi high. Found hole in 9 5/8" where conductor was cut off; repaired hole. Test csg to 1175 psi for 30 min., Held OK.

7/2/12 – Trip in hole w/ 8-3/4 in. bit; drill out shoe track & 10' formation; perform FIT to 11.5 ppg equivalent mud wt; test held OK. WOC total of 56 hrs. Drill cement, float collar & shoe. Resume drilling at 373 ft.