

| <b>District I</b><br>1625 N. French Dr., Hobbs, NM 88240<br>Phone:(575) 393-8161 Fax:(575) 393-0720<br><b>District II</b><br>811 S. First St., Artesia, NM 88210<br>Phone:(575) 748-1283 Fax:(575) 748-9720<br><b>District III</b><br>1000 Rio Brazos Rd., Aztec, NM 87410<br>Phone:(505) 334-6178 Fax:(505) 334-6170<br><b>District IV</b><br>1220 S. St Francis Dr., Santa Fe, NM 87505<br>Phone:(505) 476-3470 Fax:(505) 476-3462   | <b>State of New Mexico</b><br><b>Energy, Minerals and Natural Resources</b><br><b>Oil Conservation Division</b><br><b>1220 S. St Francis Dr.</b><br><b>Santa Fe, NM 87505</b> | Form C-103<br>August 1, 2011<br>Permit 183505               |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
|--|---|---|-----------|----------|--------------|-----------|----------|--------------|-------|---------|----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|----------|------|------------|----|--------|------|------|---|------|-----|--|---|--|------|---|--|----------|------|----------|-------|-------|----|------|---|------|------|--|---|--|------|---|--|
|  |   | WELL API NUMBER<br>30-025-41436                             |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
|  |   | 5. Indicate Type of Lease<br>S                              |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
|  |   | 6. State Oil & Gas Lease No.                                |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br>(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.)  |   | 7. Lease Name or Unit Agreement Name<br>BETTIS 20 STATE COM |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 1. Type of Well:<br>O  |   | 8. Well Number<br>002H                                      |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 2. Name of Operator<br>MURCHISON OIL & GAS INC   |   | 9. OGRID Number<br>15363                                    |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 3. Address of Operator<br>Legacy Tower One, 7250 Dallas Pkwy Ste 1400, Plano, TX 75024   |   | 10. Pool name or Wildcat                                    |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 4. Well Location<br>Unit Letter <u>P</u> : <u>200</u> feet from the <u>S</u> line and feet <u>940</u> from the <u>E</u> line<br>Section <u>20</u> Township <u>24S</u> Range <u>33E</u> NMPM _____ County <u>Lea</u>  |   |   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 11. Elevation (Show whether DR, KB, BT, GR, etc.)<br>3531 GR   |   |   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/><br>Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____<br>Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____  |   |   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data<br>NOTICE OF INTENTION TO:<br>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/><br>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/><br>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/><br>Other: _____<br>SUBSEQUENT REPORT OF:<br>REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/><br>COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/><br>CASING/CEMENT JOB <input type="checkbox"/><br>Other: <u>Drilling/Cement</u> <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.<br>3/18/14 TD 16" hole @ 1275'.<br>3/19/14 Set 13.375' 54.5# J-55 csg @ 1275'. Cmt w/390 sx Class C; tail w/205 sx Class C. Cmt did not circ to surface. Cmt top job w/200 sx Class C. Cmt top job w/127 sx Class C. Circ 64 sx to surface.<br>3/21/14 Test csg to 1500 psi & held 30 min; OK. WOC 34.5 hrs.<br>3/25/14 TD 12.25" hole @ 5083'.<br>3/26/14 Set 9.625' 40# L-80 csg @ 5078'. Cmt w/1190 sx Class C; tail w/200 sx Class C. Circ 169 sx to surface.<br>3/27/14 Test csg to 1500 psi & held 30 min; OK. WOC 25 hrs. Test FIT to 464 psi; 10.2 EMW; OK.<br>3/16/2014 Spudded well.                                |   |   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| <b>Casing and Cement Program</b><br><table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>String</th> <th>Fluid Type</th> <th>Hole Size</th> <th>Csg Size</th> <th>Weight lb/ft</th> <th>Grade</th> <th>Est TOC</th> <th>Dpth Set</th> <th>Sacks</th> <th>Yield</th> <th>Class</th> <th>1" Dpth</th> <th>Pres Held</th> <th>Pres Drop</th> <th>Open Hole</th> </tr> </thead> <tbody> <tr> <td>03/19/14</td> <td>Surf</td> <td>FreshWater</td> <td>16</td> <td>13.375</td> <td>54.5</td> <td>J-55</td> <td>0</td> <td>1275</td> <td>922</td> <td></td> <td>C</td> <td></td> <td>1500</td> <td>0</td> <td></td> </tr> <tr> <td>03/26/14</td> <td>Int1</td> <td>CutBrine</td> <td>12.25</td> <td>9.625</td> <td>40</td> <td>L-80</td> <td>0</td> <td>5078</td> <td>1390</td> <td></td> <td>C</td> <td></td> <td>1500</td> <td>0</td> <td></td> </tr> </tbody> </table> |   |   | 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 | 03/19/14 | Surf | FreshWater | 16 | 13.375 | 54.5 | J-55 | 0 | 1275 | 922 |  | C |  | 1500 | 0 |  | 03/26/14 | Int1 | CutBrine | 12.25 | 9.625 | 40 | L-80 | 0 | 5078 | 1390 |  | C |  | 1500 | 0 |  |
| 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 |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 03/19/14   | Surf  | FreshWater  | 16        | 13.375   | 54.5         | J-55      | 0        | 1275         | 922   |         | C        |         | 1500      | 0         |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 03/26/14   | Int1  | CutBrine  | 12.25     | 9.625    | 40           | L-80      | 0        | 5078         | 1390  |         | C        |         | 1500      | 0         |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| 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 <input type="checkbox"/> , a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .  |   |   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| SIGNATURE <u>Electronically Signed</u> TITLE <u>COO</u> DATE <u>4/2/2014</u><br>Type or print name <u>Michael Daugherty</u> E-mail address <u>ccottrell@jdmii.com</u> Telephone No. <u>972-931-0700</u>  |   |   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |
| <b>For State Use Only:</b><br>APPROVED BY: <u>Paul Kautz</u> TITLE <u>Geologist</u> DATE <u>4/2/2014 11:49:36 AM</u>   |   |   |           |          |              |           |          |              |       |         |          |         |           |           |           |           |           |           |          |      |            |    |        |      |      |   |      |     |  |   |  |      |   |  |          |      |          |       |       |    |      |   |      |      |  |   |  |      |   |  |

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

Comments  
Permit 183505

**DRILLING COMMENTS**

|   |                |          |
|---|----------------|----------|
| Operator:<br>MURCHISON OIL & GAS INC<br>Legacy Tower One<br>Plano, TX 75024 | OGRID:         | 15363    |
|   | Permit Number: | 183505   |
|   | Permit Type:   | Drilling |

**Comments**

| Created By                            | Comment | Comment Date |
|---------------------------------------|---------|--------------|
| There are no Comments for this Permit |         |              |