

R. T. HICKS CONSULTANTS, LTD.

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Artesia ▲ Carlsbad ▲ Durango ▲ Midland

October 19, 2017

NMOCD District 2
1625 French Drive
Artesia, New Mexico 88210
VIA EMAIL

RE: Jawbone St. Com Cuttings Pit, In-place Burial Notice
Pit Permit #2-13-0034
Unit M, Section 20, T24S, R33E, Eddy County

Dear Mr. Jim Griswold:

On behalf of Murchison Oil and Gas, Inc., R. T. Hicks Consultants provides this notice to NMOCD with a copy to the State Land Office (email return receipt in lieu of US Mail) that closure operations at the above-referenced pit is scheduled to begin no earlier than **Wednesday, October 25, 2017**. The closure process should require about two weeks, depending on weather conditions.

The "In-place Burial" closure plan for the pit was approved by NMOCD on September 21, 2017 with the C-144 temporary pit application (resubmitted 7/25/2017). The drying pad, which was constructed using the siting, design, and construction mandates in the Pit Rule, began accepting cuttings in late February 2017 from the Jawbone St Com #1H well. This rig was released on March 1 and then cuttings from the subsequent wells (#3, #4) were deposited into the drying pad. The drying pad, which was converted to a pit with the approval of the permit in September, is located at the Jawbone #3H/#4H location.

As a result of discussions with OCD and a meeting on site, the cuttings were sampled on May 10, 2017. A 5-point composite was collected using a backhoe with protected teeth and an auger tube.



5/10/2017

Collection of cuttings samples

As shown in the table below, laboratory analysis of the cuttings sample meets in-place closure target concentrations found in Table II of 19.15.17.13 NMAC without mixing with 3 parts soil/earth. A robust centrifuge and closed loop system were used at each of these wells to

ensure that the cuttings were reasonably dry when deposited into the drying pad and fluids were removed as necessary from the sump in the pad. No mixing is required for stabilization.

Jawbone State Com	Sample Date	Chloride 80,000	Benzene 10	BTEX 50	GRO+ DRO 1000	TPH 8015D 2500
Jawbone Cuttings Pit (5-pt composite)	5/10/2017	32400	0.375	5.91	ND	11.8

TPH 8015D = GRO+DRO+extDRO

ND = Not detected at the laboratory's reporting limit

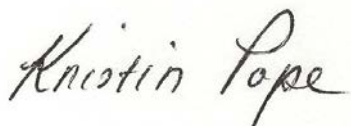
All values are mg/kg

Closure activities are scheduled to begin on October 25 depending on machinery availability. The cuttings will be mixed with CKD or fly ash, as requested by NMOCD, and redistributed in the pit so that they are located at least 4 feet below surrounding grade. The closure process will follow the submitted plan and approval conditions, including the engineered, post-closure erosion control plan.

Thank you for your consideration of this notice of in-place closure. I will follow-up this notice to you with a phone call on Monday, October 23, 2017 as required by the Pit Rule.

Sincerely,

R.T. Hicks Consultants



Kristin Pope

Copy: Murchison Oil and Gas
Mike Bratcher, Crystal Weaver, Brad Billings (NMOCD)
Ed Martin, Amber Groves (SLO) via email