

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

NFO Permit No. \_\_\_\_\_  
(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)

30-015-40793

- 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 Ogden State 8H (30-015-40793) Name of Pool Black River; Delaware, South  
Location of Battery: Unit Letter A Section 2 Township 25S Range 26E  
Number of wells producing into battery 1
- B. Based upon oil production of 70 barrels per day, the estimated \* volume  
of gas to be flared is 165 MCF; Value \$380 per day.
- C. Name and location of nearest gas gathering facility:  
DCP Black River Booster Station located 2 miles northeast of subject well
- D. Distance 2 miles Estimated cost of connection \$2,500,000
- E. This exception is requested for the following reasons: No economic gas pipeline connection has  
been discovered which will handle the H2S content. We are continuing to look for a gas sales option.  
In the mean time, we need to flare gas production to maintain the 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 11/21/2012 Telephone No. 972-931-0700

### OIL CONSERVATION DIVISION

Approved Until Mar 31 - 2013

By RD Dade

Title Dist II Supervisor

Date Dec 10 - 2012

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