

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

David Martin  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey, Division Director  
Oil Conservation Division



June 3, 2014

Murchison Oil & Gas Inc.  
1100 Mira Vista Blvd  
Plano, TX 75093

Re: Murchison Oil & Gas Inc. OGRID 15363  
Ogden State #5H Unit Letter O, Sec 2, T25S, R26E  
API 30-015-39993 Eddy County, New Mexico

Dear Operator:

Your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)] (See 19.15.16.19(A)(4) NMAC), on the following ground(s):

  X   Financial assurances. Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. See 19.15.5.9(A)(1) NMAC. Specifically, your company [has not posted the required blanket financial assurance] [has not posted the single-well financial assurances required for state or fee wells which have not reported production for more than two years.] The well currently requiring single-well financial assurance is identified above.

       Corrective action. Order       , issued on        after notice and hearing, found your company to be in violation of an order requiring corrective action. See 19.15.5.9(A)(2) NMAC.

       Unpaid penalties. Your company has not paid the penalties assessed against your company in       , issued on       . More than 70 days have passed since the issuance of the order assessing the penalty. See 19.15.5.9(A)(3) NMAC.

\_\_\_\_\_ Inactive wells. According to the attached inactive well list, your company has too many wells in violation of the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order. See 19.15.5.9(A)(4) NMAC. As an operator of \_\_\_\_\_ wells, your company may have no more than \_\_\_\_\_ wells in violation of the inactive well rule. Your company has \_\_\_\_\_ wells in violation of the inactive well rule. In addition,

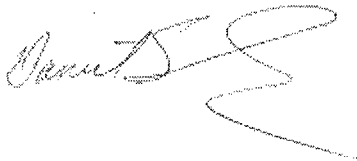
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I have enclosed an information sheet explaining the requirements of Part 5.9.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Daniel Sanchez", with a stylized flourish extending from the end.

Daniel Sanchez,  
Compliance and Enforcement Manager

Ec: Maxey Brown, District 1 Supervisor  
Randy Dade, District 2 Supervisor  
Charlie Perrin, District 3 Supervisor