

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTNMOCD
ArtesiaFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM105211
2. Name of Operator MURCHISON OIL & GAS INC		6. If Indian, Allottee or Tribe Name
Contact: CINDY COTTRELL E-Mail: ccottrell@jdmii.com		7. If Unit or CA/Agreement, Name and/or No. NM125111
3a. Address LEGACY TOWER ONE 7250 DALLAS PKY, STE 1400 PLANO, TX 75024	3b. Phone No. (include area code) Ph: 972-931-0700	8. Well Name and No. PEQUENO MIKE BLU FEDERAL 5H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 2 T16S R29E SWNW Lot 5 1980FNL 300FWL		9. API Well No. 30-015-38038-00-S1
		10. Field and Pool or Exploratory Area UNDESIGNATED UNKNOWN
		11. County or Parish, State EDDY COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Off-Lease Measuremen t
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Murchison Oil & Gas, Inc. requests approval to measure, store and sell oil and gas off-lease (off-CA) at a common central tank battery located at Pequeno Mike BLU Federal 5H (30-015-38038) in SW/NW Section 2, T16S R29E. Please see attached description, facility diagram and map.

NEW OIL CONSERVATION
ARTESIA DISTRICTAccepted for record - NMOCD
SC 4-12-17

APR 10 2017

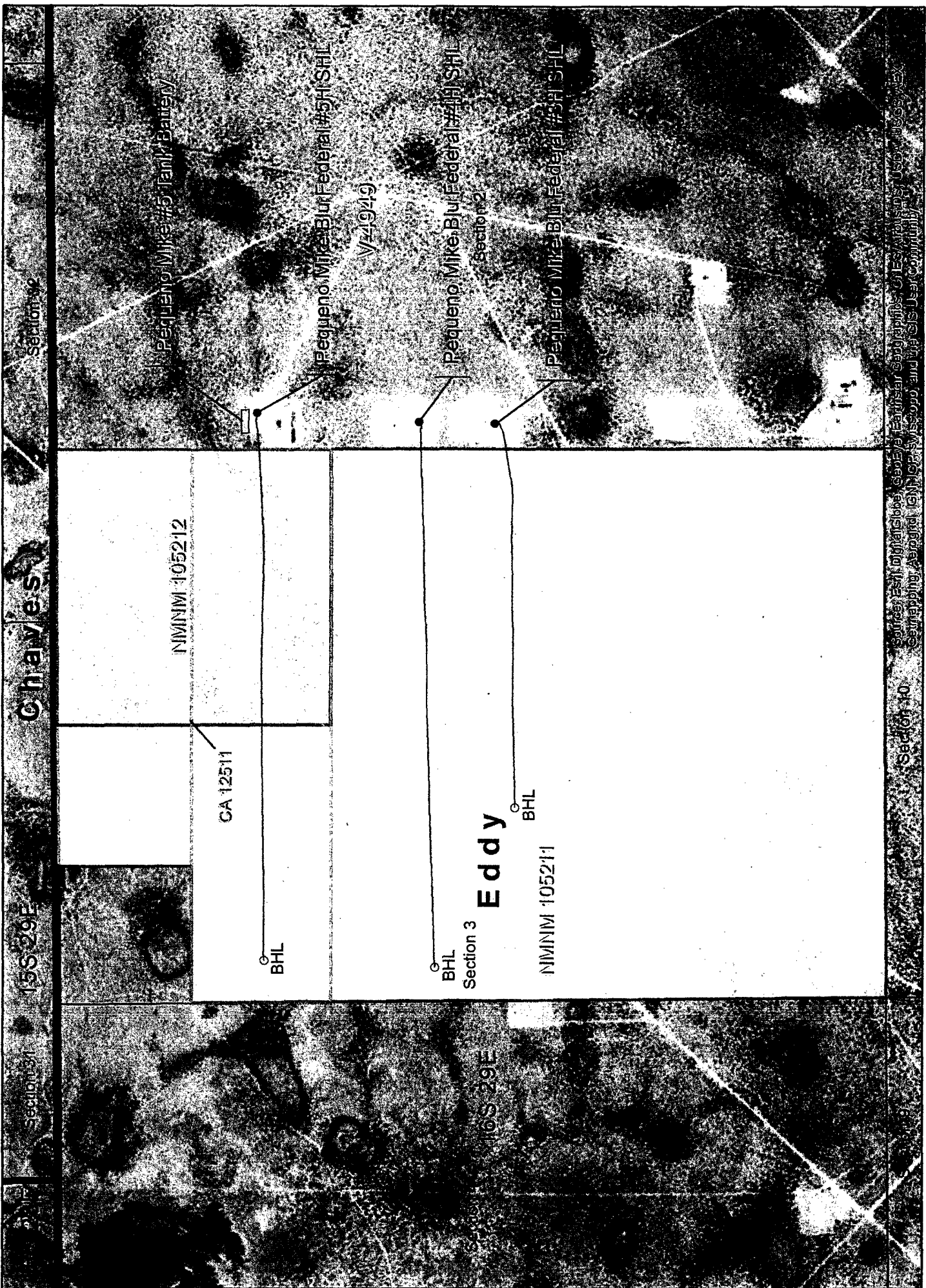
SHL is on state lease and so is well measurment point. The 5H production will be separated from the 3H and 4H (which are on the same lease).

RECEIVED
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Electronic Submission #322168 verified by the BLM Well Information System For MURCHISON OIL & GAS INC, sent to the Carlsbad Committed to AFMSS for processing by JENNIFER SANCHEZ on 11/12/2015 (16JAS1073SE)	
Name (Printed/Typed) CINDY COTTRELL	Title REGULATORY COORDINATOR
Signature (Electronic Submission)	Date 10/30/2015
THIS SPACE FOR FEDERAL OR STATE OFFICE USE	
Approved By _____	Title _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	
Office _____	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.	

(Instructions on page 2)

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **



Murchison Oil & Gas, Inc.

Pequeno Mike BLU Federal 3H (30-015-36985)

Pequeno Mike BLU Federal 4H (30-015-38664)

Pequeno Mike BLU Federal 5H (30-015-38038)

Battery Location: SWNW 02-16S-29E, Eddy, NM

DCP Meter
726167-00
(located off location)

Production Phase: On all tanks.

1) Oil sales by tank gauge to truck

2) Seal requirements:

A. Production Phase: On all tanks.

1) All valves 4 closed.

2) Valves 1, 2 & 3 open on fill tank.

Sales Phase: On tank being hauled.

1) Production Line: Valve 1 closed

2) Equalizer Line: Valve 2 closed

3) BSW & Circ. Line: Valve 3 closed

4) Sales Line: Valve 4 open to sales

Misc. Valves:

Valve 5: BSW Load Line

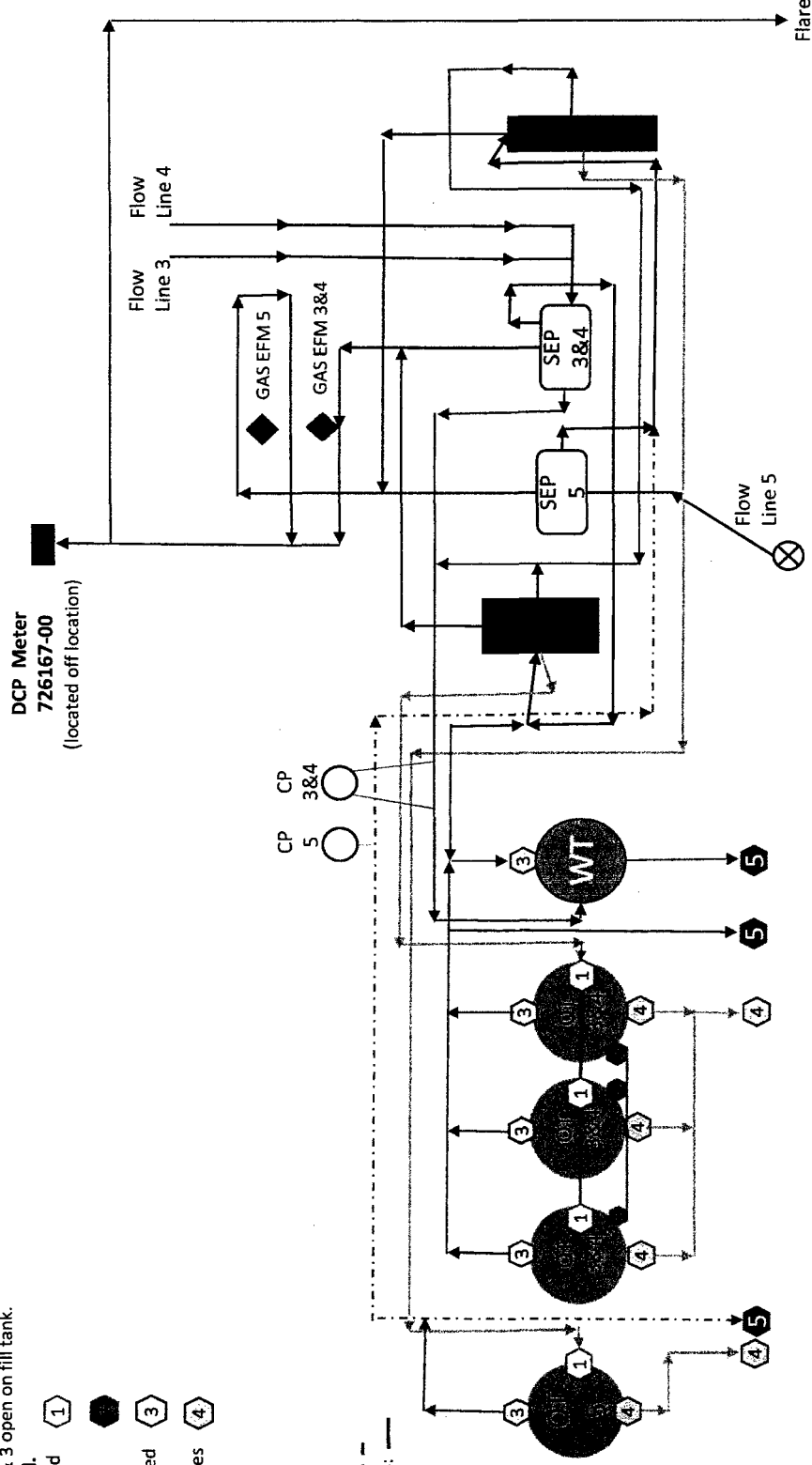
Oil Sales Load Line: —

Oil Dump Line: —

BSW Circulating Draw Line #5: - - -

BSW Circulating Draw Line #3 & #4: —

Gas Line: —



**REQUEST FOR OFF-LEASE MEASUREMENT, SALES AND STORAGE
AT A COMMON CENTRAL TANK BATTERY**

Murchison Oil & Gas, Inc. is requesting approval for the Off-Lease Central Tank Battery, Measurement, Sales and Storage of oil and gas for Pequeno Mike BLU Federal 3H, 4H and 5H:

Federal Lease NMNM105211

Well Name	Location	API	Pool
Pequeno Mike BLU Federal 3H ✓	SHL: SWSW 02-16S-29E BHL: SWSW 03-16S-29E	30-015-36985	97712 WC; County Line Tank; Wolfcamp (O)
Pequeno Mike BLU Federal 4H ✓	SHL: NWSW 02-16S-29E BHL: NWSW 03-16S-29E	30-015-38664	97197 County Line Tank; Abo (O)

Federal Lease NMNM105211 & NMNM105212; CA NM125111

Well Name	Location	API	Pool
Pequeno Mike BLU Federal 5H ✓	SHL: SWNW 02-16S-29E BHL: SWNW 03-16S-29E	30-015-38038	97712 WC; County Line Tank; Wolfcamp (O)

The map shows the federal leases and well locations in Sections 2 and 3, T16S-R29E.

Oil & Gas Metering:

The Central Tank Battery is located at Pequeno Mike BLU Federal 5H (SWNW, Sec. 2, T16S, R29E). There are four (4) 500 barrel oil tanks. Tanks 40330-1, 40330-2 & 40330-3 are utilized for Pequeno Mike BLU Federal 3H and 4H and tank 40331-1 is for Pequeno Mike BLU Federal 5H. There is one (1) 500 barrel water tank and a common central delivery point (CDP) gas sales meter (DCP #726167-00) serial #T101826589 for all three wells.

Pequeno Mike BLU Federal 5H well has its own 3-phase separator and heater treater. Pequeno Mike BLU Federal 3H and 4H oil production will be allocated on a daily basis using the NuFlo mc-II flow analyzer meter on the oil and water dump side of the separator.

Pequeno Mike BLU Federal 3H and 4H oil allocation meter consists of a NuFlo mc-II flow analyzer meter (serial #372627).

Pequeno Mike BLU Federal 3H and 4H water allocation meter consists of a NuFlo mc-II flow analyzer meter (serial #374163).

These meters were proven as per API, NMOCD and BLM specifications when installed.

Gas production is allocated on a daily basis using the subtraction method from allocation meters downstream of a 3-phase separator and heater treaters.

Pequeno Mike BLU Federal 3H and 4H gas allocation meter consists of a Tele Flow EFM (serial #T110947122).

Pequeno Mike BLU Federal 5H gas allocation meter consists of a Tele flow EFM (serial #T114867790).


These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

Process and Flow Descriptions:

The flow of production is shown on the enclosed facility diagram and map which shows the lease boundaries, CA agreement boundaries, and locations of the wells, facility, and gas sales meter.

The Central Tank Battery is located at the Pequeno Mike BLU Federal 5H, Section 2 SWNW, T16S-R29E, on State Lease V-4949 in Eddy County, New Mexico. Utilizing this location for the Central Tank Battery is the most economical means of producing the reserves and reduces the facility footprint as well as overall emissions.

Murchison Oil & Gas, Inc. understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Signed: 
Name: Gary Cooper
Title: Vice President Operations
Date: October 30, 2015

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Murchison Oil & Gas Inc
Pequeno Mike BLU Federal 5H
30-015-38038
NMNM-105211
CA NMNM-125111**

Off-Lease Measurement and Sales Conditions of Approval

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented/flared without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments and/or product accountability.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease from various sources is a privilege which is granted to lessees/operators for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. Production measurement must comply with all Federal Regulations, API, and AGA standards.