

District II
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

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

Form C-101
Permit 55721

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address MURCHISON OIL & GAS INC 1100 MIRA VISTA BLVD PLANO, TX 750934698		2 OGRID Number 15363 3. API Number 30-015-35679
4. Property Code 36584	5. Property Name BEAR DRAW STATE COM #1	6 Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	3	17S	29E	2	660	N	1980	E	EDDY

8. Pool Information

Undesignated Grayburg; Morrow Gas P	7784c	0
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Additional Well Information

9 Work Type New Well	10 Well Type GAS	11 Cable/Rotary	12 Lease Type State	13. Ground Level Elevation 3640
14. Multiple N	15. Proposed Depth 10600	16. Formation Morrow	17. Contractor	18. Spud Date 9/1/2007
Depth to Ground water 101		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume 30000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	61	350	500	0
Intl	12.25	9.625	47	3000	950	0
Prod	7.875	5.5	17	10600	1300	2000

Casing/Cement Program: Additional Comments

Surface Casing cement w/350 sacks Class "C" cement + Additives and circulate to surface. Intermediate Casing cement w/650 sacks light cement + 300 sacks Class "C" cement + Additives and circulate to surface. Production Casing cement w/1000 sacks light cement + 300 sacks Class "C" cement + Additives and circulate to surface.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	
Hydril	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Title: Email Address:	OIL CONSERVATION DIVISION Approved By: BRYAN G. ARRANT Title: DISTRICT II GEOLOGIST Approved Date: JUN 20 2007 Expiration Date: JUN 20 2009
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DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 7784c	Pool Name Grayburg; Mancos
Property Code	Property Name BEAR DRAW STATE COM	Well Number 1
OGRID No.	Operator Name MURCHISON OIL & GAS, INC.	Elevation 3640'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	3	17 S	29 E		660	NORTH	1980	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 319.44	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>319.44 acres</p> <p>LAT-N32°52'08.61" LONG-W104°03'37.90" SPC-N.: 680004.868 W.: 625104.794 (NAD 83)</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Lee Ann Rollins</i> Signature Date</p> <p>Lee Ann Rollins Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MAY 27, 2007 Date Surveyed</p> <p><i>Gary L. Jones</i> Signature Professional Surveyor</p> <p> 7977</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

Permit Comments

Operator: MURCHISON OIL & GAS INC , 15363

Well: BEAR DRAW STATE COM #1 #001

API:

Created By	Comment	Comment Date
MSDAUGHERTY	A review of this area indicates that no H2S Contingency Plan is required pursuant to NMOCD Rule 11B. (letter is also being forwarded)	6/18/2007
MSDAUGHERTY	Mud Program is as follows: Depth Weight Chlorides Viscosity Filtrate 0-450' 8.4(fresh water)8.4 10K 32-36, NC 450'-3000' 8.4(fresh water)10K 28-29 NC 3000'-7200'- 8.4-8.8 (Cut Brine) 0-40K 28-29 NC 7200'-9600'- 8.6-9.2 (Cut Brine) 40-60K 28-29 25WL 9600'-10600' 8 8-9 4 (Cut Brine) 50-70K 28-29 6-8 WL 3000'-7200' 8.4-8.8	6/18/2007
MSDAUGHERTY	Mud Program- PH to be maintained at 10 or above.	6/18/2007
MSDAUGHERTY	As per geologist for Murchison approval to set Surface Setting Depth @ 350' to be out of the Salado.	6/18/2007

MURCHISON OIL & GAS, INC

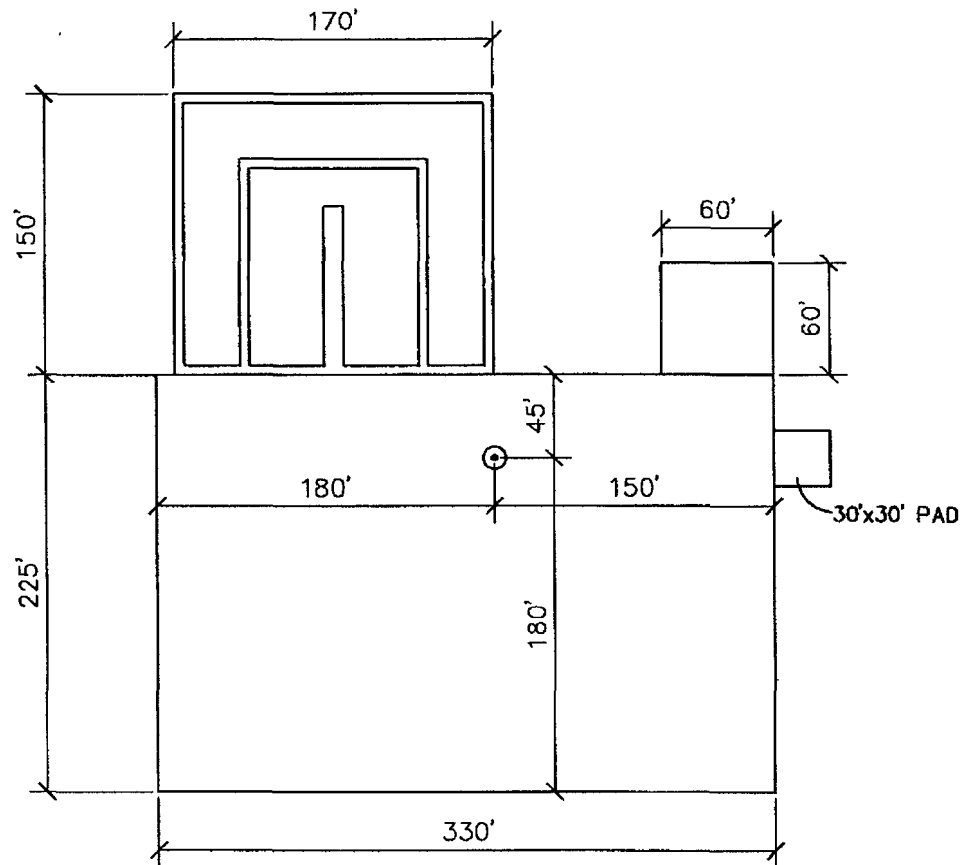
BEAR DRAW ST COM #1

SEC. 3, T17S, R29E

660' FNL & 1980' FEL

EDDY CO., NM.

PROPOSED PLAT OF DRILLSITE & RESERVE PITS



V-DOOR TO EAST
PITS TO NORTH

SCALE
1" = 100' 0"



MURCHISON OIL & GAS, INC.

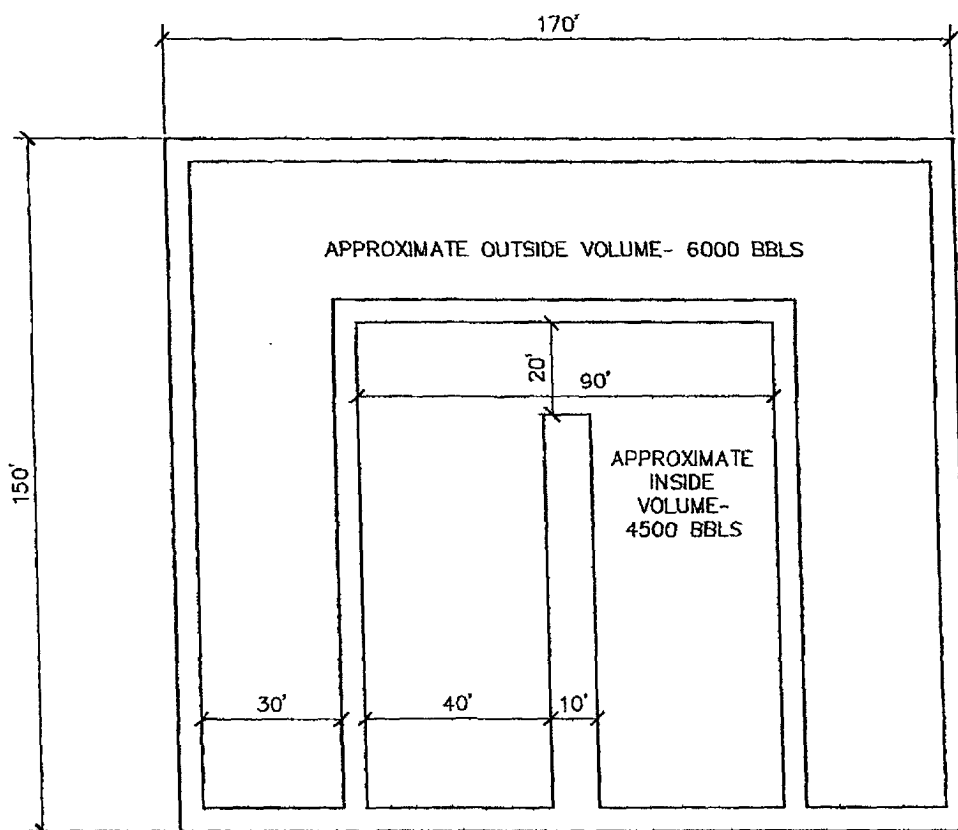
BEAR DRAW ST COM #1

SEC. 3, T17S, R29E

660' FNL & 1980' FEL

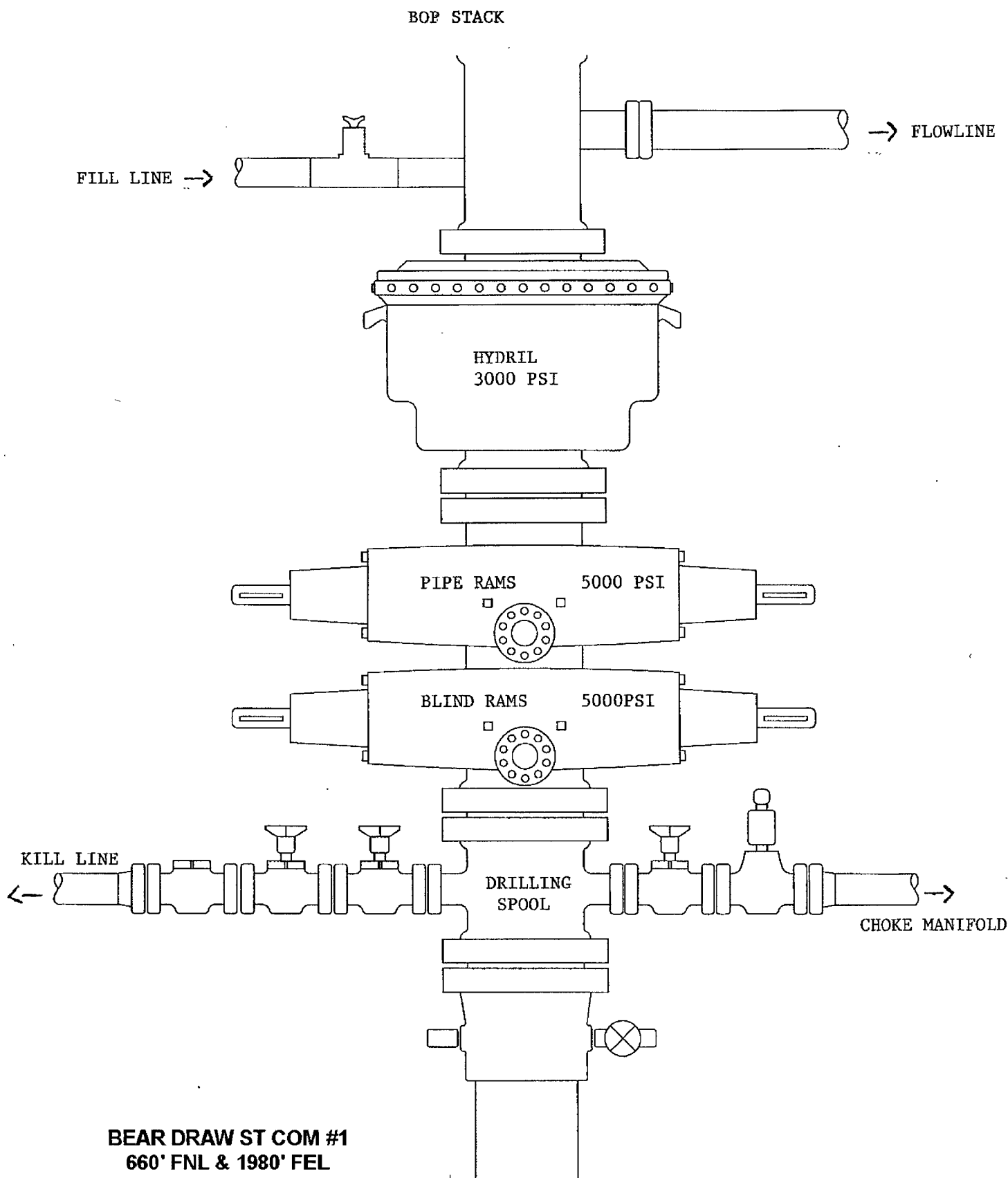
EDDY CO., NM.

PROPOSED RESERVE PIT DESIGN



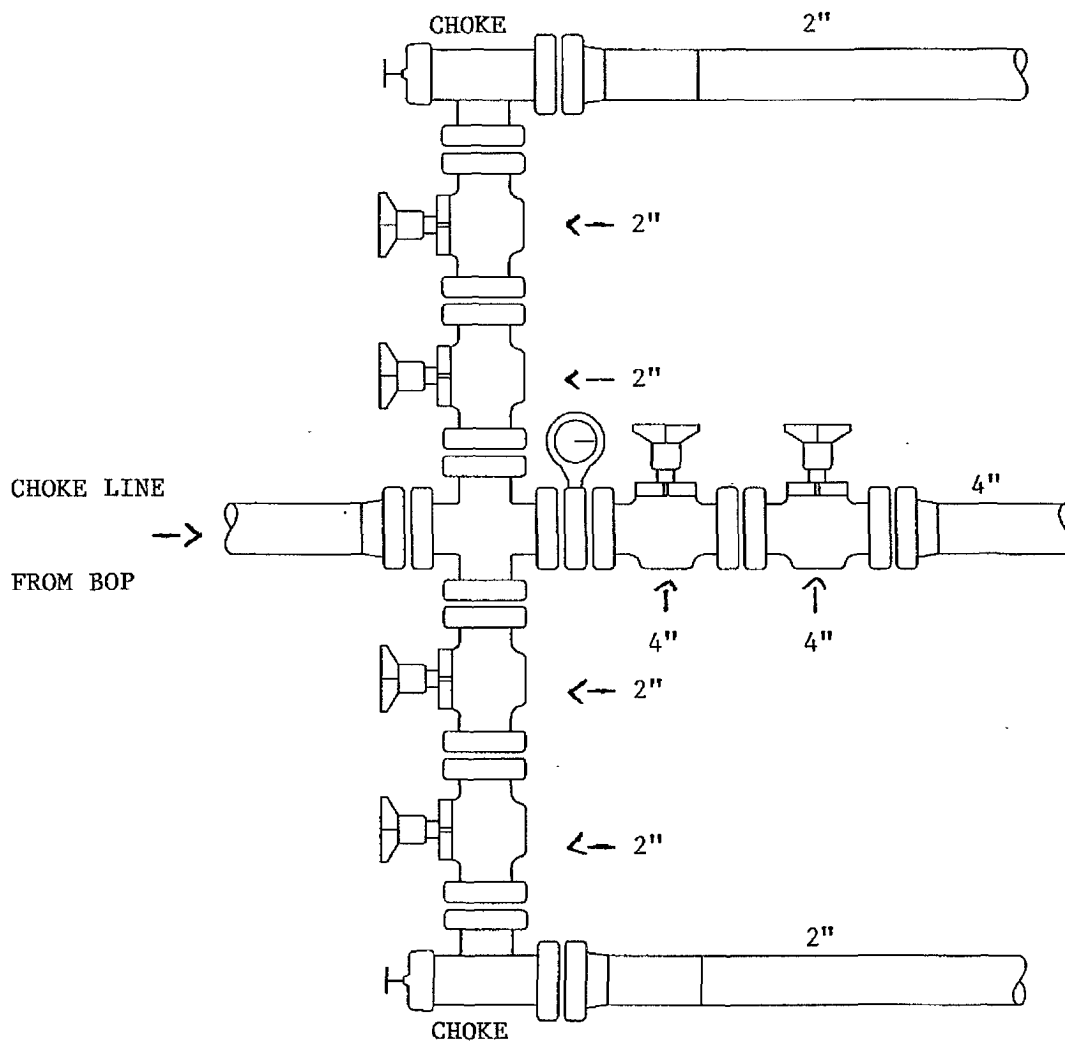
SCALE

1" = 40' 0"



BEAR DRAW ST COM #1
660' FNL & 1980' FEL
SEC. 3, T17S, R29E
EDDY CO., NM.

CHOKE MANIFOLD



BEAR DRAW ST COM #1
660' FNL & 1980' FEL
SEC. 3, T17S, R29E
EDDY CO., NM.

Arrant, Bryan, EMNRD

From: Lee Ann [leeann@graysurfacespecialties.com]
Sent: Tuesday, June 19, 2007 10:50 AM
To: Arrant, Bryan, EMNRD
Attachments: C101 and comments.pdf; Bear Draw C-102.pdf; BearDrawStCom#1-AttchmtforAPD.pdf; BOP.tif

Hello Bryan,

I appreciate your assistance yesterday and am in hopes that I have made the necessary corrections.

Would you mind reviewing for any other problems before I re-submit the APD?

I discussed with Murchison's geologist in regards to the Salado and they moved the Surface Casing to 350' and gave me a more detailed cementing program. (Also please see mud program listed in the Comment Section).

I am also forwarding you a copy of the BOP diagram, C-102 and rig/pad and pits diagram.

As per the comment in regards to the H2S plan I am currently preparing a letter to submit along with APD stating reasoning for why H2S Contingency Plan will not be necessary.

Please advise,
Thanks,
Lee Ann Rollins
432-685-9158

This inbound email has been scanned by the MessageLabs Email Security System.

6/20/2007



J.D. MURCHISON OIL & GAS, INC.

MURCHISON OIL & GAS, INC.
MURCHISON PROPERTIES, INC.

June 20, 2007

Mr. Bryan Arrant
State of New Mexico
Oil Conservation Commission
1301 W. Grand Avenue
Artesia, New Mexico 88210

**RE: BEAR DRAW STATE COM #1
660' FNL & 1980 FEL
SEC. 3, T17S, R29E
EDDY CO., NM.**

Dear Bryan:

This letter is in reference to the OCD's requirements for H2S contingency plan for the above captioned well. No H2S is expected in the drilling of the above captioned well. H2S detection equipment will be installed prior to the top of the Delaware formation as a precautionary measure.

Very truly yours,

Lee Ann Rollins
Agent for Murchison Oil & Gas, Inc.