

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W Grand Ave., 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

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

Form C-103
May 27, 2004

<p>SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)</p>		<p>WELL API NO. 30-015-35679</p>
<p>1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator MURCHISON OIL & GAS, INC.</p>		<p>6. State Oil & Gas Lease No. B-7762</p>
<p>3. Address of Operator 1100 MIRA VISTA BLVD., PLANO, TX. 75093-4698</p>		<p>7. Lease Name or Unit Agreement Name BEAR DRAW STATE COM</p>
<p>4. Well Location Unit Letter <u>B</u> : <u>660</u> feet from the <u>N</u> line and <u>1980</u> feet from the <u>E</u> line Section <u>3</u> Township <u>17S</u> Range <u>29E</u> NMPM County <u>EDDY</u></p>		<p>8. Well Number 1</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3640 GR</p>		<p>9. OGRID Number 015363</p>
<p>Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/></p>		<p>10. Pool name or Wildcat GRAYBURG, MORROW</p>
<p>Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____</p>		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
<p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p>	<p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/></p>
<p>OTHER <input type="checkbox"/></p>	<p>OTHER DRILLING/CEMENT <input checked="" type="checkbox"/></p>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Drilled a 12-1/4" hole to a depth of 3004' on 9/12/07. Ran 9-5/8" casing as follows:

1	Float Shoe	1'
1 jt.	9-5/8" 47 #/FT P-110 LT&C	42'
1	Float Collar	1'
32 jts.	9-5/8" 47 #/FT P-110 LT&C	1329'
44 jts.	9-5/8" 47 #/FT N-80 LT&C	1632'
		3006'

Set casing @ 3004'. Cement w/ 20 bbls. H2O ahead + 2100 SXS. Class "C" 65/35/2 cement + 2% CaCl + 1/8 pps Celloflake + .01% Staticfree. Tail w/ 200 SXS Class "C" + 2% CaCl + .01% Staticfree. Displace w/ 217 bbls. H2O. Bumped plug w/ 1300 PSI. Plug held OK. Circulated 262 SXS to reserve pit. WOC 6 Hrs. Cut 9-5/8" csg and install "B" section. Test to 3000 PSI. OK. Nipple up BOP. Test choke manifold and BOP to 5000 PSI. Test annular to 2500 PSI. Held OK. WOC total of 20 Hrs. Drill out collar and test to 1000 PSI. Tested OK. Resume drilling 8-1/2" hole.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Michael S. Daugherty TITLE President DATE 9/27/07

Type or print name MICHAEL S. DAUGHERTY E-mail address: mdaugherty@jdmii.com Telephone No. (972) 931-0700
For State Use Only

APPROVED BY: Accepted for record - NMOCD TITLE _____ DATE 10/16/07
Conditions of Approval (if any):