Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 2010

RECEIVED
JUL 1 2010
NMOCD ARTESIA

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: ☑ Oil Well ☐ Gas Well ☐ Other	5 Lease Serial No: NM-105211
2 Name of Operator: MURCHISON OIL & GAS INC	6 If Indian, Allottee or Tribe Name: N/A
3a Address: 1100 MIRA VISTA BLVD, PLANO, TX 75093	3b Phone No. *(include area code)*: 972-931-0700
4 Location of Well *(Footage, Sec., T., R., M., or Survey Description)*: SHL 1900' FSL & 200' FWL SEC 2 T16S, R29E UNIT L NWSW; BHL 2270' FSL & 330' FWL, SEC 3 T16S, R29E UNIT L, NWSW	7 If Unit of CA/Agreement, Name and/or No: N/A
	8 Well Name and No: PEQUENO MIKE BLU FEDERAL #2H
	9 API Well No.: 30-015-37059
	10 Field and Pool or Exploratory Area: WILDCAT WOLFCAMP
	11 Country or Parish, State: EDDY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☑ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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 respectfully requests permission to change the casing and cementing program as described on the attached. Expected spud date of this well is July 1, 2010

14 I hereby certify that the foregoing is true and correct. Name *(Printed/Typed)*: A. Arnold Nall	Title: Vice President Operations
Signature: A. Arnold Nall	Date: 06/25/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
JUN 27 2010
/s/ Dustin Winkler
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved by: Dustin Winkler	Title:	Date:
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)

DPS

Murchison Oil & Gas, Inc.
Pequeno Mike BLU Federal #2H (30-015-37059)
Sec. 26, T16S, R27E
Eddy Co., NM

REVISED CASING AND CEMENTING PROGRAM

Hole Size	Casing Size	Wt./Ft.	Grade	Thread	Interval	Length	Condition
17-1/2"	13-3/8"	48.0#	H-40	ST&C	0'-400'	400'	New
12-1/4"	9-5/8"	36.0#	J-55	ST&C	0'-2,600'	2,600'	New
8-3/4"	7"	26.0#	HC P-110	LT&C	0'-6,550'	6,550'	New
6-1/8"	4-1/2"	11.6#	HC P-110	BT&C	6,450'-12,146'	5,696'	New

MINIMUM CASING DESIGN FACTORS:

Burst = 1.0; Tensile Strength = 1.8; Collapse = 1.125
An 8-3/4" vertical pilot hole is planned to 7,400' MD/TVD. Upon running CNL/LDT/CAL/GR/ MSFL/HALS/GR open hole logs, we plan to run a combination 2-7/8" fiberglass tubing x 7" intermediate casing with bottom of the 7" steel casing to be landed at 6,550'+/- to isolate with cement and plugback the vertical hole for drilling the horizontal.

CEMENTING PROGRAM:

13.375" Surface Casing – Cementing Program
Cement with 470 sacks of HalCem Class C + additives with yield = 1.35 cu.ft./sack; sufficient volume of cement will be pumped to ensure cement is circulated to surface.

9.625" Intermediate Casing - Cementing Program
Cement lead with 990 sacks of EconoCem Class C + additives with yield = 1.87 cu.ft./sack, tail with 220 sacks HalCem Class C + additives with yield = 1.35 cu.ft./sack; sufficient volume of cement will be pumped to ensure cement is circulated to surface.

7" 2nd Intermediate Casing and Fiberglass Tubing - Cementing Program
Cement lead with 1050 sacks of EconoCem Class C+ additives with yield = 1.85 cu.ft./sack, tail with 550 sacks HalCem Class H + additives with yield = 1.00 cu.ft./sack; sufficient volume of cement will be pumped to ensure cement is circulated to surface. Will cement below 7" casing via 2-7/8" fiberglass tubing stinger to adequately plug back vertical pilot hole after logging and prior to drilling curve/horizontal section of well.

4.5" Production Casing - Cementing Program
Plan to utilize 4-1/2" 11.6# HCP-110 BTC Peak completion liner system from RSB packer @ 6,450' to TD of 12,146' MD. No cement required.

PRESSURE CONTROL EQUIPMENT:

2600' – 12146' 11" 3000# ram type preventers with one set blind rams and one set pipe rams and a 3000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 6500'.

A Kelly cock will be installed and maintained in operable condition and a drill

string safety valve in the open position will be available on the rig floor.

After setting the 9 5/8" casing, the blowout preventers and related control equipment shall be pressure tested to 3000 psi and 1500 psi respectively. Any equipment failing to test satisfactorily shall be repaired or replaced. Results of the BOP test will be recorded in the Driller's Log.

The BOP's will be maintained ready for use until drilling operations are completed. Pipe and blind rams shall be activated each trip. Annular preventer shall be functionally operated at least weekly.

BOP drills will be conducted as necessary to assure that equipment is operational and each crew is properly trained to carry out emergency duties.

Accumulator shall maintain a pressure capacity reserve at all times to provide for the close-open-close sequence of the blind and pipe rams of the hydraulic preventers.

MUD PROGRAM

0' – 2600'	Fresh water / native mud. Wt. 8.4 to 8 6 ppg, vis 28-34 sec, Lime for pH control. Paper for seepage. Lost circulation may be encountered.
2600' - 7125'	Cut brine. Wt. 8.4 – 8.8 ppg, vis 28-29 sec, No control water loss, lime for pH control.
7125' -12146'	Mud up with XCD Polymer mud system. Wt. 9.0 – 9.5 ppg, Vis 32-40 sec, WL 8-10 cc.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run open-hole logs and casing, the viscosity and water loss may have to be adjusted to meet these needs.

Mud system monitoring equipment with derrick floor indicators and visual / audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until the production casing is run and cemented. Monitoring equipment shall consist of the following:

A recording pit level indicator.
A pit volume totalizer.
A flowline sensor.

TESTING, LOGGING AND CORING PROGRAM

A. Testing program: None planned.

B. Mud logging program. Two man unit from 2600' to TD.

C. Electric logging program: CNL/LDT/CAL/GR, MSFL/HALS/GR.

D. Coring program: None planned.