

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

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

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 reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM120349
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.
3a. Address 1100 MIRA VISTA BLVD. PLANO, TX 75093-4698	3b. Phone No. (include area code) Ph: 972-931-0700 Ext: 109 Fx: 972-931-0701	8. Well Name and No. FROSTY FEDERAL COM 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 26 T16S R27E NWNE 2285FNL 330FEL		9. API Well No. 30-015-37003
		10. Field and Pool, or Exploratory EMPIRE; WOLFCAMP, NW
		11. County or Parish, and State EDDY COUNTY, NM

12. CHECK 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"/> Fracture Treat	<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	Change to Original PD
	<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 recomple 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall 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 previously approved 9 5/8 in. surface casing and cementing program as highlighted on the attached.

*Note cement volume change
approved by operator*

RECEIVED
NOV 19 2010
NMOCD ARTESIA

14. I hereby certify that the foregoing is true and correct. Electronic Submission #97414 verified by the BLM Well Information System For MURCHISON OIL & GAS, INC., sent to the Carlsbad	
Name (Printed/Typed) ARNOLD NALL	Title VICE PRESIDENT OPERATIONS
Signature (Electronic Submission)	Date 11/12/2010
THIS SPACE FOR FEDERAL OR STATE OFFICE USE	
Approved By	Title
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> APPROVED NOV 17 2010 WESLEY W. INGRAM PETROLEUM ENGINEER </div>	
Office	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.

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Murchison Oil & Gas, Inc.
 Frosty Federal Com #1
 SHL: 2285' FNL & 330' FEL, Unit H
 BHL: 2135' FNL & 330' FWL, Unit E
 Section 26-T16S-R27E, Eddy Co., NM
 API # 30-015-37003

REVISED CASING AND CEMENTING PROGRAM

Hole Size	Casing Size	Wt./Ft.	Grade	Thread	Interval	Length	Condition
12-1/4"	9-5/8"	36.0#	J-55	ST&C	0'- 1,400'	1,400'	New
8-3/4"	7"	26.0#	HC P-110	LT&C	0'-5,620'	5,620'	New
6-1/8"	4-1/2"	11.6#	HC P-110	BT&C	5,520'-10,746'	5,155'	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 be drilled to 6,550' ± 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 ≤5,620' ± to isolate with cement and plugback the vertical hole for drilling the horizontal.

CEMENTING PROGRAM:

330 cement changes per operator 11/17/2010 mmf
9.625" Intermediate Casing - Cementing Program

Cement lead with ~~500~~ sacks of Extenda Cem™ System + additives with yield = 1.75 cu.ft./sack; followed by ~~220~~ sacks HalCem™ System + additives with yield = 1.35 cu.ft./sack tail slurry; sufficient volume of cement will be pumped to ensure cement is circulated to surface.

440
7" Production Casing and Fiberglass Tubing - Cementing Program

Cement lead with 960 sacks of EconoCem™ System + additives with yield = 1.83 cu.ft./sack, tail with 680 sacks HalCem™ System + 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 Liner - Cementing Program

Plan to utilize 4-1/2" 11.6# HCP-110 BTC Peak completion liner system from RSB packer @ 5,520' to TD of 10,746' MD. No cement required.

PRESSURE CONTROL EQUIPMENT:

1400' - 10746' 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 5500'.

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.

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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' - 1400' 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.
- 1400' - 6350' Cut brine. Wt. 8.4 - 8.8 ppg, vis 28-29 sec, No control water loss, lime for pH control.
- 6350' - 10746' 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 1,400' to TD.
- C. Electric logging program: CNL/LDT/CAL/GR, MSFL/HALS/GR.
- D. Coring program: None planned.