

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		8. Well Name and No. CARBON VALLEY 25 FED COM 7H
2. Name of Operator MURCHISON OIL & GAS INC Contact: CINDY COTTRELL E-Mail: ccottrell@jdmii.com		9. API Well No. 30-015-38060-00-X1
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	10. Field and Pool, or Exploratory DOG CANYON
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 25 T16S R27E NWNW Lot D 950FNL 330FWL		11. County or Parish, and State EDDY COUNTY, NM

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

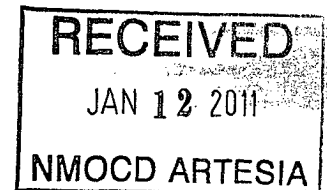
TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 Drilling Operations
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 shall 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 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.)

12/16/10 - Spud well at 11:00 PM with 12-1/4 in. hole & began drilling.

12/17/10 - 12/18/10 - Drilled 12-1/4 in. hole to 115 ft. where complete returns were lost. Notified BLM of same; regained returns; drilled to 126 ft. & lost complete returns again. Mix & spot pill on bottom. Drilled to 1,055 ft. & ran 9-5/8 in. casing as follows:

1 Float Shoe - 1 ft.
1 Jt. 9-5/8 in. 36# J-55 ST&C - 43 ft.
1 Float Collar - 1 ft.
24 Jts. 9-5/8 in. 36# J-55 ST&C - 1,016 ft.
Total - 1,061 ft.



14. I hereby certify that the foregoing is true and correct. Electronic Submission #100122 verified by the BLM Well Information System For MURCHISON OIL & GAS INC, sent to the Carlsbad Committed to AFMSS for processing by CHERYLE RYAN on 01/06/2011 (11CMR0193SE)	
Name (Printed/Typed) ARNOLD NALL	Title VICE PRESIDENT OPERATIONS
Signature (Electronic Submission)	Date 01/06/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	JAMES A AMOS Title ACTING FIELD MANAGER	Date 01/09/2011
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 Carlsbad

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.

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

Additional data for EC transaction #100122 that would not fit on the form

32. Additional remarks, continued

Set casing @ 1,055 ft. Cement: Lead w/150 SXS Thixotropic; 14.2 ppg, 1.63 yield; followed by 400 SXS Extendacem-CZ; 13.5 ppg; 1.75 yield, 9.2 gal/sx. Tail w/220 SXS HalCem-C + 2% CaCl; 14.8 ppg, 1.35 yield, 6.39 gal/sx. Displaced with 79 bbls fresh water. Bumped plug w/500 psi over (920 psi total), float held, circ 23 bbls cmt to pit. Plug down. WOC 3 hrs. Cut off 9-5/8 in. csg, weld on wellhead.

12/19/10 - Nipple up BOP and test to 250 psi low and 5000 psi high. Test annular to 250 psi low and 2500 psi high. Held OK. WOC total of 24.5 hrs. Trip in hole w/ 8-3/4 in. bit and drill cement & float collar 1011' - 1020'. Test csg to 1200 psi. Drill cement & casing shoe 1020' - 1055'. Resume drilling formation at 1,055 ft.