

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.

5. Lease Serial No.
SHL: NMLC-067132 & BHL: NMNM-030752
6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well

Oil Well Gas Well Other

8. Well Name and No.
War Horse Federal Com 3H

2. Name of Operator
Murchison Oil & Gas, Inc.

9. API Well No.
30-015-41227

3a. Address
1100 Mira Vista Blvd., Plano TX 75093

3b. Phone No. (include area code)
(214) 884-2465

10. Field and Pool or Exploratory Area
Wildcat G-04 S182927M; Bone Spring

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 2290 FSL & 175 FEL Sec. 21, T. 18 S., R. 29 E., NMPM
BHL: 2290 FSL & 330 FWL Sec. 21, T. 18 S., R. 29 E., NMPM

11. County or Parish, State
Eddy County, NM

12. CHECK THE 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 checked="" type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<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 recomplate 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 recomplate 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.)

Will install two 4" O. D. poly saltwater pipelines on surface along existing pipeline corridor to Westall pipeline.
Have permission from private surface owner (John R. Gray, LLC c/o COG).
No BLM surface crossed.
length = 2,719.5' width = 30'
Boone will file archaeology report
Maximum operating pressure = 115 psi

Accepted for record
NMOCDT
8/11/2014
NM OIL CONSERVATION
ARTESIA DISTRICT
AUG 11 2014
RECEIVED

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Brian Wood (brian@permitswest.com)

Title Consultant (505) 466-8120

Signature

Date 07/08/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

AUG - 7 2014

Conditions of approval, if any, are stated below. This 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.

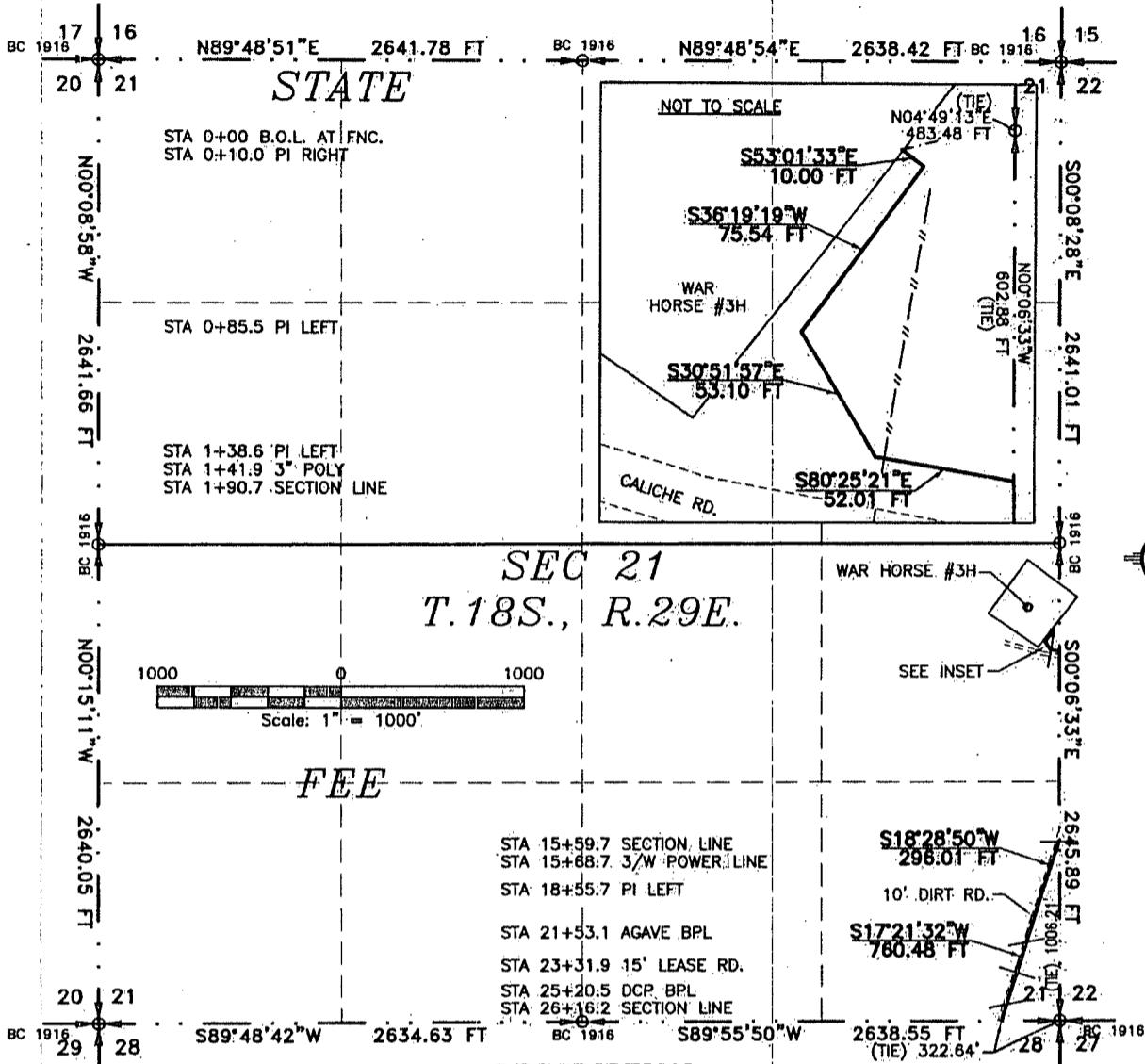
Office

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)

R-O-W FOR TWO 4" SDR 7 POLY SALT WATER DISPOSAL SURFACE LINES
FROM WAR HORSE #3H BATTERY TO A PROPOSED RAY WESTALL DISPOSAL LINE

MURCHISON OIL & GAS, INC.
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 21, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JUNE 2, 2014



DESCRIPTION

A STRIP OF LAND 30 FEET WIDE CROSSING FEE LAND IN SECTION 21, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, STATE OF NEW MEXICO AND BEING 15 FEET EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

SEGMENT 1

BEGINNING AT A POINT WITHIN THE NE/4 SE/4 OF SAID SECTION 21, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M., WHENCE THE EAST QUARTER CORNER OF SAID SECTION 21, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS N04°49'13"E, A DISTANCE OF 483.48 FEET; THENCE S53°01'33"E A DISTANCE OF 10.00 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED; THENCE S36°19'19"W A DISTANCE OF 75.54 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED; THENCE S30°51'57"E A DISTANCE OF 53.10 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED; THENCE S80°25'21"E A DISTANCE OF 52.01 FEET THE TERMINUS OF THIS CENTERLINE SURVEY, WHENCE THE EAST QUARTER CORNER OF SAID SECTION 21, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS N00°06'33"W, A DISTANCE OF 602.88 FEET;

SAID STRIP OF LAND BEING 190.66 FEET OR 11.55 RODS IN LENGTH, CONTAINING 0.131 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

NE/4 SE/4 190.66 L.F. 11.55 RODS 0.131 ACRES

SEGMENT 2

BEGINNING AT A POINT WITHIN THE SE/4 SE/4 OF SAID SECTION 21, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M., WHENCE THE SOUTHEAST CORNER OF SAID SECTION 21, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS S00°06'33"E, A DISTANCE OF 1006.21 FEET; THENCE S18°28'50"W A DISTANCE OF 296.01 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED; THENCE S17°21'32"W A DISTANCE OF 760.48 FEET THE TERMINUS OF THIS CENTERLINE SURVEY, WHENCE THE SOUTHEAST CORNER OF SAID SECTION 21, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS N89°55'50"E, A DISTANCE OF 322.64 FEET;

SAID STRIP OF LAND BEING 1056.50 FEET OR 64.03 RODS IN LENGTH, CONTAINING 0.728 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

SE/4 SE/4 1056.50 L.F. 64.03 RODS 0.728 ACRES

SURVEYOR CERTIFICATE

I, FILIMON F. JARAMILLO, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12797, HEREBY CERTIFY THAT I HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED AT CARLSBAD,

NEW MEXICO, THIS 2 DAY OF JUNE, 2014.

(Signature)
FILIMON F. JARAMILLO PLS 12797
301 SOUTH CANAL
(575) 234-3341

MADRON SURVEYING, INC.
301 SOUTH CANAL
CARLSBAD, NEW MEXICO 88220
Phone: (575) 234-3341

SURVEY NO. 2846A

GENERAL NOTES

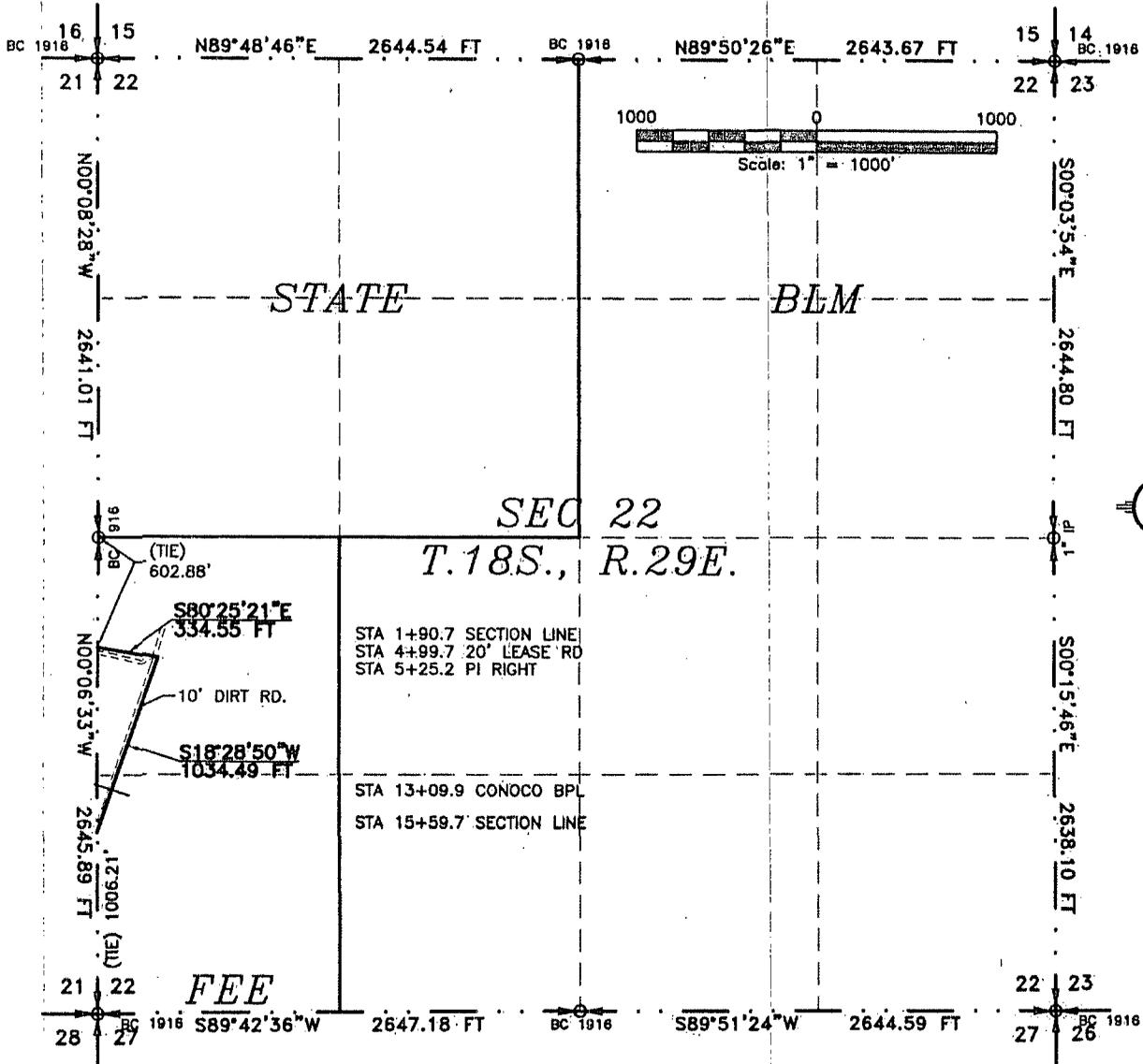
- 1.) THE INTENT OF THIS ROUTE SURVEY IS TO ACQUIRE AN EASEMENT.
- 2.) BASIS OF BEARING IS NMSP EAST MODIFIED TO SURFACE COORDINATES.

SHEET: 1-5

MADRON SURVEYING, INC. CARLSBAD, NEW MEXICO

R-O-W FOR TWO 4" SDR 7 POLY SALT WATER DISPOSAL SURFACE LINES
FROM WAR HORSE #3H BATTERY TO A PROPOSED RAY WESTALL DISPOSAL LINE

MURCHISON OIL & GAS, INC.
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 22, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JUNE 2, 2014



DESCRIPTION

A STRIP OF LAND 30 FEET WIDE CROSSING FEE LAND IN SECTION 22, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, STATE OF NEW MEXICO AND BEING 15 FEET EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT WITHIN THE NW/4 SW/4 OF SAID SECTION 22, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M., WHENCE THE WEST QUARTER CORNER OF SAID SECTION 22, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS N00°06'33"W, A DISTANCE OF 602.88 FEET;
 THENCE S80°25'21"E A DISTANCE OF 334.55 FEET TO AN ANGLE POINT OF THE LINE HEREIN DESCRIBED;
 THENCE S18°28'50"W A DISTANCE OF 1034.49 FEET THE TERMINUS OF THIS CENTERLINE SURVEY, WHENCE THE SOUTHWEST CORNER OF SAID SECTION 22, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS S00°06'33"E, A DISTANCE OF 1006.21 FEET;

SAID STRIP OF LAND BEING 1369.04 FEET OR 82.97 RODS IN LENGTH, CONTAINING 0.943 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

NW/4 SW/4	1034.73 L.F.	62.71 RODS	0.713 ACRES
SW/4 SW/4	334.31 L.F.	20.26 RODS	0.230 ACRES

SURVEYOR CERTIFICATE

I, FILIMON F. JARAMILLO, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12797, HEREBY CERTIFY THAT I HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAN MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED AT CARLSBAD, NEW MEXICO, THIS 12TH DAY OF JUNE 2014

(Signature)
 FILIMON F. JARAMILLO, SURVEYOR
 REG. NO. 12797

MADRON SURVEYING, INC.
 301 SOUTH CANAL
 CARLSBAD, NEW MEXICO 88220
 Phone (575) 234-3341

SURVEY NO. 2846A

GENERAL NOTES

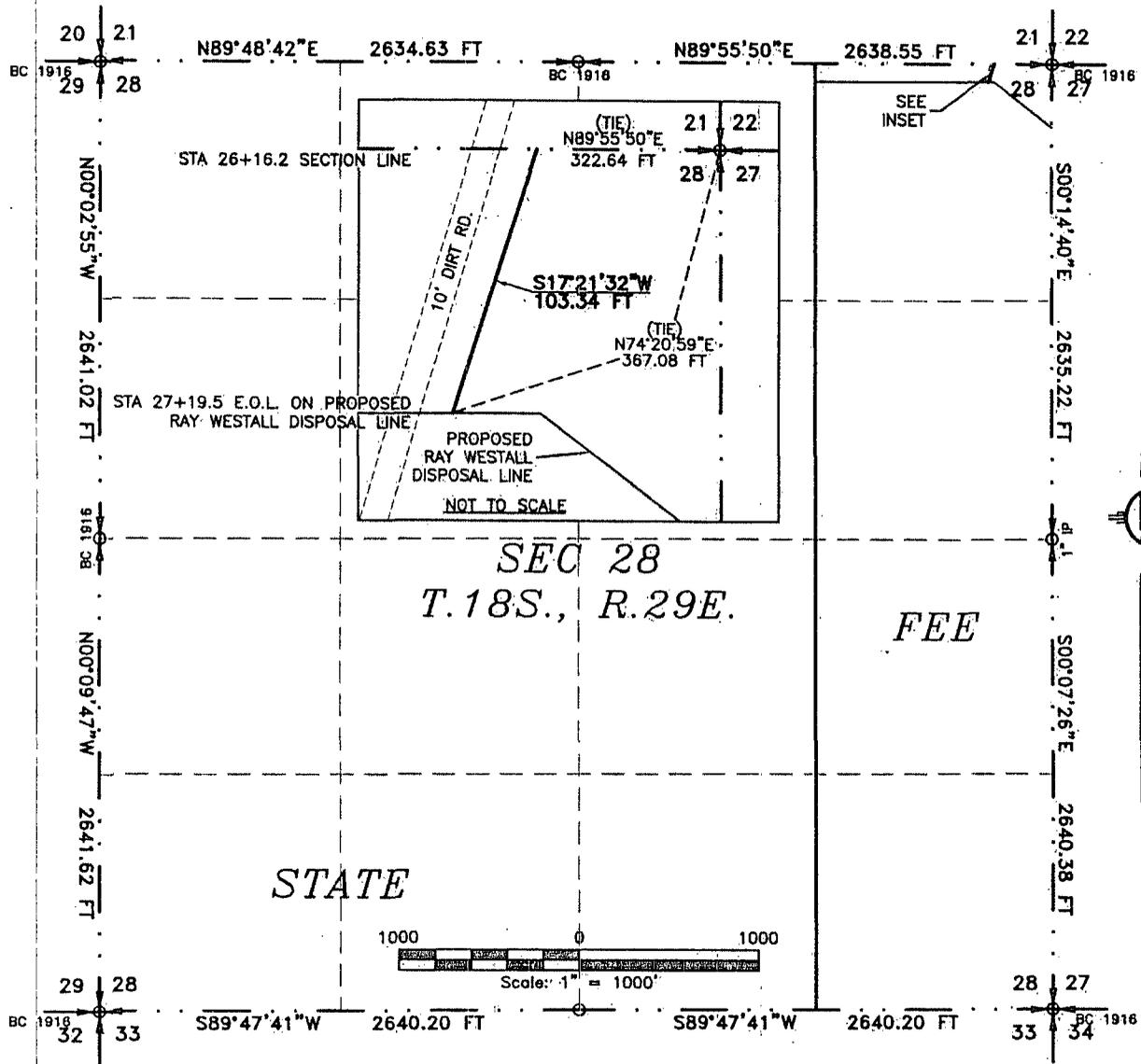
- 1.) THE INTENT OF THIS ROUTE SURVEY IS TO ACQUIRE AN EASEMENT.
- 2.) BASIS OF BEARING IS NMSP EAST MODIFIED TO SURFACE COORDINATES.

SHEET: 2-5

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO (575) 234-3341

R-O-W FOR TWO 4" SDR 7 POLY SALT WATER DISPOSAL SURFACE LINES
FROM WAR HORSE #3H BATTERY TO A PROPOSED RAY WESTALL DISPOSAL LINE

MURCHISON OIL & GAS, INC.
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTION 28, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JUNE 2, 2014



DESCRIPTION

A STRIP OF LAND 30 FEET WIDE CROSSING FEE LAND IN SECTION 28, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, STATE OF NEW MEXICO AND BEING 15 FEET EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT WITHIN THE NE/4 NE/4 OF SAID SECTION 28, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M., WHENCE THE NORTHEAST CORNER OF SAID SECTION 28, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS N89°55'50"E, A DISTANCE OF 322.64 FEET;
THENCE S17°21'32"W A DISTANCE OF 103.34 FEET THE TERMINUS OF THIS CENTERLINE SURVEY, WHENCE THE NORTHEAST CORNER OF SAID SECTION 28, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M. BEARS N74°20'59"E, A DISTANCE OF 367.08 FEET;

SAID STRIP OF LAND BEING 103.34 FEET OR 6.26 RODS IN LENGTH, CONTAINING 0.071 ACRES MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

NE/4 NE/4 103.34 L.F. 6.26 RODS 0.071 ACRES

SURVEYOR CERTIFICATE

I, FILIMON F. JARAMILLO, A NEW MEXICO PROFESSIONAL SURVEYOR NO. 12797, HEREBY CERTIFY THAT I HAVE CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAN MEET THE MINIMUM STANDARDS FOR LAND SURVEYING IN THE STATE OF NEW MEXICO.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED AT CARLSBAD,

NEW MEXICO, THIS 2 DAY OF JUNE 2014

FILIMON F. JARAMILLO, SURVEYOR
MADRON SURVEYING, INC.
801 SOUTH CANAL
CARLSBAD, NEW MEXICO 88220
Phone (575) 234-3341
SURVEY NO. 2846A
CARLSBAD, NEW MEXICO

GENERAL NOTES

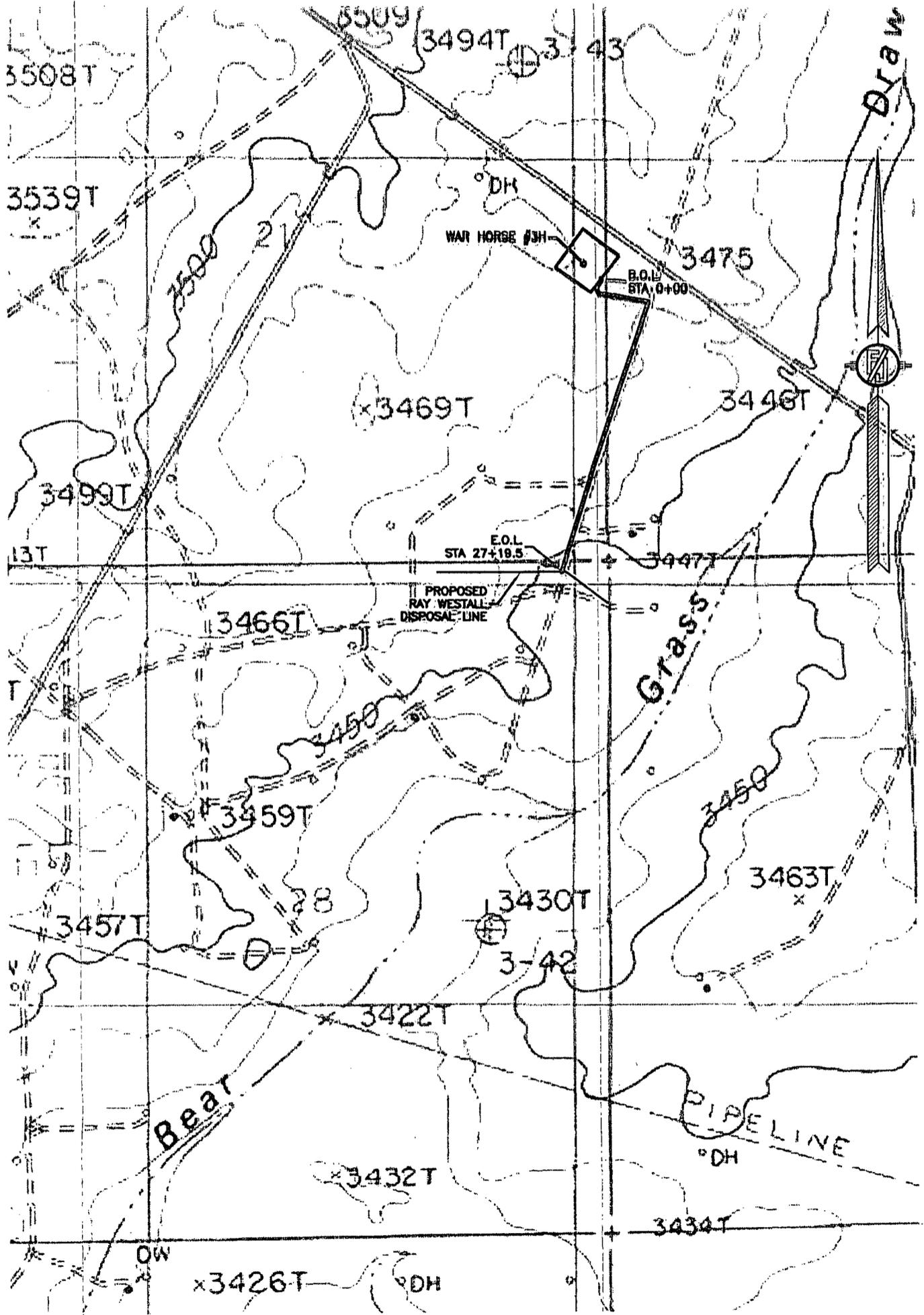
- 1.) THE INTENT OF THIS ROUTE SURVEY IS TO ACQUIRE AN EASEMENT.
- 2.) BASIS OF BEARING IS NMSP EAST MODIFIED TO SURFACE COORDINATES.

SHEET: 3-5

MADRON SURVEYING, INC. CARLSBAD, NEW MEXICO

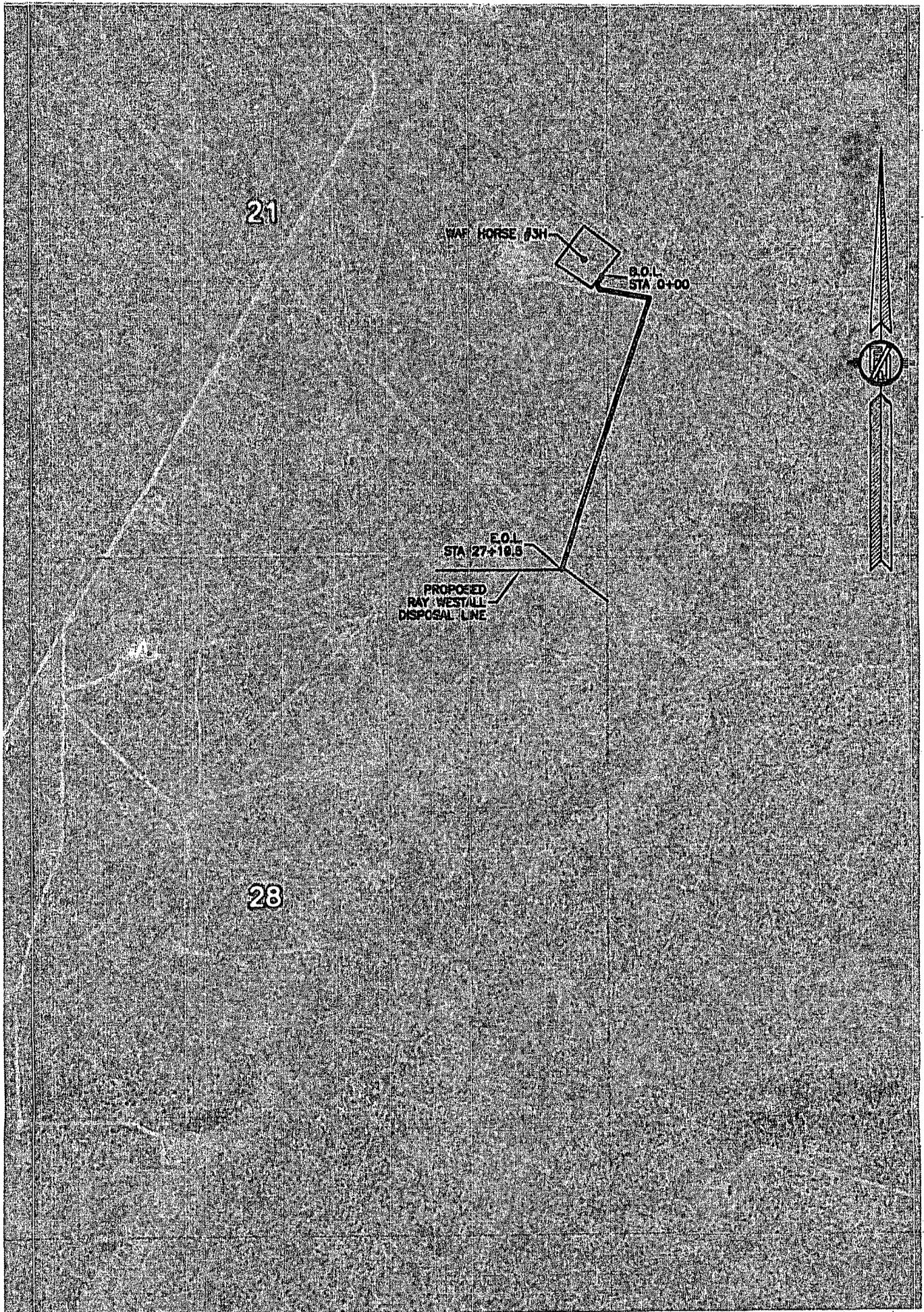
R=0=K FOR TWO 4" SPIR & POLY SAFT WATER DISPOSAL SURFACE LINES
FROM WAR HORSE #3H BATTERY TO A PROPOSED RAY WESTALL DISPOSAL LINE

MURCHISON OIL & GAS, INC.
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTIONS 21, 22, & 28, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JUNE 2, 2014



R=0=7 FOR TWO 4" SDR 7 POLY SALT WATER DISPOSAL SURFACE LINES
FROM WAR HORSE #311 BATTERY TO A PROPOSED RAY WESTALL DISPOSAL LINE

MURCHISON OIL & GAS, INC.
CENTERLINE SURVEY OF A PIPELINE CROSSING
SECTIONS 21, 22, & 23, TOWNSHIP 18 SOUTH, RANGE 20 EAST, N.M.P.M.
EDDY COUNTY, STATE OF NEW MEXICO
JUNE 2, 2014



BLM LEASE NUMBER: NMLC67132
COMPANY NAME: Murchinson
ASSOCIATED WELL NAME: War Horse Fed Com 3H

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the application (Grant, Sundry Notice, APD) and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 *et seq.* (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et seq.*) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:
 - a. Activities of the holder including, but not limited to construction, operation, maintenance,

and termination of the facility.

b. Activities of other parties including, but not limited to:

- (1) Land clearing.
- (2) Earth-disturbing and earth-moving work.
- (3) Blasting.
- (4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, powerline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.