

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. NMNM105211 ✓ |
| 2. Name of Operator MURCHISON OIL & GAS INC | | 6. If Indian, Allottee or Tribe Name |
| Contact: CINDY COTTRELL E-Mail: ccottrell@jdmil.com | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3a. Address 7250 DALLAS PARKWAY STE 1400 PLANO, TX 75024 | 3b. Phone No. (include area code) Ph: 972-931-0700 Ext: 113 | 8. Well Name and No. PEQUENO MIKE BLU FEDERAL 4H ✓ |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 2 T16S R29E Mer NMP NWSW 3530FNL 200FWL ✓ | | 9. API Well No. 30-015-38664 ✓ |
| | | 10. Field and Pool, or Exploratory COUNTY LINE TANK; ABO |
| | | 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 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 checked="" 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.)

Murchison Oil & Gas, Inc. hereby requests permission to dispose of water pursuant to order #7:

1. Producing water from the Wolfcamp formation.
2. Averages 2 barrels of water per day.
3. Water is stored in 1 ? 500 barrel tank.
4. Water will be trucked to the disposal facility by L&E Trucking.
5. Murchison Oil & Gas, Inc. is the operator of the disposal facility:
 - a. Yogi Bear SWD #1 (30-015-32216)
 - b. SE/NE, Section 12, T17S, R28E
 - c. NMOCD permit number SWD-1390

NM OIL CONSERVATION
ARTESIA DISTRICT

OCT 19 2015

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED

| | |
|--|------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #313722 verified by the BLM Well Information System For MURCHISON OIL & GAS INC, sent to the Carlsbad Committed to AFMSS for processing by LINDA DENNISTON on 09/09/2015 () | |
| Name (Printed/Typed) CINDY COTTRELL | Title REPORT PREPARER |
| Signature (Electronic Submission) | Date 08/24/2015 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved By _____ | 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. | |

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

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Disposal of Produced Water From Federal Wells
Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD.

7/10/14