

# R. T. HICKS CONSULTANTS, LTD.

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October 16, 2014

Dr. Tomáš Oberding  
NMOCD District 1  
1625 French Drive  
Hobbs, NM 88240  
*VIA EMAIL*

RE: Murchison – Bettis 20 St Com #2H Temporary Pit,  
Unit P, Section 20, T24S, R33E, API #30-025-41436

Dear Dr. Oberding:

On behalf of Murchison Oil and Gas, R.T. Hicks Consultants submits this letter to summarize events associated with the use of the temporary pit at the above-referenced location and to clarify the rig release date as it relates to the timeline for closure of the pit. As we discussed over the phone yesterday, a review of the file reveals two rig-release dates—April 18 and July 23, 2014. The following timeline explains:

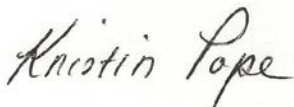
2/28/2014	Pit application approved
3/16/2014	Spudded well
4/18/2014	Released rig
4/29/2014	Frac began and pit was utilized for flowback fluid; unable to complete
6/5/2014	Casing inspection log found split in casing at 12,150 ft
6/16/2014	Lateral was plugged and abandoned
July 2014	Rig returned and a new lateral was drilled using the pit; Well completed without further issue
7/23/2014	Rig released; pit was utilized again for subsequent frac and flowback

Since the pit permit was approved, the location has been continuously active with personnel and equipment. The Pit Rule states that “an operator shall close a permitted temporary pit within six months from the date that the operator releases the drilling or workover rig.” Six months from the release date of the rig that completed the well creates a closure deadline of January 23, 2015. Since the heavy rains the area recently experienced, removal of rainwater from the pit by Murchison has been ongoing. We plan to sample the pit contents as soon as it dries sufficiently.

Thank you for discussing this with me and for your work on all of our projects. If you have any further questions about this timeline, please contact me.

Sincerely,

R.T. Hicks Consultants



Kristin Pope  
Project Geologist

Copy: Murchison Oil and Gas