

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-129
Revised August 1, 2011
Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

HOBBS OCD

A. Applicant Murchison Oil & Gas, Inc.

OCT 10 2014

whose address is 1100 Mira Vista Blvd., Plano, TX 75093

RECEIVED

hereby requests an exception to Rule 19.15.18.12 for 120 ⁹⁰ days or until _____

_____, Yr _____, for the following described tank battery (or LACT):

Name of Lease Jackson Unit 20H (30-025-41139) Name of Pool Triple X; Bone Spring, West

Location of Battery: Unit Letter O Section 21 Township 24S Range 33E

Number of wells producing into battery 1

B. Based upon oil production of 250 barrels per day, the estimated * volume of gas to be flared is 100 MCF; Value \$400 per day.

C. Name and location of nearest gas gathering facility:

Frac Cat Compressor Station, Lea County, NM

D. Distance _____ Estimated cost of connection _____

E. This exception is requested for the following reasons: Periodic curtailment by Agave. Well shut in at this time may damage formation which will reduce future production.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature Michael S. Daugherty

Printed Name & Title Michael S. Daugherty, EVP & COO

Email Address mdaugherty@jdmii.com

Date 10/08/2014 Telephone No. 972-931-0700

OIL CONSERVATION DIVISION

Approved Until 1/8/2015

By Marys Brown

Title Dist. Supervisor

Date 10/14/2014

* Gas-Oil ratio test may be required to verify estimated gas volume.

OCT 17 2014