



VIA CERTIFIED MAIL

March 15, 2006

Mr. Bryan Arrant
State of New Mexico
Oil Conservation Division
District II
1301 W. Grand Avenue
Artesia, New Mexico 88210-2834

**RE: PENASCO STATE COM #2
SEC. 30, T18S, R25E
EDDY COUNTY, NM.**

**RECEIVED
MAR 20 2006
OCD-ARTESIA**

30 - 015 - 34706

Dear Mr. Arrant:

Please find attached the following:

- 1) Form C-102 (Loc. Plat)
- 2) Form C-144 – Original + 6 copies
- 3) Mud Program
- 4) Letter to OCD regarding H2S contingency plan

Please note that Form C-101 (APD) will be submitted online in a few days.

If you have any questions please call me.

Very truly yours,

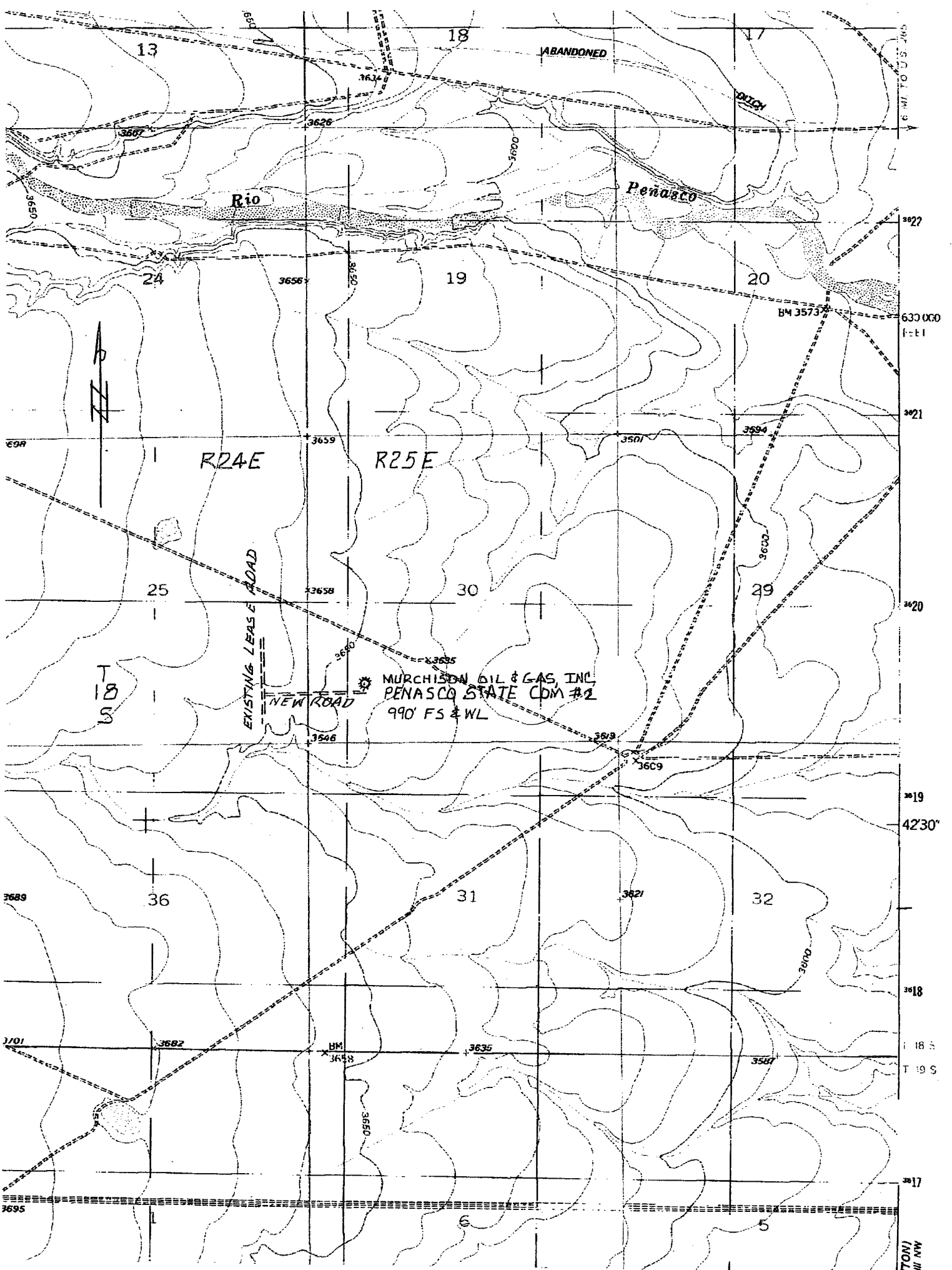
MURCHISON OIL & GAS, INC.

Michael S. Daugherty
Carla Tracy

Ct/PenascoSC#2-C101&102etc

Encl.

16	<div style="border: 1px solid black; padding: 10px; margin: 0 auto; width: 80%;"> <p style="font-size: 1.2em; margin: 0;">RECEIVED</p> <p style="margin: 0;">MAR 20 2006</p> <p style="font-size: 1.2em; margin: 0;">OCU-ARTESIA</p> </div>	<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 60%;"> <p style="font-family: cursive; font-size: 1.2em;">Michael S. Daugherty</p> <p style="font-size: 0.8em;">Signature</p> </div> <div style="width: 35%;"> <p style="font-size: 1.2em;">3/15/2006</p> <p style="font-size: 0.8em;">Date</p> </div> </div> <p style="margin-top: 10px; font-weight: bold;">MICHAEL S. DAUGHERTY</p> <p style="font-size: 0.8em;">Printed Name</p>
17	<div style="border: 1px solid black; padding: 10px; margin: 0 auto; width: 80%;"> <p style="font-size: 1.2em; margin: 0;">SPACING UNIT</p> <div style="position: relative; height: 50px; margin-top: 10px;"> <div style="position: absolute; top: 0; left: 50%; transform: translateX(-50%);"> <div style="width: 100px; height: 10px; background: black;"></div> </div> </div> </div>	<p>18 SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p style="font-weight: bold; margin-top: 10px;">FEBRUARY 20, 2006</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 60%;"> <p style="font-size: 0.8em;">Date of Survey</p> <p style="font-family: cursive; font-size: 1.2em;">Dan R. Reddy</p> <p style="font-size: 0.8em;">Signature and Seal of Professional Surveyor:</p> </div> <div style="width: 35%;"> <div style="border: 2px solid black; border-radius: 50%; padding: 10px; text-align: center; margin: 0 auto; width: 80%;"> <p style="font-size: 0.8em; margin: 0;">DAN R. REDDY</p> <p style="font-size: 0.8em; margin: 0;">NEW MEXICO</p> <p style="font-size: 1.2em; margin: 0;">5412</p> <p style="font-size: 0.8em; margin: 0;">REGISTERED PROFESSIONAL ENGINEER</p> </div> <p style="font-size: 0.8em; margin-top: 10px;">Certificate Number</p> </div> </div> <p style="font-weight: bold; margin-top: 10px;">DAN R. REDDY NM PE & PS NO. 5412</p>
18	<div style="border: 1px solid black; padding: 10px; margin: 0 auto; width: 80%;"> <p style="font-size: 1.2em; margin: 0;">LAT N32.71483</p> <p style="font-size: 1.2em; margin: 0;">LON W104.53002</p> <p style="font-size: 1.2em; margin: 0;">990'</p> <div style="position: relative; height: 100px; margin-top: 10px;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; border: 1px solid black;"></div> </div> </div>	



MURCHISON OIL & GAS, INC.
PENASCO STATE CDM #2
990' FS & WL

R24E

R25E

T18S

EXISTING LEASE ROAD

NEW ROAD

ABANDONED

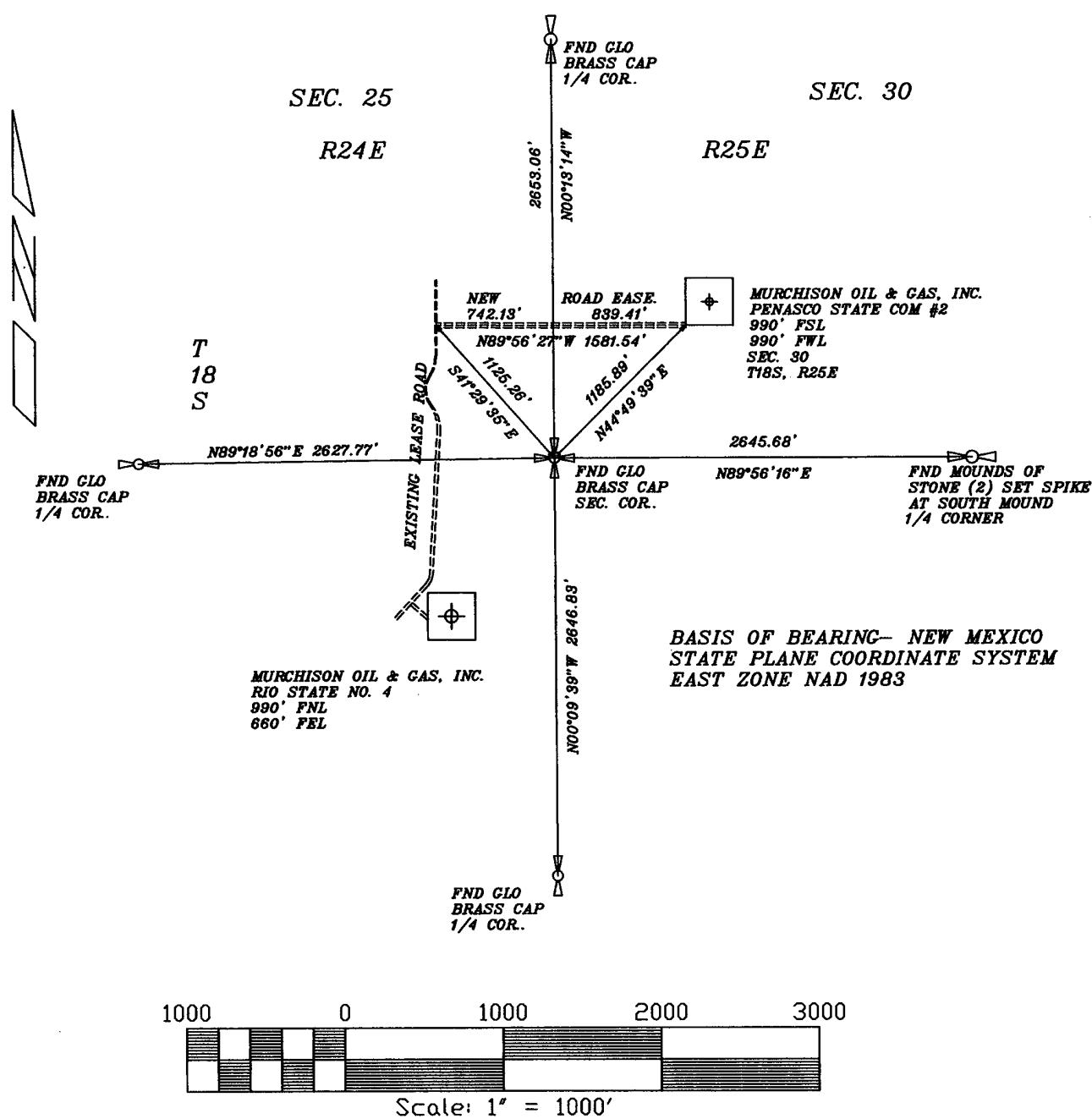
Penasco

Rio

T18N
R24E

ROAD EASEMENT PLAT

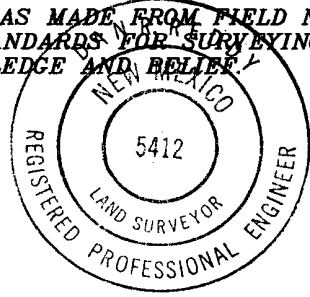
A 30 FOOT ROAD EASEMENT LOCATED IN THE SW/4 SW/4 OF SEC. 30, T18S, R25E, AND THE SE/4 SE/4 OF SEC. 25, T18S, R24E, N.M.P.M., EDDY COUNTY, NEW MEXICO.



DESCRIPTION: YATES PETROLEUM CORPORATION (34/620) - OWNER
A 30 FOOT ROAD EASEMENT LOCATED IN THE SW/4 SW/4 OF SEC. 30, T18S, R25E, AND THE SE/4 SE/4 OF SEC. 25, T18S, R24E, N.M.P.M., EDDY COUNTY, NEW MEXICO BEING 15 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE; COMMENCING AT THE SW CORNER OF SAID SECTION 30; THENCE N44°49'39"E A DISTANCE OF 1185.89 FEET TO THE POINT OF BEGINNING OF THE CENTERLINE HEREIN DESCRIBED; THENCE N89°56'27"W A DISTANCE OF 839.41 FEET TO THE WEST LINE OF SAID SECTION 30; THENCE CONTINUING N89°56'27"W A DISTANCE OF 742.13 FEET TO A POINT ON AN EXISTING LEASE ROAD, WHENCE THE SE CORNER OF SAID SECTION 25 BEARS S41°29'35"E A DISTANCE OF 1125.26 FEET. CONTAINING 1.09 ACRES MORE OR LESS. 1581.54' = 95.85 RODS

CERTIFICATION OF RESPONSIBLE SURVEYOR:
THIS IS TO CERTIFY THAT THE FOREGOING PLAT WAS MADE FROM FIELD NOTES OF A BONA FIDE SURVEY, MADE BY ME, MEETING THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO, AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Dan R. Reddy
DAN R. REDDY NM PE&PS NO. 5412
401 W. GREENE ST./P.O. BOX 597
CARLSBAD, NM 88221-0597
505 887-6483
SURVEYED: 2/20/06
PREPARED FOR: MURCHISON OIL & GAS, INC.



MURCHISON OIL & GAS, INC.

**PENASCO STATE #2
SEC. 30, T18S, R25E
990' FSL & 990' FWL
EDDY CO., NM.**

RECEIVED

MAR 20 2006

UCC-ARTESIA

MUD PROGRAM

<u>DEPTH</u>	<u>WEIGHT</u>	<u>CHLORIDES</u>	<u>VISCOSITY</u>	<u>FILTRATE</u>
0' – 360'	8.4	0 – 10K	32 – 36	NO CONTROL
360' – 1,150'	8.4	0 – 10K	28 – 29	NO CONTROL
1,150' – 5,200'	8.4 – 8.8	0 – 40K	28 – 29	NO CONTROL
5,200' – 8,000'	8.6 – 9.2	40 – 60K	28 – 29	25 WL
8,000' – 9,000'	8.8 – 9.4	50 – 70K	38 – 48	6 – 8 WL

PH to be maintained at 10 or above



March 15, 2006

Mr. Bryan Arrant
State of New Mexico
Oil Conservation Commission
1301 W. Grand Avenue
Artesia, New Mexico 88210

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JCU-ARTESIA


**RE: PENASCO ST #2
990' FSL & 990' FWL
SEC. 30, T18S, R25E
EDDY CO., NM.**

Dear Bryan:

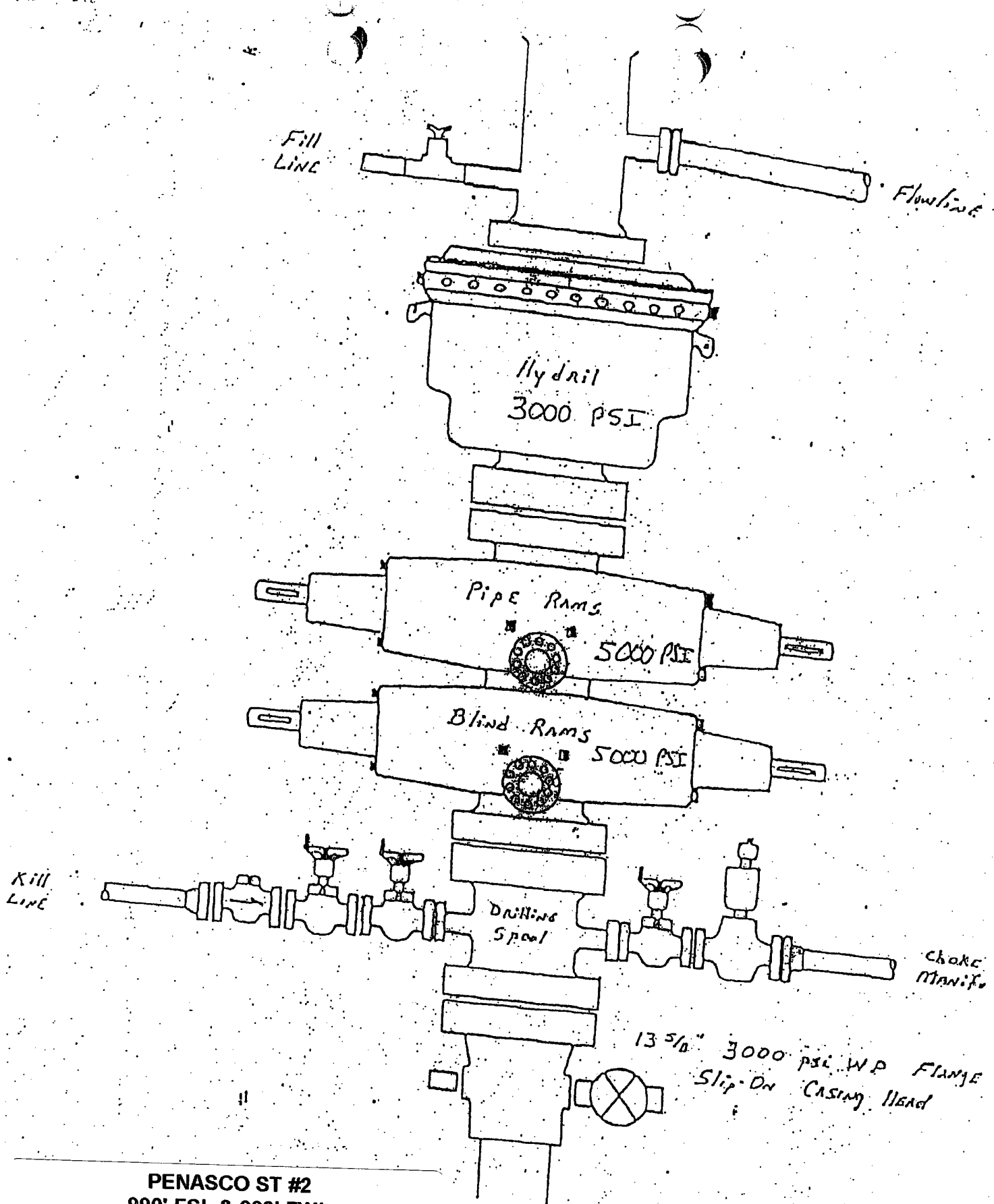
This letter is in reference to the OCD's requirements for H2S contingency plan for the above captioned well. No H2S is expected in the drilling of the above captioned well. H2S detection equipment will be installed prior to the top of the Delaware formation as a precautionary measure.

Very truly yours,

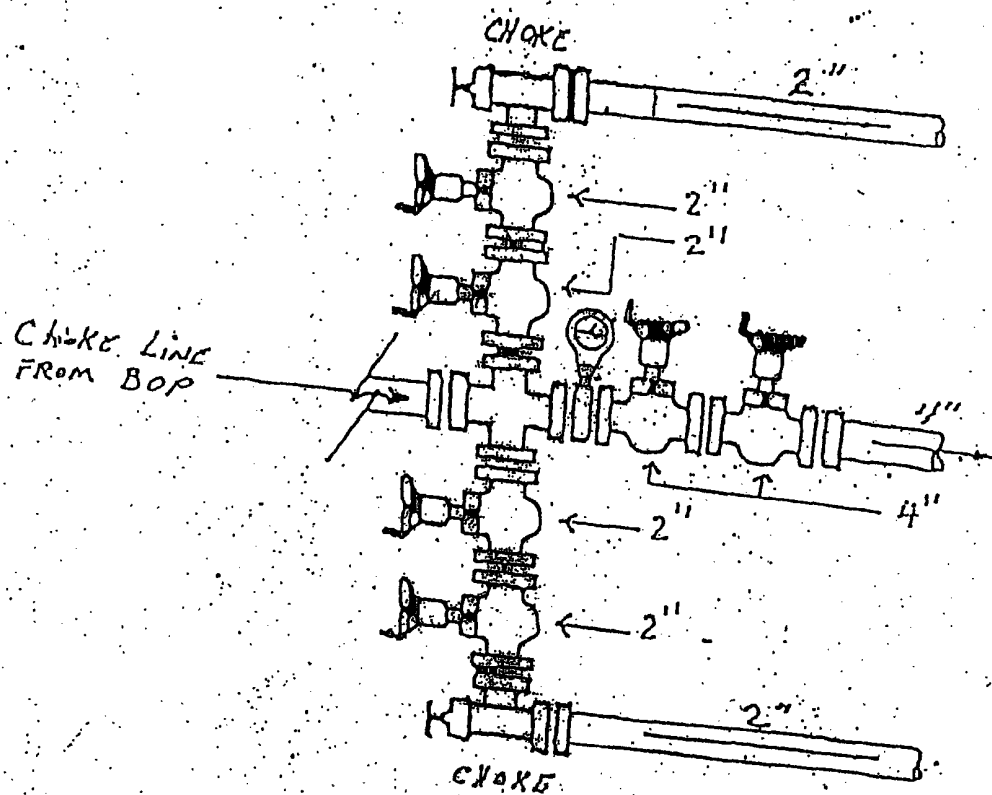
MURCHISON OIL & GAS, INC.


Michael S. Daugherty
Vice President Operations

MSD/ct/PenascoSt#2-OCDH2S



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990' FSL & 990' FWL
SEC. 30, T18S, R25E
EDDY CO., NM.



PENASCO ST #2
990' FSL & 990' FWL
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