

RECEIVED  
JUN 01 2009  
HOBBSDO

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-39248 ✓

5. Indicate Type of Lease

STATE ☐ FEE ☒ ✓

6. State Oil &amp; Gas Lease No.

7. Lease Name or Unit Agreement Name  
CAPROCK FEE ✓

8. Well Number 1 ✓

9. OGRID Number 015363 ✓

10. Pool name or Wildcat  
HIGHTOWER; PERMO PENN ✓

## SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☒

2. Name of Operator

MURCHISON OIL &amp; GAS, INC. ✓

3. Address of Operator

1100 MIRA VISTA BLVD., PLANO, TX. 75093-4698

4. Well Location

Unit Letter M : 990 feet from the SOUTH line and 660 feet from the WEST line  
Section 26 Township 12S Range 33E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

## 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

## NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
 DOWNHOLE COMMINGLE ☐

## SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
 COMMENCE DRILLING OPNS. ☐ P AND A ☐  
 CASING/CEMENT JOB ☐

OTHER: REQUEST TO CHANGE 13-3/8" CSG SETTING DEPTH ☒OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Murchison Oil & Gas, Inc. requests an exception be granted to the required surface casing depth as amended in our original Application for Permit to Drill (APD). As approved November 13, 2008 our "surface casing must be set 25' below top of the Rustler Anhydrite" or "1800" feet per Section 19. Proposed Casing and Cement Program. The original APD submission was consistent with recent offset wells having been drilled in this same field, and nearby fields, in Northern Lea County utilizing a previously granted alternate surface casing program. Commonly referred to as the "Lea County Alternative surface casing program", this approach allowed for shallow surface casing setting depth of 350 to 400 feet. A fresh water spud mud is then utilized from the surface casing down to the Rustler Anhydrite where a salt based mud is then utilized to drill the balance of the intermediate hole interval. Cement is circulated to surface in both the surface casing and intermediate casing intervals thus affording desired hydraulic zonal isolation of both the shallow ground water and deeper Santa Rosa formation water.

Consistent with our understanding of other Operator(s) discussions with the OCD relevant to this issue, due to the fact our proposed well is located north of Township 16 South and the fact there are no waterflood's occurring within the North Hightower Unit we respectfully request an exception be granted allowing that our 13-3/8" surface casing be set and cemented at a depth of 400' while conforming to all other requirements of the APD to drill this well. We further understand that all such exception requests will be reviewed on a case by case basis.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

TITLE

VP OPERATIONS

DATE

5/29/2009

Type or print name

A. ARNOLD NALL

E-mail address:

arnall@jdmii.com

PHONE:

972-931-0700

For State Use Only

APPROVED BY:

TITLE

PETROLEUM ENGINEER

DATE

JUN 02 2009

Conditions of Approval (if any):