

District I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720

District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised August 1, 2011

Permit

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Fair Oil, Ltd., P. O. Box 689, Tyler, TX 75710		² OGRID Number 65331 65531 ³ API Number 30-015- 39563
⁴ Property Code 38877	⁵ Property Name Fair	⁶ Well No. 3

⁷ Surface Location P/P									
UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
E	24	18S	26E		2310	N	920	W	Eddy

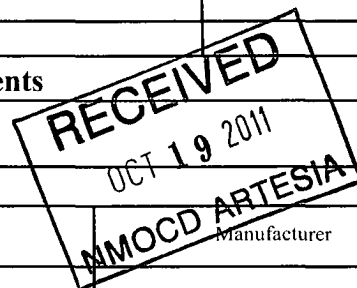
⁸ Pool Information	

Additional Well Information				
⁹ Work Type N	¹⁰ Well Type O	¹¹ Cable/Rotary R	¹² Lease Type P	¹¹ Ground Level Elevation 3298'
¹⁴ Multiple N	¹⁵ Proposed Depth 3,700'	¹⁶ Formation Atoka; Glorieta-Yeso	¹⁷ Contractor	¹⁸ Spud Date Upon Approval
¹⁸ Depth to Ground water >18'		¹⁹ Distance from nearest fresh water well 263' to RA 03900		Distance to nearest surface water >3,800' to Rio Penasco (intermittent)

¹⁹ Proposed Casing and Cement Program						
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
surface	12-1/4"	8-5/8"	20	1,000	750	surface
production	7-7/8"	5-1/2"	15.5	3,700'	750	surface

Casing/Cement Program: Additional Comments

Proposed Blowout Prevention Program			
Type	Working Pressure	Test Pressure	Manufacturer
See attached	3,000	1,500	



I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC D guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input checked="" type="checkbox"/> .		OIL CONSERVATION DIVISION Approved By: <i>[Signature]</i> Title: <i>[Signature]</i> Approved Date: OCT 28 2011	
Printed name: Brian Wood Title: Consultant E-mail Address: brian@permitswest.com		Expiration Date: 10-28-2013	
Date: 10-18-11	Phone: 505 466 8120	Conditions of Approval Attached	

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DISTRICT IV
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Phone (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015- 39563	Pool Code 3250 ✓	Pool Name Atoka; Glorieta-Yeso
Property Code 38877 ✓	Property Name FAIR	Well Number 3 ✓
OGRID No. 6533105531	Operator Name FAIR OIL, LTD.	Elevation 3298'

Surface Location

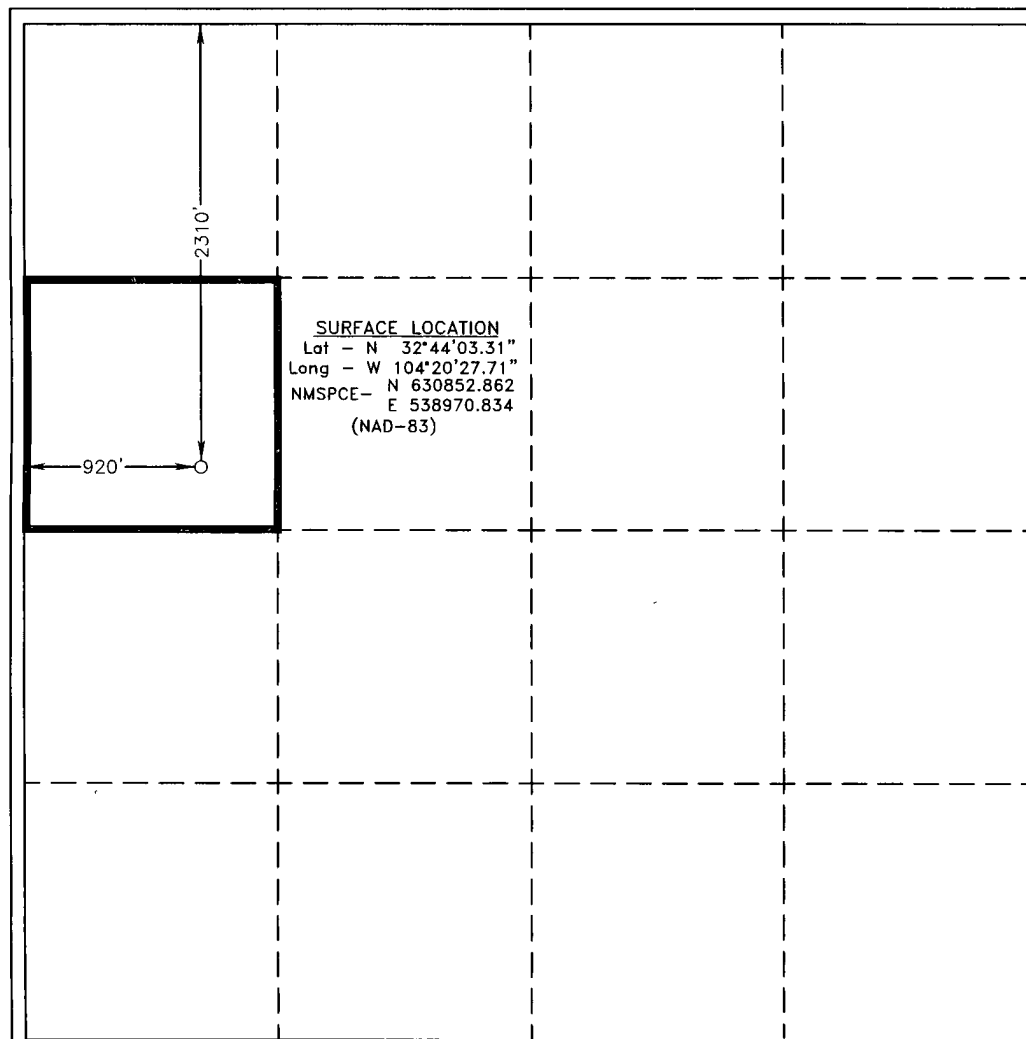
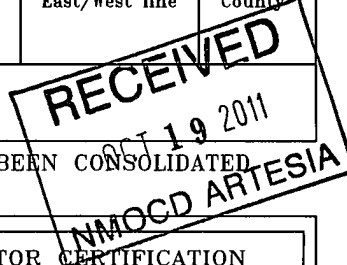
UL or lot No. E	Section 24	Township 18 S	Range 26 E	Lot Idn	Feet from the 2310	North/South line NORTH	Feet from the 920	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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 or unleased mineral 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.

Signature: Brian Wood Date: 10-18-11

Printed Name: Brian Wood

Email Address: brian@permitswest.com

SURVEYOR CERTIFICATION

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.

Date Surveyed: SEPTEMBER 15, 2011

Signature & Seal of Professional Surveyor: GARY L. JONES

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 25406

13 5/8" 3M Rotating Head

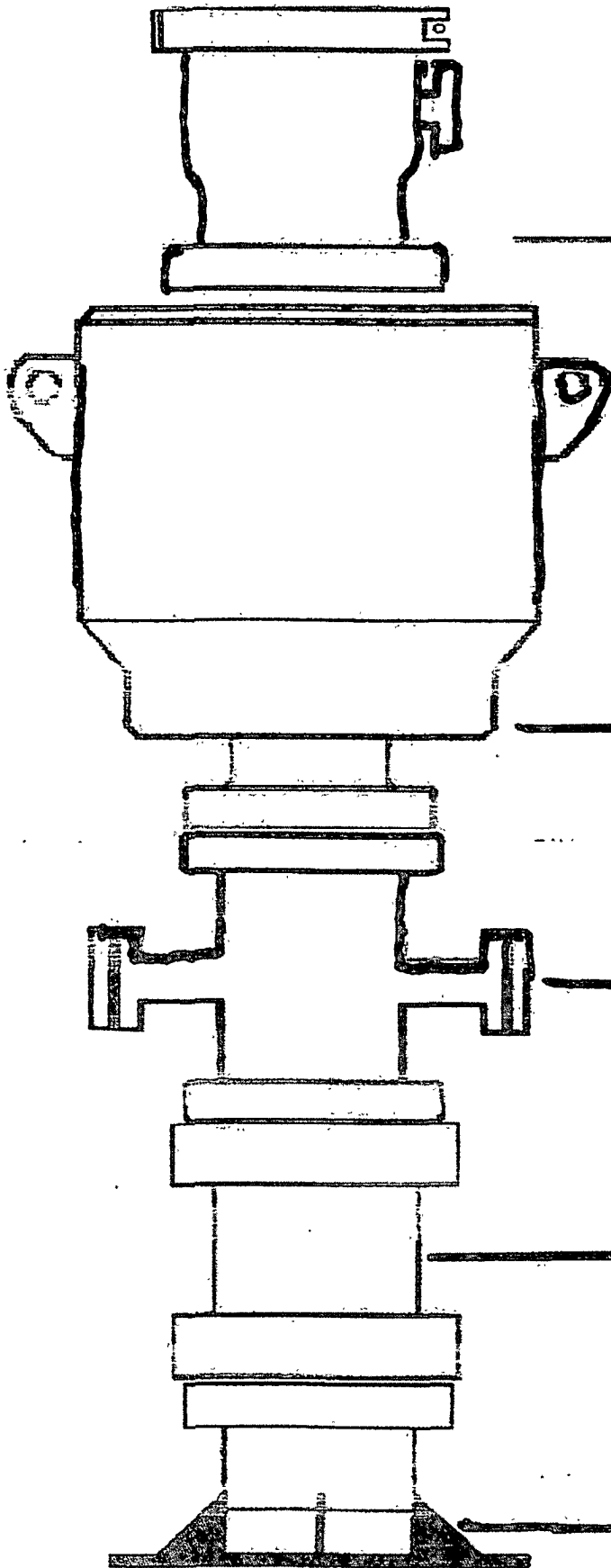
13 5/8" 3M Spacer Spool

13 5/8" 3M ANNULAR

4" 3M HCR Mud Cross

13 5/8" 3M x 11" 3M Spacer Spool

13 5/8" 3M x 13 3/8" SOW Casing Head



DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

Operator Fair Oil OGRID # 65531
 Well Name & # FAIR # 3 Surface Type (F) (S) (P)
 Location: UL E Sect 24 Township 18 s, RNG 26e, Sub-surface Type (F) (S) (P)

A. Date C101 rec'd 10/19/2011 C101 reviewed 10/24/2011

B. 1. Check mark, Information is OK on Forms:
 OGRID ☒, BONDING ☒, PROP CODE ☒, WELL # ☒, SIGNATURE ☒
 2. Inactive Well list as of: 10/14/2011 # wells , # Inactive wells

a. District Grant APD but see number of inactive wells:
 No letter required ☒; Sent Letter to Operator , to Santa Fe

B. Additional Bonding as of: 10/24/2011
 a. District Denial because operator needs addition bonding:
 No Letter required ☒; Sent Letter to Operator , To Santa Fe
 b. District Denial because of Inactive well list and Financial Assurance:
 No Letter required ☒; Sent Letter to Operator , To Santa Fe

C. C102 YES ☒, NO , Signature ☒

1. Pool FAIR, Code 38877
 a. Dedicated acreage 40, What Units E
 b. SUR. Location Standard ☒: Non-Standard Location
 c. Well shares acres: Yes , No , # of wells plus this well #
 2. 2nd. Operator in same acreage, Yes , No
 Agreement Letter , Disagreement letter
 3. Intent to Directional Drill Yes , No ☒
 a. Dedicated acreage , What Units
 b. Bottomhole Location Standard , Non-Standard Bottomhole
 4. Downhole Commingle: Yes , No
 a. Pool #2 , Code , Acres
 Pool #3 , Code , Acres
 Pool #4 , Code , Acres

5. POTASH Area Yes , No ☒

D. Blowout Preventer Yes , No ☒

E. H2S Yes , No ☒

F. C144 Pit Registration Yes , No

G. Does APD require Santa Fe Approval:

1. Non-Standard Location: Yes , No , NSL #
 2. Non-Standard Proration: Yes , No , NSP #
 3. Simultaneous Dedication: Yes , No , SD #
 Number of wells Plus #
 4. Injection order Yes , No ; PMX # or WFX #
 5. SWD order Yes , NO ; SWD #
 6. DHC from SF ; DHC-HOB ; Holding

7. OCD Approval Date 10/24/2011

API # 30-015-39563

8. Reviewers TOS

FINANCIAL ASSURANCE
not in place.