

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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

Form C-101
May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT

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

Operator Name and Address FAIRWAY RESOURCES OPERATING, LLC. 538 SILICON DRIVE SUITE 101 SOUTHLAKE, TEXAS 76092		OGRID Number 241598 API Number 30 - 015-35193	
Property Code	Property Name SOUTH RED LAKE II UNIT	Well No. 52	
Proposed Pool 1 Red Lake: QN-GB-SA		Proposed Pool 2	

Surface Location

UL or lot no. E	Section 36	Township 17S	Range 27E	Lot Idn	Feet from the 1780'	North/South line NORTH	Feet from the 875'	East/West line WEST	County EDDY
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Proposed 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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Additional Well Information

Work Type Code N	Well Type Code O	Cable/Rotary ROTARY	Lease Type Code S	Ground Level Elevation 3575'
Multiple NO	Proposed Depth 1800'	Formation GRAYBURG	Contractor UNITED DRILLING	Spud Date WHEN APPROVED
Depth to Groundwater 60' or greater		Distance from nearest fresh water well 2 Mi±		Distance from nearest surface water No surface water known in area
Pit: Liner Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 10M bbls		Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		
Closed-Loop System <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	350' 400'	350 Sx.	Surface
7 7/8"	5 1/2"	15.5#	1800'	400 Sx.	Surface

NOTIFY OCD TO WITNESS
ALL CASING STRINGS

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data. Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. Drill 12 1/4" hole to 350' with fresh water. Run and set 350' of 8 5/8" 24# J-55 ST&C casing. Cement with 350 Sx. of Class "C" cement + 1/2# Flovele/Sx, + 2% CaCl + 4% Gel. Circulate cement to surface.
2. Drill 7 7/8" hole to 1800' with cut brine. Run and set 1800' of 5 1/2" 15.5# J-55 ST&C casing. Cement with 100 Sx. of Class "C" cement + 1/2# Flovele/Sx. + 300 Sx. of Class "H" cement + .8% FL-62 + .2% CD-32 + .2% SMS. Circulate cement to surface.

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 NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

Printed name: Joe T. Janica

Title: Agent

E-mail Address: joejanica@valornet.com

Date: 09/21/06

Phone: 505-391-8503

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARANT

DISTRICT II GEOLOGIST

Approval Date: OCT 20 2006

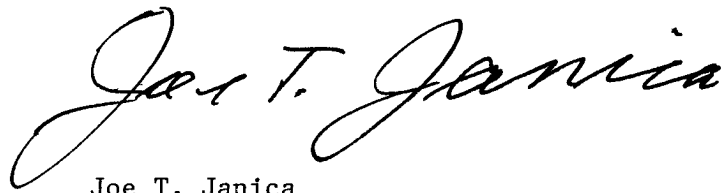
Expiration Date:

OCT 20 2007

Conditions of Approval Attached ☐

09/21/06

I have checked with the Bureau of Land Management and they informed me that there is no known problems with H_2S in this area above the Abo formation.

A handwritten signature in cursive script that reads "Joe T. Janica". The signature is fluid and stylized, with the first and last names being more prominent than the middle initial.

Joe T. Janica

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2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 51300	Pool Name RED LAKE, QUEEN-GRAYBURG-SAN ANDRES
Property Code	Property Name SOUTH RED LAKE II UNIT	Well Number 52
OGRID No. 241598	Operator Name FAIRWAY RESOURCES OPERATING, L.L.C.	Elevation 3575'

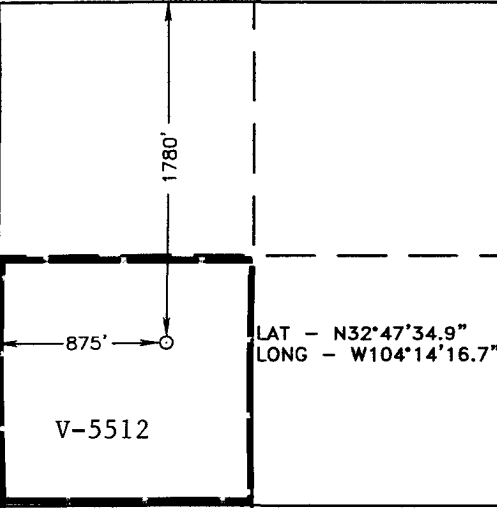
Surface Location

UL or lot No. E	Section 36	Township 17 S	Range 27 E	Lot Idn	Feet from the 1780	North/South line NORTH	Feet from the 875	East/West line WEST	County EDDY
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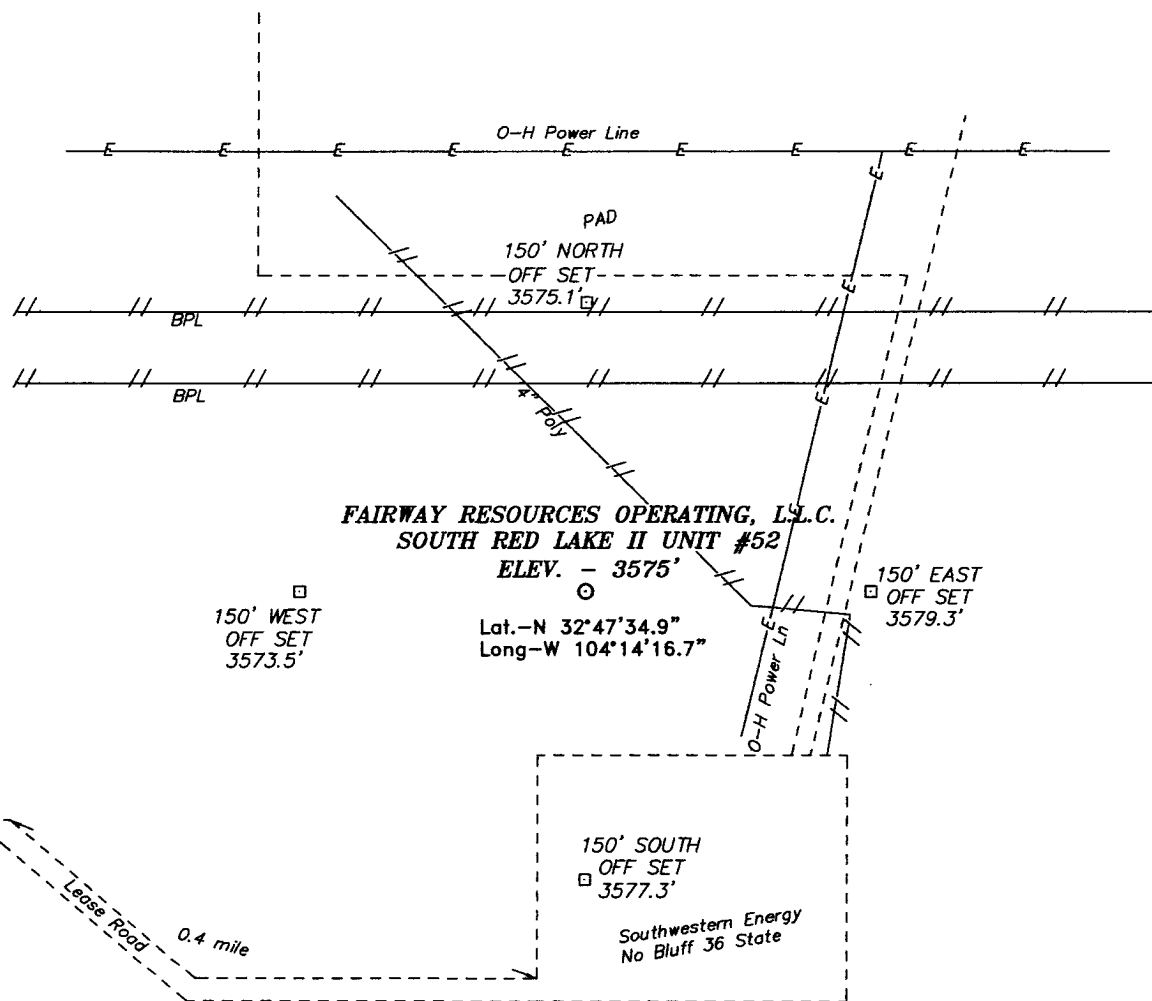
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joe T. Janica</i> Signature Joe T. Janica Printed Name Agent Title 09/21/06 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>AUGUST 18, 2006</p> <p>Date Surveyed Signature of Gary L. Jones Professional Surveyor NEW MEXICO 7977 W.C. No. 7063 Certificate No. Gary L. Jones 7977 PROFESSIONAL LAND SURVEYOR</p>
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**SECTION 36, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



**FAIRWAY RESOURCES OPERATING, L.L.C.
SOUTH RED LAKE II UNIT #52**

ELEV. - 3575'

**Lat.-N 32°47'34.9"
Long-W 104°14'16.7"**

**150' WEST
OFF SET
3573.5'**

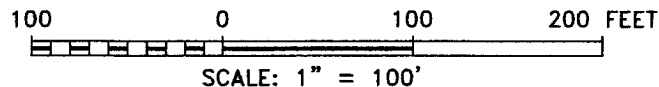
**150' EAST
OFF SET
3579.3'**

**150' SOUTH
OFF SET
3577.3'**

**Southwestern Energy
No Bluff 36 State**

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF US HWY 82 AND CO. RD. 204, GO SOUTHEAST ON CO. RD. 204 FOR 0.3 MILE TO CO. RD. 225; THENCE SOUTHWESTERLY ON CO. RD. 225 FOR 1.0 MILE TO LEASE ROAD; THENCE EASTERLY ON LEASE ROAD FOR 0.5 MILE TO THE SOUTHWEST NO BLUFF LOCATION APPROX 150 FEET SOUTH OF PROPOSED LOCATION.



FAIRWAY RESOURCES OPERATING, L.L.C.

REF: SOUTH RED LAKE II UNIT No. 52 / Well Pad Topo

THE SOUTH RED LAKE II UNIT No. 52 LOCATED 1780' FROM
THE NORTH LINE AND 875' FROM THE WEST LINE OF
SECTION 36, TOWNSHIP 17 SOUTH, RANGE 27 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 7063

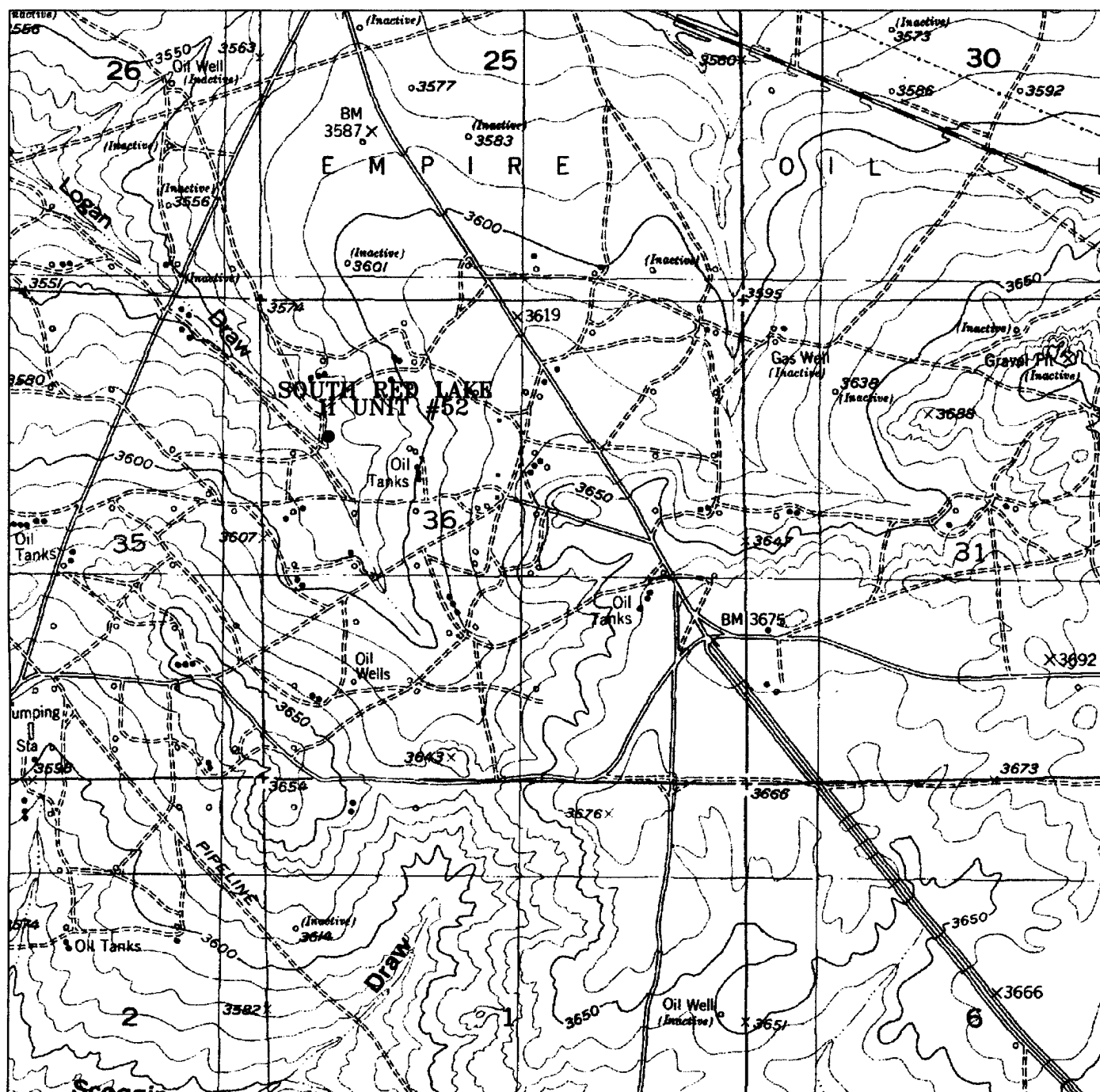
Drawn By: K. GOAD

Date: 08-24-2006

Disk: KJG CD#7 - 7063A.DWG

Survey Date: 08-18-2006

Sheet 1 of 1 Sheets



SOUTH RED LAKE II UNIT #52

Located at 1780' FNL and 875' FWL

Section 36, Township 17 South, Range 27 East,
N.M.P.M., Eddy County, New Mexico.

**basin
surveys**

focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

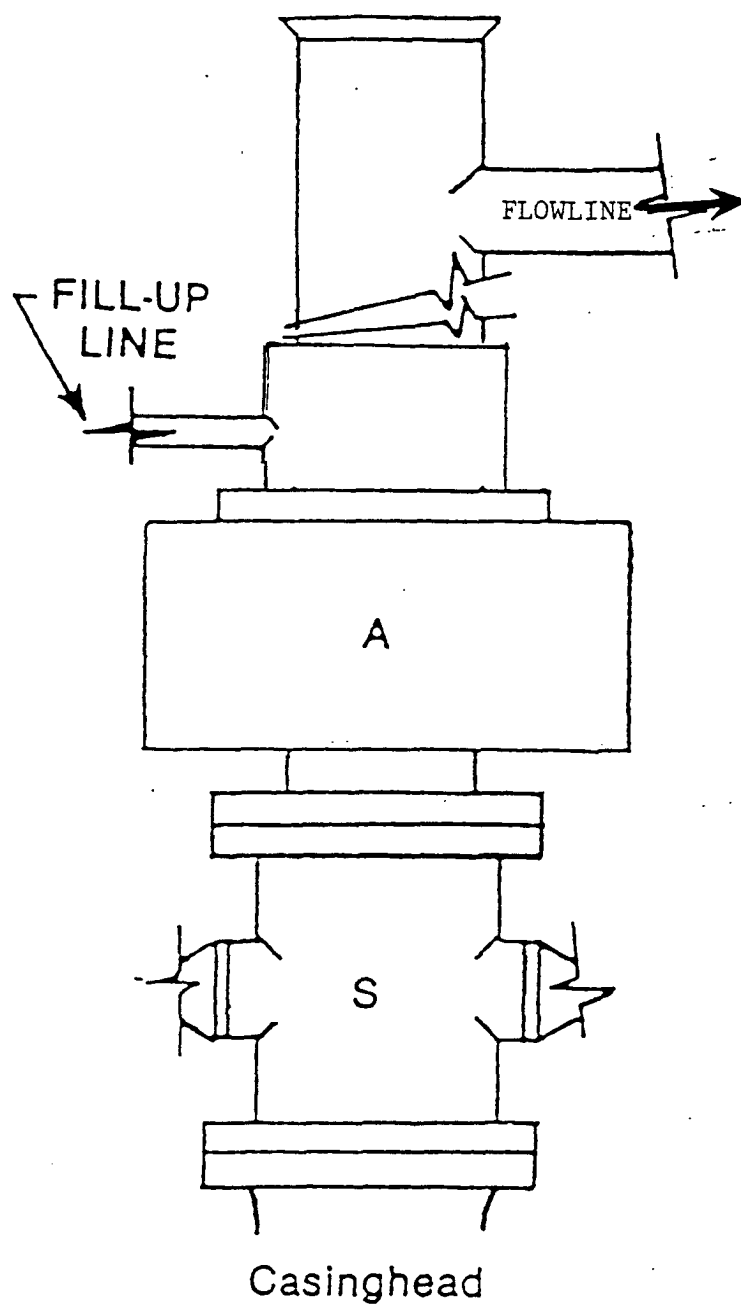
W.O. Number: 7063AA - KJG #7

Survey Date: 08-18-2006

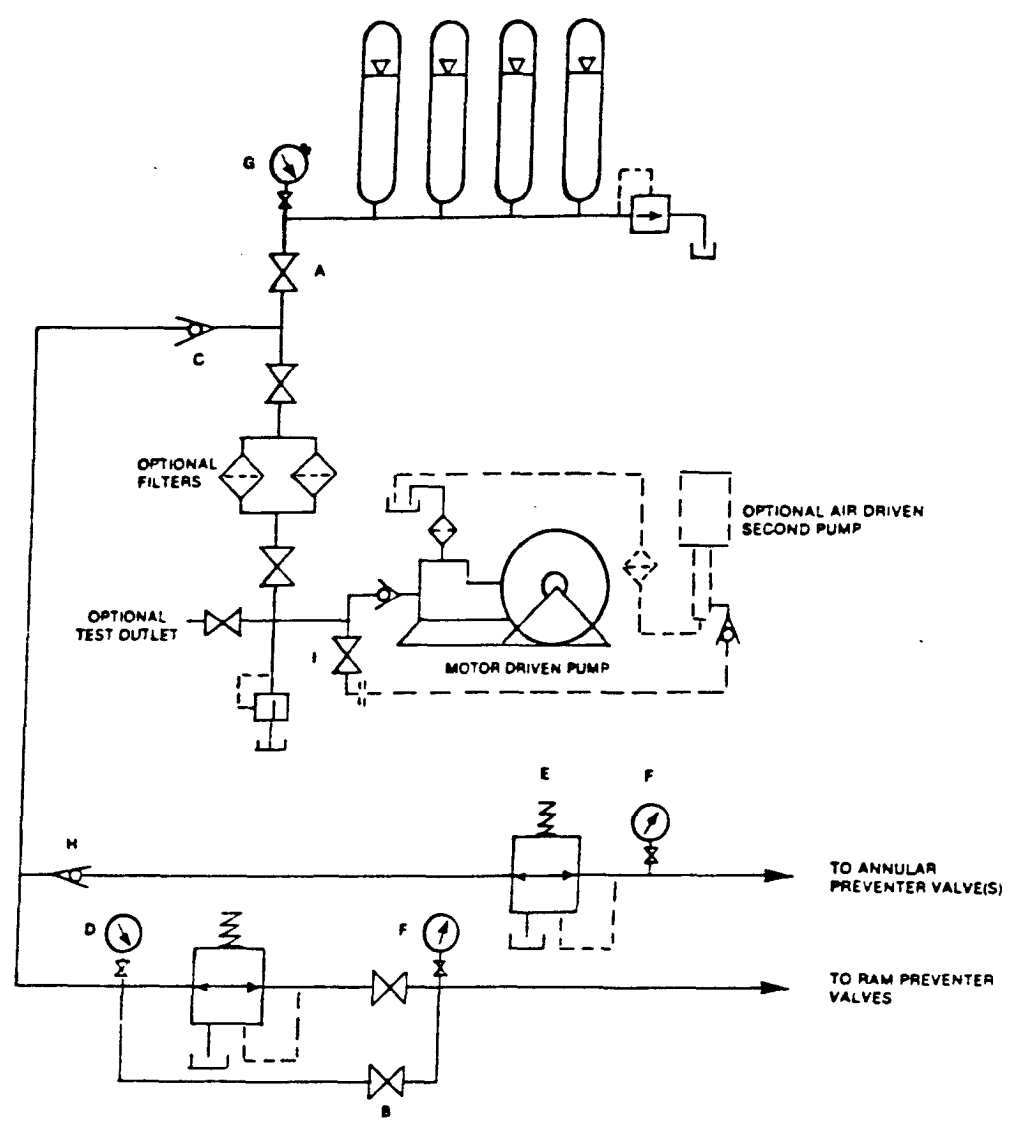
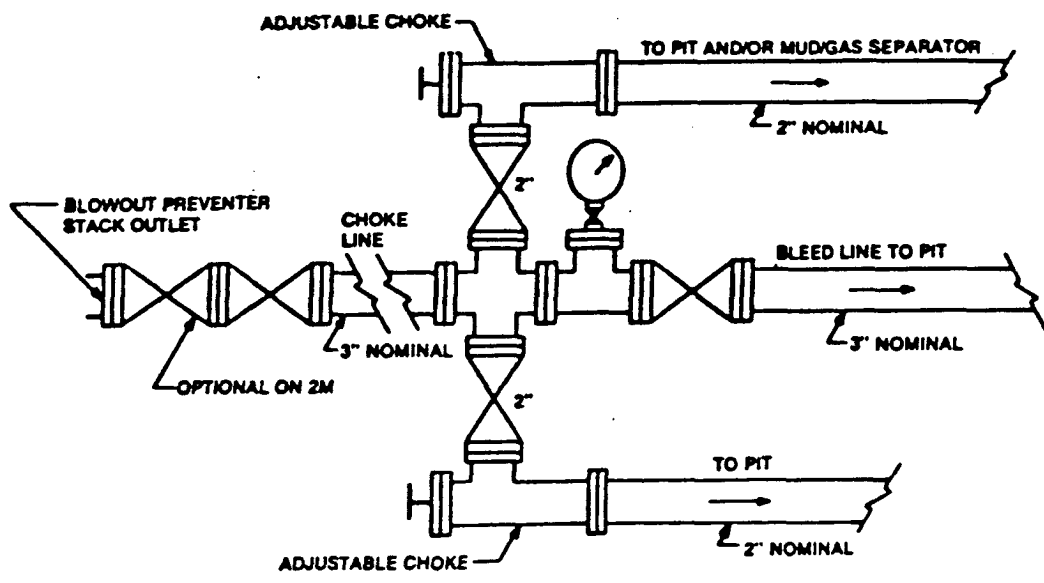
Scale: 1" = 2000'

Date: 08-24-2006

**FAIRWAY RESOURCES
OPERATING, L.L.C.**



RECOMMENDED IADC CLASS 2 B.O.P. STACK
2000 PSI WORKING PRESSURE



OCT-19-2006 07:38 PM

P. 02

10/19/2006 14:58 FAX 8174161949

UCT-09-2006 09:06 FROM: SOUTHWESTERN ENERGY 2816184739
10/02/2006 12:42 FAX 8174161949

TO: 8174161949

P. 2/2



334 Silvers Drive, Suite 101
Southlake, Texas 76092
(817) 416-1946 (817) 416-1949 fax

October 5, 2006

Southwestern Energy Production Company
2350 North Sam Houston Parkway East, Suite 300
Houston, Texas 77032

Re: South Red Lake II Unit #52
SW/4 NW/4 Section 36-T17S-R27E (Unit E)
Eddy County, New Mexico

Gentlemen:

Fairway Resources Operating, LLC is preparing to drill the above referenced well to a TD of 1,800' and complete in the Grayburg formation at approximately 1,325' to 1,670'. This interval is within the Red Lake Queen/Grayburg/San Andres pool as defined by the State of New Mexico.

Southwestern currently has one well completed in the pool within the production unit proposed for this well. However, pursuant to that certain Assignment dated April 27, 2005 Southwestern has no rights to the Grayburg formation.

Therefore, we hereby request that Southwestern grant a waiver of objection to the drilling and completion of the well in the Grayburg formation. Enclosed for your information is the well location and acreage dedication plat prepared for the well.

Please sign in the space provided below, return a copy to the undersigned via fax at 817-416-1949 and return the original to my attention at the letterhead address. Thank you for your assistance in this matter.

Sincerely,

Joe E. Small
Vice President of Land

☒ We hereby waive any objections as stated above.

Southwestern Energy Production Company
By: Charles A. Cornish
Name: Charles A. Cornish
Title: Senior Landman
Date: 10-9-06

OCT-06-2006 11:45AM FAX: 8174161949

ID: SOUTHWESTERN ENERGY

PAGE: 002 R: 04*