

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMLC070315	
2. Name of Operator FASKEN OIL AND RANCH, LTD.		6. If Indian, Allottee or Tribe Name	
3a. Address 6101 HOLIDAY HILL ROAD MIDLAND, TX 79707		7. If Unit or CA/Agreement, Name and/or No.	
3b. Phone No. (include area code) Ph: 432-687-1777		8. Well Name and No. PALOMA "21" FEDERAL 3H	
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 21 T20S R34E 350FNL 2200FEL		9. API Well No. 30-025-41995	
		10. Field and Pool or Exploratory LEA; BONE SPRING, SOUTH	
		11. County or Parish, and State LEA COUNTY, NM	

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Fasken Oil and Ranch, Ltd. requests approval to Surface Commingle production on the following wells at a common central tank battery located on the Paloma 21 Federal Com No. 3H well location.

Paloma 21 Federal Com No. 1H, Lease No. NMLC 070315, Section 21, T20S, R34E, API No. 30-025-41993.
Paloma 21 Federal Com No. 2H, Lease No. NMLC 070315, Section 21, T20S, R34E, API No. 30-025-41994
Paloma 21 Federal Com No. 3H, Lease No. NMLC 070315, Section 21, T20S, R34E, API No. 30-025-41995
Paloma 21 Federal Com No. 4H, Lease No. NMLC 070315, Section 21, T20S, R34E, API No. 30-025-41947

Paloma 21 Federal Nos. 1H, 2H, and 4H will require surface commingling and off lease measurement, storage and sales of oil and gas. Paloma 21 Federal No. 3H will require surface commingling with the other wells. See attached information, facility diagrams and map.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Electronic Submission #294904 verified by the BLM Well Information System For FASKEN OIL AND RANCH, LTD., sent to the Hobbs Committed to AFMSS for processing by LINDA JIMENEZ on 03/31/2015 ()	
Name (Printed/Typed) KIM TYSON	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 03/13/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>J. D. W. Little</u>	Title <u>LPE7</u>	Date <u>7/29/15</u>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office <u>CFO</u>	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ******AUG 12 2015**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.
NMLC070315

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

FASKEN OIL AND RANCH, LTD.

Contact: KIM TYSON

E-Mail: kimt@forl.com

8. Well Name and No.

PALOMA "21" FEDERAL 3H

9. API Well No.

30-025-41995

3a. Address

6101 HOLIDAY HILL ROAD
MIDLAND, TX 79707

3b. Phone No. (include area code)

Ph: 432-687-1777

10. Field and Pool, or Exploratory

LEA; BONE SPRING, SOUTH

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 21 T20S R34E 350FNL 2200FEL

11. County or Parish, and State

LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Attached are the 2 pages of updated data showing the meter numbers for the surface commingling application filed by Fasken Oil and Ranch, Ltd. on January 26, 2015. Fasken anticipates the surface commingling will begin in June 2015. If you have any further questions concerning this application please let me know.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #294907 verified by the BLM Well Information System
For FASKEN OIL AND RANCH, LTD., sent to the Hobbs
Committed to AFMSS for processing by LINDA JIMENEZ on 03/31/2015 (*)

Name (Printed/Typed) KIM TYSON

Title REGULATORY ANALYST

Signature

(Electronic Submission)

Date 03/13/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

LDET

Date

7/29/15

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Paloma 21 Fed Com 1H, 2H, 3H, and 4H NMLC070315, CA#s NM134768, NM134674, NM134773

**Fasken Oil and Ranch, LTD
July 29, 2015**

Condition of Approval

Commingling of lease production, variance to use Coriolis meter for oil measurement

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.
11. Variance to Onshore Order #4 oil measurement to use Coriolis meters is approved with this approval.

APPLICATION FOR CENTRAL TANK BATTERY & COMMINGLING

Proposal for Paloma 21 Fed Com No. 1H, Paloma 21 Fed Com No. 2H, Paloma 21 Fed Com No. 3H & Paloma 21 Fed Com No. 4H:

Fasken Oil and Ranch, Ltd is requesting approval for the Central Tank Battery, Commingling:

Federal Lease NMLC-070315 CANM134768

Well Name	Location	API #	Pool 37850	BOPD	Gravities	MCFPD	BTU
Paloma 21 Federal Com. 1H Sec21,NWNW,T20SR34E	3002541993	Lea; Bone Spring, South	500*	45.0*	500*	1460*	

Federal Lease NMLC-070315 CA *

Well Name	Location	API #	Pool 37850	BOPD	Gravities	MCFPD	BTU
Paloma 21 Federal Com. 2H Sec21,NENW,T20SR34E	3002541994	Lea; Bone Spring, South	500*	45.0*	500*	1460*	

Federal Lease NMLC-070315 CANM134674

Well Name	Location	API #	Pool 37850	BOPD	Gravities	MCFPD	BTU
Paloma 21 Federal Com. 3H Sec21,NWNE,T20SR34E	3002541995	Lea; Bone Spring, South	500*	45.0*	500*	1460*	

Federal Lease NMLC-070315 CANM134773

Well Name	Location	API #	Pool 37850	BOPD	Gravities	MCFPD	BTU
Paloma 21 Federal Com. 4H Sec21,NENE,T20SR34E		3002541947	Lea; Bone Spring, South	500*	45.0*	500*	1460*

*Indicates estimated oil and gas volumes and Gravity and BTU. A Sundry Notice will be filed once the wells are completed and these values are known.

Exhibit A map shows the federal lease and well locations in Section 21, and the fee leases in Section 28, all in T20S, R34E.

Oil & Gas Metering:

The Paloma 21 Fed Com. No. 3H has a tank battery that all four wells will utilize and they have a common CDP meter #T142581459 which is located on the southwest side of the facility at the Paloma 21 Fed Com. No. 3H. Oil, gas and water volumes from each well producing to this battery will be determined by using a 3phase separator, and heater treater for each well. Oil will be measured daily on each well with individual Coriolis Micro Motion meters. Water production will be measured on a daily basis based on turbine meter readings. The Coriolis Micro Motion meters will be proven, as per API, NMOC, and BLM specifications, when installed and quarterly thereafter, the factor obtained will be used to allocate the test volume. Gas production will be allocated on a daily basis based on the subtraction method from electronic flow meters #T140111896, #T140111898, #T140111888 and #T140111900. These meters will be calibrated on a regular basis per API, NMOC and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

The BLM's interest in all 4 wells is 12.5% under Federal Lease LC 070315. Each well is set up under a specific Communitization Agreement as shown below.

CA NM134768 for No. 1H involves 160 acres of Federal Lease LC 070315 or 66.666667% of the CA.
 CA * for No. 2H involves 160 acres of Federal Lease LC 070315 or 66.666667% of the CA.
 CA NM134674 for No. 3H involves 160 acres of Federal Lease LC 070315 or 66.666667% of the CA.
 CA NM134773 for No. 4H involves 160 acres of Federal Lease LC 070315 or 80.000000% of the CA.

Process and Flow Descriptions:

The flow of produced fluids is shown in detail on Exhibit B along with a description of each vessel. The comingling of production is in the interest of conservation and waste and will result in the most effective, economic means of producing the reserves in place from the affected wells and will not result in reduced royalty or improper measurement of production. The proposed comingling will reduce the surface facility footprint and overall emissions.

Fasken Oil and Ranch, Ltd. understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

A central tank battery is located at the Paloma 21 Federal Com 3H location of Sec. 21 NWNE, T20S, R34E on federal lease NMLC070315 in Lea County, New Mexico. The production from each well will come in to the facility from individual flowlines on the South edge of the location.

Paloma 21 Federal Com. 1H

Oil, water and gas will flow into a 3 phase horizontal separator which will separate oil, water and gas. Water will be dumped and measured by turbine meter into produced water tanks. Oil will be dumped into a horizontal heater treater for addition separation and heat treatment. Water will be dumped and measured by turbine meter into produced water tanks. Gas will be measured with electric flow meter # T140111896 then by CDP electric flow meter # T142581459. Oil will be dumped then measured by Coriolis Micro Motion meter #14466171. The oil will leave the heater treater and enter the oil stabilizer before entering the oil tanks. A vapor recovery unit (VRU) compressor will compress the flash gas off the oil stabilizer and send the gas back through CDP electric flow meter # T142581459.

Paloma 21 Federal Com. 2H

Oil, water and gas will flow into a 3 phase horizontal separator which will separate oil, water and gas. Water will be dumped and measured by turbine meter into produced water tanks. Oil will be dumped into a horizontal heater treater for addition separation and heat treatment. Water will be dumped and measured by turbine meter into produced water tanks. Gas will be measured with electric flow meter # T140111898 then by CDP electric flow meter # T142581459. Oil will be dumped then measured by Coriolis Micro Motion meter #14466424. The oil will leave the heater treater and enter the oil stabilizer before entering the oil tanks. A vapor recovery unit (VRU) compressor will compress the flash gas off the oil stabilizer and send the gas back through CDP electric flow meter # T142581459.

Paloma 21 Federal Com. 3H

Oil, water and gas will flow into a 3 phase horizontal separator which will separate oil, water and gas. Water will be dumped and measured by turbine meter into produced water tanks. Oil will be dumped into a horizontal heater treater for addition separation and heat treatment. Water will be dumped and measured by turbine meter into produced water tanks. Gas will be measured with electric flow meter #T140111888 then by CDP electric flow meter # T142581459. Oil will be dumped then measured by Coriolis Micro Motion meter #14466195. The oil will leave the heater treater and enter the oil stabilizer before entering the oil tanks. A vapor recovery unit (VRU) compressor will compress the flash gas off the oil stabilizer and send the gas back through CDP electric flow meter # T142581459.

Paloma 21 Federal Com. 4H

Oil, water and gas will flow into a 3 phase horizontal separator which will separate oil, water and gas. Water will be dumped and measured by turbine meter into produced water tanks. Oil will be dumped into a horizontal heater treater for addition separation and heat treatment. Water will be dumped and measured by turbine meter into produced water tanks. Gas will be measured with electric flow meter # T140111900 then by CDP electric flow meter # T142581459. Oil will be dumped then measured by Coriolis Micro Motion meter #14466434. The oil will leave the heater treater and enter the oil stabilizer before entering the oil tanks. A vapor recovery unit (VRU) compressor will compress the flash gas off the oil stabilizer and send the gas back through CDP electric flow meter # T142581459.

Gas recovered through the VRU will be allocated back to each well based on monthly well test data.

Working, royalty, and overriding interest owners have been notified of this proposal via certified mail (see attached).

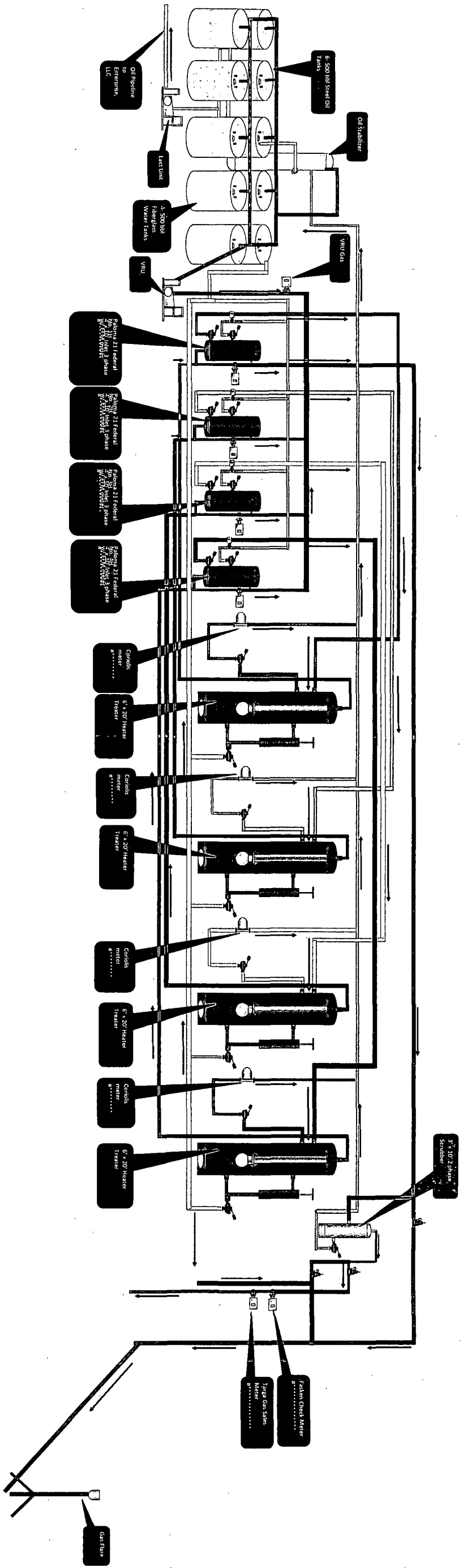
Signed: _____

Printed Name: Jimmy D. Carlile

Title: HSE and Regulatory Supervisor

Date: _____

7/22/2015



CRUDE OIL

Well # 1 = 500 bopd, 46.0 gravity (500 bopd x 46.0 gravity = 23000)

Well # 2 = 500 bopd, 46.0 gravity (500 bopd x 46.0 gravity = 23000)

Well # 3 = 500 bopd, 46.0 gravity (500 bopd x 46.0 gravity = 23000)

Well # 4 = 500 bopd, 46.0 gravity (500 bopd x 46.0 gravity = 23000)

2000

23000
23000
23000
+23000
92000

(2300 x 4 = 92000)

(92000 / ²⁰⁰⁰23000 = 46)

Weighted Gravity of Oil = 46

CASINGHEAD GAS

Well # 1 = 500 mcfpd, 1460 Btu (500 mcfpd x 1460 Btu = 730000)

Well # 2 = 500 mcfpd, 1460 Btu (500 mcfpd x 1460 Btu = 730000)

Well # 3 = 500 mcfpd, 1460 Btu (500 mcfpd x 1460 Btu = 730000)

Well # 4 = 500 mcfpd, 1460 Btu (500 mcfpd x 1460 Btu = 730000)

(2920000 / 2000 = 1460)

Btu = 1460

017

016

015

MNM 0990

NMNM 0006

MARAT ON ROAD B3OB FED

NMLC 00295 2A

NMNM 013276

020

NMNM 0132 6

NMLC 00637 3

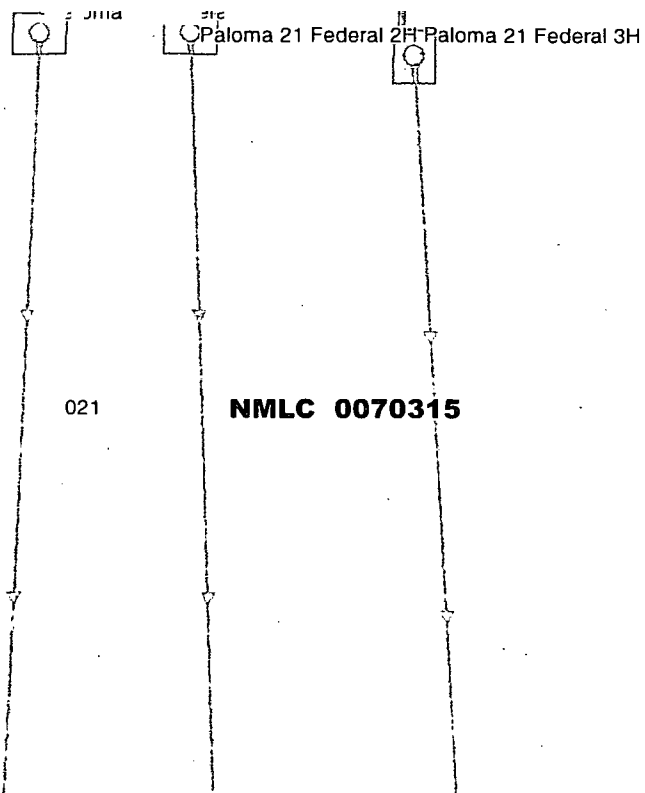
MNM 00392

NMNM 1283 7

NMNM 128367

029

MNM 1089



021

NMLC 0070315

028

NMNM 0039256

MNM 12466

N NM 124662

N NM 124662 MLC 006419

MNM 12466

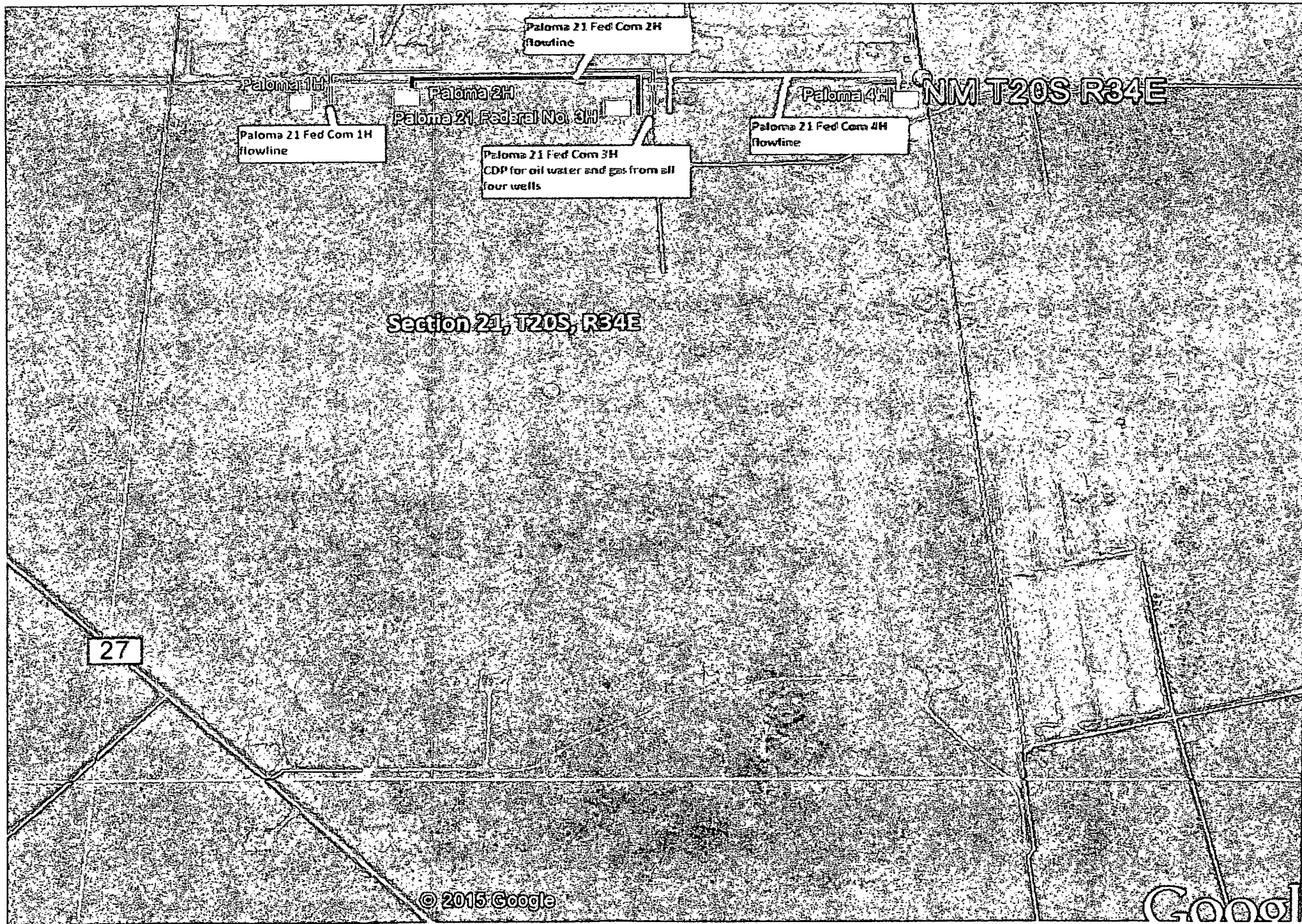
MNM 12466

NMLC 0061

NMNM 0000082

027

NMNM 0000897



DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page

Run Time: 02:33 PM
Page 1 of 3

Run Date: 01/07/2015

01 02-25-1920;041STAT0437;30USC226

Total Acres

Serial Number

Case Type 311111: O&G LSE NONCOMP PUB LAND

640.000

NMLC-- 0 070315

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Serial Number: NMLC-- 0 070315

Name & Address	Int Rel	% Interest
CATOILAN CORP	MIDLAND TX 79702	OPERATING RIGHTS 0.00000000
CTV OG NM LLC	FORT WORTH TX 761023131	LESSEE 25.00000000
FASKEN LAND & MINERALS LTD	MIDLAND TX 79707	OPERATING RIGHTS 0.00000000
KEYSTONE OG NM LLC	FORT WORTH TX 76102	LESSEE 18.75000000
LMBI OG NM LLC	FORT WORTH TX 761023131	LESSEE 18.75000000
RCJ ENTERPRISES	HOBBS NM 882415055	OPERATING RIGHTS 0.00000000
SRBI OG NM LLC	FORT WORTH TX 76102	LESSEE 18.75000000
THRU LINE OG NM LLC	FORT WORTH TX 76102	LESSEE 18.75000000

Serial Number: NMLC-- 0 070315

Mer Twp	Rng	Sec	S Typ	S Nr	Subdivision	District/Field Office	County	Mgmt Agency
23	02005	0340E	021	ALL	ENTIRE SECTION	CARLSBAD FIELD OFFICE	1EA	BUREAU OF LAND MGMT

Serial Number: NMLC-- 0 070315

Act Date	Code	Action	Action Remark	Pending Office
03/16/1949	324	APLN RECD		
08/01/1949	337	LEASE ISSUED		
08/01/1949	496	FUND CODE	05:145003	
08/01/1949	530	RLTY RATE - 12 1/2%		
08/01/1949	868	EFFECTIVE DATE		
08/23/1954	235	EXTENDED	THRU 07/31/59;	
05/13/1957	500	GEOGRAPHIC NAME	UNDEFINED FLD;	
05/13/1957	510	KMA CLASSIFIED		
05/13/1957	650	HELD BY PROD - ACTUAL		
05/13/1957	658	MEMO OF 1ST PROD-ACTUAL		
07/01/1957	102	NOTICE SENT-PROD STATUS		
03/05/1970	817	MERGER RECOGNIZED	RICHARDSON OILS/BASS	
03/05/1970	940	NAME CHANGE RECOGNIZED	RICHARDSON OIL/BASS	
08/20/1979	500	GEOGRAPHIC NAME	LYNCH FLD;	
08/20/1979	512	KMA EXPANDED		
07/20/1984	817	MERGER RECOGNIZED	BASS ENTPR/BASS BROS	
07/03/1985	940	NAME CHANGE RECOGNIZED	BASS BROS/BASS ENTPR	
07/30/1986	140	ASGN FILED	BASS ENTPR/SID R BASS	
08/08/1986	140	ASGN FILED	PERRY R BASS/BASS INC	
10/31/1986	139	ASGN APPROVED	EFF 08/01/86;	
10/31/1986	139	ASGN APPROVED	EFF 09/01/86;	
02/19/1987	932	TRF OPER RGTS FILED		
06/04/1987	932	TRF OPER RGTS FILED		
06/22/1987	933	TRF OPER RGTS APPROVED	EFF 03/01/87;	
06/22/1987	933	TRF OPER RGTS APPROVED	EFF 07/01/87;	
06/30/1987	974	AUTOMATED RECORD VERIF	MAR/JA	
08/01/1987	963	CASE MICROFILMED	CNUM 100,978	
12/14/1988	932	TRF OPER RGTS FILED		
01/27/1989	933	TRF OPER RGTS APPROVED	EFF 01/01/89;	
01/27/1989	974	AUTOMATED RECORD VERIF	MT/DO	
10/26/1989	909	BOND ACCEPTED	EFF 10/26/89;NM1664	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM



6101 Holiday Hill Road
Midland, TX 79707

(432) 687-1777
jimmyc@forl.com

Jimmy D. Carlile
HSE and Regulatory Supervisor

January 15, 2015

Certified Mail
Return Receipt Requested

Re: Surface Commingling
Paloma 21 Fed Com No. 1H
Paloma 21 Fed Com No. 2H
Paloma 21 Fed Com No. 3H
Paloma 21 Fed Com No. 4H
Section 21 and N/2 Section 28, T20S, R34E
Lea County, New Mexico

Ladies and Gentlemen:

This is to advise you that Fasken Oil and Ranch, Ltd., is filing an application with the Bureau of Land Management (BLM) and the New Mexico Oil Conservation Division (NMOCD) seeking approval for a Central Tank Battery and Off-Lease Measurement, Sales and Storage for the above mentioned wells.

A copy of the application submitted to the BLM and NMOCD is attached. Each well will be separately metered using Coriolis meters which will insure accurate metering of production for each well.

Any objections or requests that a hearing should be held regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe office within 20 days from the date of this letter.

Please contact me at the letterhead number or email address should you have any questions or need further information regarding this application.

Yours truly,

A handwritten signature in cursive script, reading 'Jimmy D. Carlile'.

Jimmy Carlile
HSE and Regulatory Supervisor

Fasken Oil and Ranch, Ltd.
Surface Commingle Application for Paloma "21" Federal Com No. 1H,
2H, 3H, & 4H
List of Notified Parties

Crown Oil Partners V, LP
Crump Energy Partners II, LLC
P.O. Box 50820
Midland, TX 79710
Attn: Brian Hall

Featherstone Development Corp.
Prospector LLC
Big Three Energy Group LLC
P.O. Box 429
Roswell, NM 88202
Attn: Olen Featherstone, III

Ross Duncan Properties LLC
P.O. Box 647
Artesia, NM 88211-0647

Brian C. & Katherine A. Reid
2502 Camarie
Midland, TX 79705

Roy G. Barton, Jr.
Roy G. Barton, Trustee of
Roy G. Barton Sr. and Opal Barton Trust
1919 N. Turner Street
Hobbs, NM 88241

MRC Permian
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

The Blanco Company
P.O. Box 25968
Albuquerque, NM 87125

Eve Levich Bistrin, Trustee of the Eve
Levich Bistrin Trust
c/o Anita Bistrin
2665 Lode St.
Santa Cruz, CA 95062

Henry Thomas Frazor
3610 Colosseum Way
Grand Prairie, TX 75052

Roy B. Frazor aka Bennie Frazor
424 Honolulu Road,
Dexter, NM 88230

Alta Jean Youngblood
424 Honolulu Road
Dexter, NM 88230

Elizabeth Ann Johnson
6800 Cordova Circle
Las Cruces, NM 88007

Rebecca Lynn Reese
6522 San Blas Place
Albuquerque, NM 87120

Angela Marie Reese
230 Bicentennial Way
Santa Rosa, CA 95403

Laurie Juanita Scott
7219 Dancing Eagle Avenue
Albuquerque, NM 87113

E. L. Latham Company
P.O. Box 1392
Hobbs, NM 88240

Mary Ann Rosenberg Weems
Linda Jena Rosenberg
9317 Ironshore NE
Albuquerque, NM 87111-6435

Williamson Enterprises
P.O. Box 32570
Santa Fe, NM 87594-2570

Donald R. Graham
1500 Ventura Ave.
Midland, TX 79705

Linda Johnson
P.O. Box 3145
McAlester, OK 74501

Margaret Ruth Wilson
1228 Fearnow Avenue
Pueblo, CO 81001

Brenda Jean Gill Sherrill,
Trustee of the William Wayne Gill Family
Trust
Trustee of the William Wayne Gill Survivor
Trust
9804 Uxbridge Avenue
Lubbock, TX 79424

Jason Elkan
7811 E. Rovey Ave.
Scottsdale, AZ 85250

Edward Armstrong Elkan III
P.O. Box 67315
Albuquerque, NM 87114

Clara Irene Elkan Vucetic
7503 Bay Laurel Court
Dublin, CA 94568

Norma J. Chanley
P.O. Box 728
Hobbs, NM 88240

Wells Fargo Bank, N.A.
Agent for Desert Waterfall LLC
Oil, Gas & Mineral Management
P.O. Box 1959
Midland, TX 79702-1959

Wells Fargo Bank, N.A.
Trustee of the Alston Elkan Trust
Oil, Gas & Mineral Management
P.O. Box 1959
Midland, TX 79702-1959

Wells Fargo Bank, N.A.
Trustee of the Adriana Elkan Trust
Oil, Gas & Mineral Management
P.O. Box 1959
Midland, TX 79702-1959

Blind Side, LLC
P.O. Box 429
Roswell, NM 88202

Panhandle Properties, LLC
P.O. Box 647
Artesia, NM 88211

Watts Properties, LLC
P.O. Box 2367
Roswell, NM 88202

Harold Alston Elkan and
Nancy Hastings Elkan
3731 Shade Tree Terrace
Portage, MI 49024-1036

Robert P. Byron and Jeannine Hooper Byron
Trustees of the Robert and Jeannine Byron
Revocable Trust
u/t/a dated June 18, 2003
P.O. Box 1562
Roswell, NM 88202-1562

David J. Sorenson
P.O. Box 1453
Roswell, NM 88202-1453

Christine Ann Elkan
20361 Presley Grove Drive
Porter, TX 77365

Wilma Donohue Moleen Foundation
c/o J. P. Morgan Chase Bank, N.A., Trustee
P.O. Box 2605
Fort Worth, TX 76113
Attn: Buffie Campbell

La Palma Associates, LLC
c/o Crystal Van Lom, DVM.
Amici Pet Hospital of Little Italy
2135 Columbia St.
San Diego, CA 92101

LOSB Inc.
C/O Ken Cambern, President
1900 Evergreen
Pampa, TX 79065

John Thomas
P.O. Box 6881
San Antonio, Texas 78209

Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☐ PC ☒ OLS ☒ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kim Tyson

Print or Type Name

Kim Tyson
 Signature

Regulatory Analyst

Title

1-15-2015

Date

kimt@forl.com

e-mail Address

District I
1625 N. French Drive, 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 Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Fasken Oil and Ranch, Ltd.
OPERATOR ADDRESS: 6101 Holiday Hill Road, Midland, TX 79707

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☒ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No.

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. Lea; Bone Spring, South 37580
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☒ Yes ☐ No
(2) Include proof of notice to all interest owners. See attached certified receipts.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Kim Tyson TITLE: Regulatory Analyst DATE: 1-15-2015
TYPE OR PRINT NAME Kim Tyson TELEPHONE NO.: 432-687-1777
E-MAIL ADDRESS: kimt@forl.com