

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-Quantified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

2004 OCT 18 PM 1 46

- [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.

Print or Type Name

Signature

KELLAHIN & KELLAHIN
Attorneys At Law
P.O. Box 2265
Santa Fe, NM 87504-2265

Date

10/18/04

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

October 18, 2004

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Administrative Application of Fasken Oil and Ranch, Ltd.
for approval of a unorthodox oil well location for its
Lake Shore "10" Federal Well No. 5, Unit G
API # 30-015-33234
1500 feet FNL and 1980 feet FEL
SW/4NE/4 40-acre dedication, Section 10
T21S, R26E, Eddy County, New Mexico
Recompletion from Avalon-Upper Penn Gas Pool to
East Catclaw Draw-Delaware Pool,

2004 OCT 18 PM 1 46

Dear Ms. Fesmire:

On behalf of Fasken Oil and Ranch, Ltd, please find enclosed our referenced administrative application that is being filed in accordance with Division Rule 104.D(2)(b). This location is 180 feet rather than 330 feet from NW/4NE/4 this section.

Very truly yours,

W. Thomas Kellahin

cc: Fasken Oil and Ranch, Ltd.
Attn: Jimmy D. Carlile

**ENERGY, MINERALS AND NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF FASKEN OIL & RANCH, LTD. FOR
APPROVAL OF AN UNORTHODOX OIL WELL LOCATION
EDDY COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now FASKEN OIL AND RANCH, LTD. ("Fasken") and by and through its attorneys, Kellahin & Kellahin, and in accordance with Division General Rule 104.F, applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox oil well location for its Lake Shore "10" Federal Well No. 5, an existing Upper Penn gas well located 1500 feet FNL and 1980 feet FEL (Unit G) of Section 10, T21S, R26E, Eddy County New Mexico to be recompleted to the East Catclaw Draw-Delaware Pool and if successful dedicated to a standard 40-acre oil spacing unit consisting of the SW/4NE/4 of this section.

In support, Fasken states:

1. Fasken is the operator of the Lake Shore "10" Federal Well No. 5 that was spud on March 3, 2004, drilled to the Morrow formation that tested non-commercial and completed in the Avalon-Upper Penn Gas Pool (pool code 71000) with first production on May 20, 2004 but now is substantially depleted. See completion report attached as Exhibit "1"

2. The well is located 1500 feet FNL and 1980 feet FEL (Unit G) Section 10, T21S, R26E, at a standard gas well location for the Morrow formation, dedication to the E/2 of this section subject to the Avalon-Upper Penn Gas Pool. **See Form C-102 attached as Exhibit "2"**

3. Fasken now desires approval to recomplate and produce this well at an unorthodox oil well location for any Delaware oil production.
4. This well, if successfully recompleted to the Delaware formation, will be 180 feet from the north boundary of is spacing unit instead of 330 feet as required by Division Rule 104.

TECHNICAL EVIDENCE

5. The original proposed location for this well would have been at a standard well location for both oil or gas, 1980 feet FNL and 1980 feet FEL of this section with the Morrow formation being the primary objective.
6. Because of topographical reasons, the BLM required that the location be moved and was drilled 1500 feet FNL and 1980 feet FEL of this section. **See topographical maps attached as Exhibits "3" and "4"**
7. To now drill a new Delaware oil well is estimated to cost \$550,000 while the existing well can be re-completed for an estimated \$125,000.
8. The geological evidence demonstrates that the Delaware well map (**See Exhibit "5"**) shows that only a few wells in the area produce from the Delaware interval with the cross-section (**See Exhibit "6"**) demonstrating that the subject well is located between two very poor Delaware wells. The Lake Shore "10" Federal Well No. 5 displays two high porosity sands that are not presented in the offsetting wells.
9. Before plugging the well, Fasken would like to test the Delaware formation.

NOTIFICATION

11. All of the working interest ownership of the E/2 of Section 10 is held by Fasken and Devon Energy Corporation and was consolidated pursuant to a Joint Operating Agreement with Fasken as the operator.

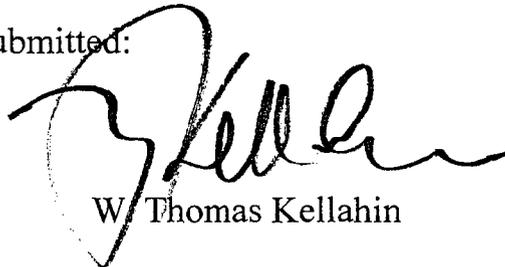
12. The subject spacing unit (Unit G) and the encroached upon spacing unit (Unit B) are both held by Fasken with the royalty and overriding royalty being identical. Federal Oil & Gas Lease NM 3160-3.

13. Because all categories of owners are identical between Unit G and Unit B, no notification of this application to the owners is required in this case. See Division Rule 104.

14. Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the oil in the Delaware formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approved by the Division.

Respectfully Submitted:



W. Thomas Kellahin

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1301 W. Grand Avenue
ARIESA, NM 88210

FOR APPROVED
OMB NO. 1004-0137
Expires: December 31, 1991

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

2. TYPE OF COMPLETION: NEW WELL WORK OVER REPAIR PLUG BACK DIFF. SKIN. Other _____

3. NAME OF OPERATOR
Fasken Oil and Ranch, Ltd.

4. ADDRESS AND TELEPHONE NO.
303 W. Wall, Suite 1800, Midland, TX 79701 (432) 687-1777

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface
1500' FNL, 1980' FEL
At top prod. interval reported below
At total depth

6. PERMIT NO. _____ DATE ISSUED JUN 09 2004

7. DATE SPUDDED 3/3/2004 18. ELEVATIONS (OF. RKB, RT, OR, ETC.)^o 3190' GR

8. DATE T.D. REACHED 4/3/2004 19. ELEV. CASINGHEAD _____

9. DATE COMPL. (Ready to prod.) 5/20/2004 20. TOTAL DEPTH, MD & TVD 11075'

10. PLUG, BACK T.D., MD & TVD 10900'

11. IF MULTIPLE COMPL., HOW MANY? _____ 23. INTERVALS DRILLED BY _____

12. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)^o 9280' - 9328' Upper Penn

13. TYPE ELECTRIC AND OTHER LOGS RUN _____ 25. WAS DIRECTIONAL SURVEY MADE No

14. TYPE WELL CORSD no

29. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
13 3/8"	48#	414'	17 1/2"	576 sx C	surface
9 5/8"	36#	1910'	12 1/4"	1130 sx Premium	surface
5 1/2"	17/20#	11074'	8 3/4"	1650 sx H/C	1470' CBL

30. LINER RECORD 31. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT ^o	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 3/8"	9150'	

32. PREPARATION RECORD (Interval, size and number)
9280', 83', 93', 94', 99', 9309', 14', 17', 24', 26', 28' with 1 JSPF

33. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
9280' - 9328' natural completion

34. DATE FIRST PRODUCTION 5/20/2004 35. PRODUCTION METHOD (Flowing, gas lift, ESP, etc.—size and type of pump) PETROLEUM ENGINEER flowing

36. WELL STATUS (Producing or shut-in) producing

DATE OF TEST	HOURS TESTED	CHOKES SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
6/1/2004	24	4-Mar	→	19	259	0	13632

LOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-APT (CORR.)
525	0	→	19	259	0	50

37. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) sold

38. TEST WITNESSED BY _____

39. LIST OF ATTACHMENTS
C-104, C-102, logs, confidentiality request for logs, deviation survey

40. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED [Signature] TITLE Regulatory Affairs Coordinator DATE 6/2/2004

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes 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.



37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushions used, time tool open, flowing and shut-in pressures, and recoveries):

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
				Cherry Canyon	2169'	
				Brushy Canyon	3336'	
				Wolfcamp	8273'	
				Penn	8585'	
				Cisco	9238'	
				Strawn	9662'	
				Atoka	9922'	
				Morrow	10205'	
				Barnett	10988'	

RECEIVED
 7000 JUL - 4 PM 9:30

Well File

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
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 30-015-33234	Pool Code 71000	Pool Name Avalon; Upper Penn (Gas)
Property Code	Property Name LAKESHORE "10" FEDERAL	Well Number 5
OGED No. 151416	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 3190'

Surface Location

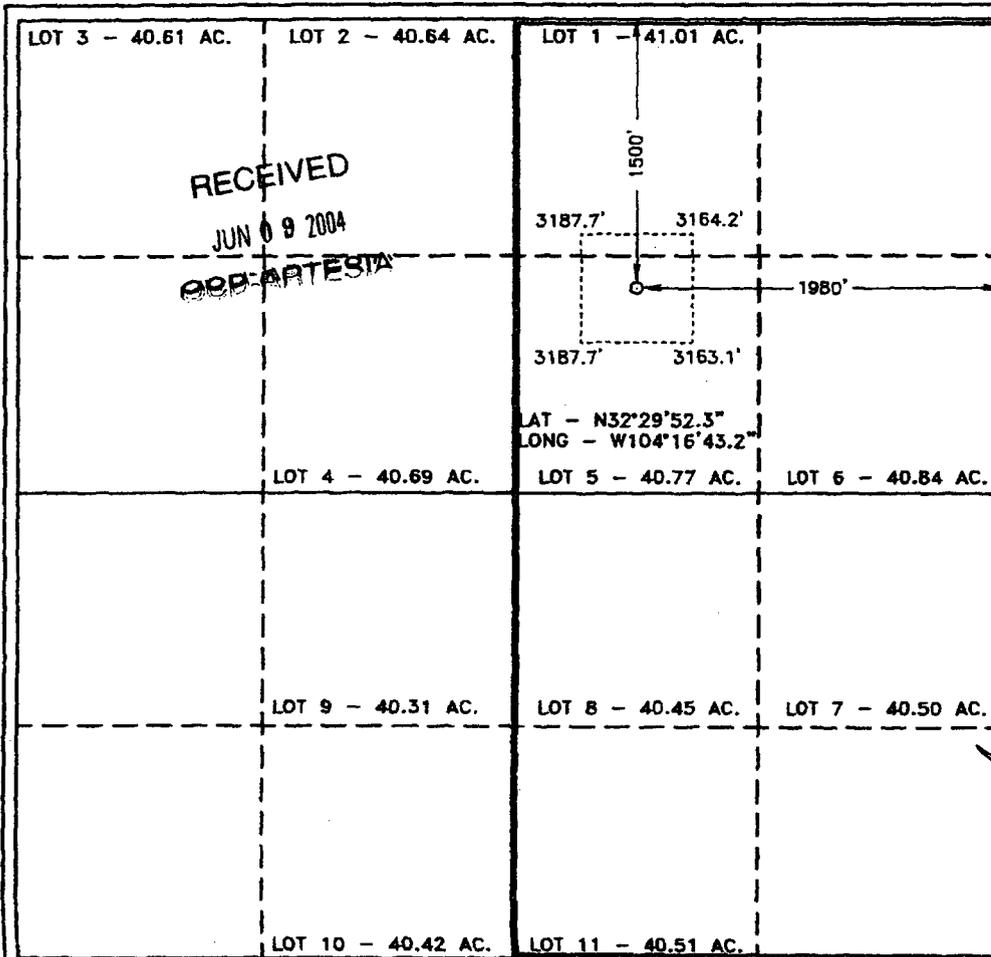
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 5	10	21 S	26 E		1500	NORTH	1980	EAST	EDDY

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 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

EXHIBIT
2



RECEIVED
JUN 09 2004
EDDY ARTESIA

OPERATOR CERTIFICATION

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

Jimmy D. Carlile
Signature
Jimmy D. Carlile
Printed Name
Regulatory Affairs Coord.
Title
June 2, 2004
Date jimmyc@forl.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.

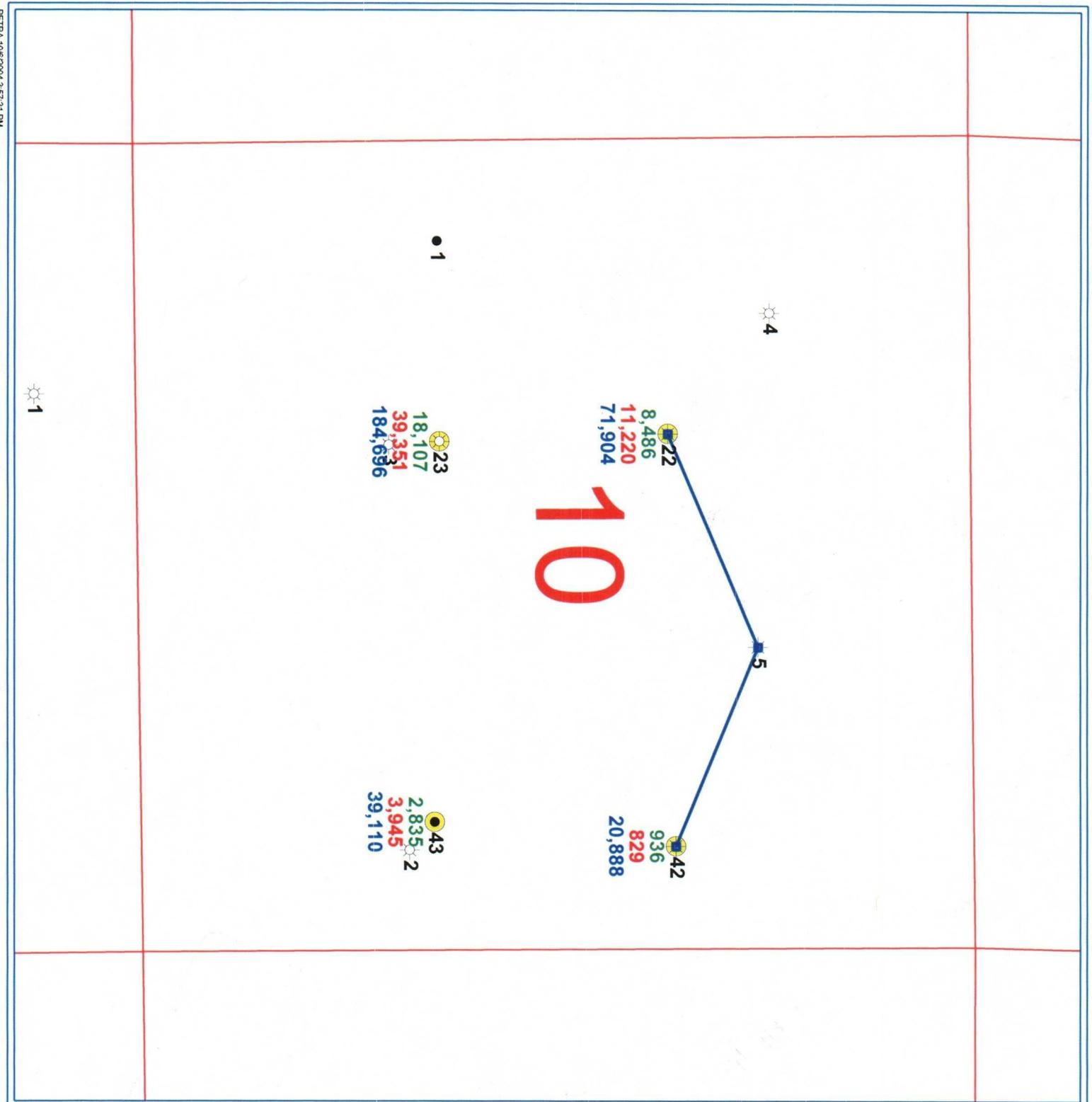
NOVEMBER 6, 2003
Date Surveyed
L. JONES
Signature & Seal of Professional Surveyor
W.O. No. 3766
Certification No. Gary L. Jones 7977
BASIN SURVEYS



Lakeshore "10" Fed. No. 5
1500' FNL and 1980' FEL
Sec. 10, T21S, R26E
Eddy County, NM

Original Location Staked at
1980' FNL and 1980' FEL
Sec. 10, T21S, R26E
Eddy County, NM

EXHIBIT
4



Fasken Oil & Ranch, Ltd.

Eddy County, New Mexico

Delaware Production

Lakeshore 10 Fed SC #5

POSTED WELL DATA

Well Number
 PRODUCTION - O_DELAWARE
 PRODUCTION - G_DELAWARE
 PRODUCTION - W_DELAWARE

ATTRIBUTE MAP

Zone: PRODUCTION - O_DELAWARE IS PRESENT

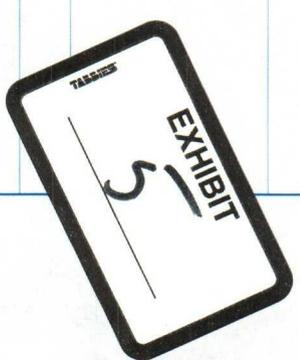
- LOCATION WELLS
- START WELLS
- WORKOVER WELLS

SYMBOL HIGHLIGHT

By: DLH



October 6, 2004



FASKEN OIL AND RANCH LTD
 AVALON `10` FEDERAL
 T21S R26E S10
 1980 FNL 1980 FWL

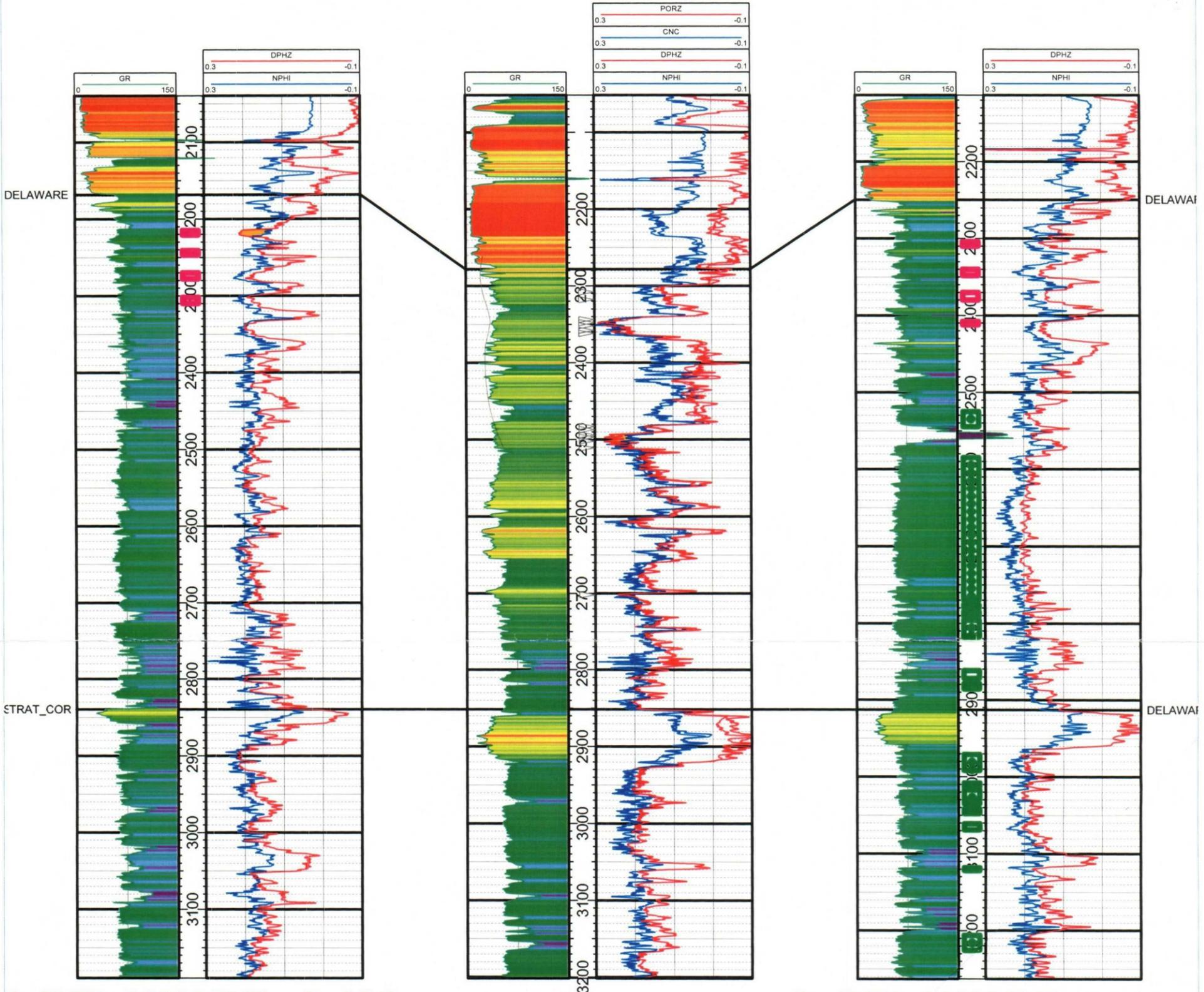
☀️-22
 ELEV_KB : 3,216
 4,478

FASKEN OIL&RANCH LTD
 LAKE SHORE 10 FEDER
 T21S R26E S10
 1500 FNL 1980 FEL

☀️-5
 ELEV_KB : 3,208
 11,075

FASKEN OIL AND RANCH LTD
 AVALON `10` FEDERAL
 T21S R26E S10
 1980 FNL 660 FEL

☀️-42
 ELEV_KB : 3,211
 4,470



C_DELAWARE : 8,486
 _DELAWARE : 11,220
 _DELAWARE : 71,904

O_DELAWARE : 936
 G_DELAWARE : 829
 W_DELAWARE : 20,888

EXHIBIT
 6