

DATE: 3/31/2014	SUSPENSE	ENGINEER: MAM	LOGGED IN: 4/01/2014	TYPE: NSL	APP NO.: PMAM1409128897
-----------------	----------	---------------	----------------------	-----------	-------------------------

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  
X 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 \_\_\_\_\_

Fair Oil, Ltd.  
Fair 17 Federal 3  
30-015-42219

Pool  
- Cedar  
Lake  
Gloria  
Yes  
96831

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

[A] X Working, Royalty or Overriding Royalty Interest Owners  
[B] X 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] X For all of the above, Proof of Notification or Publication is Attached, and/or,  
[F] ☐ Waivers are Attached

2014 MAR 21 4:17:52

RECEIVED OGD

**[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.

Brian Wood

Print or Type Name

*Brian Wood*  
Signature

Consultant

Title

brian@permitswest.com

e-mail Address

3-31-14

Date

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 393-6181 Fax: (575) 393-0720

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210  
Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3480 Fax: (505) 476-3482

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-42219	Pool Code 96831	Pool Name CEDAR LAKE; GLORIETA-YESO
Property Code 39555	Property Name FAIR "17" FEDERAL	Well Number 3
OGRID No. 65531	Operator Name FAIR OIL, LTD.	Elevation 3717'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	17	17 S	31 E		955	NORTH	245	WEST	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 40	Joint or Infill	Consolidation Code	Order No.					6100 3-17	

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

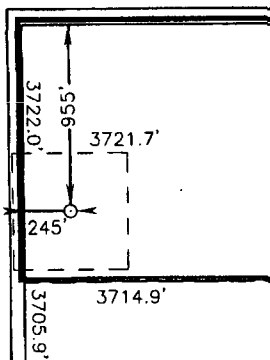
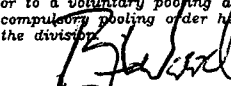
 <p><b>SURFACE LOCATION</b> Lat - N 32°50'21.02" Long - W 103°53'58.76" NMSPCE - N 669286.204 E 674530.663 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization 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.</p> <p> 11-20-13 Signature Date Brian Wood brian@permitswest.com Email Address</p> <p><b>SURVEYOR CERTIFICATION</b></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>NOVEMBER 14 2011 Date Surveyed Signature of Surveyor Professional Surveyor 7977 Certificate No. 25440 BASIN SURVEYS 25440</p>
---	--

EXHIBIT D

**UNORTHODOX  
LOCATION**

OCD Artesia

ATS-14-234

FORM APPROVED  
OMB No. 1004-0137  
Expires October 31, 2014UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

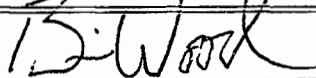
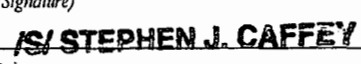
## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. N/A
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		8. Lease Name and Well No. FAIR 17 FEDERAL 3 <39535>
2. Name of Operator FAIR OIL, LTD.		9. API Well No. 30-015-42219
3a. Address P. O. BOX 689 TYLER, TX 75710	3b. Phone No. (include area code) 903 592-3811	10. Field and Pool, or Exploratory CEDAR LAKE; GLORIETA-YESO <96831>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 955' FNL & 245' FWL At proposed prod. zone SAME		11. Sec., T. R. M. or Blk. and Survey or Area NWNW 17-17S-31E
14. Distance in miles and direction from nearest town or post office* 3 AIR MILES ENE OF LOCO HILLS, NM		12. County or Parish EDDY
15. Distance from proposed* 955' location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		13. State NM
16. No. of acres in lease 160		17. Spacing Unit dedicated to this well NWNW 40
18. Distance from proposed location* 91' (Hudson Federal 4) to nearest well, drilling, completed, applied for, on this lease, ft.		20. BLM/BIA Bond No. on file NMB-000733
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3,717' UNGRADED		22. Approximate date work will start* 12/31/2013
		23. Estimated duration 3 WEEKS

## 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) BRIAN WOOD (PHONE: 505 466-8120)	Date 11/20/2013
Title CONSULTANT (FAX: 505 466-9682)		
Approved by (Signature) 	Name (Printed/Typed) STEPHEN J. CAFFEY	MAR 17 2014
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

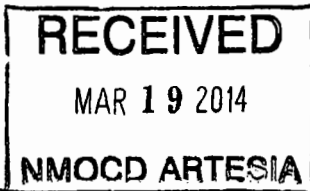
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

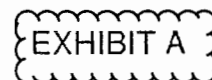
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

\*(Instructions on page 2)



Roswell Controlled Water Basin

Approval Subject to General Requirements  
& Special Stipulations AttachedSEE ATTACHED FOR  
CONDITIONS OF APPROVAL

**REQUEST FOR ADMINISTRATIVE APPROVAL  
NONSTANDARD LOCATION  
FAIR OIL, LTD.  
FAIR 17 FEDERAL 3  
955' FNL & 245' FWL  
SECTION 17, T. 17 S., R. 31 E., EDDY COUNTY, NM  
API 30-015-42219**

I. The proposed oil well (see APD as Exhibit A) is on BLM surface and BLM oil and gas lease NMLC-054908 (160 acres). The well is 955' from the closest lease line (Exhibit B). The proposed oil well is nonstandard for the Cedar Lake; Glorieta-Yeso (Pool 96831) due to land uses. There are two producing Grayburg Jackson; SR-Q-G-SA (Pool 28509) oil wells operated by Linn, one plugged and abandoned well, and ancillary roads, pipelines, and power lines in the NWNW Section 17.

Fair requests a nonstandard location due to land uses. The well was planned to be staked 990 FNL & 330 FWL. However, the P&A Hudson Federal 4 (30-015-05180) occupies that spot (Exhibit C). Linn's pumping Hudson Federal 13 (30-015-30995) pad overlaps that spot. The 3 pads overlap. In addition, one overhead power line, one buried pipeline, and two surface pipelines must be moved before the pad can be built.

A standard location must be at least 330' from the quarter-quarter line. The well is 245' from the west quarter-quarter line (see C-102 as EXHIBIT D). It is 85' too far west.

II. Form C-102 showing the well and 40 acre pro ration unit (NWNW Section 17) is attached as Exhibit D.

Exhibit E shows the existing Yeso acreage dedications (dashed lines) and Yeso wells (circled). The well encroaches 85' too far west. The encroachment is part of the same BLM lease.

Fair operates all Yeso wells in the NWNW Section 17 and three of the bordering or cornering quarter-quarters. Fair and its partners have 100% of the Yeso working interest in the affected offset quarter-quarters. Closest Yeso well is Fair's Fair 18 Federal 2 (30-015-40472), which is 576' west at 990 FNL & 330 FEL 18-17s-31e.

III. The BLM oil and gas lease boundary is shown on EXHIBIT B. The well encroaches to the west. The encroachment is part of the same BLM lease. Eight existing Yeso pro ration units (see Exhibit E) touch the proposed pro ration unit. Three of the eight are Apache operated (SESE Section 7 & S2SW4 Section 8), three are Fair operated (SWNW Section 17 & E2NE4 Section 18), and two are COG operated (E2NW4 Section 17). Fair and its partners have 100% of the Yeso working interest in the quarter-quarter in which the well is located, the quarter-quarter (NENE Section 18) toward which the well encroaches, and the closest cornering quarter-quarter (SENE Section 18). This information is current and correct.

IV. Exhibit F shows the proposed well, proration unit, and all wells. Yeso wells are circled. Apache does not believe directional drilling to a standard location from an existing pad is cost effective for this well.

V. Two Linn producing Grayburg Jackson; SR-Q-G-SA oil wells, one plugged and abandoned well, five rights-of-way (2 CVE power lines and pipelines for DCP, Frontier, & Linn), and ancillary on lease roads, pipelines, and power lines in the NWNW Section 17 prevent a standard location.

VI. Archaeology is not an issue.

VII. The well was planned to be staked 990 FNL & 330 FWL. However, the Hudson Federal 4 and 13 wells prevent a standard location.

VIII. Fair does not believe directional drilling to a standard location is cost effective for this well.

IX. I hereby certify that Fair Oil, Ltd. and its partners have 100% of the Yeso working interest in the lease which comprises the proposed 40 acre spacing unit and the adjacent quarter-quarters (SWNW Section 17 and E2NE4 Section 18) on one or more of the two sides or the single closest corner to the proposed well toward which it encroaches and that the information is current and correct.

I hereby attest that I, on or before the date that the application was submitted to the division, sent notification to the affected persons (see EXHIBIT F) by certified mail, return receipt requested, advising them that if they have an

objection it must be filed in writing within 20 days from the date the division receives the application. These affected persons are "the division-designated operator". Said notice was sent to:

Apache Corporation  
COG Operating



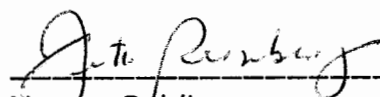
Brian Wood, Consultant

3-31-14

Date

STATE OF NEW MEXICO     )  
  ) SS:  
COUNTY OF SANTA FE     )

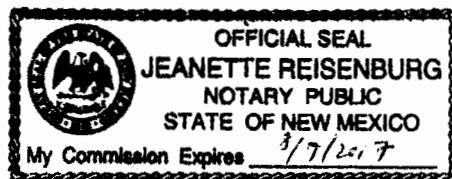
The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of March, 2014 by Brian Wood. Witness my hand and official seal.



Notary Public

My Commission Expires: 3/7/2017

Business Address:



cc: Thomson



SECTION 18, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

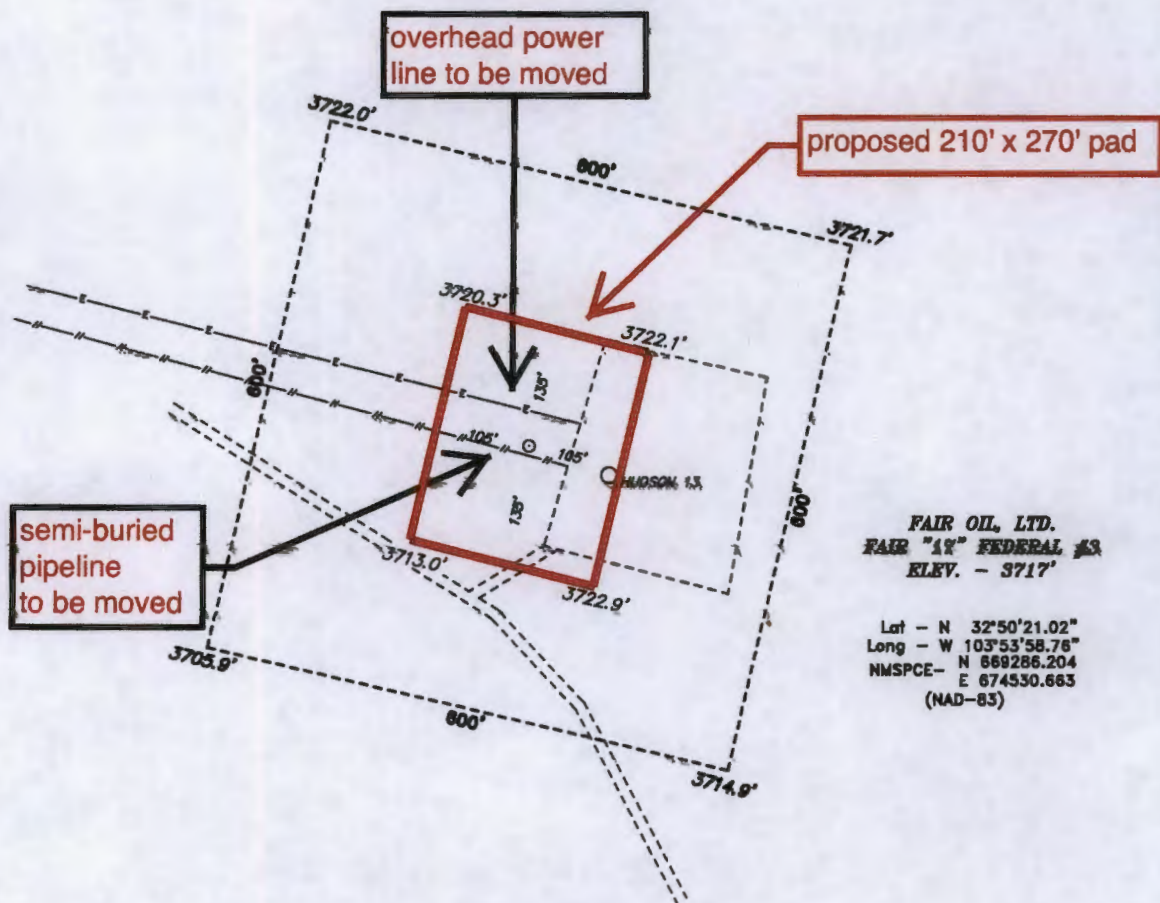
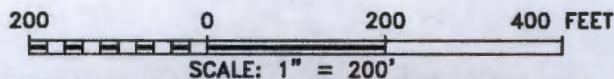


EXHIBIT C



**FAIR OIL, LTD.**

REF: FAIR "17" FEDERAL #3 / WELL PAD VACINITY

THE FAIR "17" FEDERAL #3 LOCATED 955'

FROM THE NORTH LINE AND 245' FROM THE WEST LINE OF

SECTION 17, TOWNSHIP 17 SOUTH, RANGE 31 EAST,

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

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

W.O. Number: 25440

Drawn By: J. SMALL

Date: 02-27-2009

Disk: JMS 25440

Survey Date: 11-14-2011

Sheet 2 of 5 Sheets



Fair 17 Federal 3

NMLC-054908



EXHIBIT B





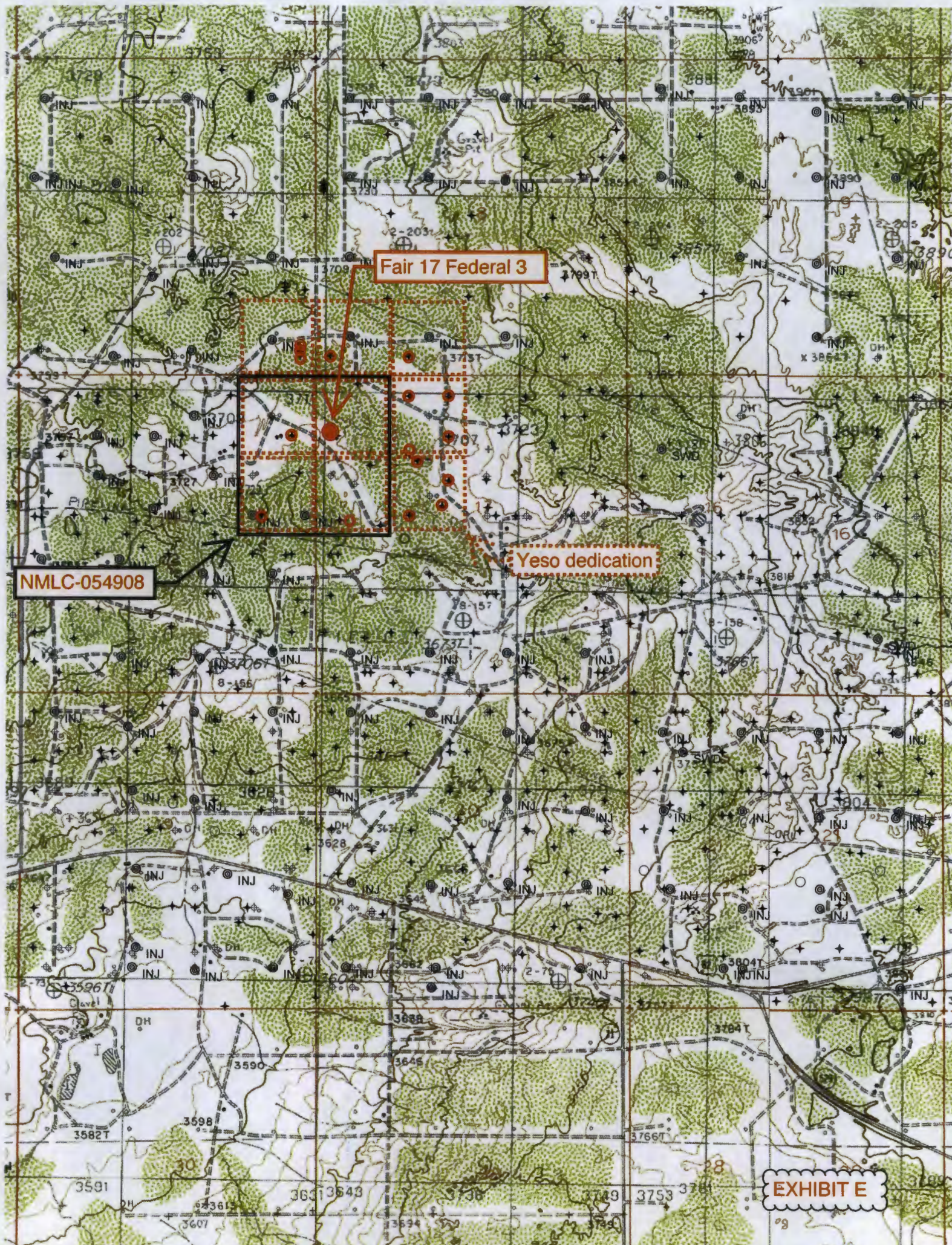
Looking north at Fair 17 Federal 3 center stake with pipeline valve in foreground & power line in back



EXHIBIT C

Looking east at center stake and towards surface pipelines, P&A marker, & Hudson Federal 13 pump





Fair 17 Federal 3

NMLC-054908

Yeso dedication

EXHIBIT E



# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Western Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 31, 2014

Apache Corporation  
One Post Oak Central  
2000 Post Oak Blvd.  
Houston TX 77056-4400

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Fair Oil, Ltd. is applying for NSL approval for its Fair 17 Federal 3 oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 85' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: Fair 17 Federal 3 ID: 6,100'

Proposed NSL Zone: Cedar Lake; Glorieta-Yeso

NSL Acreage Dedication: 40 acres (NWNW Section 17, T. 17 S., R. 31 E., Eddy County, NM)

on BLM lease NMLC-054908

Location: ~3 air mile ENE of Loco Hills, NM at 955 FNL & 245 FWL 17-17S-31e

Applicant Name: Fair Oil, Ltd. (903) 592-3811

Applicant's Address: P. O. Box 689, Tyler TX 75710

**Submittal Information:** Application for a nonstandard location will be filed with the NM Oil Conservation Division (NMOCDD). If you have an objection, then it must be filed in writing within 20 days from the date the NMOCDD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

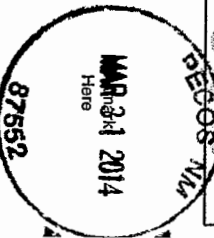
*B. Wood*  
Brian Wood

## U.S. Postal Service<sup>TM</sup> CERTIFIED MAIL<sup>TM</sup> RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL USE<sup>TM</sup>

Postage	\$ 1.40
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.40
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.10



Sent To: Apache  
Street, Apt. No., or PO Box No.  
City, State, ZIP+4

# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Western Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 31, 2014

COG Operating  
One Concho Center  
600 W. Illinois Ave.  
Midland TX 79701

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Fair Oil, Ltd. is applying for NSL approval for its Fair 17 Federal 3 oil well. Minimum state distance for such an oil well is 330' from a quarter-quarter line. The well is 85' further west than is standard (see attachment). Thus, it is a nonstandard location. The NSL is due to land uses.

Well Name: Fair 17 Federal 3 ID: 6,100'

Proposed NSL Zone: Cedar Lake; Glorieta-Yeso

NSL Acreage Dedication: 40 acres (NWNW Section 17, T. 17 S., R. 31 E., Eddy County, NM)

on BLM lease NMLC-054908

Location: ~3 air mile ENE of Loco Hills, NM at 955 FNL & 245 FWL 17-17S-31e

Applicant Name: Fair Oil, Ltd. (903) 592-3811

Applicant's Address: P. O. Box 689, Tyler TX 75710

**Submittal Information:** Application for a nonstandard location will be filed with the NM Oil Conservation Division (NMOCDD). If you have an objection, then it must be filed in writing within 20 days from the date the NMOCDD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

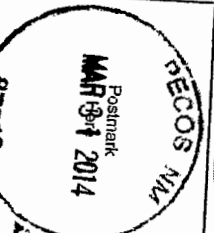
*B. Wood*  
Brian Wood

## U.S. Postal Service<sup>TM</sup> CERTIFIED MAIL<sup>TM</sup> RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL USE<sup>TM</sup>

Postage	\$ 1.40
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.40
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 7.10



Sent To: COG  
Street, Apt. No., or PO Box No.  
City, State, ZIP+4

EXHIBIT F

7013 0600 0001 8656 7233

7013 0600 0001 8656 7226