

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]**

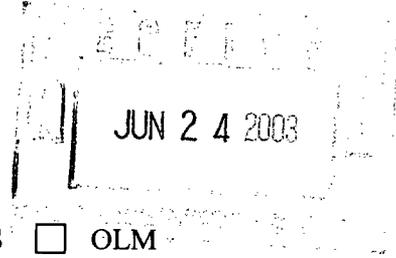
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

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.

Jimmy D. Carlile _____ Regulatory Affairs Coord. 6/18/03
 Print or Type Name Signature Title Date
 jimmyc@forl.com
 e-mail Address

FASKEN OIL AND RANCH, LTD.

303 WEST WALL AVENUE, SUITE 1800
MIDLAND, TEXAS 79701-5116

(432) 687-1777

Jimmy D. Carlile
Regulatory Affairs Coordinator

RECEIVED

June 18, 2003

JUN 24 2003

Oil Conservation Division

Mr. David Catanach
New Mexico Oil Conservation Division
Engineering Bureau
1220 South St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Catanach,

Re: Fasken Oil and Ranch, Ltd.
Downhole Commingle Application
Pecos "36" State No. 1
Section 36, T20S, R26E
Eddy County, New Mexico

Attached is Fasken Oil and Ranch, Ltd.'s Application to Downhole Commingle the Avalon Strawn and the Avalon;Morrow (Gas) Pools in the newly drilled Pecos "36" State No. 1. Attached is the Administrative Application Checklist, Form C-107A, and survey plats showing proration units for both zones.

All royalty ownership is the same between these zones, and Fasken is the 100% working interest owner in the lease.

Please give me a call if you have any questions concerning this request.

Yours truly,



Jimmy D. Carlile
Regulatory Affairs Coordinator

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Fasken Oil and Ranch, Ltd. 303 West Wall, Suite 1800 Midland, TX 79701
Operator Address

Pecos "36" State 1 E 36 20S 26E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 151416 Property Code API No. 30-015-32722 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	^{UNDES.} Avalon Strawn		^{UNDES.} Avalon; Morrow (Gas)
Pool Code	71080 ✓		70920 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9237' - 9456'		10176' - 10288'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)</small>			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1000 MBTU		1000 MBTU
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: Rates: 0/425/0	Date: Rates:	Date: Rates: 0/75/0
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil Gas 85 % 85 %	Oil Gas % %	Oil Gas 15 % 15 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

- Attachments:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - Production curve for each zone for at least one year. (If not available, attach explanation.)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula.
 - Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Jimmy D. Carlile TITLE Regulatory Affairs Coord. DATE June 18, 2003

TYPE OR PRINT NAME Jimmy D. Carlile TELEPHONE NO. (915) 687-1777

E-MAIL ADDRESS jimmyc@forl.com

Fasken Oil and Ranch, Ltd.

Pecos "36" No. 1

Application for Downhole Commingling

Additional Data

Production curves for these zones are not available as these are all new completions in this well. The Morrow zone will be non-commercial as a single completion.

Avalon (Strawn)	Porosity-feet = 7.5%x22' x fracture factor of 4 = 6.60	85%
Avalon (Morrow)	Porosity-feet = 7.5%x16'x fracture factor of 1 = <u>1.20</u>	<u>15%</u>
Total	Porosity-feet =	7.80 100%

It is anticipated that the Morrow will produce about 75 mcf/d. The Morrow cannot be stimulated with a fracture treatment due to proximity to water bearing zones. The Strawn may produce 425 mcf/d after fracture stimulation for a total production from both zones of 500 MCFPD. Estimated production rates for each zone follow.

Avalon (Strawn)	425 MCFPD	85%
Avalon (Morrow)	75 MCFPD	15%

Our suggested allocation method is based on porosity-thickness in each zone with a fracture factor of 4 for fracture treated zones to account for increased deliverability.

All working, royalty and overriding interests in this well are common and therefore, no notice is required.

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, 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 30-015-32722	Pool Code 70920	Pool Name Avalon;Morrow (Gas)
Property Code	Property Name PECOS "36" STATE	Well Number 1
OGRID No. 151416	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 3241'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	36	20 S	26 E		1980	NORTH	660	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 320	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>Jimmy D. Carlile</i> Signature</p> <p>Jimmy D. Carlile Printed Name</p> <p>Regulatory Affairs Coord. Title</p> <p>June 18, 2003 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>APRIL 1, 2003 Date Surveyed</p> <p><i>[Signature]</i> Signature & Seal Professional Surveyor</p> <p>NEW MEXICO 7977 W.O. No. 3176A</p> <p>Certificate No. Gary L. Jones 7977 BASBY SURVEYS</p>

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, 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 30-015-32722	Pool Code 71080	Pool Name Avalon Strawn
Property Code	Property Name PECOS "36" STATE	Well Number 1
OGRID No. 151416	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 3241'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	36	20 S	26 E		1980	NORTH	660	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 320	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>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Jimmy D. Carlile</i> Signature Jimmy D. Carlile Printed Name Regulatory Affairs Coord. Title June 18, 2003 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>APRIL 1, 2003 Date Surveyed</p>
	<p>Signature & Seal of Professional Surveyor Professional Surveyor NEW MEXICO 7977</p>
	<p>W.Q. No 3176A Certificate No. Gary L. Jones 7977 PROFESSIONAL LAND SURVEYOR BASIN SURVEYS</p>