

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]

2006 JAN 13 PM 1 27

- [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 *[Signature]* Title KELLAMIN & KELLAMIN Date 1/13/06
 Attorneys At Law
 P.O. Box 2265
 Santa Fe, NM 87504-2265

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

January 13, 2006

HAND DELIVERED

2006 JUN 13 PM 1 27

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

Re: Administrative Application of Fasken Oil and Ranch, Ltd.
to amended Order NSL-4838, dated 2/5/02, to include the
Wolfcamp formation as a formation to be produced at
an unorthodox well location for its
Howell "29" Com Well No. 1, Unit G, (API No. 30-015-21140)
N/2 dedication, Section 29
T20S, R25E, Eddy County, New Mexico

Dear Mr. Fesmire:

On behalf of Fasken Oil and Ranch, Ltd, please find enclosed our referenced application that is being filed in accordance with Division Rule 104.D(2)(b)). This location in the NE/4 of this section crowds the interior line between the NW/4 and the NE/4 of this spacing unit consisting of the N/2 of this section (330 feet instead of 660 feet, the ownership in different between the NW/4 and SE/4).

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.
TO AMEND ADMINISTRATIVE ORDER NSL-4838 TO
INCLUDE THE WOLFCAMP FORMATION TO BE
PRODUCED AT AN UNORTHODOX 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") to amend Administrative Order SL-4838, dated February 5, 2003, to add the Wolfcamp formation as an approved formation to be produced at an unorthodox gas well location for its Howell "29" Com Well No. 1, an existing gas well located 1980 feet FNL and 2310 feet FEL (Unit G) of Section 29, T20S, R25E, Eddy County New Mexico. This well, if successfully recompleted, will be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of this section for production from Cemetery-Wolfcamp Gas Pool (pool code 74680).

In support, Fasken states:

1. Fasken is the operator of the Howell "29" Com Well No. 1 currently downhole commingled in the South Dagger Draw-Upper Penn (15475), North Indian Basin Strawn (97013) and Seven Rivers Hills;Atoka, North (97272) Gas Pools and desires approval to recomplete and produce this well at a unorthodox well location for any production from the Wolfcamp formation.

2. The well was located 1980 feet FNL and 2310 feet FEL (Unit G) Section 29, T20S, R25E, at a standard gas well location for the Cemetery-Wolfcamp Gas Pool. See Exhibit 1

3. This well was spudded on March 29, 1974 and drilled pursuant to the former Rule 104 that allowed wells to be 330 feet from the interior quarter section line of the spacing unit.

4. Effective August 31, 1999, the Division amended Rule 104 to require well to be no closer than 660 feet to the side boundaries of the quarter section in which the well was located.

5. That Rule change now makes this well unorthodox for recompletion into the Wolfcamp formation.

6. On October 1, 2002, the Division issued Administrative Order DHC-3053 approving Fasken's application to downhole commingling production in the wellbore from the Atoka, Strawn and Upper Penn formations. See Exhibit 2.

7. On February 5, 2003, the Division issued Administrative Order NSL-4838 approving Fasken's application to an unorthodox gas well location for both the Strawn and Atoka formations. See Exhibit 3.

8. The well is no longer capable of production from the Atoka, Strawn or Upper Penn formations.

TECHNICAL EVIDENCE

9. Before plugging the well, Fasken would like to test the Wolfcamp formation based upon the following geologic evidence:

- (a) Exhibit 4: geological summary
- (b) Exhibit 5: Cross Section
- (c) Exhibit 6: Production map

10. Fasken's proposed unorthodox well location encroached on an internal boundary of the GPU (330 feet instead of 660 feet) from the quarter section line.

NOTIFICATION

11. The North half of Section 29 consists of parts of 4 oil & gas leases:

- (a) a federal lease (NM-4026) consisting of Units A, B, H
- (b) another federal lease (NM-670) consisting of Unit F
- (c) a state lease (L-2502) consisting of Units D, C, E
- (d) a fee lease (J.E. Howell) consisting of Unit G (Well Tract)

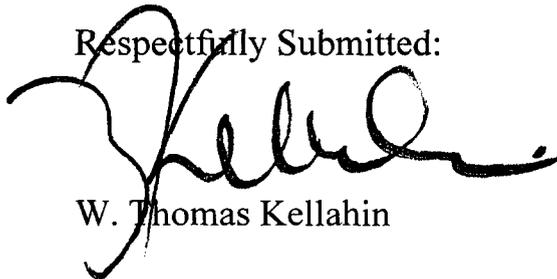
See Exhibit 7, attached.

10. Notice has been sent to all of the interest owners in the GPU. See Exhibit 8 and 9, attached

11. Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the gas in the Wolfcamp 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 approve by the Division.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

RECEIVED

OCT 01 2002

ADMINISTRATIVE ORDER DHC-3053

Fasken Oil and Ranch, Ltd.
303 West Wall, Suite 1800
Midland, Texas 79701

Attention: Mr. Jimmy D. Carlile

*Howell "29" Com Well No. 1
API No. 30-015-21140
Unit G, Section 29, Township 20 South, Range 25 East, NMPM,
Eddy County, New Mexico
Undesignated South Dagger Draw-Upper Penn (Associated 15475),
Undesignated North Indian Basin-Strawn (Gas 97013), and
Wildcat-Atoka (Gas) Pools.*

Dear Mr. Carlile:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the well bore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's Southeast Gas Proration Schedule.



Assignment of allowable to the well and allocation of production from the well shall be on the following basis unless amended with permission of the Artesia District Office and copied to this office:

Undesignated South Dagger Draw-Upper Penn	Oil-40%	Gas-40%
Undesignated North Indian Basin-Strawn	Oil-20%	Gas-20%
Wildcat-Atoka	Oil-40%	Gas-40%

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 26th day of September 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery (wvj)
LORI WROTENBERY
Division Director

LW/wvj
cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director

Oil Conservation Division

February 5, 2003

Fasken Oil and Ranch, Ltd.
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Telefax No. (505) 982-2047

Administrative Order NSL-4838

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, Fasken Oil and Ranch, Ltd. ("Fasken") dated January 16, 2003 (*application reference No. pKRVO-301729968*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order DHC-3053: all concerning Fasken's request for an unorthodox gas well location in both the Strawn and deeper Atoka formations for its existing Howell "29" Com. Well No. 1 (*API No. 30-015-21140*), located 1980 feet from the North line and 2310 feet from the East line (Unit G) of Section 29, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico.

The N/2 of Section 29, being a standard 320-acre lay-down gas spacing unit for both the deeper wildcat Atoka formation and the shallower Strawn formation within either the Undesignated North Indian Basin-Strawn Gas Pool (97013) or Undesignated Cemetery-Strawn Gas Pool (74650), is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

According to the Division's well records, the subject well was initially drilled in 1974 by David Fasken and completed in the Cemetery-Morrow Gas Pool (74640) at a location considered to be standard at that time.

It is further understood that the Morrow interval is to be abandoned at this time and that Fasken intends to plug the well back and recomplete up-hole into the upper-Pennsylvanian, Strawn, and Atoka intervals as proposed by Division Administrative Order DHC-3053, dated September 26, 2002. Pursuant to Rule 2 (b) of the "*Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool/General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico*," as promulgated by Division Order No. R-5353, as amended, this location is "standard" within the

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505
Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>



Administrative Oder NSL-4838
Fasken Oil and Ranch, Ltd.
February 5, 2003
Page 2

Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool (15475) for the proposed lay-down 320-acre spacing and proration unit comprising the N/2 of Section 29; however, in accordance with Division Rule 104.C (2) (a) this location is now unorthodox for the deeper gas bearing Strawn and Atoka intervals.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location to both the Strawn and Atoka formations within this 320-acre unit comprising the N/2 equivalent of Section 29 is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: DHC-3053

Fasken Oil & Ranch, Ltd.

Howell 29 Com #1

Section 29; 20S; 25E

1980' FNL & 2310' FEL

Eddy Co., New Mexico

Spud 3-29-1974

TD 9675'

Geological Report

The Fasken Howell 29 Com #1 well was drilled at a non-standard location for a Morrow Sand target. While evaluating this wells electric logs using Schlumberger's Coriband Computer Processed Interpretation, Fasken identified some possible pay in the Wolfcamp Formation. Perforations in this well at this time are 7190'-7204'. Proposed perforations in the Wolfcamp are from 6736'-52'.

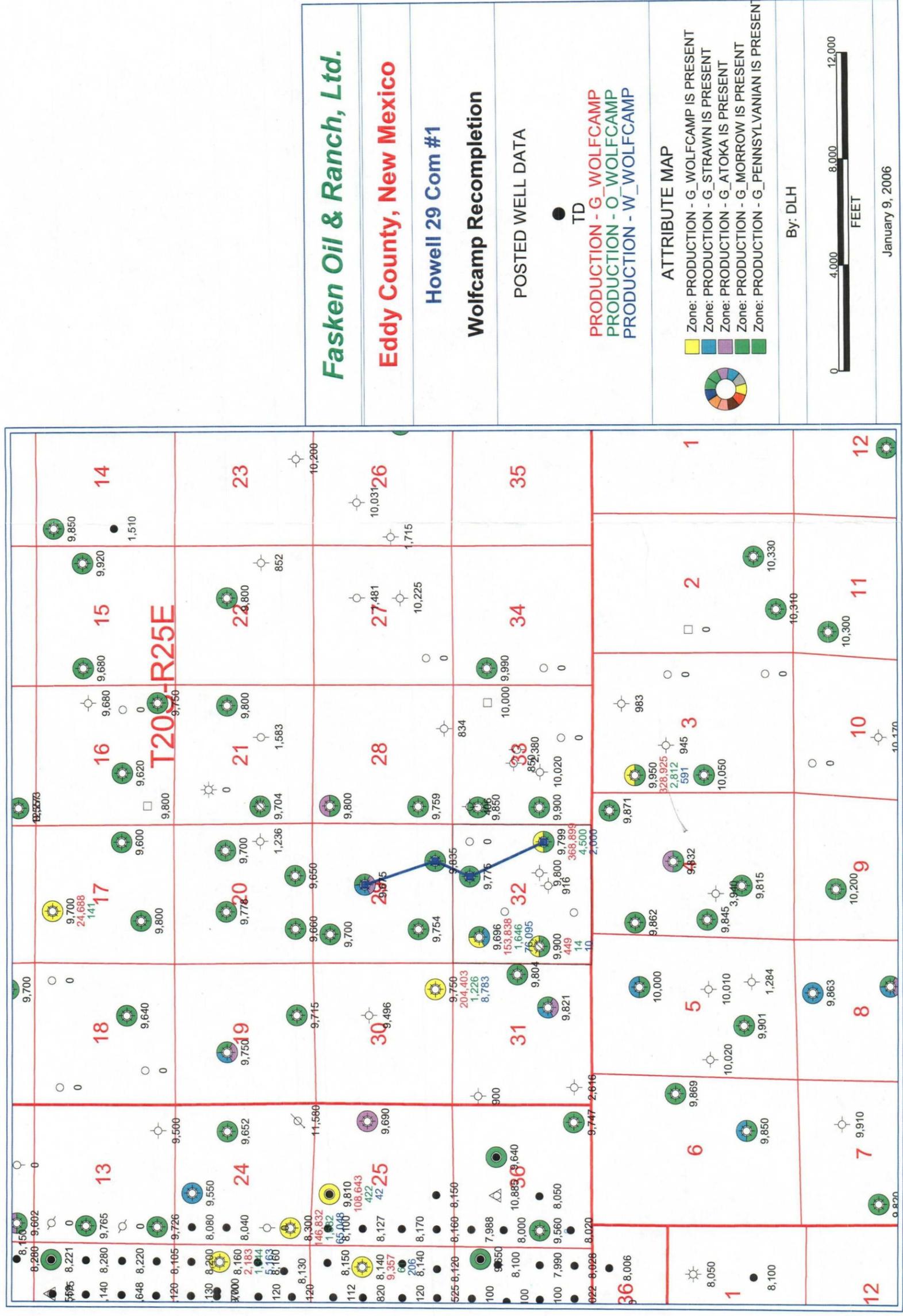
There are 10 Wolfcamp producers within 3 miles of this well that have a cumulative gas production ranging from 1.7 MMCFG to 369 MMCFG (only 2 of them over 300 MMCFG Cum). Because of the poor average gas Cum results to date and the scattered nature of the production, these zones have not been considered an economic exploration target in this area. However, when encountered they should be produced to prevent waste.

The Howell 29 Com #1 well is in the heart of Section 29 and does not encroach on nor drain other leases, but is less than 660' from the quarter section line.

Dexter L. Harmon

CPG # 4326





NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102
Supersedes O-125
Effective 1-1-65

All distances shall be from the outer boundaries of the Section

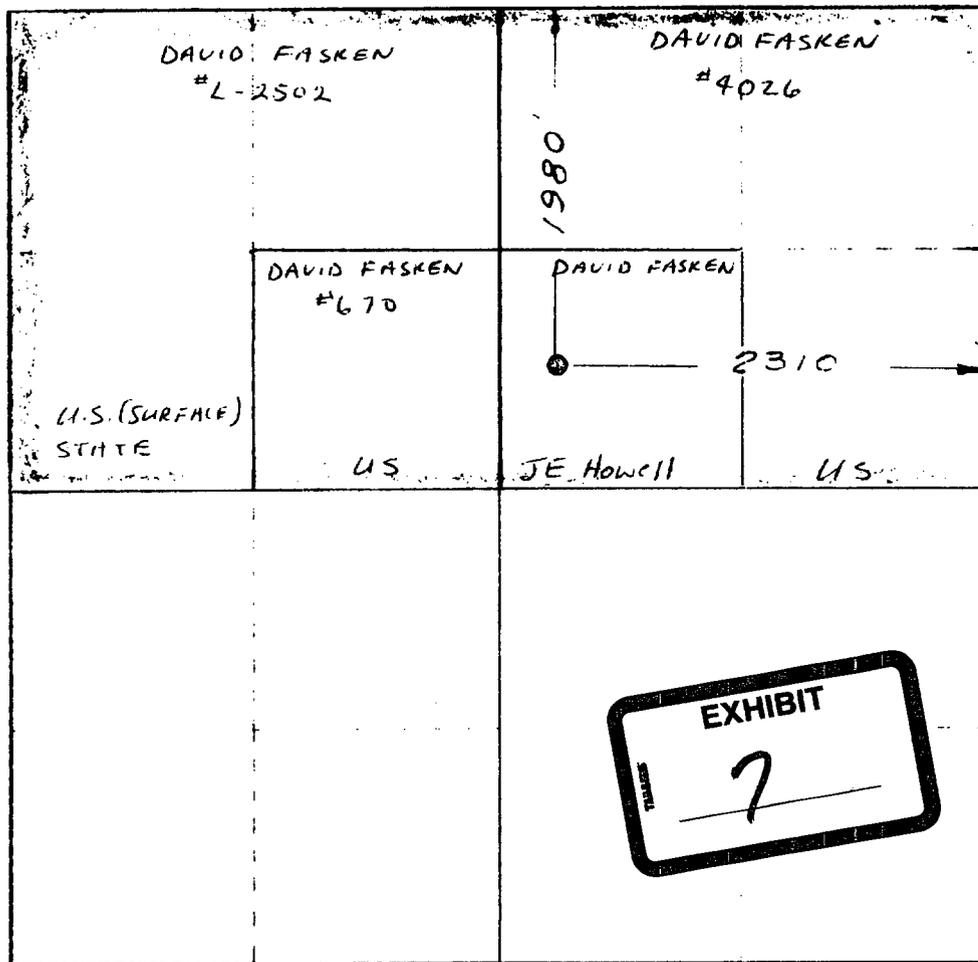
DAVID FASKEN			HOWELL #29		Well No. 1
0	29	20 South	25 East	EDDY	
1980		North	2310	East	
3542	Narrow	Ordinary	Ordinary	Dedicated Acreage: 320	Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force pooling etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary) STATE, FEDERAL, & Pooling FCC LEASES

No allowable well be assigned to the well until all interests have been consolidated (by communitization, unitization, force pooling or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name: Ron L. Mercer
 Position: AGENT
 Company: DAVID FASKEN
 Date: 3-22-74

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 knowledge and belief.

Date Surveyed: March 22, 1974

Registered Professional Engineer and/or Land Surveyor

Ron W. Steam
 Certificate No. _____

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

January 13, 2005

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

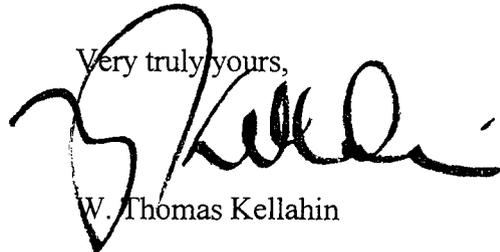
TO ALL PARTIES ON NOTICE LIST

*Re: Administrative Application of Fasken Oil and Ranch, Ltd. to amended
Order NSL-4838 to include the Wolfcamp formation as a formation to be
produced at an unorthodox well location for it Howell "29" Com Well No. 1, Unit
G N/2 Section 29, T20S, R25E, Eddy County, New Mexico*

Dear Party:

On behalf of Fasken Oil and Ranch, Ltd. please find enclosed a copy of its referenced administrative application. If you have no objection, then there is nothing for you to do. If you are willing to waiver objection, please sign this letter as indicated and return it to me. However, should you have any objection to the Division approving this application, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure to file a timely objection will preclude you from objecting at a later date.

Very truly yours,



W. Thomas Kellahin

WAIVER OF OBJECTION:

By: _____ with authority for
and on behalf of _____

Dated: _____



U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)

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OFFICIAL USE

Fasken
Howell 29 Com#1
1/16/03

Re
(Endorse)

Restrict...
(Endorsement Required)

Total

David T Holt
PO Box 844
Clarksville, TN 37041

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Bureau of Land Management
Roswell District Office
1717 West Second Dr.
Roswell, NM 88201-2019

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Pure Resources
1600 Smith St Suite 4600
Houston, TX 77002

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Kirby Minerals, LC
PO Box 57330
Oklahoma City, OK 73157

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Jo Ann Powers Yates
PO Box 840
Artesia, NM 88211

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Gene F Lang & Company
6995 Chapparral Circle West
Aurora, CO 80016

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EXHIBIT
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PO Box 23314
Santa Fe, NM 87502

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James H & Betty R Howell
Revocable Trust
PO Box 118
Lakewood, NM 88254

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Richard Howell
PO Box 94
Lakewood, Nm 88254

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Commissioner of Public Lands
PO Box 1148
State Land Office Bldg.
SF, NM 87501

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Philip S Boone Jr
Coblentz, Patch, Duffy & Bass
222 Kearny Street, 7th Floor
San Francisco, CA 94108-
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