

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Fairway Resources
Midnight Malact #9
 5645

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.

<u>Kenneth Pearce</u> Print or Type Name	<u><i>K. Pearce</i></u> Signature	<u>Operations Engineer</u> Title	<u>5-22-2007</u> Date
		<u>kpearce@fairwayresources.com</u> e-mail Address	



538 Silicon Drive, Suite 101
Southlake, Texas 76092
(817) 416-1946 (817) 416-1949 fax

May 22, 2007

Federal Express

Mr. David Brooks
State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Non-Standard Location
Midnight Matador #9
330' FNL and 1,500' FWL
Section 35-T17S-R27E
Red Lake Field, Eddy County
Federal Lease No. LC-050158

2007 MAY 23 PM 3 12

Dear Mr. Brooks:

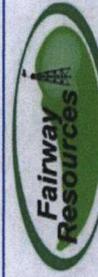
Fairway Resources requests approval for a non-standard location for the Midnight Matador #9. The problem that we have encountered is we are too close to the western spacing unit line. Because of the proximity to a NNE by SSW oriented PNM pipeline, the BLM required that Fairway move the proposed well from its original standard location. The currently proposed location, 180' from the west line and 330' from the north line of the 40 acre spacing unit, was determined to be the only viable option to effectively develop oil and gas reserves beneath the Fairway operated spacing unit. The affected persons, Devon Energy and Finney Oil, have been sent notices of this application. I am enclosing the following:

- Fairway Resources Operating, LLC Lease plat
- Fairway Producing Formations per Lease Plat
- Copy of the Well Location and Acreage Dedication Plat
- Administrative Application Checklist
- Copies of Waiver of Objection letters sent to Devon and Finney

We are requesting that you approve this location for the further development of resources of the Red Lake Queen-Grayburg San Andres. If you have any further questions, please do not hesitate to call me at 817-416-1946.

Sincerely yours,

Kenneth Pearce
Senior Operations Engineer



Midnight Matador #9
 Red Lake Field
 Eddy Co., NM



POSTED WELL DATA
 Operator

Well Name
 Well Number

WELL SYMBOLS
 Oil Well
 Shut in Oil Well
 Gas Well
 Location Only

REMARKS
 Positions C & D
 S-35, T-17-S, R-27-E

By: KWP
 May 21, 2007



Fairway Resources Operating, LLC
 Producing Formations Per Lease Plat



Well	Operator	Field	Producing Formation
Eagle 35 C Federal #16	Devon Energy	NE Red lake	Yeso
Eagle 35 C Federal #18	Devon Energy	NE Red lake	Yeso
Eagle 35 D Federal #17	Devon Energy	NE Red lake	Yeso
Eagle 35 D Federal #6	Devon Energy	NE Red lake	Yeso
Midnight Matador 3	Fairway Resources	Red Lake	San Andres
Midnight Matador 9	Fairway Resources	Red Lake	San Andres location
SRLGU 5	Fairway Resources	Red Lake	Grayburg
Malco - Federal #1	Finney Oil	Red Lake	Queen
OXY Admiral Federal #1	OXY USA	North Illinois Camp	Morrow
Harbold Federal #15	Reata Resources	Empire	Yates-Seven Rivers
Harbold Federal #16	Reata Resources	Empire	Yates-Seven Rivers

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected. The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

8 Records found

Displaying Screen 1 of 1

- | API Number | ULSTR | Footages |
|---|-------------------------|---------------------|
| <input type="radio"/> 3001500610 | C-35-17S-27E | 330 FNL & 2310 FWL |
| Well Name & Number: PRE-ONGARD WELL No. 012 | | |
| Operator: PRE-ONGARD WELL OPERATOR | | |
| <input type="radio"/> 3001500611 | C-35-17S-27E | 990 FNL & 2310 FWL |
| Well Name & Number: SOUTH RED LAKE II UNIT No. 005 | | |
| Operator: FAIRWAY RESOURCES OPERATING, LLC | | |
| <input type="radio"/> 3001520048 | C-35-17S-27E | 990 FNL & 2110 FWL |
| Well Name & Number: PRE-ONGARD WELL No. 001 | | |
| Operator: PRE-ONGARD WELL OPERATOR | | |
| <input type="radio"/> 3001525209 | C-35-17S-27E | 990 FNL & 2200 FWL |
| Well Name & Number: HARBOLD FEDERAL No. 015 | | |
| Operator: REATA RESOURCS INC | | |
| <input type="radio"/> 3001525374 | C-35-17S-27E | 396 FNL & 2250 FWL |
| Well Name & Number: HARBOLD FEDERAL No. 016 | | |
| Operator: REATA RESOURCS INC | | |
| <input type="radio"/> 3001533235 | C-35-17S-27E | 990 FNL & 1525 FWL |
| Well Name & Number: EAGLE 35 C FEDERAL No. 016 | | |
| Operator: DEVON ENERGY PRODUCTION COMPANY, LP | | |
| <input type="radio"/> 3001533266 | C-35-17S-27E | 480 FNL & 2310 FWL |
| Well Name & Number: EAGLE 35 C FEDERAL No. 018 | | |
| Operator: DEVON ENERGY PRODUCTION COMPANY, LP | | |
| <input checked="" type="radio"/> 3001534547 | C-35-17S-27E | 1150 FNL & 2310 FWL |
| Well Name & Number: MIDNIGHT MATADOR No. 003 | | |
| Operator: FAIRWAY RESOURCES OPERATING, LLC | | |

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Red Lake Houston

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ORIGIN (POSTAL USE ONLY)			
PO ZIP Code 76092	Day of Delivery <input type="checkbox"/> Next <input type="checkbox"/> Second	Flat Rate Envelope <input checked="" type="checkbox"/>	
Date In Mo. Day Year	<input type="checkbox"/> 12 NOON <input type="checkbox"/> 3 PM	Postage \$16.25	
Time In <input type="checkbox"/> AM <input type="checkbox"/> PM	Address to PO Box <input type="checkbox"/>	Return Receipt Fee	
Weight lbs 0 ozs 8	Contents Value	COD Fee	Ins. Fee \$0.00
No Delivery <input type="checkbox"/> Weekend <input type="checkbox"/> Holiday	Acceptance Clerk Initials	Total Postage & Fees \$16.25	



EO 934 375 126 US

WAIVER OF SIGNATURE (Domestic Only) Additional merchandise insurance is void if waiver of signature is requested. I wish delivery to be made without obtaining signature of addressee or addressee's agent (if delivery employee judges that article can be left in secure location) and I authorize that delivery employee's signature constitutes valid proof of delivery

Mailer's Signature

CUSTOMER INFORMATION		(Label 1 of 1)	
		Not Paid Online	
FROM:	PHONE _____	TO:	PHONE _____
[CINDY J FLOOD FAIRWAY RESOURCES 538 SILICON DR STE 101 SOUTHLAKE TX 76092-7517]		[MR. DARRELL FINNEY FINNEY OIL COMPANY PO BOX 1569 ARTESIA NM 88211-1569]	
Label 11-D June 2001		FOR PICKUP OR TRACKING CALL 1-800-222-1811	
		www.usps.com	

USPS Employee: For service failure refunds, follow existing refund procedures. Attach the Customer Online Record to the PS Form 3533 and send copies of both to the Express Mail Office for recording.



538 Silicon Drive, Suite 101
Southlake, Texas 76092
(817) 416-1946 main (817) 946-1949 fax

May 22, 2007

Overnight Delivery

Mr. Darrell Finney
Finney Oil Company
P.O. Box 1569
Artesia, New Mexico 88211-1569

RE: Non-Standard Location - Waiver of Objection
Midnight Matador #9
330' FNL & 1,500' FWL
Section 35, T-17-S, R-27-E
Red Lake (Queen-Grayburg-San Andres) Field
Eddy County, New Mexico

Dear Mr. Finney,

Fairway Resources requests that Finney Oil Company approve and return a copy of this waiver of objection for a non-standard location for the Midnight Matador #9. Fairway plans to drill and complete the well as a San Andres producer only. Our records indicate that Finney is an offsetting operator in the Red Lake (Queen-Grayburg-San Andres) Field and thereby an affected party, as defined in the NM OCD Rule 19.15.3.104.

Because of the proximity to a NNE by SSW oriented PNM pipeline, the BLM required that Fairway move the proposed well from its original standard location. The currently proposed location, 180' from the west line and 330' from the north line of the 40-acre spacing unit, was determined to be the only viable option to effectively develop oil and gas reserves beneath the Fairway operated spacing unit.

Fairway is in the process of applying for administrative approval from the New Mexico Oil Conservation Division for this non-standard well location. If Finney has no objection to this, please sign below and return in the enclosed envelope. If Finney chooses to object to Fairway's application; however, the objection must be filed in writing with the NM OCD within 20 days from the date the division receives Fairway's application.

Enclosed are copies of:

- Fairway Resources Operating, LLC lease plat
- Fairway Resources producing formations per lease plat table
- Well location and acreage dedication plat
- NM OCD application for non-standard location

Please contact me if you have any questions or need additional information. My office phone number is 817-416-1946 and my email address is kpearce@fairwayresources.com. Thank you in advance for your prompt addition to this matter.

Sincerely yours,



Kenneth Pearce
Operations Engineer

Enclosures

Lone Star Overnight

Customer Shipping Record

Tracking Number: Z3217728

[Click Here to schedule a Pickup](#)

From: CINDY FLOOD
FAIRWAY RESOURCES
538 SILICON DRIVE
SUITE 101
SOUTHLAKE, TX 76092
(817) 416 - 1946

Delivery Options
Service Type: By 10:30am
Declared Value: 100
Weight: 1.0 lbs
Estimated Charge: \$13.86

To: MS. LINDA GUTHRIE
DEVON ENERGY PROD.
CO. LTD.
20 NORTH BROADWAY
OKLAHOMA CITY,
OK 73102
(405) 235 - 3611

Date Printed: 5/22/2007

LIMIT OF LIABILITY: We are not responsible for claims in excess of \$100 for any reason unless you: 1) declare a greater value (not to exceed \$25,000); 2) pay an additional fee; 3) and document your actual loss in a timely manner. We will not pay any claim in excess of the actual loss. We are not liable for any special or consequential damages. Additional limitations of liability are contained in our current Service Guide. If you ask us to deliver a package without obtaining a delivery signature, you release us of all liability for claims resulting from such service. NO DELIVERY SIGNATURE WILL BE OBTAINED FOR 8:30 AM DELIVERIES OR RESIDENTIAL DELIVERIES.

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538 Silicon Drive, Suite 101
Southlake, Texas 76092
(817) 416-1946 main (817) 946-1949 fax

May 22, 2007

Overnight Delivery

Ms. Linda Guthrie
Devon Energy Production Company, LP
20 N Broadway
Oklahoma City, OK 73102

RE: Non-Standard Location - Waiver of Objection
Midnight Matador #9
330' FNL & 1,500' FWL
Section 35, T-17-S, R-27-E
Red Lake (Queen-Grayburg-San Andres) Field
Eddy County, New Mexico

Dear Ms. Guthrie,

Fairway Resources requests that Devon approve and return a copy of this waiver of objection for a non-standard location for the Midnight Matador #9. Fairway plans to drill and complete the well as a San Andres producer. Our records indicate that Devon is an offsetting operator in the Red Lake (Queen-Grayburg-San Andres) Field and thereby an affected party, as defined in the NM OCD Rule 19.15.3.104.

Because of the proximity to a NNE by SSW oriented PNM pipeline, the BLM required that Fairway move the proposed well from its original standard location. The currently proposed location, 180' from the west line and 330' from the north line of the 40 acre spacing unit, was determined to be the only viable option to effectively develop oil and gas reserves beneath the Fairway operated spacing unit.

Fairway is in the process of applying for administrative approval from the New Mexico Oil Conservation Division for this non-standard well location. If Devon has no objection to this, please sign below and return in the enclosed envelope. If Devon chooses to object to Fairway's application; however, the objection must be filed in writing with the NM OCD within 20 days from the date the division receives Fairway's application.

Enclosed are copies of;

- Fairway Resources Operating, LLC lease plat
- Fairway Resources producing formations per lease plat table
- Well location and acreage dedication plat
- NM OCD application for non-standard location

Please contact me if you have any questions or need additional information. My office phone number is 817-416-1946 and my email address is kpearce@fairwayresources.com. Thank you in advance for your prompt addition to this matter.

Sincerely yours,



Kenneth Pearce
Operations Engineer

Enclosures