

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]

- 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 _____

02 JUN 24 11:26 AM
 DIVISION OF OIL CONSERVATION

- 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

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

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.

 Hint or Type Name Signature Title Date 1/24/02

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

 t.kellahin@worldnet.att.net
 e-mail Address

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 24, 2002

HAND DELIVERED

Mr. Michael E. Stogner
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87501

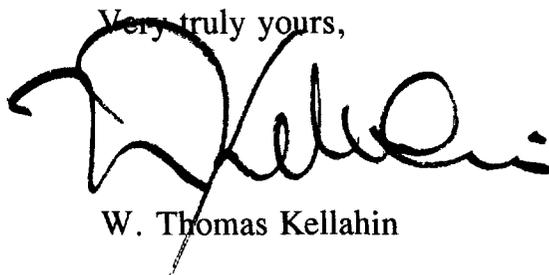
RE: Ross Federal Well No. 5
660 feet FNL & 2625 feet FEL
north one-third equivalent of
Irregular Section 4, T21S, R24E
Administrative Application of Fasken Oil and Ranch, Ltd. for approval
of an unorthodox gas well location, Cemetary Morrow Gas Pool,
Eddy County, New Mexico

Dear Mr. Stogner:

Please find enclosed our administrative application for approval of an unorthodox gas well location for Fasken Oil and Ranch, Ltd.'s Ross Federal Well No. 5.

For your information, this application is like the one I filed on August 30, 2001 for the Ross Federal Well No 4 for the middle one-third of this section which was approved by Administrative Order NSL-4643 issued September 19, 2001.

Very truly yours,



W. Thomas Kellahin

fxc: Fasken Oil and Ranch, Ltd.
Attn: Jimmy Carlile

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE ADMINISTRATIVE
APPLICATION OF FASKEN OIL AND RANCH, LTD
FOR APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now Fasken Oil and Ranch, Ltd, by and through its attorneys, Kellahin and Kellahin, and in accordance with Division General Rule 104.F, applies to the New Mexico Oil Conservation Division for administrative approval of an "infill" unorthodox gas well location for its Ross Federal Well No. 5 ("Well No. 5") which is to be drilled at an unorthodox gas well location 660 feet FNL and 2625 feet FEL of Irregular Section 4, T21S, R24E, Eddy County, New Mexico, and simultaneously dedicated with the Ross Federal Well No. 3 in Lot 5 to a standard 320-acre proration and spacing unit consisting of the "north one-third of this section" (being Lots 1-8) for production from the Cemetary-Morrow Gas Pool, and in support states:

(1) Fasken Oil and Ranch, Ltd. ("Fasken") is the current operator of the Ross Federal Well No. 3 located in Lot 5 of Irregular Section 4, T21S, R24E, Eddy County, New Mexico and dedicated to a 320-acre gas spacing and proration unit ("GPU") consisting of Lots 1-8 of this section ("north one-third") **See Exhibits 1 & 2**

(2) Section 4 is within the current boundary of the Cemetary-Morrow Gas Pool which is subject to Division Rule 104.

(3) Fasken desires to drill its Ross Federal Well No. 5 as an infill well on this GPU at an unorthodox gas well location 660 feet from the North line and 2625 feet from the East line to be simultaneous dedicated to a standard 320-acre GPU currently dedicated to the Ross Federal Well No. 3. **See Exhibits 1 & 2**

(4) Fasken's proposed location encroaches on an internal boundary of the GPU.

**Administrative Application of
Fasken Oil and Ranch, Ltd.
Page 2**

(5) This proposed unorthodox well location is based upon a combination of geologic and topographical reasons:

(a) Dip meters run on the Ross Federal Wells No. 2 and 3 indicate counter-regional dip to the west with a Morrow Structure to the east of these wells. Fasken believes the best location for the Ross Federal Well No. 5 to be within the highest structural contour of this structure. **See Exhibits 3-5.**

(b) Any standard location in the east half of this GPU would not be acceptable to Fasken because it would locate the well farther down dip in a regional direction increasing the risk that the Morrow sands would contain too much water to produce gas in commercial quantities. **See Exhibits 3-5**

(c) Fasken's original unorthodox location was 800 feet FNL and 2625 feet FEL. This was 140 feet south of the now requested unorthodox well location. The original location was unacceptable to the BLM due to finding of a significant cultural resources during the archaeological survey. **See Exhibit 6**

(d) Both the original and requested unorthodox locations for the Ross Federal Well No. 5 were at a high structural contour in this structure. **See Exhibit 4**

(e) There are five potential Morrow zones to be encountered starting with the Middle Morrow "yellow sand" and continuing down to any Lower Morrows to be encountered high enough to be above any local gas/water contact. This well is spotted at a structurally high point that should keep the Middle Morrow Purple Sand and any Lower Morrow Sands encountered in this well structurally high enough to be above any local gas/water contact. **See Exhibits 3-5.** Both the original unorthodox location and the new unorthodox location are within this structural high and are anticipated to encounter multiple Morrow zones.

(f) Fasken's requested unorthodox location is acceptable to the BLM.

CORRELATIVE RIGHTS

(6) The ownership between the east half of the GPU where the Ross Federal Well No. 5 will be located is different from the west half of the GPU.

(7) By a voluntary agreement dated March 16, 1965, all owners, including working interest, royalty and overriding royalty owners, agreed to share production and costs for any well in Section 4 based upon the percentage of acres each owned in relation to the total number of acres in Section 4. **See Exhibit 7.**

(8) Since then, production from the Ross Federal Wells No. 1, 2 and 3 has been shared among the owners in Section 4 in accordance with the agreement described in paragraph (7) above.

(9) Fasken proposes to share production from the Ross Federal Well No. 5 in the same manner as production and costs from the Ross Federal Wells 1, 2, and 3 has been shared.

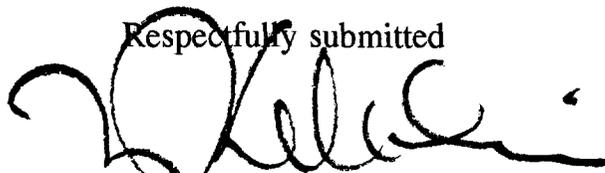
(10) While this well is only 15 feet from the centerline between the east half and west half of the GPU, all owners in the GPU share on an equitable basis.

NOTIFICATION

(11) Notification of this application has been sent to all interest owners in Section 4. **See Exhibit 8.**

WHEREFORE, Fasken Oil and Ranch, Ltd. requests that this matter be approved administratively by the Division.

Respectfully submitted



W. Thomas Kellahin
Kellahin and Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285
Attorneys for Applicant

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	Pool Code 74640	Pool Name Cemetery (Morrow)
Property Code	Property Name ROSS FEDERAL	Well Number 5
OGRID No.	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 3663'

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 2	4	21 S	24 E		660	NORTH	2625	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 304.8 / 320	Joint or Infill	Consolidation Code	Order No. Communitization Agreement SW 247
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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 Coordinator Title</p> <p>January 23, 2002 Date</p>	
<p>ROSS FEDERAL No. 3</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>December 27, 2001 Date Surveyed</p> <p><i>W.O. Jones</i> Signature & Seal of Professional Surveyor</p> <p>7977</p> <p>W.O. No. 2161A</p> <p>Certificate No. Gary L. Jones 7977</p>	
<p>ROSS FEDERAL No. 4</p>					<p>EXHIBIT</p> <p>1</p>	
<p>ROSS FEDERAL No. 2</p>					<p>BASIN SURVEYS</p>	
1/4 COR. LOT 13	LOT 14	LOT 15	LOT 16	1/4 COR.		

DISTRICT I
1825 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
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OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name ROSS FEDERAL	Well Number 5
OGRID No.	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 3663'

Surface Location

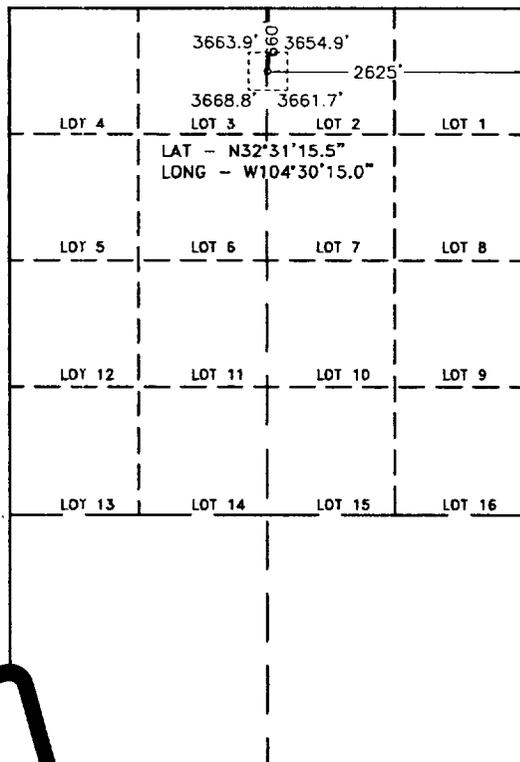
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 2	4	21 S	24 E		660	NORTH	2625	EAST	EDDY

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	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



1/4 COR.

1/4 COR.

SCALE 1" = 2000'



OPERATOR CERTIFICATION

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

Signature _____

Printed Name _____

Title _____

Date _____

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.

December 27, 2001

Date Surveyed _____

Signature & Seal of _____

Professional Surveyor

NEW MEXICO

REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 21 _____

Certificate No. Gary _____ 7977

PROFESSIONAL LAND SURVEYOR

Ross Federal #5

Geological Report

It is important to encounter our objective sands high enough to be above any local gas water contacts, and also with thick enough sands, to be economically productive. Our original location fell in the bottom of a north/south trending Draw. That location was unacceptable to the BLM. We were asked to put the location where we have it now or move to the east to get up out of the draw.

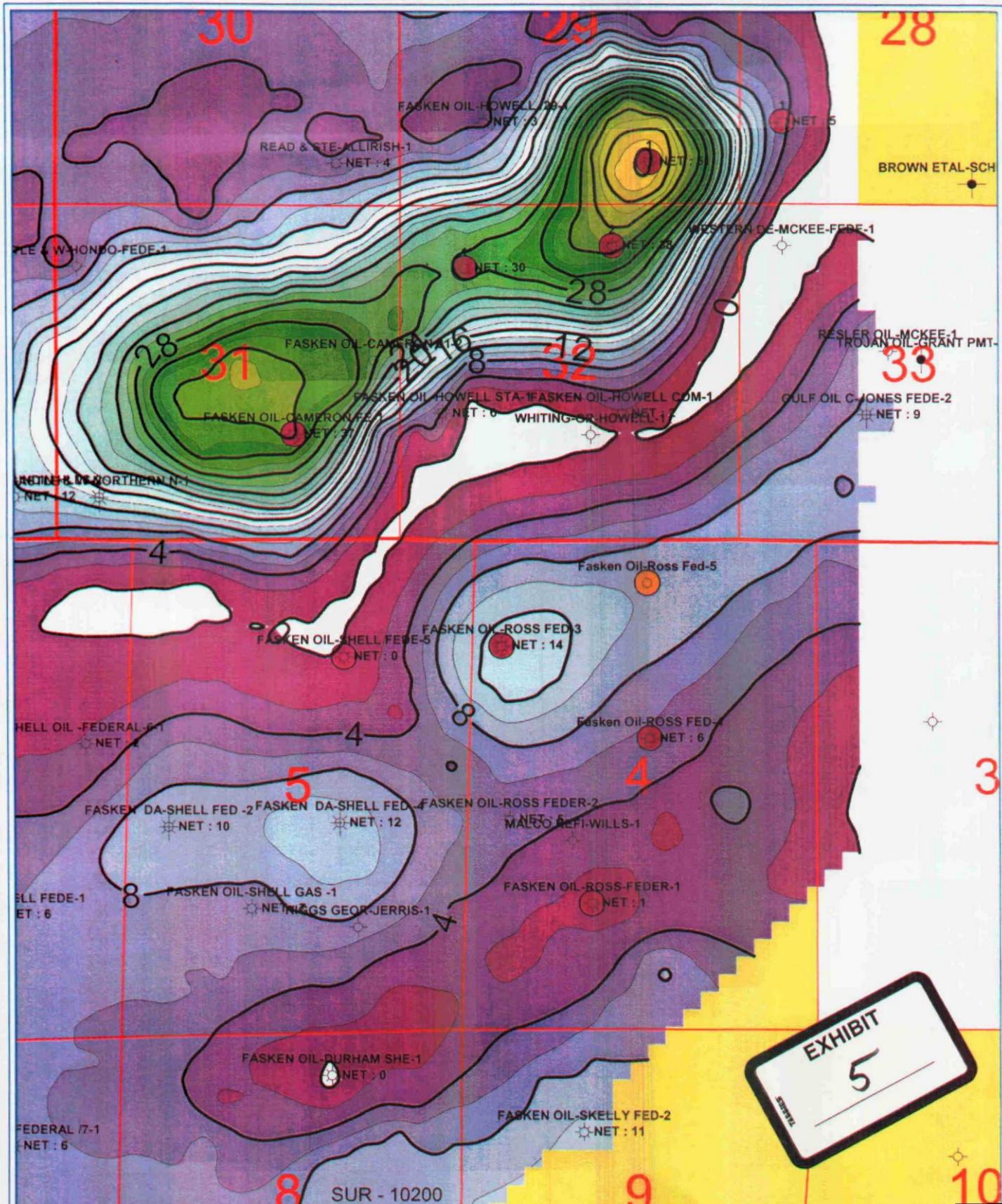
Dip meters run on our area wells give us very good control on the Morrow structure in this area. Both wells in the south half of Section 32 have dip meters that show a southeast dip. Dip meters run on the Ross Fed #2 & #3 wells indicate counter-regional dip to the west with a Morrow Structure to the east of the wells (the recently drilled Fasken Ross Fed #4 in Section 4 backs up this data). Well control in the SW 1/4 of Section 33 provides a low structural reference point.

Middle Morrow Purple, and other Lower Morrow Sands, in low spots in this area become wet and unproductive. The Ross Fed #5 well is spotted at a structurally high point that should keep the Middle Morrow Purple Sand and any Lower Morrow Sands encountered in this well structurally high enough to be above any local gas/water contacts. Moving the Ross Fed #5 location to the east gets farther away from our well control and farther down regional dip, making finding water filled sands a greater risk.

Current well control allows us to map +10' of porous Middle Morrow Purple Sand through the proposed Ross Fed #5 location. Although some depletion is anticipated, (2877# BHP in Ross #4), economic reserves will be recovered at our proposed location from the Middle Morrow Purple Sand that otherwise would not be captured.

David J. Sivils





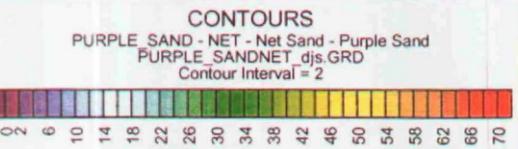
Fasken Oil and Ranch, Ltd.

Eddy New Mexico
 Cemetary Field (Morrow)
 Net Sand - Purple Morrow Sand



POSTED WELL DATA
 Well Label
 ● PURPLE_SAND - NET

ATTRIBUTE MAP
 ● Perferated In Purple Sand
 ● Proposed Location



WELL SYMBOLS
 ○ Location Only
 ● Oil Well
 ☼ Gas Well
 ○ Dry Hole
 ● Abandoned Oil Well
 ☼ Abandoned GAS Well
 ● Suspended Oil Well

By: DLH/DJS

EXHIBIT
 5

**TITLE PAGE/ABSTRACT/
NEGATIVE SITE REPORT
CARLSBAD FIELD OFFICE**

BLM/CFO

1. BLM Report No.:	2. (ACCEPTED) (REJECTED)	3. NMCRIS No.: 77320
4. TITLE OF REPORT (PROJECT TITLE): A Class III Cultural Resource Survey For the Ross Federal No. 5 Well Pad, Access Road, and Flowline		5. Project Date(s): December 19 and 30, 2001
7. Consultant Name & Address Direct Charge: Sean Simpson Name: Mesa Field Services Address: P.O. Box 3072 Carlsbad, NM 88221-3072 Author's Name: Theresa Straight, and Sean Simpson Field Personnel Names: Stephen Smith, Sean Simpson, and Theresa Straight Phone: (505) 628-8885		6. Report Date: January 2, 2001
10. Sponsor Name and Address Individual Responsible: Tommy Taylor Name: Fasken Oil and Ranch Address: 303 W. Wall Ave, Ste 1800 Midland, TX 79701-5116 Phone: (915) 687-1777		8. Permit No.: 153-2920-01-J
13. Location & Area (maps attached if negative survey) a. State: New Mexico b. County: Eddy c. BLM Field Office: Carlsbad d. Nearest City or town: Carlsbad, NM Location: T 21S, R 24E, Section 4: E½ NE¼ NW¼, SW¼ NE¼ NW¼, all SE¼ NW¼, N½ NE¼ SW¼, Well Pad Footages: 660 ft FNL and 2625 ft FEL f. 7.5' Map Name(s) and Code Number(s): Foster Ranch, NM (32104-E5) g. Area Block: Impact: 600 ft x 400 ft Surveyed: 600 ft x 400 ft Linear: Impact: 1,917 ft x 30 ft Surveyed: 6,564 ft x 100 ft		9. Consultant Report No.: MFS - 543
14. a. Records Search Location: Bureau of Land Management - Carlsbad Field Office and ARMS, via modem Date: December 18, 2001 by Stephen Smith List by LA # all sites within .25 miles of the project (those sites within 500' are to be shown on the project		11. For BLM use only 12. Acreage Total acres surveyed: 20.58 Per Surface Ownership Federal: 20.58 State: 0 Private: 0



map): No previously recorded sites are within 0.25 miles of the project area

b. Description of Undertaking (client's activities): Fasken Oil and Ranch plans to install a well pad for the Ross Federal No. 5 well. An access road to service the well pad will extend from the Ross Federal No. 4 north to the southwest corner of the proposed pad location. A flowline will parallel the access road. Two possible routes for the access road and flowline were staked in the field. Both routes encompass archaeological sites. An alternate route free of significant cultural resources was surveyed to the west. The original staked location for the well pad was shifted approximately 150 feet to the north to avoid archaeological site LA 134923.

The project area totals 20.58 acres with 6,564 ft of linear survey and is located on lands under the jurisdiction of the BLM-CFO. The project area can be found on the Foster Ranch, New Mexico 1957, USGS Quadrangle. It is located within the north half of Section 4, Township 21 South, Range 24 East. The survey was conducted at the request of Tommy Taylor with Fasken Oil and Ranch. Plats providing a legal location for the project area were provided by Fasken (Appendix A).

c. Environmental Setting (NRCS soil designation, vegetative community, etc.): The project area is located approximately twenty miles northwest of Carlsbad near Wadcutter Draw. The project area is positioned on a bench just west of a tributary. The terrain is flat with a slight slope to the north. Elevation of the project area varies from 3610 feet to 3710 feet above mean sea level.

The Reeves-Gypsum land-Cottonwood association as defined by the U. S. Department of Agriculture Soil Conservation Service represents soils of the project area. The ground surface consists of exposed gypsum deposits with little to no overlying soil. Vegetation within the project area is sparse and includes creosote and some mesquite, yucca, pencil cholla, prickly pear and a thin cover of grasses and other annuals. Mesquite beans can be exploited as food resources (Bell and Castetter 1941:15-16, Brethauer 1979). Creosote may be exploited for their medicinal qualities (Cornett 1995: 15). Yucca may be used for the manufacture of basketry or other items requiring the use of fibrous material. Yucca may also be used as a detergent (Bell and Castetter 1941:54-57).

The contemporary environment provides adequate habitat for a variety of faunal species including mule deer, pronghorn antelope, coyote, badger, jackrabbit, desert cottontail, roadrunner, rattlesnake, and a variety of other small mammals and reptiles. Since the Historic Period, these species have shared their habitat with cattle, which currently graze in the project area.

Carlsbad is the nearest town. From 1951 to 1980, Carlsbad had an average highest temperature of 106.9 degrees and an average lowest temperature of 6.1 degrees (Williams 1986:39). In the same time span, Carlsbad reported an average annual precipitation of 12 inches (Williams 1986:43). Also, from 1951 to 1980, the wettest three months in Carlsbad were July through September, while the driest three months were December through February (Williams 1986:45).

d. Field Methods

Transect Intervals: 15 m

Crew Size: 2

Time in Field: 15 hours

Collections: None

15. Cultural Resource Findings: As a result of the survey four archaeological sites and 10 IMs were encountered and recorded.

Identification and Description (location shown on project map): The four sites include two BLM category 2 sites (LA 134923 and LA 134924) and two small sites recommended ineligible to the NRHP (LA 134925 and LA 134926).

IM 1 consists of two burned caliche concentrations and three flakes. One concentration contains 150 pieces of burned caliche in a 4 m diameter area and the second concentration has 15 pieces of burned caliche in a 1 m

diameter area. Both concentrations are on gypsum outcrops with no potential for subsurface deposits. All three flakes are made of chert. One is a flake fragment with no cortex. The other two have flat platforms, no cortex, and are both a size 3 (Zone 13: 546639 E/ 3598148 N).

IM 2 is a gray chert flake with a flat platform and less than 50 percent dorsal cortex (Zone 13: 546590 E/ 3598052 N).

IM 3 is a red chert biface thinning flake, size 2 (Zone 13: 546571 E/ 3597761 N).

IM 4 is a burned caliche scatter with over 100 pieces of burned caliche in a 10 m diameter area on gypsum bedrock (Zone 13: 546613 E/ 3597588 N).

IM 5 is a scatter of 20 pieces of burned caliche in a 5 m diameter area (Zone 13: 546628 E/ 3597670 N).

IM 6 is a scatter of 50 pieces of burned caliche in a 7 m diameter area with three artifacts. This includes one crude brown quartzite biface, size 5; one piece of gray chert angular debris, and one brown chert flake with 50 percent dorsal cortex and a cortical platform, size 3 (Zone 13: 546595 E/ 3597715 N).

IM 7 consists of 200 pieces of burned caliche in an 8 by 10 m area. Trowel tests failed to reveal subsurface deposits (Zone 13: 546573 E/ 3597709 N).

IM 8 consists of 20 pieces of burned caliche in a 15 m by 10 m area with one piece of solarized glass. A trowel test failed to reveal staining or subsurface artifacts (Zone 13: 546470 E/ 3597821 N).

IM 9 consists of ten pieces of burned caliche in a 15 m by 5 m area. The burned caliche is sitting on gypsum bedrock (Zone 13: 546494 E/ 3597951 N).

IM 10 is a white and gray chert flake with a cortical platform and 100 percent dorsal cortex, size 3 (Zone 13: 546508 E/ 3597521 N).

Management Summary (recommendations): As a result of the survey four archaeological sites and 10 IMs were encountered and recorded. The four sites include two BLM category 2 sites (LA 134923 and LA 134924) and two small Category 1 sites recommended ineligible to the NRHP (LA 134925 and LA 134926). The well pad was moved 140 ft north to avoid LA 134923.

A reroute to the west of the original staked access road and flowline corridor was surveyed and marked with red and orange flagging tape. This reroute is free of significant cultural materials and should be used for the access road and flowline. In addition, a monitor should be present during the initial construction activities associated with the access road and flowline to ensure the protection of the cultural resources. If any additional cultural material is encountered, work at that location should stop and archaeologists with the BLM-CFO should be consulted.

I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist: Signature _____

Date _____

Jan, 4, 01

THE ABOVE COMPLETES A NEGATIVE REPORT. IF ELIGIBLE OR POTENTIALLY ELIGIBLE PROPERTIES ARE INVOLVED, THEN THE ABOVE WILL BE THE TITLE PAGE AND ABSTRACT FOR A COMPLETE REPORT.

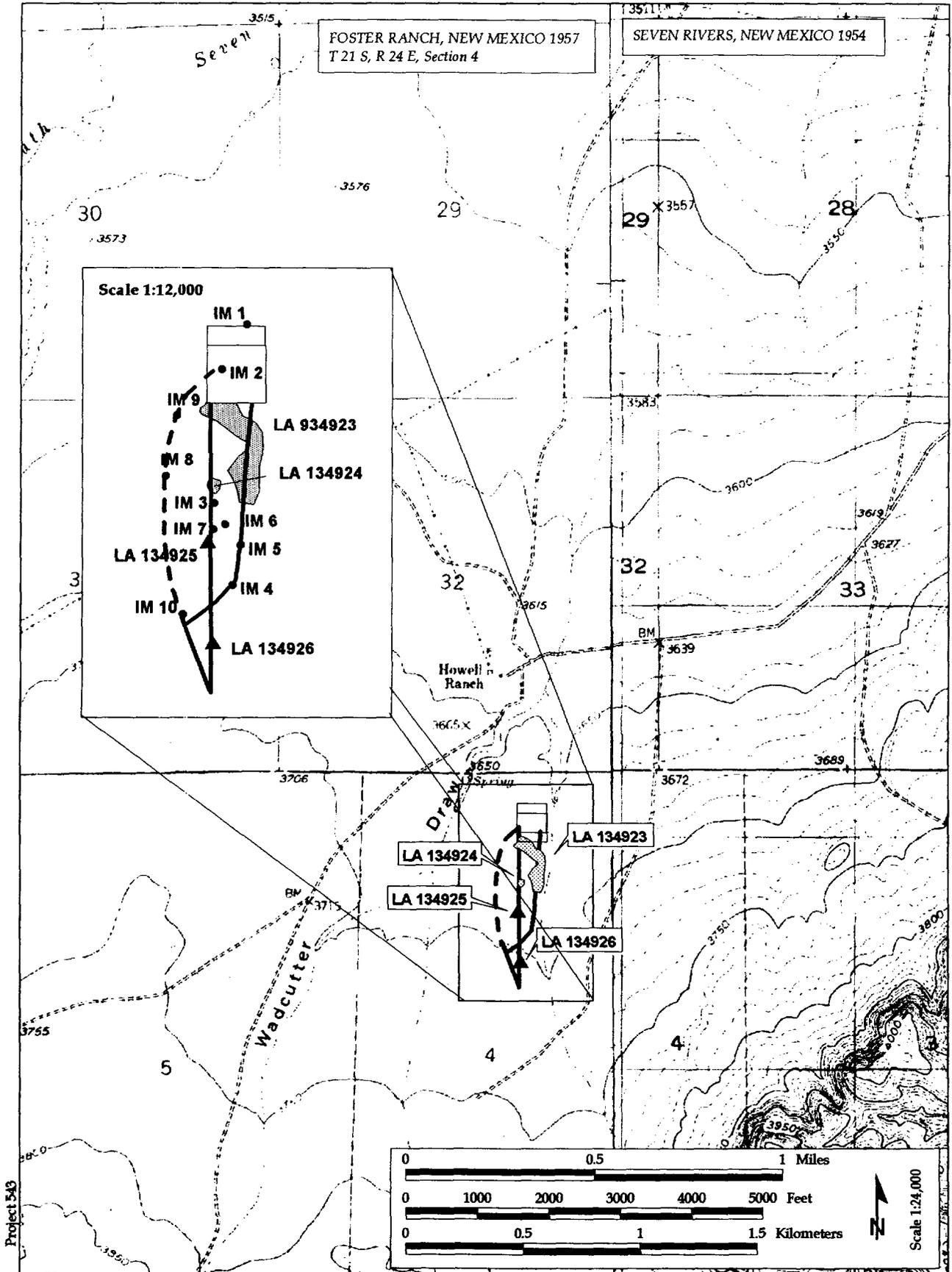


Figure 1. Project Area Map

Mesa Field Services

RECEIVED

MAR 23 1965

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
ROSWELL, NEW MEXICO

COMMUNITIZATION AGREEMENT

Contract No.

THIS AGREEMENT entered into as of the **16th** day of **March**, 19**65**, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

WHEREAS, the act of February 25, 1920, 41 Stat. 437, as amended, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease or any portions thereof with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Section 4, T-21-S, R-24-E, NMPM, Eddy County, New Mexico,



containing **924.8** acres, more or less, and this agreement shall extend to and include ~~only the Cisco Canyon and Morrow~~ **only the Cisco Canyon and Morrow** formations underlying said lands and the (dry gas and associated liquid hydrocarbons) (~~oil and associated hydrocarbons~~) hereinafter referred to as "communitized substances," producible from such formations. **This agreement shall apply separately to the Cisco Canyon Formation and to the Morrow Formation in the same manner as though a separate agreement for each formation had been entered into.**

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit A designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Regional Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, a log and history of any well drilled on the communitized area, monthly reports of operations, statements of communitized substances sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925, as amended (28 F.R. 6485), which are hereby incorporated by reference in this agreement.

6. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

7. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases.
* Payment of rentals under

^a ~~Where Federal sliding scale or step scale royalty rate leases are involved insert: For any Federal lease bearing a sliding or step scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production; provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease and any non-communitized lease production.~~

the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

8. There shall be no obligation on the lessees to offset any well or wells completed in the formation covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees shall not be released from their obligation to protect the communitized area from drainage of communitized substances by a well or wells drilled offsetting said area.

9. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

10. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

11. This agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are or can be produced from ~~the~~ ^{each} communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas operating regulations of the Department of the Interior.

13. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates; and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

15. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Date of execution: **March 16, 1965**
Address: **608 First National Bank Building**
Midland, Texas

Date of execution: **March 17, 1965**
Address: **P. O. Box 1509**
Midland, Texas

Date of execution: **March , 1965**
Address: **602 West Missouri Avenue**
Midland, Texas

Date of execution: **March ¹⁹⁷⁴ ~~1965~~, 1965**
Address: **P. O. Box 86**
Midland, Texas

DAVID FASKEN - - OPERATOR

By Richard S. Brooks
Richard S. Brooks, Attorney in Fact
SHELL OIL COMPANY

By J. V. Lindsey
Jess V. Lindsey, Attorney in Fact
MONSANTO COMPANY

By See Consent and Ratification following
this sheet.

Wm. G. Ross
Wm. G. Ross

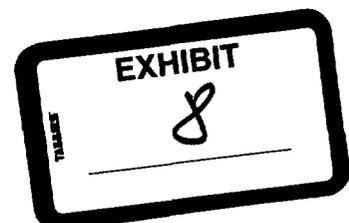
4. Vee K. Ross
Vee K. Ross

Fasken Oil and Ranch, Ltd.

REVENUE DIVISION OF INTEREST LISTING - LATEST DECKS

OG205 08/21/2001 PAGE 1

PROPERTY	PROPERTY NAME	OK	MONTH	DESCRIPTION	OWNER	OWNER NAME	D.D.I.	RNSTS	EXMPT	P.TX	EXMPT	CST	SUBLEGG	AF
								9TDIC	CODES	CODES		CTR	NUMBER	CD
<u>RD7500-01</u>	<u>Ross Federal Lease-</u>	6	06/01	RD/CURRENT Eff. 6/01										
				9999802 Fasken Land and Mine 0.54500886				YY	W	5		0		Y
				303 W. Wall Ave., Suite 1900										
				Midland TX 79701				SS#/Tax-Id:						
				BAR6700 Karen K Barton 0.00001250				YY	O	5		0		N
				2628 Southwest 45th St										
				Oklahoma City OK 73119				SS#/Tax-Id:						
				BIV5000 Edith Bivins 0.00003760				YY	C	5		0		N
				515 5th Avenue N.										
				Caldwell ID 83605				SS#/Tax-Id:						
				BRO4011 Brooks Oil & Gas Int 0.01112263				YY	W			0		N
				P.O. Box 10162										
				Midland TX 79702				SS#/Tax-Id:						
				COL5700 Colorado School of M 0.00025387				YY	K	5		0		N
				Foundation, Inc.										
				P.O. Box 4005										
				Golden CO 80401				SS#/Tax-Id:						
				GIB2020 Mary Lou Gibbs 0.00003770				YY	O	5		0		N
				4115 E. Zion										
				Tulsa OK 74115				SS#/Tax-Id:						
				HAR6300 Lawrence C. & Marion 0.00348900				YY	K	5		0		N
				P. C. Box 1714										
				Roswell NM 88202-1714				SS#/Tax-Id:						
				HEN2680 Mary J. Henderson 0.00003770				YY	O	5		0		N
				347 Hillside Circle										
				Burleson TX 76028				SS#/Tax-Id:						
				KAU2350 Paula Rachel Kaufman 0.00432500				YY	C	5		0		N
				P. O. Box 309										
				Glorieta NM 87535				SS#/Tax-Id:						
				LIT7001 Anne B. Little Revoc 0.00432500				YY	C	5		0		N
				Wells Fargo Bank, NM Trustee										
				PO Box 5383										
				Denver CO 80217				SS#/Tax-Id:						
				LIT7201 Sylvia F. Little, Tr 0.00432600				YY	O	5		0		N
				UTA/5/25/90										
				P. O. Box 1258										
				Farmington NM 87499-1258				SS#/Tax-Id:						



Fasken Oil and Ranch, Ltd.

REVENUE DIVISION OF INTEREST LISTING LATEST DECKS

CG205 08/21/2001 PAGE 2

PROPERTY	PROPERTY NAME	DR	MONTH	DESCRIPTION	OWNER	OWNER NAME	D.O.I.	RNSTS	EXMPT	P.TX	EXMPT	CST	SUBLEGR	AR
								9TDIC	CODES	CODES		CTR	NUMBER	CD
RO7500-01	Ross Federal Lease-	6	06/01	RD/CURRENT EFF. 6/01										
				MMS0660 0290105670004			0.00848800	YY F#	2 45 P		0			N
				Ross Fed #1										
				RO7500-01		CU								
				MMS0800 0290210290001			0.05406600	YY F#	2 45 P		0			N
				Ross Fed #1										
				RO7500-01		CU								
				MMS1640 0290844020002			0.00838000	YY F#	2 45 P		0			N
				Ross Fed #1										
				RO7500-01		CU								
				MMS1960 0292079500003			0.05406600	YY F#	2 45 P		0			N
				Ross Fed #1										
				RO7500-01		CU								
				PRO7000 Mattie Lea Shuler Pr			0.00025388	YY O	5		0			N
				Route 1, Box 30										
				Carlsbad		NM 88220		SS#/Tax-Id:	525-33-4878					
				PUR3500 Pure Resources, L.P.			0.14622725	YY W			0			N
				P.O. Box 910552										
				Dallas		TX 75391-0552		SS#/Tax-Id:	75-2715696					
				RIC3400 James M. Richardson			0.00432600	YY O	5		0			N
				P. O. Box 1625										
				Carnelian Bay		CA 96140		SS#/Tax-Id:	585-09-4975					
				RIG2950 Riggs-Mills Limited			0.00050775	YY O	5		0			N
				Partnership										
				Box 727										
				Cedaredge		CO 81413-0727		SS#/Tax-Id:	91-1765050					
				RCS6900 Ross Family Trust			0.13663476	YY W			0			N
				Vee K. Ross, Trustee										
				P. O. Box 86										
				Midland		TX 79702		SS#/Tax-Id:	75-6425776					
				STA5555 Tessa Nicole Stark			0.00003760	YY O	5		0			N
				Jerry D. Stark, Custodian										
				1878 Putnam Drive										
				Bartlesville		OK 74005		SS#/Tax-Id:	442-04-9336					
				STA7510 David L. Stark			0.00003760	YY O	5		0			N
				313 Balsam										
				Lake Jackson		TX 77566		SS#/Tax-Id:	448-36 7971					

BLM
P.O. Box 27115
Santa Fe, NM
87502-0115
02
P.O. Box 1778
Carlsbad, NM
88221-1778

Fasken Oil and Ranch, Ltd.

REVENUE DIVISION OF INTEREST LISTING - LATEST DECKS

0205 08/21/2001 PAGE 3

PROPERTY	PROPERTY NAME	DK	MONTH	DESCRIPTION	OWNER	OWNER NAME	D.D.I.	RNSTS	EXMPT P	TX	EXMPT	CST	SUBLEGR	AF
								9TDIC	CODES	CODES		CTR	NUMBER	CD
<u>07530-01</u>	<u>Ross Federal Lease-</u>	6	06/01	RD/CURRENT Eff. 6/01										
				STA7530	Jack D. Stark		0.00003760	YY	0	5		0		N
					Route 1, Box 15A									
					Fitzhugh		OK 74843	SS#	/Tax-Id:	440-32-8202				
				STA7540	L. M. Stark		0.00003760	YY	0	5		0		N
					305 Frontera									
					Borger		TX 79007	SS#	/Tax-Id:	510-24-7599				
				STA7550	Michael R. Stark		0.00001250	YY	0	5		0		N
					10805 Highway 253									
					Port Smith		AR 72916-4115	SS#	/Tax-Id:	440-50-8817				
				STA7560	W. B. Stark		0.00003760	YY	0	5		0		N
					Rt 5 Box 126									
					Bartlesville		OK 74003	SS#	/Tax-Id:	510-24-7759				
				STA8200	Wilma D. Moleen Trust		0.00335500	YY	0	5		0		N
					c/o Chase Bank of Texas, N.A.									
					P. O. Box 200383									
					Houston		TX 77216-0383	SS#	/Tax-Id:	74-6302225				
				WHI7015	Philip L. White		0.00648900	YY	K	5		0		N
					P. O. Box 2168									
					Santa Fe		NM 87504-0200	SS#	/Tax-Id:	585-18-1112				
				WIL7500	Wills Royalty Inc.		0.00101550	YY	0	5		0		N
					P. O. Box 1658									
					Carlsbad		NM 38221-1658	SS#	/Tax-Id:	85-0342811				
				WOR6600	Deborah A. Wortham		0.00001250	YY	0	5		0		N
					6106 Walnut Dr.									
					Tuttle		OK 73069	SS#	/Tax-Id:	440 58-4755				
				*** DECK	TOTAL		1.00000000							

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

01/28/02 10:55:
OGOMES -TQ
PAGE NO:

Sec : 04 Twp : 21S Rng : 24E Section Type : NORMAL

12 40.00 Federal owned A	4 31.50	5 40.00	11 40.00	3 31.30	6 40.00	10 40.00	2 31.10	7 40.00	1 30.90	8 40.00	9 40.
13 40.00 Federal owned A	14 40.00		15 40.00			16 40.00					

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

284.8

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

01/28/02 10:55:
OGOMES -TQ
PAGE NO:

Sec : 04 Twp : 21S Rng : 24E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned A	J 40.00 Federal owned A	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

01/28/02 10:56:
OGOMES -TQ

API Well No : 30 15 22716 Eff Date : 01-01-1996 WC Status : A
Pool Idn : 74640 CEMETARY;MORROW (GAS)
OGRID Idn : 151416 FASKEN OIL & RANCH LTD
Prop Idn : 18239 ROSS FEDERAL COM

Well No : 003
GL Elevation: 3692

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/
B.H. Locn	: 5	4	21S	24E	FTG 1641 F N	FTG 460 F W	A

Lot Identifier:

Dedicated Acre: 284.80

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6ACRE

ONGARD
C102-DEDICATE ACREAGE

01/28/02 10:56:
OGOMES -TQ
Page No :

API Well No : 30 15 22716 Eff Date : 02-01-1980
 Pool Idn : 74640 CEMETARY;MORROW (GAS)
 Prop Idn : 18239 ROSS FEDERAL COM Well No : 00
 Spacing Unit : 39959 OCD Order : Simultaneous Dedication:
 Sect/Twp/Rng : Acreage : 284.80 Revised C102? (Y/N) :
 Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
A	1		4	21S	24E	30.90	N	FD		
B	2		4	21S	24E	31.10	N	FD		
C	3		4	21S	24E	31.30	N	FD		
D	4		4	21S	24E	31.50	N	FD		
D	5		4	21S	24E	40.00	N	FD		
C	6		4	21S	24E	40.00	N	FD		
B	7		4	21S	24E	40.00	N	FD		
A	8		4	21S	24E	40.00	N	FD		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD :
OG6IPRD

ONGARD
INQUIRE PRODUCTION BY POOL/WELL

01/28/02 10:56:
OGOMES -TQ
Page No:

OGRID Identifier : 151416 FASKEN OIL & RANCH LTD
Pool Identifier : 74640 CEMETARY;MORROW (GAS)
API Well No : 30 15 22716 Report Period - From : 01 2000 To : 12 2001

API Well No	Property Name	Prod. Days		Production Volumes			We
		MM/YY	Prod	Gas	Oil	Water St	
30 15 22716	ROSS FEDERAL COM	01 00	31	2453	7	11	F
30 15 22716	ROSS FEDERAL COM	02 00	29	3140		12	F
30 15 22716	ROSS FEDERAL COM	03 00	31	3552	4	34	F
30 15 22716	ROSS FEDERAL COM	04 00	30	2864	3	14	F
30 15 22716	ROSS FEDERAL COM	05 00	31	3034	8	14	F
30 15 22716	ROSS FEDERAL COM	06 00	30	3534	35	58	F
30 15 22716	ROSS FEDERAL COM	07 00	31	3562		27	F

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12

CMD : ONGARD 01/28/02 10:56:
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TQ
Page No:

OGRID Identifier : 151416 FASKEN OIL & RANCH LTD
Pool Identifier : 74640 CEMETARY;MORROW (GAS)
API Well No : 30 15 22716 Report Period - From : 01 2000 To : 12 2001

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	We St
30 15 22716	ROSS FEDERAL COM	08 00 31	3057 2	F
30 15 22716	ROSS FEDERAL COM	09 00 30	2918	F
30 15 22716	ROSS FEDERAL COM	10 00 31	3501 2	13 F
30 15 22716	ROSS FEDERAL COM	11 00 30	2914	34 F
30 15 22716	ROSS FEDERAL COM	12 00 31	3026	13 F
30 15 22716	ROSS FEDERAL COM	01 01 3	238	S
30 15 22716	ROSS FEDERAL COM	02 01		S

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD :
OG6IPRD

ONGARD
INQUIRE PRODUCTION BY POOL/WELL

01/28/02 10:56:
OGOMES -TQ
Page No:

OGRID Identifier : 151416 FASKEN OIL & RANCH LTD
Pool Identifier : 74640 CEMETARY;MORROW (GAS)
API Well No : 30 15 22716 Report Period - From : 01 2000 To : 12 2001

API Well No	Property Name	Prodn. Days		Production Volumes			We
		MM/YY	Prod	Gas	Oil	Water St	
30 15 22716	ROSS FEDERAL COM	03	01				S
30 15 22716	ROSS FEDERAL COM	04	01				S
30 15 22716	ROSS FEDERAL COM	05	01	18	1473		F
30 15 22716	ROSS FEDERAL COM	06	01	30	2386	3	S
30 15 22716	ROSS FEDERAL COM	07	01	31	2191		F
30 15 22716	ROSS FEDERAL COM	08	01	31	3456		F
30 15 22716	ROSS FEDERAL COM	09	01	30	3620	4	15 F

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD :
OG6IPRD

ONGARD
INQUIRE PRODUCTION BY POOL/WELL

01/28/02 10:56:
OGOMES -TQ
Page No:

OGRID Identifier : 151416 FASKEN OIL & RANCH LTD
Pool Identifier : 74640 CEMETARY;MORROW (GAS)
API Well No : 30 15 22716 Report Period - From : 01 2000 To : 12 2001

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	We St
30 15 22716	ROSS FEDERAL COM	10 01 31	3190 3	F
30 15 22716	ROSS FEDERAL COM	11 01 30	3210	F

Reporting Period Total (Gas, Oil) : 57319 71 245

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6329
Order No. R-5822

APPLICATION OF DAVID FASKEN
FOR UNORTHODOX GAS WELL LOCATIONS
AND A NON-STANDARD PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 27, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of October, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, David Fasken, seeks approval for the unorthodox locations of the following three wells located in Township 21 South, Range 24 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico:

the Ross Federal Com. Well No. 2 to be drilled 3300 feet from the South line and 660 feet from the West line of Section 4, Lots 9 through 16 of said section to be dedicated to the well;

the Ross Federal Com. Well No. 3 to be drilled 6040 feet from the South line and 460 feet from the West line of Section 4 to be dedicated to a 284.6-acre non-standard proration unit comprising Lots 1 through 8 of said section; and the

Shell Federal Com. Well No. 2 to be drilled 3300 feet from the South line and 660 feet from the West line of Section 5, Lots 9 through 16 of said section to be dedicated to the well.

(3) That wells at said unorthodox locations will better enable applicant to produce the gas underlying each of the aforesaid proration units.

(4) That no offset operator objected to the proposed unorthodox locations.

(5) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the subject pool, 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.

IT IS THEREFORE ORDERED:

(1) That unorthodox gas well locations are hereby approved for the following three wells located in Township 21 South, Range 24 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico:

the Ross Federal Com. Well No. 2 to be drilled 3300 feet from the South line and 660 feet from the West line of Section 4, Lots 9 through 16 of said section to be dedicated to the well;

the Ross Federal Com. Well No. 3 to be drilled 6040 feet from the South line and 460 feet from the West line of Section 4 to be dedicated to a 284.6-acre non-standard proration unit, hereby approved, comprising Lots 1 through 8 of said section; and

the Shell Federal Com. Well No. 2 to be drilled 3300 feet from the South line and 660 feet from the West line of Section 5, Lots 9 through 16 of said section to be dedicated to the well.

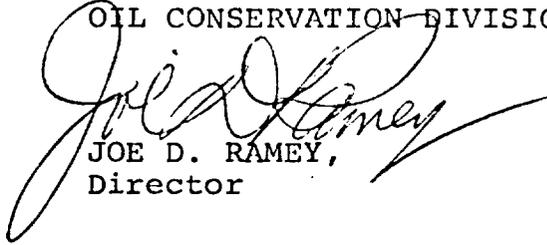
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-

Case No. 6329
Order No. R-5822

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

S E A L

dr/