

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Fasken Oil and Ranch, Ltd. 303 W. Wall Ave., Suite 1800 Midland, TX 79701-6116						² OGRID Number 151416			
						³ API Number 30-015-30703			
⁴ Property Code 018234		⁵ Property Name Indian Hills Unit				⁶ Well No. 16			
⁷ Surface Location									
UL or lot no. E	Section 17	Township 21S	Range 24E	Lot Idn	Feet from the 2200	North/South line North	Feet from the 660	East/West line West	County Eddy
⁸ Proposed 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
⁹ Proposed Pool 1 Staple Canyon Rim (Atoka)					¹⁰ Proposed Pool 2				
¹¹ Well Type Code P		¹² Well Type Code G		¹³ Cable/Rotary R		¹⁴ Lease Type Code S		¹⁵ Ground Level Elevation 3914'	
¹⁶ Multiple No		¹⁷ Proposed Depth		¹⁸ Formation Atoka		¹⁹ Contractor Not available		²⁰ Spud Date 2/15/03	
²¹ Proposed Casing and Cement Program									
Hole Size	Casing Size	Casing weight/foot		Setting Depth		Sacks of Cement		Estimated TOC	
12 1/4"	9 5/8"	36#		2408'		1600		surface	
8 1/4"	4 1/2"	11.6#		9869'		900			
<p>²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.</p> <p>Fasken Oil and Ranch, Ltd. proposes to plugback and recompleate this well to the Atoka. Please see the attached procedure. This location is a non-standard location according to Rule 104. An application for an administrative order was filed with the NMOCD Santa Fe office on January 16, 2003.</p>									
<p>²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Jimmy D. Carlie</i></p> <p>Printed name: Jimmy D. Carlie</p> <p>Title: Regulatory Affairs Coordinator</p> <p>Date: 1/31/03</p> <p>Phone: (915) 687-1777</p>					<p>OIL CONSERVATION DIVISION</p> <p>Approved by: <i>[Signature]</i> ORIGINAL SIGNED BY TIM W. GUM</p> <p>Title: DISTRICT II SUPERVISOR</p> <p>Approval Date: FEB 25 2003 Expiration Date: FEB 25 2004</p> <p>Conditions of Approval:</p> <p>Attached <input type="checkbox"/></p>				

Recommended Recompletion Procedure
Indian Hills Unit No. 16
2200' FSL & 660' FWL
Sec 17, T21S R24E
AFE 597

OBJECTIVE:	Recomplete from Morrow to Atoka
WELL DATA:	
9-5/8" 36# J-55 casing:	Set at 2409' cement circ.
4-1/2" 11.6# N-80 casing:	Set at 9,869'
KB:	15'
TD:	9,875'
PBTD:	9,821.44' float collar
Packer:	2-3/8"x 4-1/2" Arrowset 1x 10K pkr w/ TOSSD w/1.781" "F" profile nipple @9542'
Tubing:	305 jts 2-3/8" EUE 8rd N-80, 2 subs 15.85' 2-3/8" EUE 8rd N-80
Perfs:	9626'-9636', 9658'-9670', 9688'-9697', 9700'-9702', 9704'-9707'
	4 JSPF 0.4" entry total 142 holes

1. Set matting boards and pipe racks.
2. RUPU. Kill well with 35 bbl 5% KCL containing 0.5-gpt Claymaster 5C clay control.
3. ND wellhead, NU BOP.
4. Release packer and POW with 2-3/8" tubing and packer.
5. RU wireline lubricator. RIW with 4-1/2" CIBP and set at 9550'. Spot 35' Class "H" cement on CIBP with dump baller for PBTD of 9515'.
6. Fill casing with 3% KCL water containing packer fluid and ½ gpt BJ's ClayMaster 5C (or equiv.). Pressure test CIBP, casing and BOP to 1500 psi.
7. RIW w/ wireline entry guide, 4-1/2" Arrowset 1 10k packer w/TOSSD w/1.781" "F" profile, 2-3/8" 4.7#/ft EUE 8rd N-80 tubing testing in hole to 9500 psi above slips. Set packer at 9250'+/-.
8. ND BOP, NU 2-3/8" wellhead landing tubing with packer in 12,000 lbs compression. Pressure test packer, casing and tree to 1500 psi.
9. Swab tubing fluid level to 8500'+/-.
10. RU wireline company and lubricator. Perforate Atoka sand zones 9324'-9330' and 9350'-9357' with 1JSPF total 15 holes with 1-11/16" strip gun by Schlumberger Three Detector LithoDensity Compensated Neutron GR log dated 6-14-00.
11. Evaluate for stimulation.

If stimulation required. RU BJ Services. RU tree saver. RU pump truck and trap 1500 psi on tubing casing annulus. Acidize perfs 9324'-9357' with 1000 gal mixture of 7-1/2% HCL +25% methanol with 1000 scf/bbl nitrogen dropping 30 7/8" 1.3 sg RCN ball sealers evenly spaced. Flush with 3% kcl water containing 0.5 gpt Clay Master-5C with 1000 scf/bbl nitrogen. Max surface pressure 9500 psi.

Acid additives:

2 gpt CI-27, 1 gpt Ne-940 Non-emulsifier, 1 gpt Inflo-150 Surface Tension reducer, 6 gpt FE-270 Iron Control, 2 gpt FE-271 Iron Control activator, 0.5 gpt Clay Master-5C Clay

Control. Replace 25% of the acid mix water with methanol. 1000 gallons of 7.5% HCL requires 810 gals water and 190 gals 28 Baume HCL, so mix with 608 gals water, 190 gals raw acid, 202 gals methanol.

12. Flow back acid and load water to pit until fire will burn.

13. Return well to sales.

14. Run 4 point test.

cwb

9-26-02

(IHU16 Atoka proc.doc)

02/25/2003 10:56 5059822047
FEB-05-2003 WED 10:45 AM

W THOMAS KELLAHIN

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FAX NO.

P. 05



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Jeanne Prukop
Chief 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

4839

Administrative Order NSL-4839

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 15, 2003 (application reference No. NR/03-301730119); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Fasken's request for an unorthodox Atoka gas well location for its existing Indian Hills Unit Well No. 16 (API No. 30-015-30703), located 2200 feet from the North line and 660 feet from the West line (Unit B) of Section 17, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

Lots 3, 4, 5, and 6 and the NW/4 (W/2 equivalent) of Section 17 is to be dedicated to this well in order to form a standard 326.14-acre standard gas spacing unit for the Undesignated Staple Canyon Rim-Atoka Gas Pool (97136).

This application has been 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.

It is the Division's understanding that Fasken drilled this well in mid-2000 to a total depth of 9,875 feet and completed it in the Indian Basin-Morrow Gas Pool at a standard infill gas well location within a standard 663.86-acre gas spacing unit comprising all of Section 17.

It is further understood that Fasken now intends to recomplete this well up-hole into the Atoka formation and, pursuant to Rule 104.C (2) (a), as revised, this location is considered to be unorthodox for the proposed 326.14-acre unit.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Atoka gas well location for the above-described Indian Hills Unit Well No. 16 is hereby approved.

Sincerely,

Lori Wrotenbery
Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
New Mexico State Land Office - Santa Fe

DISTRICT II
P.O. Drawer 88, Artesia, NM 86210

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Per Lease - 3 Copies

COMPLETED REPORT

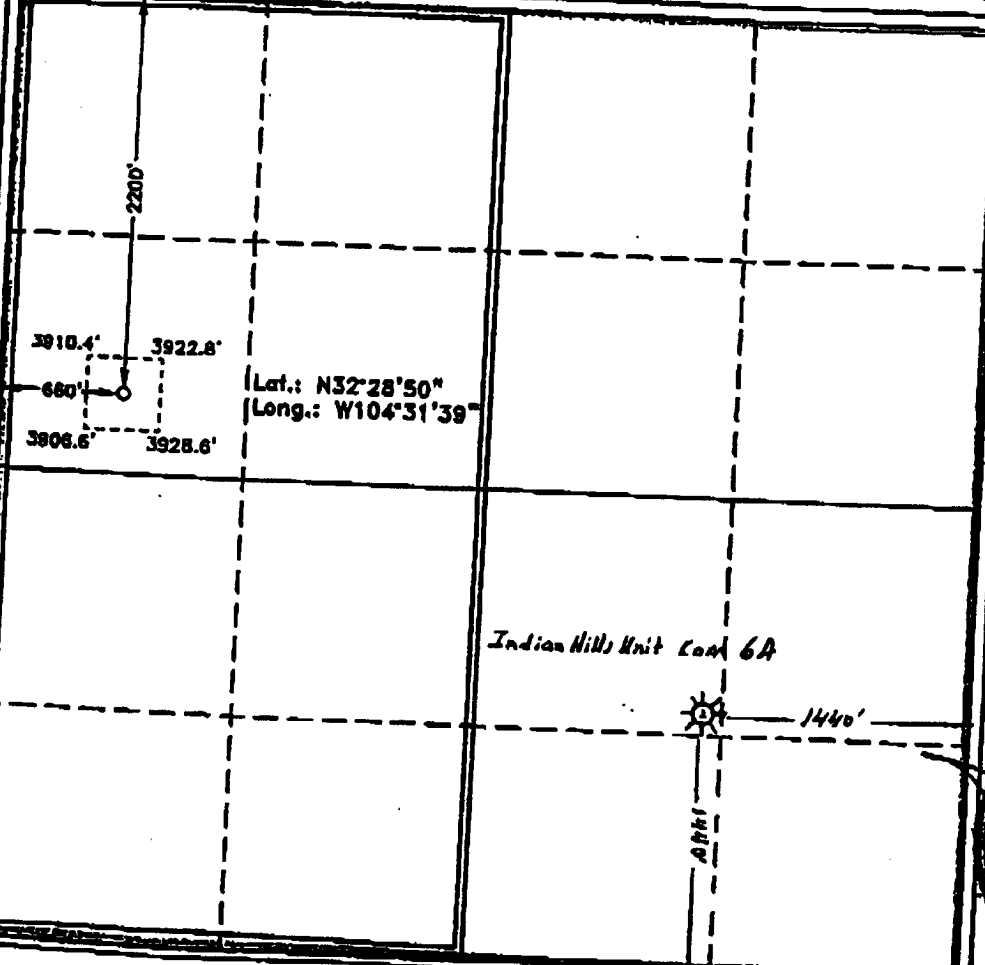
WELL LOCATION AND ACREAGE DEDICATION

API Number 30-015-30703	Pool Code	Staple Canyon Rim (Atoka)	Well Number 16
Property Code 18234	Property Name Indian Hills Unit		Elevation 3914'
OCRD No. 151416	Operator Name Fasken Oil & Ranch, Ltd.		

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	17	21 S	24 E		2200	North	660	West	Eddy

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Bottom Hole Location If Different From Surface									
Dedicated Acres 663.86	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

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Tommy E. Taylor Signature TOMMY E. TAYLOR Printed Name DRILLING & PRODUCTION ENGINEER Title JULY 21, 1999 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. July 8, 1999 Date [Signature] Surveyor W.D. No. 28430 Professional Land Surveyor Jones 7977

EXHIBIT

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