Form 3160-5
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – *Other instructions on page 2.*

5. Lease Serial No.
NM-010567

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☑ Gas Well ☐ Other

8. Well Name and No.
Pegasus "10" Federal No. 1

2. Name of Operator
Fasken Oil and Ranch, Ltd.

9. API Well No.
30-015-34714

3a. Address
6101 Holiday Hill Road
Midland, TX 79707

3b. Phone No. *(include area code)*
432-687-1777

10. Field and Pool or Exploratory Area
Cemetary (Morrow)

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
Unit Letter D, Sec. 10, T21S, R24E, 710' FNL & 1160' FWL

11. County or Parish, State
Eddy, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☑ Recomplete	☐ Other _____
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☑ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Fasken Oil and Ranch, Ltd. proposes to recomplete the Pegasus "10" Federal No. 1 from the Cemetary (Morrow) pool to the Indian Basin; Strawn pool. Please see attached procedure and current and proposed wellbore diagrams.

A closed loop system will be used for the recompletion operations. A sundry notice has been submitted to the NMOCD for approval.

Accepted for record
NMOCD
11-17-2014

NM OIL CONSERVATION
ARTESIA DISTRICT
NOV 07 2014
RECEIVED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name *(Printed/Typed)*
Kim Tyson

Title Regulatory Analyst

Signature Kim Tyson

Date 10/16/2014

APPROVED
NOV 5 2014
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

FASKEN OIL AND RANCH, LTD.

6101 Holiday Hill Road
MIDLAND, TEXAS 79707

(432) 687-1777
kimt@forl.com

Kim Tyson
Regulatory Analyst

November 12, 2014

Mr. TC Sharpard

New Mexico Oil Conservation Division
811 S. First Street
Artesia, NM 88210

Dear Mr. Shapard,

Re: Pegasus "10" Federal No. 1
Recomplete from Cemetary; Morrow Pool to Indian Basin; Strawn Pool
API No. 30-015-34714
Artesia, New Mexico

Please find enclosed a Form C-102 for the Pegasus "10" Federal No.1 showing the acreage that will be dedicated to this well when it is recompleted into the Indian Basin; Strawn Pool.

If you have any questions or need any additional information please e-mail me at kimt@forl.com or call me at (432) 687-1777.

Thanks for your help concerning this matter.

Yours truly,

Kimberley A. Tyson

Kimberley A. Tyson
Regulatory Analyst

Pegasus "10" Fed. No. 1
710' FNL & 1160' FWL
Sec 10, T21S R24E

OBJECTIVE:	**Recomplete to Strawn**
WELL DATA:	
API Number:	30-015-34714
13-3/8" 48.0#/ft H-40 ST&C casing:	Set at 400.26' KB Cmt w/200 sx "H" w/10% A-10B, 1% CaCl2, 10#/sx gilsonite, ¼ #/sx celloflake plus 400 sx "C" w/2% CaCl2. Lost returns. Cmt to surface w/ 1" tbg, 130 sx in 6 stages plus 12 yd³ ready mix.
9-5/8" 36.0#/ft J-55 LT&C casing:	Set at 3002.90' KB. Cmt w/ 600 sx BJ Lite "C" w/5# gilsonite, 1% CaCl2, ¼ # celloflake plus 200 sx "C" w/2% CaCl2. Circ 200 sx to surf.
5-1/2" 17.0# N-80 LT&C casing:	Set at 10,074.73' Cmt w/1100 sx BJ Super "C" w/0.2% FL-52A, 1.1% FL-25, 0.3% SMS. PBTD 9884' per WL. TOC 5227' by temp survey. Marker jts 10.94 @ 9697.64', 10.97' @ 8184.65', 10.97' @ 7159.97
Tubing:	4-1/2" WL Re-entry guide (0.40'), 4' 2-3/8" perf tubing sub (4.10'), 5-1/2" 1X10K Arrowset packer (7.25', TOSSD w/ 1.875" Carbon Steel "F" profile nipple (1.74'), 297 jts of 2-3/8" N-80 EUE 8rd tbg (9641.16'). EOT 9638.41' KB
Packer set @:	9,638.41' KB. PN @ 9638.67' KB.
Perfs:	7-2-13: 9,916'-23' 1 SPF, 8 holes, 0.23" EH 7-14-06: 9,766'-85' 1 SPF, 20 holes, 0.23" EH 5-5-09: 9877'-81' (5h), 9737'-40' (5h), 9822'-26' (5h), 9788'-9806' (19h), 9759'-64' (5h), 9731'-32' (2h)
TD:	10,075'
PBTD:	10010' by WL 5-5-09 (FC 10,027')

1. Shut well in 48 hours for a static surface pressure.
2. RU slick line and set 1.875" "F" blanking plug in profile nipple at 9753.45'
3. RUPU. Set matting board, pipe racks, and steel flowback pit.
4. RU pump truck and fill tubing w/ 40 bbls 3% KCL w/ clay stabilizer, corrosion inhibitor and oxygen scavenger. Test plug and tubing to 500 psi.
5. NDWH, NU BOP.
6. Release TOSSD and swab down tubing casing annulus to 8500' FS. Latch back on to packer and release and POW with tubing and packer.
7. RUWL with 3000 psi lubricator. RIW with 4.75" gauge ring to 9700'. RIW with 5-12" 17#/ft CIBP and set @ 9700' FS. ~~Dump bail 35' class~~ "H" cement on CIBP for PBTD 9665'. RDWL.
8. RU pump truck and acid transport. RIW with notched collar, SN, 2-3/8" EUE 8rd 4.7#/ft N-80 tubing to 8595' and circulate well with 3% Kcl water containing packer fluid and test CIBP plug to 3000 psi. Spot 500 gals of 15% NEFE triple inhibited HCl acid (estimated tubing depth to equal bottom Strawn lime OH log perf 8595').
9. POW with 2-3/8" EUE 8rd 4.7#/ft N-80 tubing, SN, notched collar.
10. RUWL with 3000 psi lubricator and grease. (Note: marker joint 10.97' @ 8185'). Perforate **Strawn lime** with 3-1/8" casing gun as follows:

    8588' – 95' Lime (15h, 2JSPF, 0.40 EHD, 60° phased)

    15 total holes by Halliburton's Spectral Density Dual-Spaced Neutron Spectral Gamma Ray Open Hole Log dated 6-2-08. POW, make sure all shots fired, and RDWL.

11. RU pump truck and displace 12 bbl spot acid via casing with 3% KCl water containing clay stabilizer at maximum rate attainable with maximum 3000 psi surface treating pressure.

12. RIW with 4' x2-3/8" EUE 8rd N-80 tubing sub, Arrowset IX 10k packer, TOSSD with 1.875" "F" profile nipple, and 2-3/8" EUE 8rd N-80 tubing to +/- 8450'. Reverse 5 bbls 3% KCL water into tubing.
13. ND BOP. NUWH setting packer in 12 points compression.
14. Swab and flow back acid and load water to steel test tank and evaluate.
15. RU pumping service. Install tree saver. Trap 1500 psi on annulus. Acid frac Strawn perfs 8588'-95' via 2-3/8" tubing with 1000 gal XL Gelled 15% HCL acid + 1000 gals Gelled 15% HCL acid + 35% CO2, flushing with 3% KCL water with clay stabilizer and 35% CO_2. Rate 5-10 bpm at max pressure 5000 psi. RD stimulation company and tree saver.
16. Swab and flow back acid and load water to steel test tank and evaluate.
17. Flow well and evaluate.
18. Return well to sales.
19. RDPU.

Add Strawn Sands

20. RUWL with 3000 psi lubricator and grease. Perforate **Strawn sands** with 1-11/16" strip gun as follows:

    8812' – 26' Sand (15, 1JSPF)
    8953' – 57' Sand (5h, 1JSPF)
    9059' – 67' Sand (9h, 1JSPF)

    39 total holes by Halliburton's Spectral Density Dual-Spaced Neutron Spectral Gamma Ray Open Hole Log dated 6-2-08. POW, make sure all shots fired, and RDWL.

21. Place well back on sales.

10-7-14

Pegasus "10" Federal 1

As of 7-3-13
Diagram as of 5-5-09
GL: 3844'
KB: 3861.5'

Operator: **Fasken Oil and Ranch, Ltd.**
Location: 710' FNL and 1160' FWL
Sec 10, T21S, R24E
Eddy County, NM
Compl.: 6/5/2006 released rig
API #: 30-015-34714
TD: 10075'
PBTD: 10010' WL meas. 5-5-09

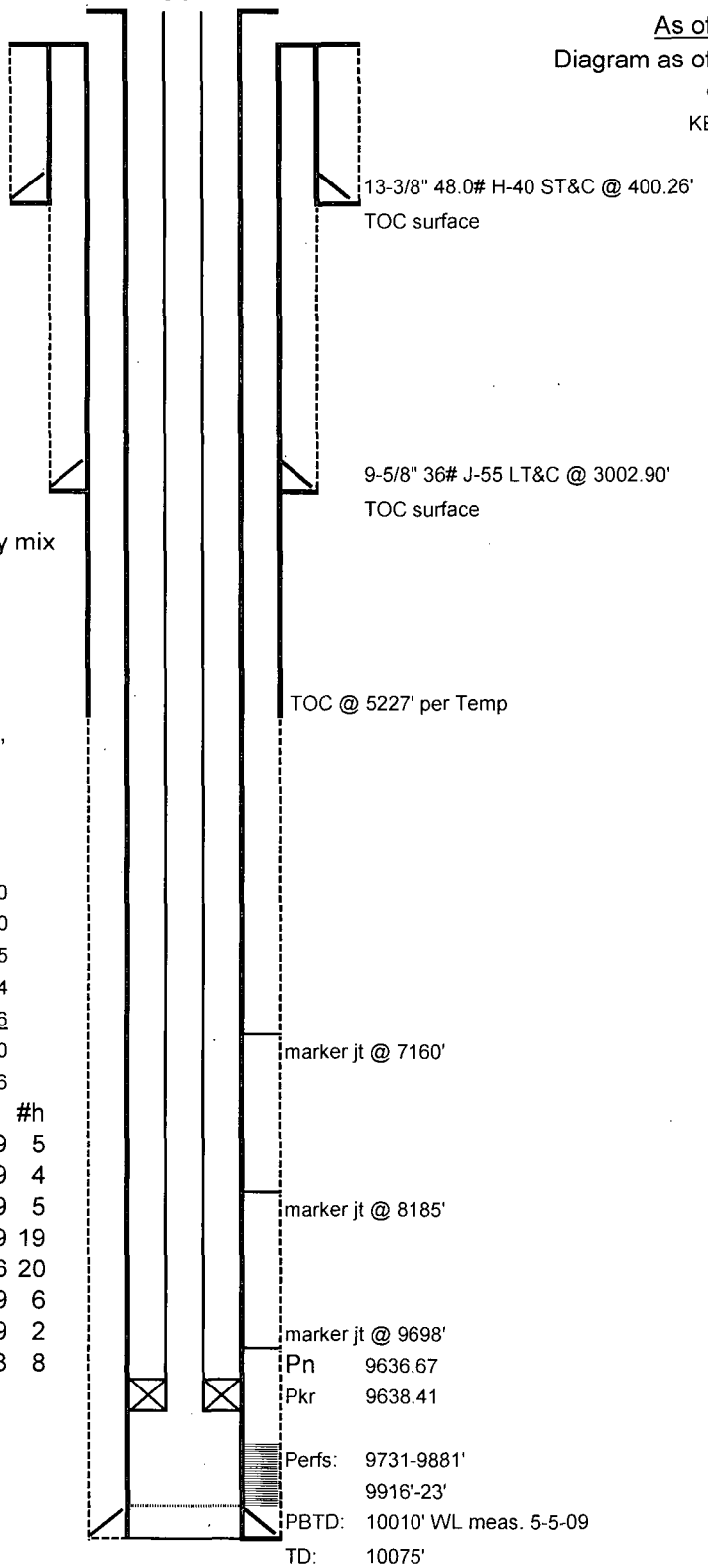
Csg: **13-3/8" 48.0# H-40 ST&C @ 400.26'**
cmt w/200sx "H" w/A-10B, 1% CaCl2, Gilsonite, Celloflake and 400 sx "C" w/2% CaCl2. Lost Returns. Cmt to surface w/ 1" tbg, 130 sx in 6 stages plus 12 yd^3 ready mix
9-5/8" 36# J-55 LT&C @ 3002.90'
cmt w/600 sx Lite "C" gilsonite, 1% CaCl2, Celloflake and 200 sx "C" w/2% CaCl2
TOC surf, circ 200 sx
5-1/2" 17# N-80 LT&C @ 10074.73
cmt w/1100 sx Super "C" w/FL-52A, FL-25, SMS. Marker jts @ 9698', 8185', 7160'
TOC @ 5227' per Temp

Tubing Detail: 7-14-06

2-3/8" WL entry guide	0.40
4' x 2-3/8" perforated tbg sub	4.10
5-1/2" Arrowset IX 10K packer @ +/-965	7.25
2-3/8" TOSSD w/ 1.875" "F" profile nippl	1.74
297 jts - 2-3/8" EUE 8rd N-80 tbg	9641.16
KB	9.00
EOT	9650.16

Morrow Perfs			#h
9877' - 81'	1-11/16 srip gun	5/5/2009	5
9837' - 40'	1-11/16 srip gun	5/5/2009	4
9822 '- 26'	1-11/16 srip gun	5/5/2009	5
9788' - 9806'	1-11/16 srip gun	5/5/2009	19
9766'-9785'	1-11/16 srip gun	7/14/2006	20
9759'-64'	1-11/16 srip gun	5/5/2009	6
9731' - 32'	1-11/16 srip gun	5/5/2009	2
9916'-23'	1-11/16 srip gun	7/3/2013	8

Bit sizes:
17-1/2" to 410'
12-1/4" to 3,015'
8-3/4" to 10,075'



cwb
4-13-13
Pegasus 10 Fed. No. 1 wb diagram.xlsx

Pegasus "10" Federal 1

Proposed 10-2-14
Diagram as of 5-5-09
GL: 3844'
KB: 3861.5'

Operator: **Fasken Oil and Ranch, Ltd.**
Location: 710' FNL and 1160' FWL
Sec 10, T21S, R24E
Eddy County, NM
Compl.: 6/5/2006 released rig
API #: 30-015-34714
TD: 10075'
PBTD: 9665' (CIBP 9700' w/35' "H" cmt'
Csg: 13-3/8" 48.0# H-40 ST&C @ 400.26'
cmt w/200sx "H" w/A-10B, 1% CaCl2, Gilsonite, Celloflake and 400 sx "C" w/2% CaCl2. Lost Returns. Cmt to surface w/ 1" tbg, 130 sx in 6 stages plus 12 yd^3 ready mix
9-5/8" 36# J-55 LT&C @ 3002.90'
cmt w/600 sx Lite "C" gilsonite, 1% CaCl2, Celloflake and 200 sx "C" w/2% CaCl2
TOC surf, circ 200 sx
5-1/2" 17# N-80 LT&C @ 10074.73
cmt w/1100 sx Super "C" w/FL-52A, FL-25, SMS. Marker jts @ 9698', 8185', 7160'
TOC @ 5227' per Temp

Proposed

2-3/8" WL entry guide	0.4
4' x 2-3/8" perforated tbg sub	4.1
5-1/2" Arrowset IX 10K packer @ +/-96	7.25
2-3/8" TOSSD w/ 1.875" "F" profile nip	1.74
260 jts - 2-3/8" EUE 8rd N-80 tbg	8450.00
KB	9.00
EOT	8459.00

Strawn Perfs:

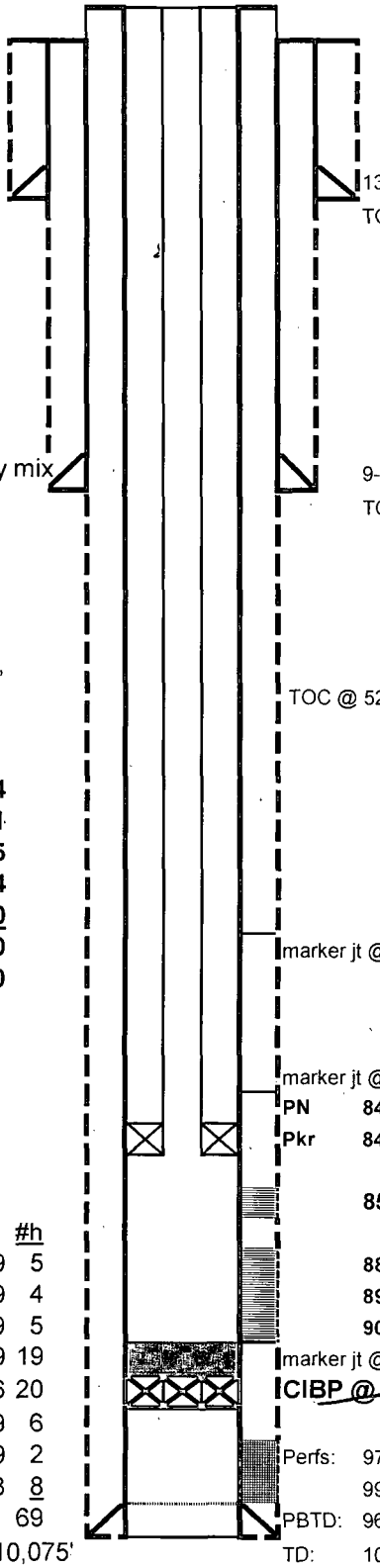
8588'-95'	(2 JSPF, 15 h, 3-1/8" CG)
8812'-26'	(1 JSPF, 15 h, 1-11/16 SG)
8953'-57'	(1 JSPF, 5 h, 1-11/16 SG)
9059'-67'	(1 JSPF, 9 h, 1-11/16 SG)

CIBP @ 9700' w/35' "H" cmt

Morrow Perfs:

			#h
9877' - 81'	1-11/16 strip gun	5/5/2009	5
9837' - 40'	1-11/16 strip gun	5/5/2009	4
9822 '- 26'	1-11/16 strip gun	5/5/2009	5
9788' - 9806'	1-11/16 strip gun	5/5/2009	19
9766'-9785'	1-11/16 strip gun	7/14/2006	20
9759'-64'	1-11/16 strip gun	5/5/2009	6
9731' - 32'	1-11/16 strip gun	5/5/2009	2
9916'-23'	1-11/16 strip gun	7/3/2013	8
			69

Bit sizes: 17-1/2" to 410', 12-1/4" to 3,015', 8-3/4" to 10,075'
Status: 14 mcfd May 2014



See COAs

cwb
4-13-13
Pegasus 10 Fed. No. 1 wb diagram.xlsx

Pegasus 10 Federal
30-015-34714
Fasken Oil and Ranch, Ltd.
November 05, 2014
Conditions of Approval

Notify BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.

Work to be completed by February 05, 2015.

1. **Operator shall set a CIBP at 9,680' (minimum of 50' above top most perforation) and place 200' Class H cement on top. Tag required at a minimum of 9,481' to seal the top of the Morrow formation.**

2. **Must conduct a casing integrity test before perforating and fracturing. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**

3. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.

4. Surface disturbance beyond the originally approved pad must have prior approval.

5. Closed loop system required.

6. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

7. Operator to have H2S monitoring equipment on location.

8. A minimum of a **3000 (3M)** BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (3M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

9. **Subsequent sundry required detailing work done and completion report for the new formations. Operator to include well bore schematic of current well condition when work is complete.**

10. **See attached for general requirements.**

JAM 110514

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

General Requirements for Plug Backs

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822.**

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. **Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. Subsequent Plug back Reporting: Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.