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DISTRICT I 1625 N. French Dr., Hobbe, NM 88240 DISTRICT II

611 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

D AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API N	umber				Pool Co	ode		Pool Name				
						(Gas)						
Property Co	Property Code Property Name Well Numbe EL PASO FEDERAL 15											
OGRID No.							Elevation					
151416					FAS	SKE	V OIL &	RA	NCH LTD.		320	7'
							Surface	Loca	ation			
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SURFACE USE PLAN

Fasken Oil and Ranch, Ltd. El Paso Federal No.15 3287' FNL & 1780' FEL Sec. 1, T21S, R26E Eddy County, New Mexico

- 1. EXISTING ROADS Area map, Exhibit #1, is a reproduction of the U.S.G.S., Lake McMillian, South, N.M. Quadrangle 7.5 minute series. Existing and proposed roads are shown on the exhibit. All roads shall be maintained in a condition equal to that which existed prior to start of construction.
 - A. Exhibit #1 shows the proposed development well site as staked.
 - B. From Carlsbad, New Mexico, travel North on U.S. Highway 239 for 4.6 miles. Turn West on Black top (CR 34) and go 0.9 mile. Turn South on calchie road (CR 601) and go approximately 0.3 mile. Turn right to location.
- PLANNED ACCESS ROADS Approximatley 400' of existing two track road will be improved.
- 3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS.
 - A. Water wells -- Water well at the Bonneville Avalon Federal No. 1 location.
 - B. Disposal wells None Known.
 - C. Drilling wells None known.
 - D. Producing wells As shown on Exhibit #2

Fasken Oil and Ranch, Ltd.: Fasken Oil and Ranch, Ltd.: Fasken Oil and Ranch, Ltd.: Fasken Oil and Ranch, Ltd.: Fasken Oil and Ranch, Ltd.: Mewbourne Bonneville Bonneville Bonneville Merit Energy Mobil Devon

El Paso Federal No. 3 El Paso Federal No. 5 El Paso Federal No. 11 El Paso Federal No. 12 Gulf Federal No. 1 MWJ State No. 1 Avalon Federal No. 1 Avalon Federal No. 2 Avalon Federal No. 3 Avalon Federal No. 4 L. P. Federal No. 1 Federal State Com No. 1 Kurland Federal No. 1 E. Abandoned wells - As shown on Exhibit #2.

Yates	Avalon Federal No. 1
N.H. Willis:	Yates Federal No. 1
Devon	Kurland Federal No. 1A
Trigg	Avalon Federal No. 1
Dekalb	Federal No. 1

4. If, upon completion, the well is a producer Fasken Oil and Ranch, Ltd. will furnish maps or plats showing "On Well Pad Facilities" and "Off Well Pad Facilities" (if needed) on a Sundry Notice before construction of these facilities starts.

5. LOCATION AND TYPE OF WATER SUPPLY

Water will be purchased locally from a private source and trucked over the access roads.

6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill sites excavations or from a local source. These materials will be transported over the access roads as shown on Exhibit #1.

- METHOD FOR HANDLING WASTE DISPOSAL
 - A. 1. Drill cuttings will be disposed of in the reserve pit.
 - 2. Trash, waste paper, and garbage will be contained in a trash trailer and disposed of in an approved public landfill.
 - 3. All mud materials including salts will be picked up by the mud supplier and transported back to their warehouse facilities.
 - 4. Sewage from trailer houses will drain into hole with a minimum depth of 10'. A "Porta John" will be provided for the rig crews. This will be properly maintained and removed after drilling operations are completed.
 - 5. Chemicals remaining after completion of the well will be stored in the manufacturer containers and picked up by the supplier.
 - B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. In the event drilling fluids will not evaporate in a reasonable period of time, they will be transported by tank truck to a state approved disposal site.

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during the testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT

- A. Exhibit #3 is the H₂S Drilling Operations Plan.
- B. Exhibit #4 (Scale 1" = 50') shows the proposed well site layout.
- C. This exhibit indicates the proposed location of reserve pit, trash trailer and living facilities.
- D. Mud pits in the active circulation system will be steel pits.
- E. The reserve pit will be lined with a polyethylene liner. The pit liner will be a minimum of 2' over the reserve pit walls where the liner will be anchored down.
- F. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion operations. The fourth side will be fenced after drilling has been completed. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location pad and surface facilities. After the area has been shaped and contoured, top soil from the spoil pile (if any) will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recontoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

11. OTHER INFORMATION

- A. The topography is of hilly terrain with vegetation of sagebrush and native grasses. The soils are silty and very shallow.
- B. The surface is used for livestock grazing. The surface is leased by Hart Greenwood, P.O. Box 104, Carlsbad, NM 88221
- C. An archeological study has been conducted for the location.
- D. There are no buildings of any kind in the area.
- 12. OPERATOR'S REPRESENTATIVE Field representative for contact regarding compliance with the Surface Use Plan is:

Before, during & after Construction:

Tommy E. Taylor 303 W. Wall Ave., Suite 1900 Midland, Texas 79701-5116 (915) 687-1777

13. CERTIFICATION - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exists; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Fasken Oil and Ranch, Ltd. and its contractors/subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

NAME: John G. Jayhur DATE: G/14/02 TITLE: Drilling and Production Engineer

TET (elpaso15.apd)

APPLICATION FOR PERMIT TO DRILL FASKEN OIL AND RANCH, LTD. EL PASO FEDERAL NO.15 3287' FNL & 1780' FEL SEC. 1, T21S, R26E EDDY COUNTY, NM

In conjunction with Form 3160-3, Application for Permit to Drill, Fasken Oil and Ranch, Ltd. submits the following items of pertinent information in accordance with Onshore Oil & Gas Order Nos. 1 & 2, and with all other applicable federal and state regulations.

- 1. <u>The geologic surface formation is of Permian age.</u>
- 2. Estimate tops of geologic markers are as follows;

Bell Canyon Sand	2375'
Cherry Canyon	2400'
Brushy Canyon	3575'
Bone Springs	4550'

3. The estimated depths at which water, oil or gas formation are expected to be encountered;

Delaware group 2375' Oil/Gas

* Groundwater to be protected by 13-3/8" surface casing with cement circulated to the surface.

** Potentially productive horizons to be protected by 5-1/2" production casing with cement tied back inside the intermediate casing at approximately 2000'.

4. Proposed Casing Program:

String	Footage	Size	Weight	Grade	Thread
Surface	400'	13-3/8"	48.00#	H-40	ST&C
Intermediate	2,275'	8-5/8"	24.00#	J-55	ST&C
Production	4,700'	5-1/2"	15.50#	K-55	ST&C
Tubing	4,600'	2-7/8"	6.50#	J-55	EUE 8rd

Proposed Cementing Program:

Cement 13-3/8" casing with 440 sx Class "C" cement with 2% CaCl2 (s.w. 14.8 ppg, yield 1.32 cuft/sx).

Cement 8-5/8" casing with 800 sx Class "C" with 4% gel and 2% CaCl₂, s.w. 13.51 ppg, yield 1.74 ft³/sx, plus 200 sx Class "C" with 2% CaCl₂; s.w. 14.8 ppg, yield 1.32 ft³/sx.

Cement 5-1/2" production casing (resin coated and centralized through pay zones) with Estimate 600 sx Super "C" Modified (15 #/sx Poz A and 11 #/sx CSE), 1% Salt, 1.1% FL-25 (s.w. 14.2 ppg, yield 1.35 ft³/sx).

- 5. <u>Pressure Control Equipment</u>: BOP's to be pressure test with the rig pump prior to drilling out the intermediate. See Exhibit #5 for BOP diagram. Use 13-5/8" 3000# annular preventor only to drill intermediate hole.
- 6. <u>Mud Program</u>:

Depth	Type	<u>Weight</u>	<u>Viscosity</u>	<u>Waterloss</u>
0-400'	Fresh Water	8.5	40	N.C.
400'-2275'	Fresh Water	8.5	26	N.C.
2275'-4700'	Cut Brine	9.5	26	N.C.

- 7. <u>Auxiliary Equipment</u>: Upper Kelly Cock, Full Opening Stabbing Valve.
- 8. Testing Logging and Coring Programs:
 - Logging: 2-man Mudlogging unit from 2275' to T.D.
 - Electric Logs: Platform Express with CNL-LDT, DLL-MSFL, GR and Caliper.
 - Coring: Rotary Sidewall between 2275' and 4700'.
- 9. <u>Abnormal Pressure, Temperatures or Other Hazards</u>: Lost circulation is anticipated in the surface. Maximum bottomhole pressure is estimated to be 2000 psig.
- 10. Anticipated Starting Date: August 15, 2002.





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1120 N. West County Rd. ∺obbs, New Mexico 88241	Curve, Catel (95704,90
(505) 393-7316 - Office	
(505) 392-3074 - Fax	

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HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

EXHIBIT #3 FASKEN OIL AND RANCH, LTD. EL PASO FEDERAL NO.15 3287' FNL & 1780' FEL SEC. 1, T21S, R26E EDDY COUNTY, NM

I. Hydrogen sulfide Training.

All personnel, whether regularly assigned, contracted or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H2S).

2. The proper use and maintenance of personal protective equipment and life support systems.

3. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.

4. The proper techniques of first aid and rescue procedures.

In addition the supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.

2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.

3. The contents and requirements of the H2S Drilling Operations Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan. This plan shall be available at the will site. All personnel will be required to carry documentation that they have received the proper training.

II. H2S Safety Equipment and Systems.

NOTE: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above or three days prior to penetration the first zone containing or reasonable expected to contain H2S.

- 1. Well Control Equipment:
 - A. Flare line.
 - B. Choke manifold.
 - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - D. Auxiliary equipment to include: annular preventer
- 2. Protective equipment for essential personnel:

A. 5-minute escape units located in the dog house and 30-minute air units at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

A. 3 - portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

B. 1 - portable SO2 monitor positioned near flare line during H2S flaring operations.

- 4. Visual warning systems:
 - A. Wind direction indicators as shown on well site diagram.

B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be a readable distance from the immediate location.

5. Mud program:

The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight safe drilling practices and the use of H2S scavengers when necessary will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

A. All drill strings, casings, tubing, wellhead, blowout preventors, drilling spools kill lines, choke manifold and lines valves shall be suitable for H2S service.

B. All elastomers used for packing and seals shall be H2S trimmed.

7. Communications:

A. Radio communications will be available in company vehicles and rig dog house.

8. Well testing:

A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing of any known formation that contains H2S will be conducted during daylight hours.



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TITLE PAGE/ABSTRACT/ NEGATIVE SITE REPORT CARLSBAD FIELD OFFICE

BLM/CFO CARLSBAD FIELD OFFICE					
1. BLM Report No.:	2. (ACCEPTED)	(REJECTED)	3. NMCRIS No.: 79138		
4. Title of Report (Project Title): Survey Pipeline, and Access Road	5. Project Date(s): May 21, 2002				
			6. Report Date: June 6, 2002		
7. Consultant Name & Address Direct Charge: Sean Simpson			8. Permit No.: 153-2920-02-K		
Name: Mesa Field Services Address: P.O. Box 3072 Carlsbad, NM 88221-3072 Author's Name: Willi Hermann Field Personnel Names: Willi Herman Phone: (505) 628-8885			9. Consultant Report No.: MFS – 670		
10. Sponsor Name and Address Individual Responsible: Tommy Tayl					
Name: Fasken Oil and Ranch, Ltd. Address: 303 W. Wall Ave. Midland, TX 79701 Phone: (915) 687-1777		12. Acreage Total acres surveyed: 6.41 Per Surface Ownership Federal: 6.41 State: 0 Private: 0			
 13. Location & Area (maps attached a. State: New Mexico b. County: Eddy c. BLM Field Office: Carlsbad d. Nearest City or town: Carlsba Location: T 21 S, R 26 E, Section 1 	d, New Mexico		¼SE¼ (irregular section, template		
Well Pad Footages: 3287 ft FNL;	1780 ft FEL				
7.5' Map Name(s)and Code Numb g. Area Block: Impact: 400 ft x 400 ft Surveyed: 400 ft x 40 Linear: Impact: 692.2 ft x 50 Surveyed: 1192.2 ft	ft 00 ft ft, Access: 500 ft x 35		Edition 1985 (32104-E2)		
14. a. Records Search Location: Bureau of Lar Records Management Sec	nd Management - Ca tion (ARMS) of the Ne	rlsbad Field Office (Bl w Mexico Historic Prese	LM-CFO) and the Archaeological ervation Division (HPD) via modem		

Date: May 17, 2002 by David McCray and May 21, 2002 by Theresa Straight.

List by LA # all sites within 0.25 miles of the project (those sites within 500' are to be shown on the project map): There are no previously recorded sites plotted within 0.25 miles of the project area. The access road follows close to a previously surveyed line. Rose Marie Havel, BLM-CFO archaeologists was consulted concerning this on June 6, 2002. She said the access road was to be surveyed.

b. Description of Undertaking (client's activities): Fasken Oil and Ranch, LTD. is proposing to install the EL Paso Federal No. 15 well pad, pipeline, and access road. The proposed well pad will measure 400 ft by 400 ft. The proposed access road will extend approximately 500 ft south along an existing two-track road to County Road 601. The proposed pipeline will begin on the southwest corner of the proposed well pad and extend 692.2 ft south to the EL Paso Federal Nos. 11 and 12 well and battery pad.

The project area is on Bureau of Reclamation Land (BOR). The BOR issued a letter in 1997 that states the BLM is the lead agency for projects that involve drilling for federal minerals. This includes any associated access roads, pipelines, or utility line corridors submitted as a package with the well.

c. Environmental Setting (NRCS soil designation, vegetative community, etc.): The proposed project is located approximately 7 miles north of Carlsbad, New Mexico. Soils are composed of loamy deep sands of the Simona-Pajarito soil association as defined by the Soil Conservation Service of the U.S. Department of Agriculture. The average elevation of the project area is 3,200 ft above mean sea level. Vegetation is characteristic of Chihuahuan Desert Scrub and includes honey mesquite, white thom acasia, creosote, crucifix thorn, and various grasses. Due to the vegetative ground cover, surface visibility ranged between 40 and 60 percent at the time of the survey.

d. Field Methods

Transect Intervals: 15 m Crew Size: 1 Time in Field: 2 hours Collections: None

Cultural Resource Findings: Three isolated manifestations (IMs) were encountered within the project area.
 Identification and Description (location shown on project map): IM 1 consists of a purple quartzite flake of undetermined type. It has no cortex, no platform, and is a size 2 (Zone 13: E 571061/ N 3597456).

IM 2 is a tan chert tested core, and is a size 9 (Zone 13: E 571150/ N 3597456).

IM 3 consists of 50 small pieces of burned caliche within a 1 m diameter. One 10 cm trowel test revealed no subsurface cultural materials (Zone 13: E 571170/ N 3597386).

16. Management Summary (recommendations): Since no significant cultural resources were encountered within the project area, archaeological clearance is recommended for the undertaking as staked. If any cultural resources are encountered during construction activities, work at that location should stop immediately and archaeologists with the BLM-CFO and HPD should be notified.

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

Responsible Archaeologist: Signature	July	Date June 7,02
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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

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Fasken Oil and Ranch, Ltd. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

LEASE NO.: NM-911

LEGAL DESCRIPTION: T-21-S, R-26-E, Sec.1: Lots 21-28, 31, 32. Sec.2: Lots 22, 23, 25-27, 29-32, 34-36. Sec.3: Lots 19-27, 29, 30. Sec.4: Lots 17-21.

FORMATION(S): Surface to the base of the Barnett Shale.

BOND COVERAGE: \$25,000

BLM BOND FILE: NM0152

Fasken Oil and Ranch, Ltd. by: Fasken Management, LLC Its General Partner

Benjamin L. Blake

Vice-President

Date: 6/13/02

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