

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

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

1. Operator Name and Address FAIRWAY RESOURCES OPERATING, LLC 538 SILICON DRIVE, SUITE 101 SOUTHLAKE, TX 76092		2. OGRID Number 241598
		3. API Number 30-015-36131
4. Property Code 302899	5. Property Name SOUTH RED LAKE II UNIT	6. Well No. 059

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	36	17S	27E	C	660	N	2310	W	EDDY

8. Pool Information

RED LAKE;QUEEN-GRAYBURG-SA	51300
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3618
14. Multiple N	15. Proposed Depth 2100	16. Formation San Andres Formation	17. Contractor	18. Spud Date 3/10/2008
Depth to Ground water 101		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000

Pit: Liner: Synthetic ☒ 12 _____ mils thick Clay ☐ Pit Volume: 5000 _____ bbls Drilling Method:
 Closed Loop System ☐ Fresh Water ☐ Brine ☐ Diesel/Oil-based ☒ Gas/Air ☐

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	20	400	250	0
Prod	7.875	5.5	15.5	2100	350	0

Casing/Cement Program: Additional Comments

1. Drill 12 1/4" hole to 400' with fresh water mud. Run and set 400' of new 8 5/8", 20 ppf, ERW, R3, STC, X-65 casing (65,000 psi SMYS, collapse setting rating to 877' with 1.125 SF, tension setting rating to 4657' with 1.8 SF). Cement with 250 sacks of Class "C" cement with 2% CaCl, circulate cement to surface. 2. Drill 7 7/8" hole to 2100' with cut brine mud system. Run and set 2100' of used yellow-band, inspected, and tested 5 1/2", 15.5 ppf, J-55, LT&C API casing (0 - 15% body wall reduction, hydrotested to 4,400 psi). Cement with 200 sacks of 50-50 Pozmix and 150 sacks of Class "C" cement with 2% CaCl, circulate cement to surface. H2S levels are not high enough in this area to require an H2S contingency plan.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	2000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Cindy Flood	Approved By: Bryan Arrant
Title: Office Manager	Title: Geologist
Email Address: cflood@fairwayresources.com	Approved Date: 2/20/2008 Expiration Date: 2/20/2010
Date: 2/11/2008 Phone: 817-416-1946	Conditions of Approval Attached

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1801 W. Grand Avenue, Artesia, NM 86210

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name SOUTH RED LAKE 2 UNIT	Well Number 59
OGRID No.	Operator Name FAIRWAY RESOURCES	Elevation 3618'

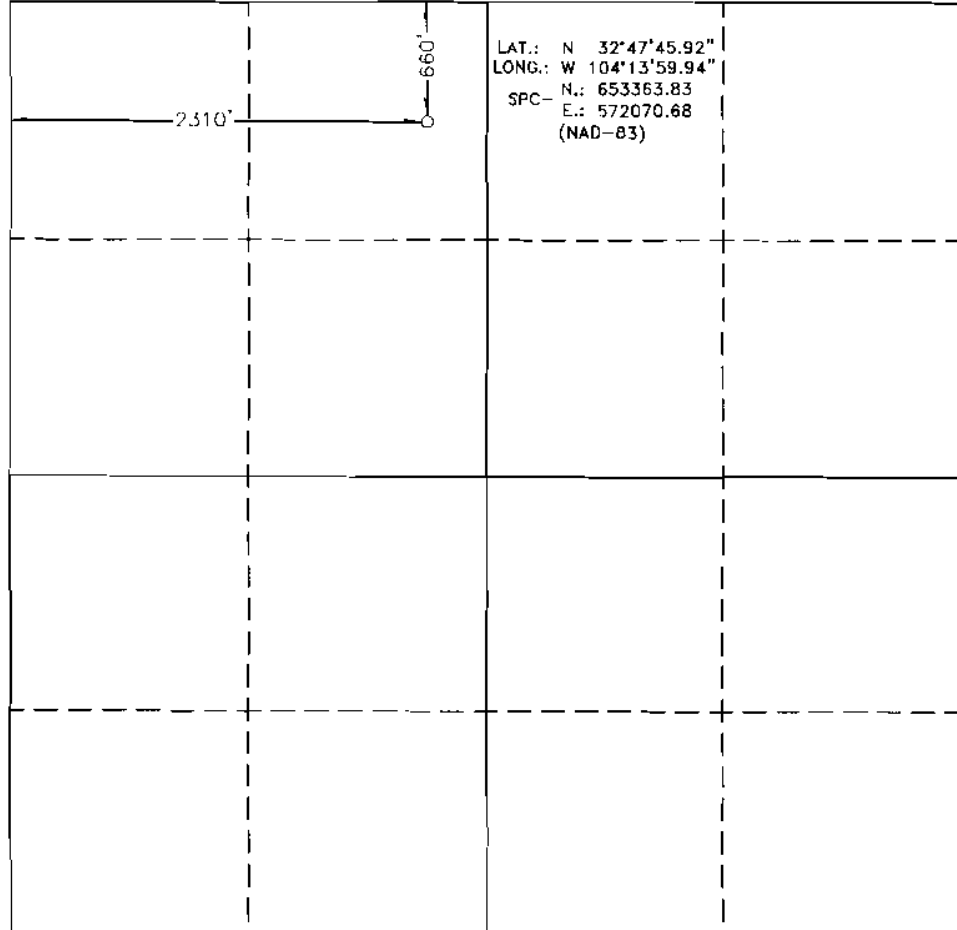
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	36	17 S	27 E		660	NORTH	2310	WEST	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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kenneth Pearce</i> Signature Date Kenneth Pearce Printed Name</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>JANUARY 28, 2008 Date Surveyed Signature of Gary L. Jones Professional Surveyor W. & J. Jones & Sons Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
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Permit Conditions of Approval

Operator: FAIRWAY RESOURCES OPERATING, LLC , 241598

Well: SOUTH RED LAKE II UNIT #059

API: 30-015-36131

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Operator must use fresh water mud when drilling surface hole.