

DATE IN 3-16-2004	SUSPENSE 4-5-04	ENGINEER MS	LOGGED IN MS	TYPE NSL	APP NO. P.M.E.S.D. 407839464
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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-Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
[A] ☒ Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

RECEIVED

MAR 16 2004

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OIL CONSERVATION DIVISION
1220 S. St. Francis Drive
Santa Fe, NM 87505
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____

- [2] **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

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **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.

Print or Type Name

Signature

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

Date

3/16/04

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

March 16, 2004

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

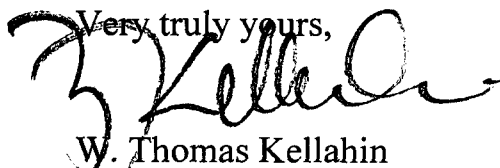
RECEIVED

Re: Administrative Application of Fasken Oil and Ranch, Ltd. **MAR 16 2004**
for approval of a unorthodox well location for its
Buckeye "1" State Well No. 1, Unit D (Lot 4),
820 Feet FNL and 1131 feet FWL
Lots 3 (40.54 acres) and 4 (40.39 acres) (Equivalent to the N/2NW/4)
Standard 80.93-acre dedication,
Irregular Section 1, T17S, R34E, Lea County, New Mexico
Recompletion from North Vacuum Atoka-Morrow Gas Pool to
North Vacuum-Lower Wolfcamp Pool

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Dear Ms. Wrotenbery:

On behalf of Fasken Oil and Ranch, Ltd, please find enclosed our referenced application that is being filed in accordance with Division Rule 104.F. This location is standard when it was drilled as a Morrow formation well but if re-completed in the Wolfcamp formation will crowd the interior quarter-quarter line in the NW/4 of this section; being 10 feet and 500 feet from the east and south boundaries of the NW/4NW/4 instead of within 150 feet of the center of the NW/4NW/4 of this section.

Very truly yours,


W. Thomas Kellahin

CC: Fasken Oil and Ranch, Ltd.
Attn: Jimmy D. Carlile

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**ADMINISTRATIVE APPLICATION OF
FASKEN OIL & RANCH, LTD. FOR APPROVAL
OF AN UNORTHODOX WELL LOCATION
LEA COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now FASKEN OIL AND RANCH, LTD. ("Fasken") and by and through its attorneys, Kellahin & Kellahin, and in accordance with Division General Rule 104.F, applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox oil well location for its Buckeye "1" State Well No. 1, a non-commercial Morrow gas well located 820 feet FNL and 1310 feet FWL (Lot 4-Unit D) of Section 1, T17S, R34E, Lea County New Mexico to be dedicated to a standard 80-acre gas spacing unit consisting of the N/2NE/4 of this section to be recompletion from North Vacuum-Atoka Morrow Gas Pool to the North Vacuum-Lower Wolfcamp Pool.

In support, Fasken states:

1. Fasken is the operator of the Buckeye "1" State Well No. 1 currently a non-commercial gas well completed in the North Vacuum-Atoka Morrow Gas Pool and desires, prior to plugging the well, to obtain approval to recomplete to and test the Lower Wolfcamp interval in this well for oil production.
2. The well was drilled by Fasken at a standard gas well location 820 feet FNL and 1310 feet FWL (Lot 4-Unit D) Section 1, T17S, R34E, and dedicated to a standard 320.93-acre gas spacing unit consisting of the W/2 equivalent in this section. See Exhibit 1
3. Unfortunately, this well is non-commercial in the Morrow formation with rates of 5 BOPPD, 26 MCFPD and 0 BWPD on a $\frac{3}{4}$ " choke with a 100 psi flowing tubing pressure from perforation at 11,914 to 11,938 feet, tested about March 2, 2004.

4. Prior to plugging this well, Fasken desires to plugged back and test the Wolfcamp formation at a test interval 10,570 to 10645 feet. See Exhibit 2
5. This wellbore is within 1 mile of the current eastern boundary of the North Vacuum-Lower Wolfcamp Pool and therefore is subject to the special rules and regulations for this pool that require wells to be located within 150-feet of the center of a quarter-quarter section.

TECHNICAL EVIDENCE

6. Before plugging the well, Fasken would like to test the Wolfcamp formation based upon the following geologic evidence:

See Exhibit 3: Well locator map showing nearest lower Wolfcamp production to be in the NE/4 of Section 11

See Exhibit 4: Wolfcamp portion of Buckeye log

See Exhibit 5: Cross-section of Wolfcamp interval

OWNERSHIP

7. The well was drilled by Fasken subject to a joint operating agreement among the working interest owners in the W/2 of this section that is composed of three state of New Mexico oil & gas leases, described in Exhibit 6 attached, and consisting of the following:
 - a. Tract 1: Lease B-936, Lessee of Record=ExxonMobil and by term assignment to RDR Operating, Inc., Lot ~~1~~ and S/2NW/4
 - b. Tract 2: Lease E-5765-7, Lessee of Record=Magnum Hunter and by farmout to Fasken, S/2SW/4
 - c. Tract 3: Lease K-4606-3, Lessee of record=Occidental Permian, Limited, term assignment from Ricks Exploration to Fasken, Lot 3, N/2~~NW~~/4

SW/4

Fasken's Administrative Application

NMOCD

-Page 3-

8. The JOA provided that if this well is dedicated to the NW/4 of this section as proposed, the working interest owners will continue to share costs and proceeds based upon their W/2 interest.
9. The well encroaches upon the S/2NW/4 that is part of the same lease a portion of which (the NW/4NW/4) is dedicated to the well. This well also encroaches upon the NE/4NW/4 that is part of a separate lease but is included in this 80-acres spacing unit.

NOTIFICATION


- X
10. This wellbore's location encroaches towards the S/2NW/4 and the NE/4NW/4 of this section, which is subject to a term assignment from ExxonMobil to Fasken. Because Fasken is the offsetting operator of both this tract, notice of this application has been send to ExxonMobil and the Ricks Exploration II, LP as set forth on Exhibit 7, as required by Division Rule 1207.A (2).

RELIEF REQUEST

11. Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the gas in the Atoka formation, will promote the orderly development in this area, 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.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:


W. Thomas Kellahin

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 79701-5116		² OGRID Number 151416
		³ API Number 30-025-36333
³ Property Code 32562	⁵ Property Name Buckeye "1" State	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4 / D	1	17S	34E		820	North	1310	West	Lea

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 North Vacuum Atoka Morrow					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4040'
¹⁶ Multiple No	¹⁷ Proposed Depth 12800'	¹⁸ Formation Morrow	¹⁹ Contractor Not available	²⁰ Spud Date 8/10/03

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	500'	550 sx	Surface
12 1/4"	9 5/8"	36/40#	5000'	1200 sx	Surface
8 3/4"	4 1/2"	11.6/13.5#	12800'	2100 sx	4500'

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.

Please see attached for procedure, casing program and BOP schematic.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Jimmy D. Carlile</i>		Approved by: <i>[Signature]</i>	
Printed name: Jimmy D. Carlile		Title: PETROLEUM ENGINEER	
Title: Regulatory Affairs Coordinator		Approval Date:	Expiration Date:
Date: 7/15/03	Phone: (915) 687-1777	Conditions of Approval: JUL 17 2003	
		Attached <input type="checkbox"/>	



DISTRICT I
1625 N. French Dr., Hobbs, 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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36333	Pool Code 86800	Pool Name North Vacuum Atoka Morrow
Property Code 32562	Property Name BUCKEYE "1" STATE	Well Number 1
OGRID No. 151416	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 4040'

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 4	1	17 S	34 E		820	NORTH	1310	WEST	LEA

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 320	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 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 Jimmy D. Carlile Printed Name Regulatory Affairs Coord. Title July 15, 2003 Date</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>NOVEMBER 20, 2002 Date Surveyed <i>GARY L. JONES</i> Signature & Seal of Professional Surveyor 7977 W.O. No. 2872A Certificate No. 7977</p>
--	--

EXHIBIT
1 B

FASKEN OIL AND RANCH, LTD.

303 WEST WALL AVENUE, SUITE 1800
MIDLAND, TEXAS 79701-5116

(432) 687-1777
jimmyc@fort.com

Jimmy D. Carlile
Regulatory Affairs Coordinator

March 2, 2004

Mr. Chris Williams
New Mexico Oil Conservation Division
1625 North French Drive
Hobbs, NM 88240

Dear Mr. Williams,

Re: Fasken Oil and Ranch, Ltd.
Buckeye "1" State No. 1
Plugback to Wolfcamp

Attached please find our C-101 to plugback our Buckeye "1" State No. 1 to the North Vacuum Lower Wolfcamp pool. We believe this to be the nearest Wolfcamp pool to our wellbore.

The Buckeye "1" State No. 1 was drilled as a test in the North Vacuum Atoka Morrow Pool. However, the Morrow has proven to be uneconomic to produce. The Wolfcamp zone in this well bore did not look prolific while drilling, but showed up well on log analysis. We are uncertain as to whether this pool will be oil or gas.

Please give me a call at (432) 687-1777 if there are any questions.

Yours truly,



Jimmy D. Carlile
Regulatory Affairs Coordinator



District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
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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

Form C-101
Revised March 17, 1999

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

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 79701-5116		² OGRID Number 151416
		³ API Number 30-025-36333
³ Property Code 32562	⁵ Property Name Buckeye "1" State	⁶ Well No. 1

⁷ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	1	17S	34E		820	North	1310	East	Lea

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 North Vacuum Lower Wolfcamp					¹⁰ Proposed Pool 2				

¹¹ Work Type Code P	¹² Well Type Code O/G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4040' GR
¹⁶ Multiple No	¹⁷ Proposed Depth 11865' *	¹⁸ Formation Wolfcamp	¹⁹ Contractor Not available	²⁰ Spud Date 3/3/04

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48	496'	550 sx C	Circulated
12 1/4"	9 5/8"	36/40	4991'	1400 sx C	450' Temp Sur
8 3/4"	5 1/2"	17/20	12198'	2200 sx Lite C/H	370' Temp Sur

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.

Fasken Oil and Ranch, Ltd. proposes to plugback and test the Wolfcamp formation in this well. We have tested the North Vacuum Atoka Morrow and cannot make a well in the Morrow. Current rates tested from the Morrow are 5 BOPD, 26 MCFPD, 0 BWPD on 3/4" choke, FTP 100 psi from perfs at 11914' - 11938'.

We propose to test the Wolfcamp at 10578' - 10637'. We anticipate production rates flowing at 50 BOPD and 100 MCFPD. We anticipate this to be sweet production.

*Please see the attached procedure for details of the work.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Jimmy D. Canale</i>		Approved by:	
Printed name: Jimmy D. Canale jimmvc@forl.com		Title:	
Title: Regulatory Affairs Coordinator		Approval Date:	Expiration Date:
Date: 3/2/04	Phone: (432) 687-1777	Conditions of Approval: Attached <input type="checkbox"/>	



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811 South First, Artesia, NM 88210

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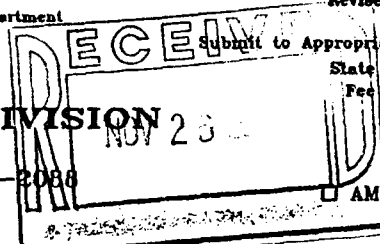
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088



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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36333	Pool Code 62380	Pool Name North Vacuum Lower Wolfcamp
Property Code 32562	Property Name BUCKEYE "1" STATE	Well Number 1
OGRID No. 151416	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 4040'

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 4	1	17 S	34 E		820	NORTH	1310	WEST	LEA

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 80	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 the the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Jimmy D. Carlile
Printed Name
Regulatory Affairs Coord.
Title
3/2/04 jimmyc@forl.com
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.

NOVEMBER 20, 2002

Date Surveyed
Signature & Seal of Professional Surveyor

W.O. No. 2872A
Certificate No. Gary L. Jones 7977
BASIN SURVEYS

EXHIBIT
2c



**DISCOVERY
LOGGING INC.**

P.O. Box 80531 HYDROCARBON LOGGING
MIDLAND, TX 79708 GEOLOGICAL WEBSITE CONSULTING
(432) 687-1823

COMPANY: FASKEN OIL AND RANCH, LTD.

WELL: BUCKEYE 1 STATE NO.1

FIELD: BUCKEYE

COUNTY: LEA STATE: NM

LOCATION: 820' FNL & 1310' FWL
SEC. 1, T-17-S, R-34-E

Logging Personnel:

STEPHEN W. HENSON

TOM ROMANS

Unit No.: D-145

Rig: GREY WOLF # 80 (432/683/5507)

Filename: BUCKEYE1.MLW

Spud Date: 8/28/2003

Started: 9/19/2003 At: 8700'

Ended: At:

Api No.: 30-025-36333

G.L.: 4040'

K.B.: 4073'

Geologist: MR. KEVIN LEONARD

Abbreviations:

NB...New Bit DST...Drill Stem Test
CO...Circ Out DS...Directional Survey
NR...No Returns CG...Connection Gas
TG...Trip Gas LAT...Logged After Trip
WOB...Wt on Bit PP...Pump Pressure
RPM...Rev/Min SPM...Strokes/Min
SG...Survey Gas DTG...Down Time Gas

Lithology Symbols:

Anhydrite Salt Granite
Siltstone Chert Sandstone
Dolomite Conglomerate Limestone
Coal Shale Bentonite
Glaucanite Pyrite Fossils Oolites

Gas Chromatograph Analysis:

H.W.

C1

C2

C3

C4

C5

Mud Data

WT...Weight V...Viscosity
PH...Acidity F...Filtrate
CHL...Chlorides SC...Solids Content

Accessories

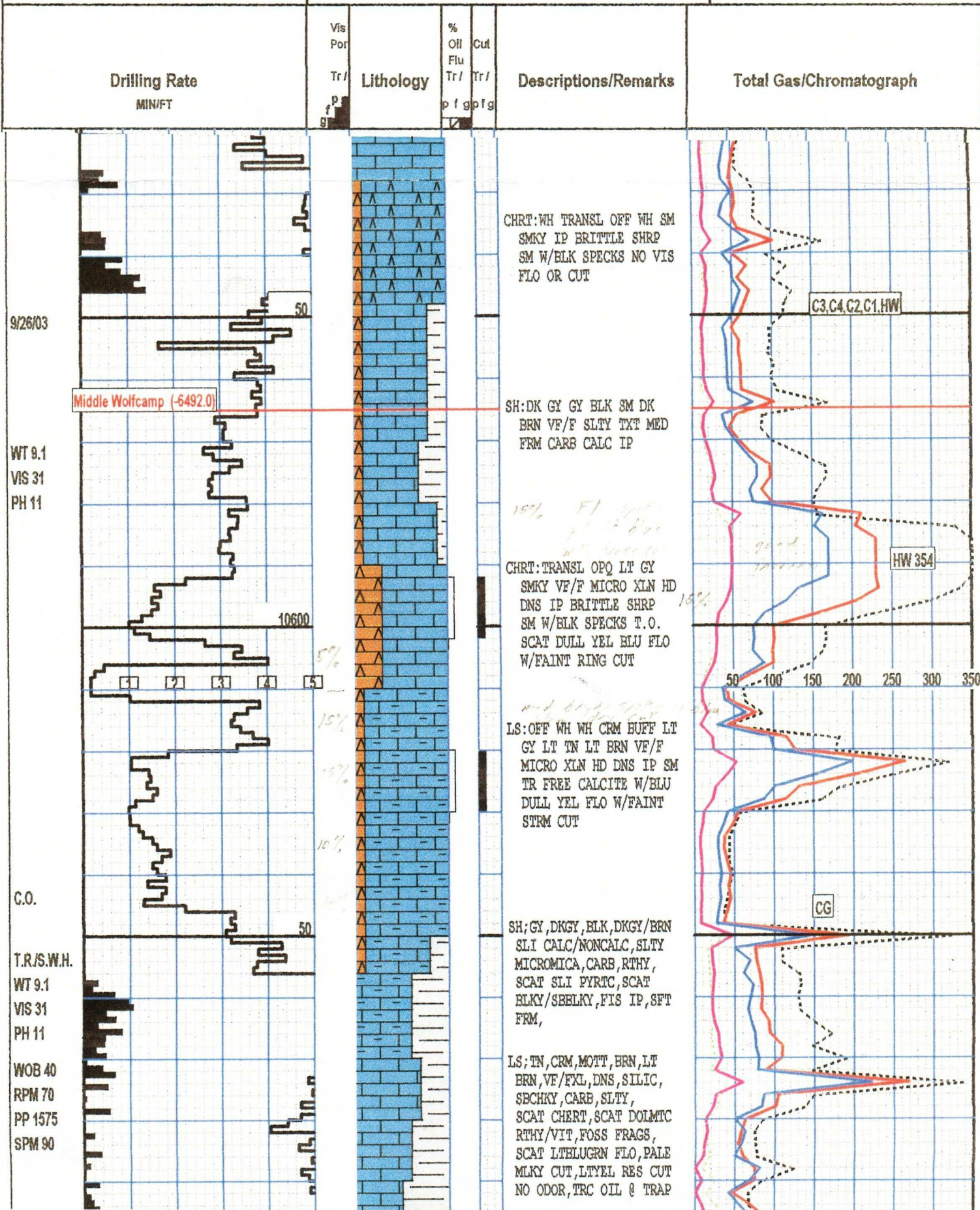


EXHIBIT
4

DESCRIPTION OF LEASES COMMITTED:

TRACT 1

Term Assignment:

Exxon Mobil Corporation as Assignor to RDR Operating, Inc. as Assignee dated July 18, 2002 and recorded in 1166/402, Lea County, NM. The assignment has a 2 year term and covers the following Oil and Gas Lease:

Lessor: State of New Mexico acting by and through
It Commissioner of Public Lands

Lessee of Record: ExxonMobil Corporation

Serial No. of Lease: B-936

Date of Lease: June 6, 1932

Description of Land Committed: Township 17 South, Range 34 East, N.M.P.M.

Section 1: Lot 4, SW/4NW/4, SE/4NW/4

Limited in depth from 8,945 feet beneath the surface of the earth in Lot 4 and the SW/4NW/4 down to the base of the Morrow formation and from 8,930 feet beneath the surface of the earth in the SE/4NW/4 down to the base of the Morrow formation.

Number of Acres: 120.54

TRACT 2

Farmout Agreement:

Magnum Hunter Production, Inc. as Farmor to Fasken Land and Minerals, Ltd., as Farmee dated March 10, 2003. This agreement covers Magnum Hunter's .8293615 interest in the following Oil and Gas Lease:

Lessor: State of New Mexico acting by and through
It Commissioner of Public Lands

Lessee of Record: Magnum Hunter Production, Inc.

Serial No. of Lease: E-5765-7

Date of Lease: November 10, 1951

Description of Land Committed: Township 17 South, Range 34 East, N.M.P.M.

Section 1: S/2SW/4 below the base of the formation unitized in the North Vacuum Abo Unit and/or North Vacuum North Unit, whichever is the deeper depth.

Number of Acres: 80

Term Assignment:

Bright Hawk/ Burkard Venture as Assignor to RDR Operating, Inc. as Assignee dated August 28, 2002 and recorded in 1171/254, Lea County, NM. This assignment has a 3 year term and covers Bright Hawk's .093851175 interest in the following Oil and Gas Lease:

Lessor: State of New Mexico acting by and through
It Commissioner of Public Lands

Lessee of Record: Magnum Hunter Production, Inc.

Serial No. of Lease: E-5765-7

Date of Lease: November 10, 1951

Description of Land Committed: Township 17 South, Range 34 East, N.M.P.M.

Section 1: S/2SW/4 covering the depths from the surface to 5,000 feet and below the depths of 8,820 feet, EXCEPT for the Abo Carbonate formation unitized in the North Vacuum (ABO) North Unit and any future production as it pertains to the Abo formation from existing wellbores on the Lands as of November 15, 2002.

Number of Acres: 80

TRACT 2 - continued

Term Assignment:

Ayco Energy, LLC as Assignor to RDR Operating, Inc.



Assignee dated July 26, 2002 and recorded in 1116/393, Lea County, NM. This assignment has a 3 year term and covers Ayco's .076787325 interest in the following Oil and Gas Lease:
Lessor: State of New Mexico acting by and through
It Commissioner of Public Lands
Lessee of Record: Magnum Hunter Production, Inc.
Serial No. of Lease: E-5765-7
Date of Lease: November 10, 1951
Description of Land Committed: Township 17 South, Range 34 East, N.M.P.M.
Section 1: S/2SW/4 covering the depths from the surface to 5,000 feet and below the depths of 8,820 feet.
Number of Acres: 80

TRACT 3

Term Assignment:

Ricks Exploration II, LP as Assignor to Fasken Land and Minerals, Ltd. as Assignee dated May 14, 2003 and recorded in 1231/174, Lea County, NM. This assignment has a 1 year term and covers the following Oil and Gas Lease:
Lessor: State of New Mexico acting by and through
It Commissioner of Public Lands
Lessee of Record: Occidental Permian, Limited
Serial No. of Lease: **K-4606-3**
Date of Lease: December 15, 1964
Description of Land Committed: Township 17 South, Range 34 East, N.M.P.M.
Section 1: Lot 3, **N/2SW/4** covering from the top of the Wolfcamp formation to the base of the Morrow formation.
Number of Acres: 120.39



EXHIBIT 7

Notice List

ExxonMobil Production Company
P. O. Box 4697
Houston, Texas 77210-4697
Attn: Paul Keffer

Ricks Exploration