

10-18-04 DATE IN	SUSPENSE	STOGBNER ENGINEER	10-20-04 LOGGED IN	NSL TYPE	PSEM0429440074 APP NO
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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-Quantified 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
 Check One Only for [B] or [C]
 [B] ☐ Commingling - Storage - Measurement
 ☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [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

10/18/04

2004 OCT 18 PM 1 46

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

October 18, 2004

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

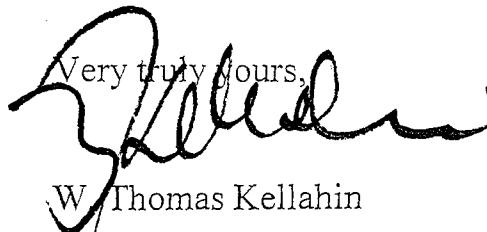
Re: Administrative Application of Fasken Oil and Ranch, Ltd.
for approval of a unorthodox oil well location for its
Lake Shore "10" Federal Well No. 5, Unit G
API # 30-015-33234
1500 feet FNL and 1980 feet FEL
SW/4NE/4 40-acre dedication, Section 10
T21S, R26E, Eddy County, New Mexico
Recompletion from Avalon-Upper Penn Gas Pool to
East Catclaw Draw-Delaware Pool,

2004 OCT 18 PM 1 46

Dear Ms. Fesmire:

On behalf of Fasken Oil and Ranch, Ltd, please find enclosed our referenced administrative application that is being filed in accordance with Division Rule 104.D(2)(b). This location is 180 feet rather than 330 feet from NW/4NE/4 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**

**APPLICATION OF FASKEN OIL & RANCH, LTD. FOR
APPROVAL OF AN UNORTHODOX OIL WELL LOCATION
EDDY 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 Lake Shore "10" Federal Well No. 5, an existing Upper Penn gas well located 1500 feet FNL and 1980 feet FEL (Unit G) of Section 10, T21S, R26E, Eddy County New Mexico to be recompleted to the East Catclaw Draw-Delaware Pool and if successful dedicated to a standard 40-acre oil spacing unit consisting of the SW/4NE/4 of this section.

In support, Fasken states:

1. Fasken is the operator of the Lake Shore "10" Federal Well No. 5 that was spud on March 3, 2004, drilled to the Morrow formation that tested non-commercial and completed in the Avalon-Upper Penn Gas Pool (pool code 71000) with first production on May 20, 2004 but now is substantially depleted. See completion report attached as Exhibit "1"
2. The well is located 1500 feet FNL and 1980 feet FEL (Unit G) Section 10, T21S, R26E, at a standard gas well location for the Morrow formation, dedication to the E/2 of this section subject to the Avalon-Upper Penn Gas Pool. **See Form C-102 attached as Exhibit "2"**

3. Fasken now desires approval to recompleting and produce this well at an unorthodox oil well location for any Delaware oil production.
4. This well, if successfully recompleting to the Delaware formation, will be 180 feet from the north boundary of its spacing unit instead of 330 feet as required by Division Rule 104.

TECHNICAL EVIDENCE

5. The original proposed location for this well would have been at a standard well location for both oil or gas, 1980 feet FNL and 1980 feet FEL of this section with the Morrow formation being the primary objective.
6. Because of topographical reasons, the BLM required that the location be moved and was drilled 1500 feet FNL and 1980 feet FEL of this section. **See topographical maps attached as Exhibits "3" and "4"**
7. To now drill a new Delaware oil well is estimated to cost \$550,000 while the existing well can be re-completed for an estimated \$125,000.
8. The geological evidence demonstrates that the Delaware well map (**See Exhibit "5"**) shows that only a few wells in the area produce from the Delaware interval with the cross-section (**See Exhibit "6"**) demonstrating that the subject well is located between two very poor Delaware wells. The Lake Shore "10" Federal Well No. 5 displays two high porosity sands that are not presented in the offsetting wells.
9. Before plugging the well, Fasken would like to test the Delaware formation.

NOTIFICATION

11. All of the working interest ownership of the E/2 of Section 10 is held by Fasken and Devon Energy Corporation and was consolidated pursuant to a Joint Operating Agreement with Fasken as the operator.

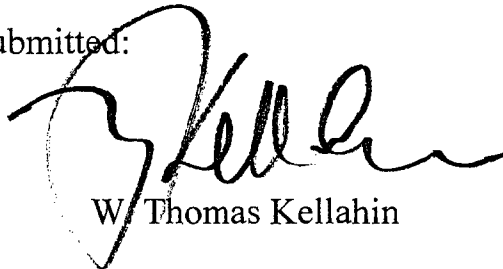
12. The subject spacing unit (Unit G) and the encroached upon spacing unit (Unit B) are both held by Fasken with the royalty and overriding royalty being identical. Federal Oil & Gas Lease NM 3160-3.

13. Because all categories of owners are identical between Unit G and Unit B, no notification of this application to the owners is required in this case. See Division Rule 104.

14. Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the oil in the Delaware 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 approved by the Division.

Respectfully Submitted:



W. Thomas Kellahin

Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Alamosa, NM 88210
UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FOR APPROVED
OMB NO. 1004-0137
Expires: December 31, 1991

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other _____
2. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ REPAIR ☐ PLUG BACK ☐ DIFF. REPAIR ☐ Other _____
3. NAME OF OPERATOR: Fasken Oil and Ranch, Ltd.
4. ADDRESS AND TELEPHONE NO.: 303 W. Wall, Suite 1800, Midland, TX 79701 (432) 687-1777
5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements):
At surface: 1500' FNL, 1980' FEL
At top prod. interval reported below
At total depth

RECEIVED

JUN 09 2004

OCB-ARTESIA

6. LEASE DESIGNATION AND SERIAL NO.: NM 3606
7. IF INDIAN, ALLOTTEE OR TRIBE NAME _____
8. UNIT AGREEMENT NAME _____
9. FARM OR LEASE NAME, WELL NO.: Lake Shore "10" Federal No. 5
10. API WELL NO.: 30-015-33234
11. FIELD AND POOL, OR WILDCAT: Avalon Upper Penn (Gas)
12. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: Sec. 10, T21S, R26E

14. PERMIT NO.		DATE ISSUED		12. COUNTY OR PARISH		13. STATE					
				Eddy		NM					
15. DATE SPUDDED		16. DATE T.D. REACHED		17. DATE COMPL. (Ready to prod.)		18. ELEVATIONS (OF. RKB, RT, GR, ETC.)		19. ELEV. CASINGHEAD			
3/3/2004		4/3/2004		5/20/2004		3190' GR					
20. TOTAL DEPTH, MD & TVD		21. PLUG, BACK T.D., MD & TVD		22. IF MULTIPLE COMPL., HOW MANY?		23. INTERVALS DRILLED BY		24. ROTARY TOOLS		25. CABLE TOOLS	
11075'		10900'						X			
26. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*										27. WAS DIRECTIONAL SURVEY MADE	
9280' - 9328' Upper Penn										No	
28. TYPE ELECTRIC AND OTHER LOGS RUN										29. WAS WELL CORRED	
										no	

CASING RECORD (Report all strings set in well)					
CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
13 3/8"	48#	414'	17 1/2"	576 sx C	surface
9 5/8"	36#	1910'	12 1/4"	1130 sx Premium	surface
5 1/2"	17/20#	11074'	8 3/4"	1650 sx H/C	1470' CBL

LINER RECORD					TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 3/8"	9150'	

21. PERFORATION RECORD (Interval, size and number)			22. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.		
9280', 83', 93', 94', 99', 9309', 14', 17', 24', 26', 28' with 1 JSPF			9280' - 9328'		natural completion

33. DATE FIRST PRODUCTION: 5/20/2004		34. PRODUCTION METHOD (Flowing, gas lift, ESP, etc.—size and type of pump): PETROLEUM ENGINEER			35. WELL STATUS (Producing or shut-in): producing	
DATE OF TEST: 6/1/2004	HOURS TESTED: 24	CHOKES SIZE: 4-Mar	PROD'N. FOR TEST PERIOD: 19	OIL—BSL: 19	GAS—MCF: 259	WATER—BSL: 0
LOW. TUBING PRESS.: 525	CASING PRESSURE: 0	CALCULATED 24-HOUR RATE: 19	GAS—MCF: 259	WATER—BSL: 0	OIL GRAVITY-AP1 (CORR.): 50	

36. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.): sold
37. TEST WITNESSED BY: _____

38. LIST OF ATTACHMENTS: C-104, C-102, logs, confidentiality request for logs, deviation survey
39. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records
SIGNED: [Signature] TITLE: Regulatory Affairs Coordinator DATE: 6/2/2004

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes 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.

EXHIBIT

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
				Cherry Canyon	2169'	
				Brushy Canyon	3336'	
				Wolfcamp	8273'	
				Penn	8585'	
				Cisco	9238'	
				Strawn	9662'	
				Atoka	9922'	
				Morrow	10205'	
				Barnett	10988'	

RECEIVED

2004 JUN - 4 PM 2:30

Well File

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 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 30-015-33234	Pool Code 71000	Pool Name Avalon; Upper Penn (Gas)
Property Code	Property Name LAKESHORE "10" FEDERAL	Well Number 5
OGRI No. 151416	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 3190'

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 5	10	21 S	26 E		1500	NORTH	1980	EAST	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 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

EXHIBIT

2

LOT 3 - 40.61 AC.	LOT 2 - 40.64 AC.	LOT 1 - 41.01 AC.
<p>RECEIVED JUN 09 2004 OFF-ARTESIA</p>		<p>1500'</p> <p>3187.7' 3164.2'</p> <p>3187.7' 3163.1'</p> <p>1980'</p> <p>LAT - N32°29'52.3" LONG - W104°16'43.2"</p>
LOT 4 - 40.69 AC.	LOT 5 - 40.77 AC.	LOT 6 - 40.84 AC.
LOT 9 - 40.31 AC.	LOT 8 - 40.45 AC.	LOT 7 - 40.50 AC.
LOT 10 - 40.42 AC.	LOT 11 - 40.51 AC.	

OPERATOR CERTIFICATION

I hereby certify that the information
contained herein is true and complete to the
best of my knowledge and belief.

Jimmy D. Carlile
Signature

Jimmy D. Carlile
Printed Name

Regulatory Affairs Coord.
Title

Date

June 2, 2004

Date jimmyc@forl.com

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 6, 2003

Date Surveyed L. JONES
Signature & Seal of
Professional Surveyor

W.O. No. 3766

Certificate No. Gary L. Jones 7977

BASIN SURVEYS



Lakeshore "10" Fed. No. 5
1500' FNL and 1980' FEL
Sec. 10, T21S, R26E
Eddy County, NM

Original Location Staked at
1980' FNL and 1980' FEL
Sec. 10, T21S, R26E
Eddy County, NM



10

4

22 8,486 11,220 71,904
42 936 829 20,888

23 18,107 39,351 184,696
43 2,835 3,945 39,110

1

1

Fasken Oil & Ranch, Ltd.

Eddy County, New Mexico

Delaware Production

Lakeshore 10 Fed SC #5

POSTED WELL DATA

Well Number
PRODUCTION - O DELAWARE
PRODUCTION - G DELAWARE
PRODUCTION - W DELAWARE

ATTRIBUTE MAP

Zone: PRODUCTION - O DELAWARE IS PRESENT

SYMBOL HIGHLIGHT

LOCATION WELLS
START WELLS
WORKOVER WELLS

By: DLH



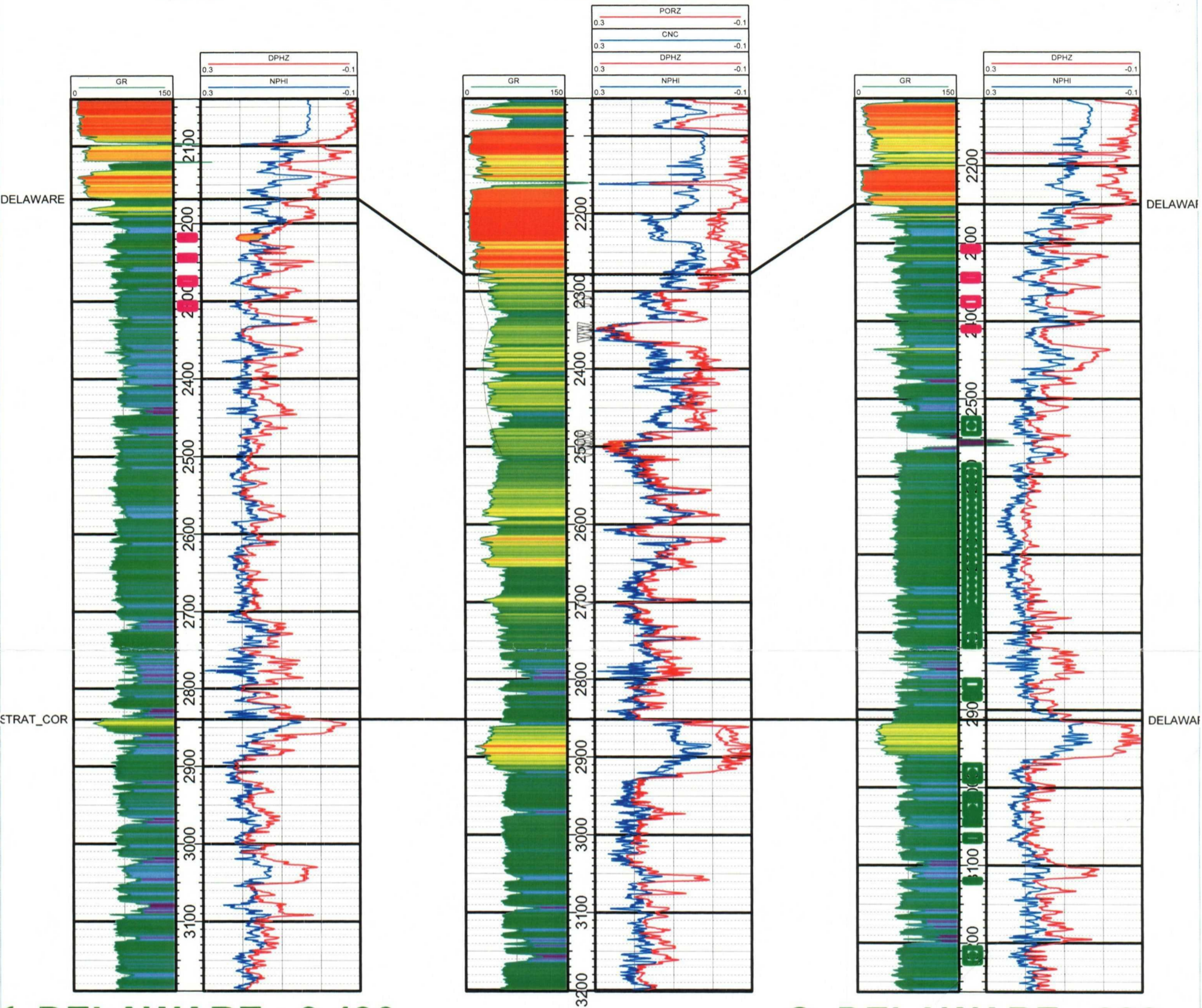
EXHIBIT
5

October 6, 2004

FASKEN OIL AND RANCH LTD
AVALON `10` FEDERAL
T21S R26E S10
1980 FNL 1980 FWL
☀-22
ELEV_KB : 3,216
4,478

FASKEN OIL&RANCH LTD
LAKE SHORE 10 FEDER
T21S R26E S10
1500 FNL 1980 FEL
☀-5
ELEV_KB : 3,208
11,075

FASKEN OIL AND RANCH LTD
AVALON `10` FEDERAL
T21S R26E S10
1980 FNL 660 FEL
☀-42
ELEV_KB : 3,211
4,470



C_DELAWARE : 8,486
_DELAWARE : 11,220
_DELAWARE : 71,904

O_DELAWARE : 936
G_DELAWARE : 829
W_DELAWARE : 20,888

EXHIBIT
6