

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 _____

2007 JAN 16 PM 3 18

- [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.

[Handwritten Signature]

Print or Type Name

Signature

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

1/16/07
Date

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

January 16, 2007

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

HAND DELIVERED

Mr. Mark E Fesmire, P.E., 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 well location for its
El Paso "3" Federal Well No. 1, Lot 11,
Lay-down middle third of Irregular Section 29
T21S, R26E, Eddy County, New Mexico
Recompletion into North Avalon-Upper Pennsylvanian Gas Pool

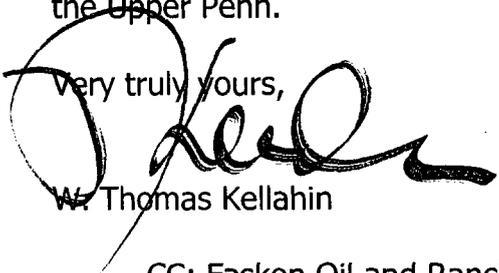
2007 JAN 16 PM 3 18

Dear Mr. Fesmire:

On behalf of Fasken Oil and Ranch, Ltd, please find enclosed our referenced application that is being filed in accordance with Division Rule 104.D (2)(b). This location crowds the exterior line between the Middle Third and the North Third of Irregular Section 3, being 489 feet instead of 660 feet, and also crowds the interior line between the SW/4 equivalent and the SE/4 equivalent of the Middle Third of Section 3, being 195 feet instead of 660 feet).

This is an old wellbore that has be previously approved by Division Administrative Order NSL-604 and NSL-604-A for production from the Avalon-Morrow Gas Pool, the Calabaza Draw-Atoka Gas Pool, the Avalon-Strawn Gas Pool and as an oil well in Wolfcamp. Prior to abandonment, Fasken wants to test the Cisco/Canyon formations of the Upper Penn.

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**

2007 JUN 16 PM 3 18

**APPLICATION OF FASKEN OIL & RANCH, LTD. FOR
APPROVAL OF AN UNORTHODOX 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 (19.15.2.104), applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox oil well location for its El Paso "3" Federal Well No. 1, a former Strawn gas well located 2,723.9 feet FNL and 2,870 feet FEL (Lot 11) of Irregular Section 3, T21S, R26E, Eddy County New Mexico to be dedicated to a standard 317.238-acre gas spacing unit consisting of all of Lot 9 thru 16 of this section that is to be recompleted for production from the North Avalon-Upper Pennsylvanian Gas Pool.

In support, Fasken states:

(1) In accordance with a March 12, 1973 Joint Operating Agreement, David Fasken (now Fasken Oil and Ranch, LTD) is the operator of certain acreage including all of Section 3, T21S, R26E, Eddy County, New Mexico. **See Map of Section 3, attached as Fasken Exhibit "A"**

(2) Summary of Well History:

- (a) On November 30, 1973, David Fasken completed the El Paso "3" Federal Well No 1 as a producing well in the Avalon-Strawn Gas Pool. **See C-102 attached as Exhibit "B"**
- (b) On June 27, 1974, Fasken completed this well for Morrow production.
- (c) On November 13, 1993, Fasken re-completed this well for gas production from the Avalon-Atoka Gas Pool.

- (d) On February 7, 1994, the Division approved Faskon's request for dual completion from the Avalon-Strawn and the Calabaza Draw-Atoka Gas Pools within this wellbore (Commingling Order PC-885)
- (e) On January 4, 1996, the Division entered Administrative Order DHC-1179 approving down-hole commingling of production from these same two formations.
- (f) On September 18, 2003, the Division approved Fasken's Sundry Notice for plug back of this well from the Atoka-Strawn formations and completed the well in the Wolfcamp formation.
- (g) On December 3, 2003, Fasken successfully re-completed this well an oil well producing from the Wolfcamp formation (tested rate of 144 BOPD and 275Mcf of gas at a GOR of 1910 to 1)
- (h) On January 14, 2004, the Division approved this well for oil production from the Wolfcamp formation. **See Exhibit "C" attached**

(3) Now, prior to abandonment, Fasken desire to test for production from the Cisco/Canyon interval of the Upper Penn Formations and in support submits the following technical data:

- (a) Written geologic summary (Fasken's Exhibit "D")
- (b) Log section from El Paso 3-1 Well (Fasken's Exhibit "E")
- (c) Topo map with posted well data (Fasken's Exhibit "F")
- (d) Area production data (Fasken's Exhibit "G")
- (e) 3 well cross-section N-S (Fasken's Exhibit "H")
- (f) 3 well cross-section E-W (Fasken's Exhibit "I")
- (g) Top of Cisco structure map (Fasken's Exhibit "J")

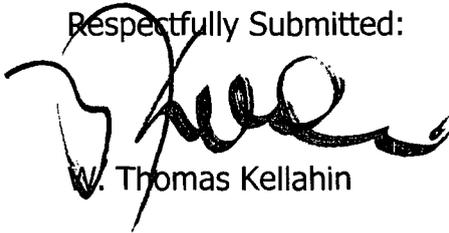
(4) Notification is not required in this case because Division Rule 1207.A(2)(a)3 provides

"in the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit."

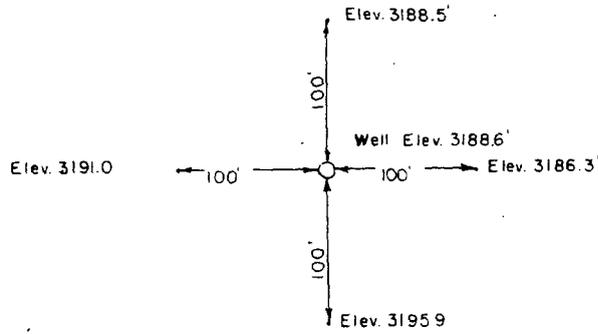
(5) However, in this case, while Fasken is the "common operator" for the northern third and the middle third of Section 3, all the working interest owner in all of Section 3 have signed a Joint Operating Agreement, along with other acreage were included when they approved the March 12, 1973 Joint Operating Agreement operated by Fasken. **See Exhibit "K" attached.**

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

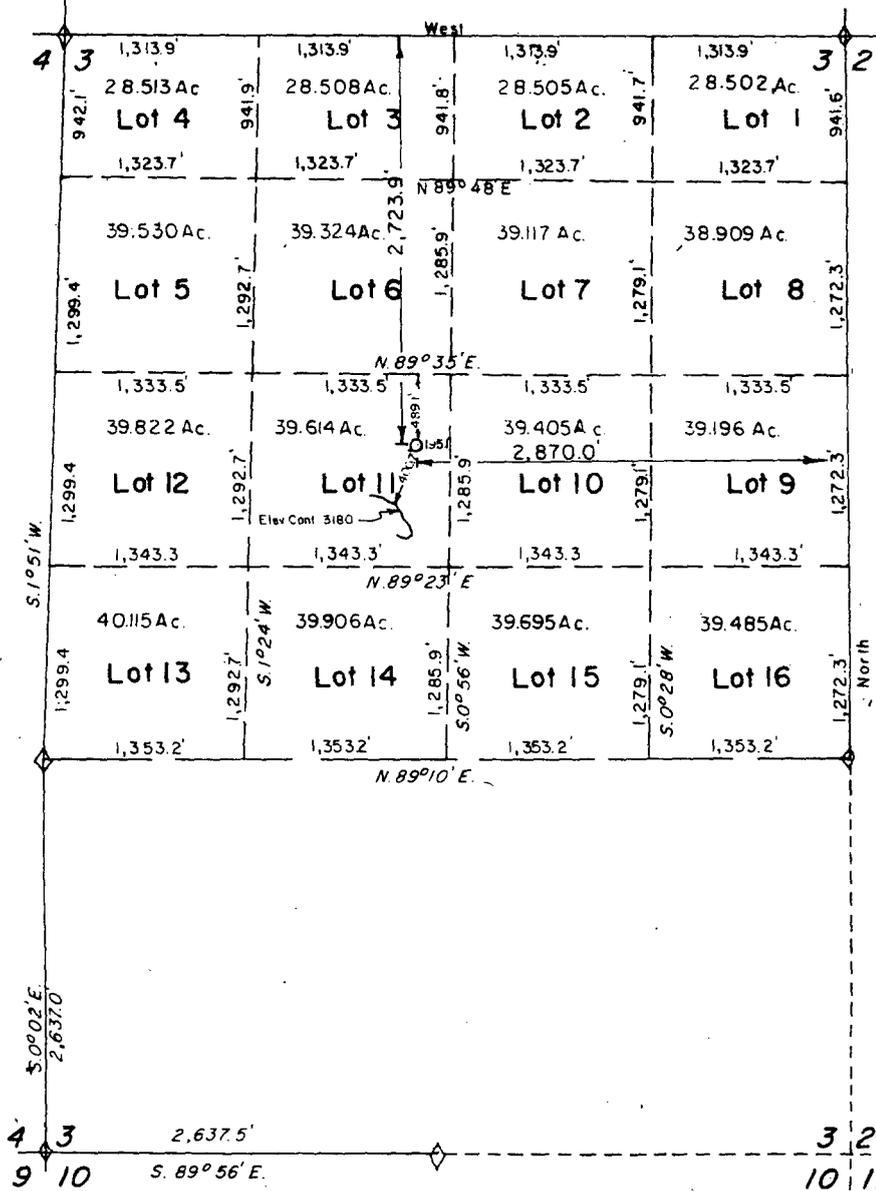
Respectfully Submitted:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the printed name. The signature is stylized and cursive.

W. Thomas Kellahin



R. 26 E.



T.
21
S.

EXHIBIT
A

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

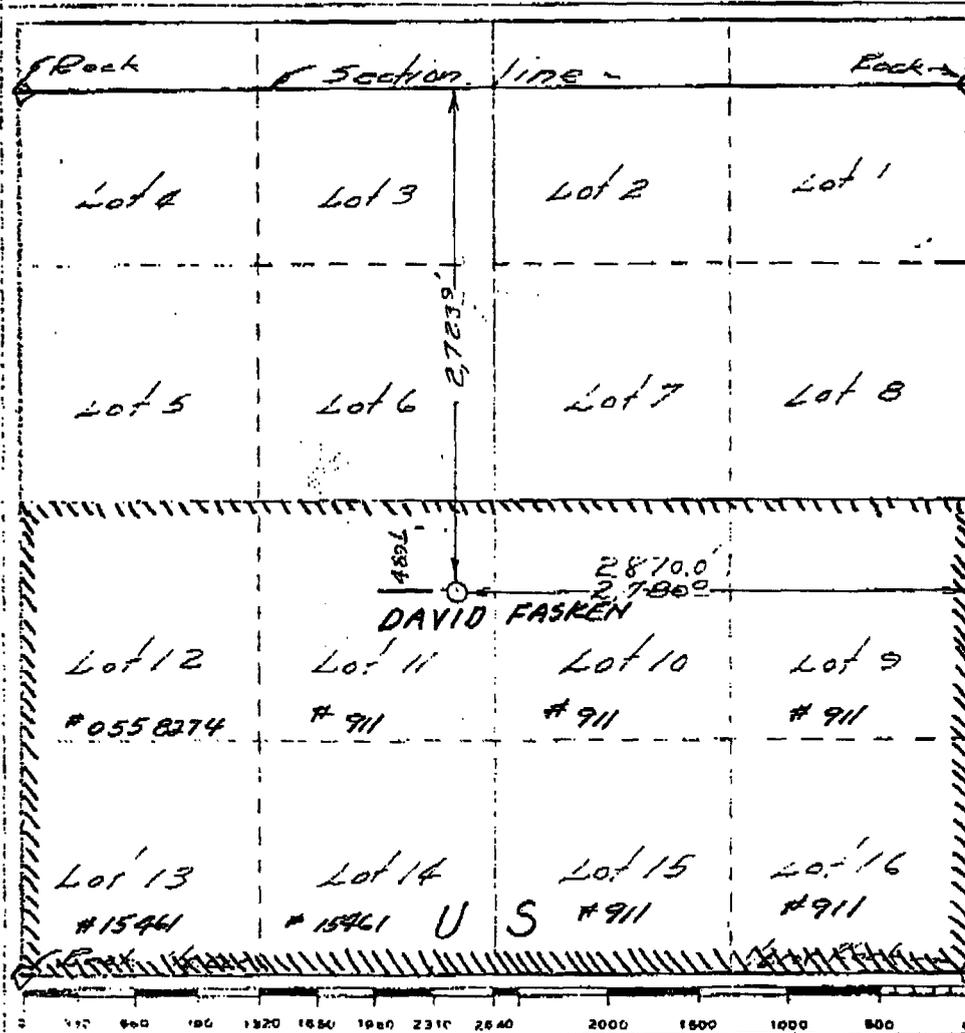
Owner DAVID FASKEN		Lease EL PASO #3 FEDERAL		Well No. 1
Lot Lot 11	Section 3	Township 21 S.	Range 26 E.	County EDDY
Actual Wellbore Location of Well: 2,723.9 feet from the North line and 2,870.0 feet from the East line				
Ground Level Elev. 3189	Producing Formation	Pool	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

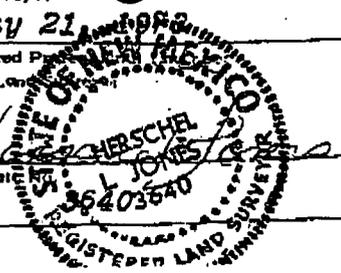
Yes No If answer is "yes," type of consolidation Communitization - Agreement circulating

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name	<u>James B. Henry</u>
Position	<u>Agent</u>
Company	<u>DAVID FASKEN</u>
Date	<u>5-24-73</u>
I hereby certify that the well shown on this plat was not shown on previous notes of actual survey under my signature is true and correct to my knowledge and belief.	
Date Surveyed	<u>May 21, 1973</u>
Registered Professional Engineer and/or Land Surveyor	<u>21</u>
Certification No.	<u>36403540</u>





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 14, 2004

Lori Wrotenberg

Director

Oil Conservation Division

Fasken Oil and Ranch, Ltd.
c/o **W. Thomas Kellahin**
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Administrative Order NSL-604-A

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, Fasken Oil and Ranch, Ltd. ("Fasken"), dated December 12, 2003 (*administrative application reference No. pMES0-400638551*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order NSL-604: all concerning Fasken's request for an unorthodox Wolfcamp oil well location for its existing El Paso "3" Federal Well No. 1 (API No. 30-015-20906), located 2724 feet from the North line and 2870 feet from the East line (Lot 27/Unit K) of Irregular Section 3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico. Lot 27 of Irregular Section 3, being a standard 39.44-acre oil spacing and proration unit for Wolfcamp oil production, is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By Division Administrative Order NSL-604, dated June 4, 1973, David Fasken was authorized to drill the above-described El Paso "3" Federal Well No. 1 at an unorthodox "wildcat" gas well location "489.1 feet from the North line and 195.1 feet from the East line of Lot 11 of [Irregular] Section 3," which location corresponds to the above-described current description of this well. In August/September, 1973 David Fasken drilled the El Paso "3" Federal Well No. 1 to a total depth of 11,240 feet. This well was subsequently completed in the Avalon-Morrow Gas Pool (70920), the Calabaza Draw-Atoka Gas Pool (73695), and the Avalon-Strawn Gas Pool (71080), all within a standard 320-acre, more or less, lay-down gas spacing unit comprising the middle one-third (Units I through P) of Irregular Section 3.

It is further understood that: (i) the Morrow interval was abandoned in late 1992; (ii) the Atoka and Strawn intervals were abandoned in September, 2003; and (iii) on December 3, 2003 Fasken recompleted this well as an oil well in the Wolfcamp formation. However, pursuant to Division Rule 104.B (1), as revised, this Wolfcamp oil location is considered to be "unorthodox" for the aforementioned standard 39.44-acre oil spacing and proration unit comprising Lot 27 (Unit K) of Irregular Section 3.



According to your application and the Division's records, Lot 27 (Unit K) and offsetting Lot 26 (Unit J), both in Irregular Section 3, are included within a single Federal lease (U.S. Government lease No. NM-911) in which Fasken is the leasehold operator and all mineral interest is common; therefore, there are no adversely effected offsets to the subject 39.44-acre tract.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Wolfcamp oil well location for the Fasken's El Paso "3" Federal Well No. 1 is hereby approved.

Further, Division Administrative Order NSL-604 is hereby placed in abeyance until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-604

Fasken Oil & Ranch, Ltd.

El Paso "3" Federal #1

Section 3; 21S; 26E

2724' FNL & 2870' FEL

Spud 11-11-1993

TD 11,240'

Eddy Co., New Mexico

Geological Report

The Fasken El Paso 3 Fed #1 well was drilled at a non-standard location for a Morrow Sand target and for topographic reasons. While evaluating logs from this well, Fasken encountered some unanticipated zones in the Cisco/Canyon Formation (Upper Penn) it would like to test. The 1st zone was a 4' limestone from 9184'-88' with 7% porosity and 400 ohms resistivity. The 2nd zone was a 11' limestone from 9219'-30' with 22% fracture porosity and 300 ohms resistivity. The 3rd zone was a 10' limestone from 9312'-22' with 2% porosity and 45 ohms resistivity. Fasken believes these sets of parameters could be productive.

There are several Upper Penn producers within 3 miles of this well. They have cumulative gas production ranging from 2 MMCFG to 1364 MMCFG (see map) with the closest producer (in the same zone/see cross-section W-E) being almost 3800' to the east/southeast (Cum 211 MMCFG). Because of the poor gas Cum results to date, the Upper Penn has not been considered an economic exploration target in this area. However, when encountered it should be produced to prevent waste.

The Fasken El Paso 3 Fed #1 is near the center of Section 3 and does not encroach on nor drain any other wells, but is less than 660' from the quarter section line.

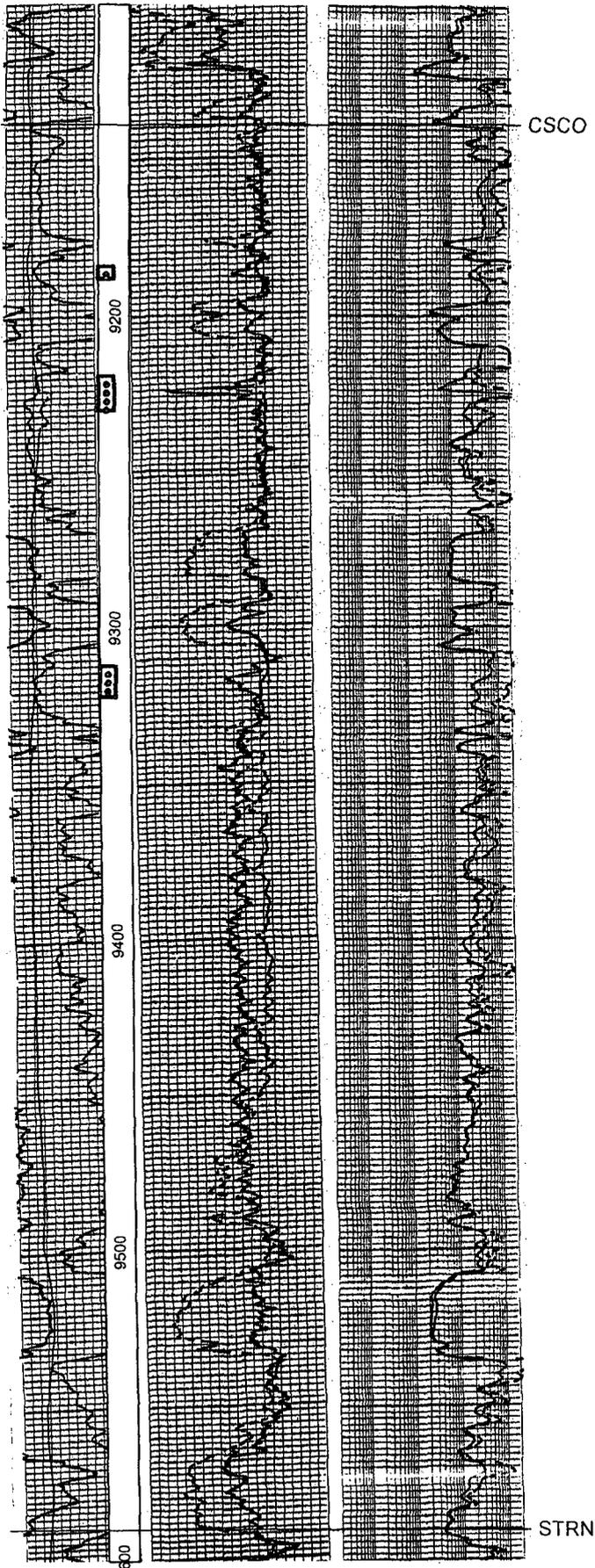
Dexter L. Harmon

CPG # 4326

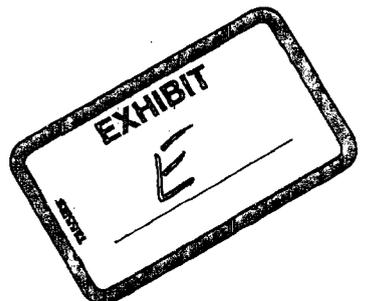


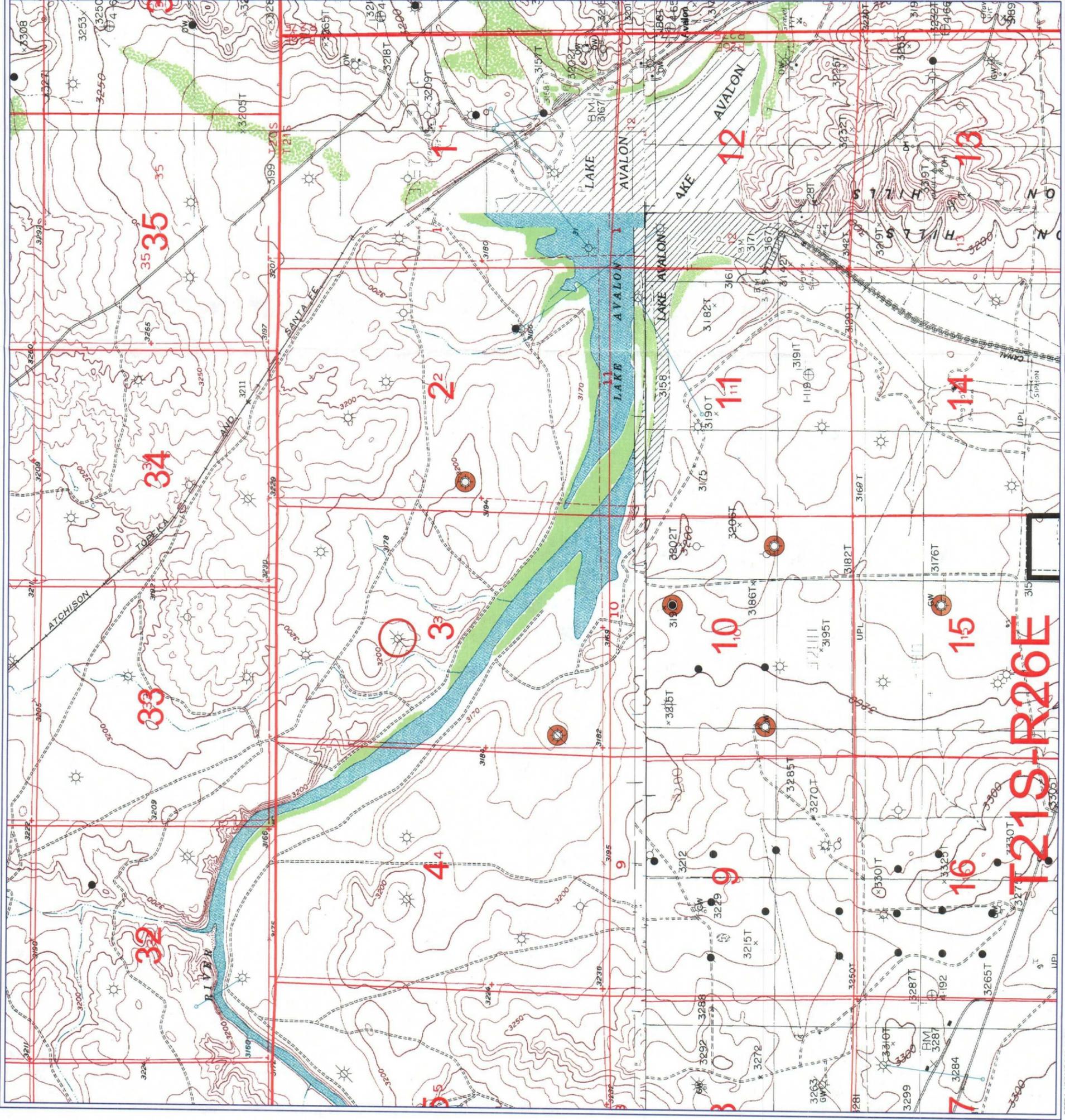
FASKEN OIL AND RANCH LTD
EL PASO '3' FEDERAL

ELEV_GR: 3,189



UWI: 300152090600





Fasken Oil & Ranch, Ltd.

Eddy, New Mexico

El Paso 3 Fed #1

Topo

POSTED WELL DATA



ATTRIBUTE MAP

- Zone: PRODUCTION - G_PERMOPENNSYLVANIAN IS PRESENT
- Zone: PRODUCTION - G_PENNSYLVANIANPERMIA IS PRESENT
- Zone: PRODUCTION - G_PENNSYLVANIAN IS PRESENT
- Zone: PRODUCTION - G_PENNSYLVANIANUPPER IS PRESENT
- Zone: PRODUCTION - G_PENNSYLVANIANLOWER IS PRESENT
- Zone: PRODUCTION - G_CANYON IS PRESENT



WELL SYMBOLS

- Oil Well
- Gas Well
- Dry Hole
- Suspended Well
- Service Well
- Temporarily Abandoned
- Abandoned Oil Well
- Abandoned GAS Well

By: DLH



January 5, 2007



T21S-R26E

N

S

COG OPERATING LLC
HANSON FEDERAL
T20S R27E S33
1980 FNL 1980 FEL



ELEV_KB : 3,207
TD : 11,034

FASKEN OIL AND RANCH LTD
EL PASO 3 FEDERAL
T21S R26E S3
2724 FNL 2870 FEL

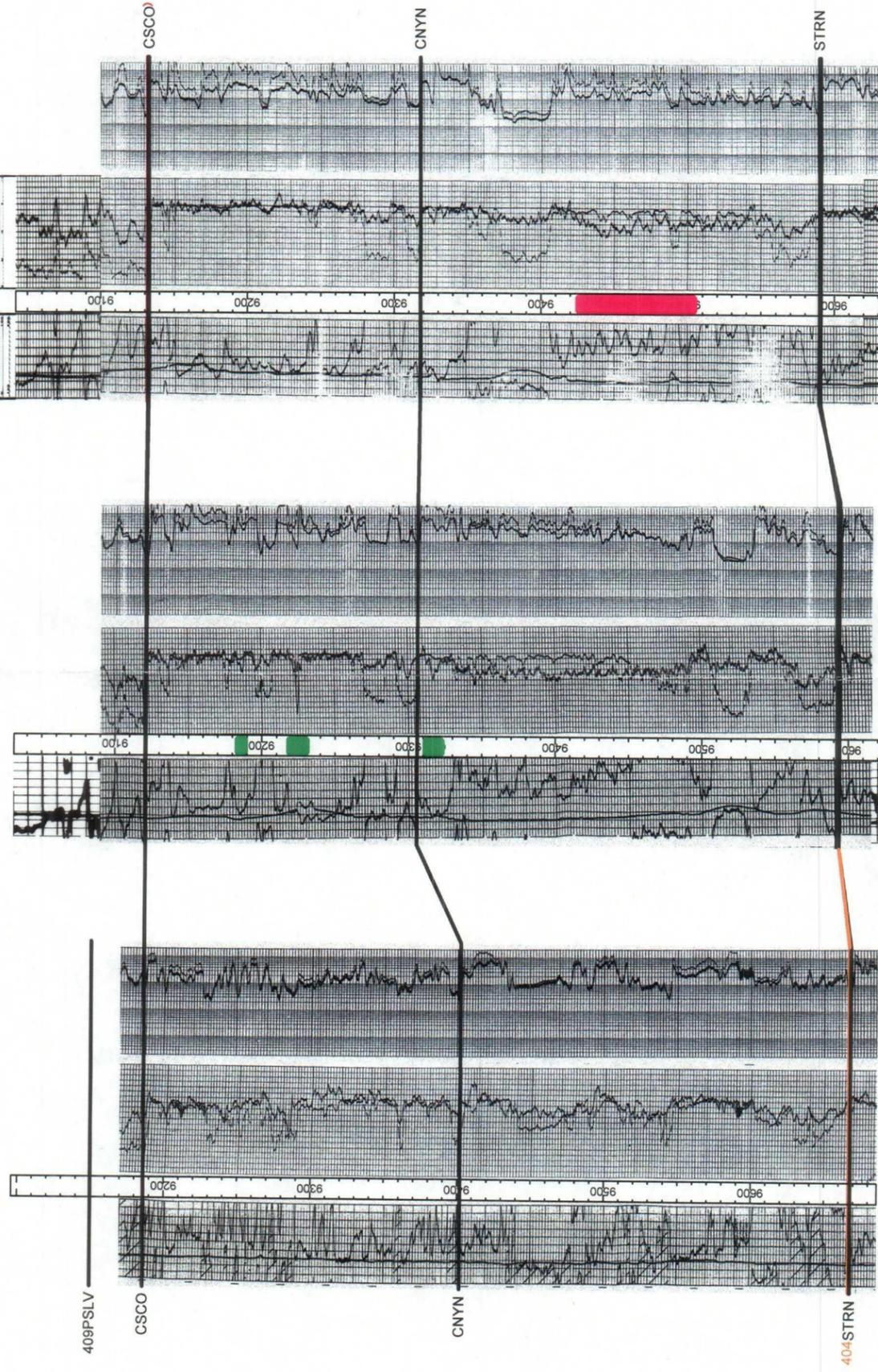


ELEV_KB : 3,204
TD : 11,240

FASKEN OIL AND RANCH LTD
LAKE FEDERAL
T21S R26E S3
1180 FSL 435 FWL



ELEV_KB : 3,199
TD : 11,212



CUM_OIL_ALL_ZONES : 19,246
CUM_GAS_ALL_ZONES : 846,406
CUM_WTR_ALL_ZONES : 629

CUM_OIL_ALL_ZONES : 34,093
CUM_GAS_ALL_ZONES : 2,678,007
CUM_WTR_ALL_ZONES : 6,505

CUM_OIL_ALL_ZONES : 551
CUM_GAS_ALL_ZONES : 421,090
CUM_WTR_ALL_ZONES : 7,515



W

E

DEVON ENERGY CORPORATION
WESTERN RESERVES FE
T21S R26E S4
2932 FNL 1980 FEL



ELEV_KB : 3,202
TD : 11,001

FASKEN OIL AND RANCH LTD
EL PASO 3' FEDERAL
T21S R26E S3
2724 FNL 2870 FEL

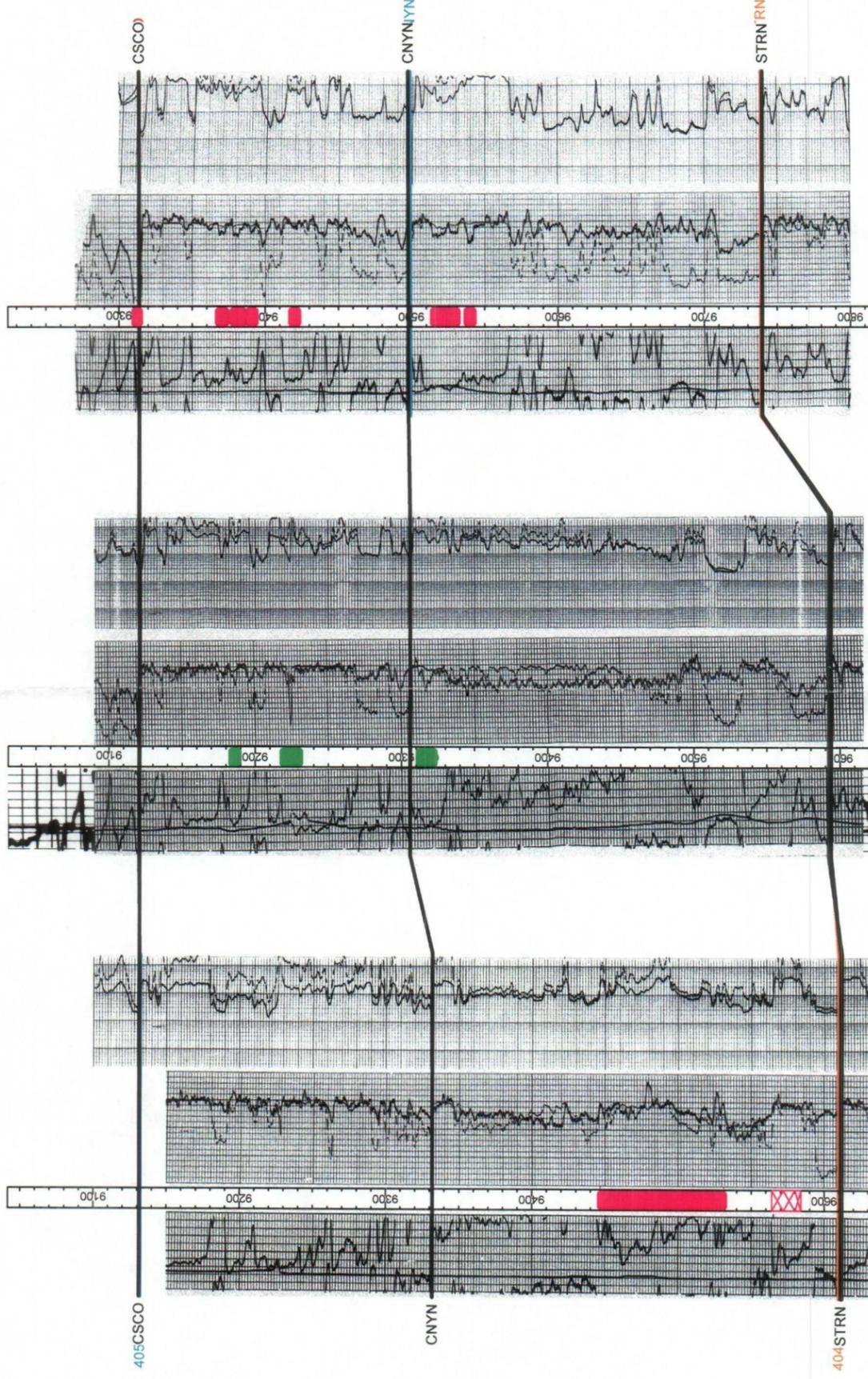


ELEV_KB : 3,204
TD : 11,240

FASKEN OIL AND RANCH LTD
EL PASO 2' FEDERAL
T21S R26E S2
4196 FNL 660 FWL



ELEV_KB : 3,214
TD : 11,170



CUM_OIL_ALL_ZONES : 2,613
CUM_GAS_ALL_ZONES : 260,519
CUM_WTR_ALL_ZONES : 576

CUM_OIL_ALL_ZONES : 34,093
CUM_GAS_ALL_ZONES : 2,678,007
CUM_WTR_ALL_ZONES : 6,505

CUM_OIL_ALL_ZONES : 2,144
CUM_GAS_ALL_ZONES : 1,323,169
CUM_WTR_ALL_ZONES : 1,602



EXHIBIT "A"

TO

Operating Agreement for David Fasken - Avalon Working Interest Unit,
March 12, 1973, T-20-S, R-27-E, Section 35, T-21-S, R-26-E, Sec-
tions 1, 2, 3, Eddy County, New Mexico.

The lands and oil and gas leases composing the Unit Area are described as follows:

Lease #	Exp. Date	Land Description	Acres under lease & decimal part of Unit Area
Ralph Lowe Estate P. O. Box 832 Midland, Texas 79701	NM-072015	HBP T-20-S, R-27-E, Sec. 35: All	640.00 .229469
El Paso Nat. Gas Co. Wilco Bldg. Midland, Texas 79701	NM-911	11/30/76 T-21-S, R-26-E, Sec. 1: Lots 5, 6, 7, 8, 9, 10, 11, 12, 15, 16; Sec. 2: Lots 6, 7, 9, 10, 11, 13, 14, 15, 16, N/2 SW/4, NW/4 SE/4; Sec. 3: Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 16	1,298.29 .465495
Western Reserves Oil Company Bldg. of the S.W. Midland, Texas 79701	NM-15461	6/30/82 T-21-S, R-26-E, Sec. 3: Lots 13, 14, NE/4 SW/4, NW/4 SE/4, S/2 SE/4 on the left or east bank of the Pecos River	232.88 .083498
Gulf Oil Corp. P. O. Box 1150 Midland, Tex. 79701	NM-017097	8/29/74 T-21-S, R-26-E, Sec. 1: Lots 1, 2, 3, 4	121.30 .043492
Mobil Oil Corp. P. O. Box 633 Midland, Tex. 79701	NM-0555283	12/31/74 T-21-S, R-26-E, Sec. 2: Lots 1, 2, 5, 8; Sec. 3: Lot 2	169.46 .060759
David Fasken 608 First Natl. Bank Bldg. Midland, Texas 79701	NM-0558274	11/30/75 T-21-S, R-26-E, Sec. 2: S/2 SW/4; Sec. 3: Lot 12, NE/4 SE/4	160.00 .057367
Inexco Oil Co. 106 Mid-America Bldg. Midland, Tex. 79701	NM-3606	11/30/77 T-21-S, R-26-E, Sec. 2: Lot 12; Sec. 3: W/2 SW/4 SE/4 SW/4	160.00 .057367
Pecos Irrigation Co. c/o Mr. Eugene C. Paine P. O. Box 1718 Carlsbad, N. M. 88220	Unleased	T-21-S, R-26-E, Sec. 3: Lot 13 on the right or west bank of the Pecos River	7.12 .002553
Total Acreage in Unit			2,789.05 1.000000

David Fasken
608 First Natl. Bank Bldg.
Midland, Texas 79701 Leases, land, and acreage to be earned hereunder.

The above lands, leases and interests are subject to this agreement if the owner thereof has joined herein by execution of a counterpart hereof or ratification hereof. The participations of the parties shall be in proportion to committed acreage as more fully provided hereinabove.

