

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Fasken Oil & Ranch LTD
El Paso 3 Federal #1

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-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

NSL 604-C
30-015-20906

[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 _____

RECEIVED
2009 SEP 23 PM 3 14

[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

Well was drilled in 1973

[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.

Ocean Munds-Dry
Print or Type Name

Ocean Munds-Dry
Signature

Attorney
Title

9-23-08
Date

omundsdry@hollandhart.com
e-mail Address



September 23, 2008

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Fasken Oil and Ranch, Ltd. for Administrative Approval of an Unorthodox Well Location for its El Paso "3" Federal Well No. 1 located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Fesmire:

Pursuant to the provisions of Division Rule 104 F (2), Fasken Oil and Ranch, Ltd. ("Fasken") hereby seeks administrative approval of an unorthodox well location for its El Paso "3" Federal Well No. 1 located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. The NE/4 SW/4 of Section 3 will be dedicated to the well.

This location is unorthodox because it is governed by the Division's statewide rules which provide for wells on 40-acre spacing to be located no closer than 330 feet to the outer boundary of the spacing unit. The proposed location is unorthodox because it is only 230 feet from the eastern boundary and 84 feet from the northern boundary of the spacing unit.

This well was originally drilled to a wildcat gas well location as authorized by Administrative Order NSL 604, attached as **Exhibit A**. Fasken later re-completed the well in the Wolfcamp formation and then in the Pennsylvanian formation. See Administrative Orders NSL 604-A & -B, also attached as **Exhibit A**.

Fasken now seeks to plug back this well to test the Delaware oil zone. The proposed location is the most efficient and reasonable way to develop these reserves. It would not be economic to drill a new well to test this zone. **Exhibit C** is a copy of the sundry notice filed with the BLM expressing Fasken's intent to recomplete in the Delaware as well as a copy of the recompletion procedure. **Exhibit D** is the C-102 showing the well location and the spacing unit for the well.

Holland & Hart^{LLP}

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻



Identical

All of Section 3 is subject to a joint operating agreement where Fasken is named operator. Fasken is also the leasehold operator and all mineral interests are common. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

Granting of this application would be in the best interest of conservation and the prevention of waste.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry
ATTORNEY FOR FASKEN OIL AND RANCH, LTD.

Enclosures

cc: Mr. Jimmy Carlile

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

June 4, 1973

Henry Engineering
807 First National Bank Building
Midland, Texas 79701

Attention: Mr. James B. Henry

Administrative Order NSL-604

Gentlemen:

Reference is made to your application for approval of a gas well location for your El Paso "3" Federal Well No. 1, a Wildcat, to be located 489.1 feet from the North line and 195.1 feet from the East line of Lot 11 of Section 3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

Waivers of objection have been received from offsetting operators and the waiting period prescribed by Rule 104 F may be dispensed with in this instance. Therefore, by authority granted me by the provisions of Rule 104 F of the Commission Rules and Regulations, the above-described unorthodox location is hereby approved.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JER/dr

cc: Oil Conservation Commission - Artesia
Oil & Gas Engineering Committee - Hobbs
U. S. Geological Survey - Artesia





NSL-604

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 14, 2004

Lori Wrotenbery
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. pMESO-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.

Fasken Oil and Ranch, Ltd.
January 14, 2004
Page 2

Division Administrative Order NSL-604-A

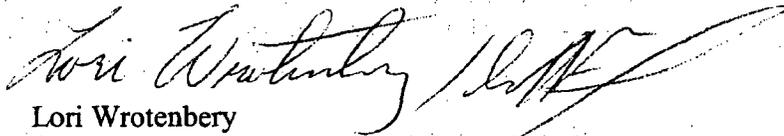
According to your application and the Division's records, Lot 27 (Unit K) and offsetting Lot 26 (Unit J), both in Irregular Section 3, are included within a single Federal lease (U.S. Government lease No. NM-911) in which Fasken is the leasehold operator and all mineral interest is common; therefore,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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 5, 2007

Fasken Oil & Ranch, Ltd.
c/o Mr. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501

Attention: Mr. Thomas Kellahin, Attorney

Re: **El Paso "3" Federal Well No. 1**
API No. 30-015-20906
2724' FNL & 2870' FEL, Lot 27, Unit K,
Irregular Section 3, T-21 South, R-26 East, NMPM,
Eddy County, New Mexico

Administrative Order NSL-604-B

Dear Mr. Kellahin:

604-C

Reference is made to the following:

- (a) your application on behalf of Fasken Oil & Ranch, Ltd. ("applicant") for a non-standard well location (*administrative application referenece No. pTDS0701734480*) for the El Paso "3" Federal Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on January 16, 2007; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox gas well location for its **existing** El Paso "3" Federal Well No. 1 in either the Undesignated Avalon-Upper Pennsylvanian Gas Pool (71000) or the Undesignated North Avalon-Upper Pennsylvanian Gas Pool (71040) which has been drilled 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. A standard 317.24-acre lay down spacing unit comprising the Middle Third of Irregular Section 3 is to be dedicated to the well.

Your application and Division records show that the El Paso "3" Federal Well No. 1 previously produced as a gas well in the Avalon-Strawn, Avalon-Morrow, and Calabaza Draw-Atoka Gas Pools, and as an oil well in the Wolfcamp formation. Division Orders No. NSL-604 dated June 4, 1973, and NSL-604-A dated January 14, 2004, granted approval for the well location in the Strawn, Morrow, Atoka and Wolfcamp formations.

It is our understanding that the subject well will now be recompleted from the Wolfcamp formation to the Upper Pennsylvanian interval.

Both the Avalon-Upper Pennsylvanian and North Avalon-Upper Pennsylvanian Gas Pools are currently governed by Division Rule 19.15.3.104(C).

The affected offset acreage is the North Third of Irregular Section 3.

The applicant stated that all of Irregular Section 3 is subject to a Joint Operating Agreement ("JOA") that designates Fasken Oil & Ranch, Ltd. as operator. Consequently, there are no adversely affected offset operators and/or interest owners. Therefore, the applicant was not required, and did not provide notice of this application to any party.

Division records show that the El Paso "3" Federal Well No. 1 will be the only well producing at this time from the Upper Pennsylvanian formation within the Middle Third of Irregular Section 3.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Undesignated Avalon-Upper Pennsylvanian Gas Pool and/or the Undesignated North Avalon-Upper Pennsylvanian Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division – Artesia
Bureau of Land Management-Carlsbad

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM-911

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well

Oil Well Gas Well Other

8. Well Name and No.
El Paso "3" Federal No. 1

2. Name of Operator
Fasken Oil and Ranch, Ltd.

9. API Well No.
30-015-20906

3a. Address
303 West Wall St., Suite 1800, Midland, TX 79701

3b. Phone No. (include area code)
432-687-1777

10. Field and Pool or Exploratory Area
Foster Draw (Delaware Oil)

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2724' FNL. & 2870' FEL. Sec. 3, T21S, R28E

11. Country or Parish, State
Eddy, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Fasken Oil and Ranch, Ltd. proposes to recomplete from the North Avalon Upper (Penn) to the Foster Draw (Delaware Oil).

Please see attached procedure for details.

This notice requires a non-standard location exception from the New Mexico Oil Conservation Division. An application is being prepared and will be submitted to the NMOCD as soon as possible.

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Kim Tyson

Title Regulatory Analyst

Signature *Kim Tyson*

Date 09/12/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)



Workover Procedure
EL PASO "3" FED. No. 1
489'FNL and 195' FEL of Lot 11 (Old numbering)
Section 3, T21S, R26E
Eddy Co., NM
API Number: 30-015-20906

1. RUPU.
2. RU pump truck on tubing and kill well with 35 bbls 2% Kcl water.
3. NDWH and NU BOP. Release Arrowset IX 10K packer at 9080' and POW while strapping tubing and LD packer.
4. RUWL and pack off and RIW with 4-1/2" gauge ring to 9100'. Run 5-1/2" CIBP and set @ 9100' and spot 35' Class "H" cement on top. Run 5-1/2" CIBP and set @ 8250' and spot 35' Class "H" cement on top for new PBSD 8210'. Top Wolfcamp 8179', top WC perfs 8320'. Run CBL to determine exact TOC. Run casing inspection log and identify bad casing depths; expect top 1000' bad.
5. ND BOP. ND wellhead B-section. Prepare well head to backoff and replace casing. RIW with 5-1/2" casing spear. Backoff casing below bad pipe (Estimated at +/-1000'). RU casing crew and POW laying down casing with thread protectors. RIW with replacement 5-1/2" 17# N-80 casing.
6. Cut casing, set slips and NU wellhead.
7. RUWL and perforate 4 sqz holes +/-6750'. Establish injection rate via casing.
8. RIW with packer and 2-3/8" tubing to +/-6700', open 5-1/2"x8-5/8" annulus and establish injection rate and circulation to surface.
9. Run cement retainer to +/-6700'. RU cementing company and squeeze holes leaving top of cement inside 8-5/8" casing x 5-1/2" annulus.
10. Sting out of retainer. Reverse tubing volume to surface. POW with tubing.
11. Run CCL correlation log and perforate Delaware 3250'-3320'.
12. Acidize and evaluate.
13. Fracture treat Delaware.
14. Put on rod pump as a Delaware producing well.
15. RDPU.

El Paso "3" Federal No. 1

Proposed as of: Sept 10, 2008

GL: 3188.6'
KB: 3204'

Operator: **Fasken Oil and Ranch, Ltd.**
 Location: **489' FNL and 195' FEL of Lot 11 (old #ing)**
Sec 3, T21S, R26E
Eddy County, NM
 Compl.: **9/27/1973**
 API #: **30-015-20906**

TD: **11,240'**
 PBDT: **9,762' Nov'03 (CIBP@9797' w/35' cmt)**
10,480' Jan '93 (CIBP @ 10,500'w/2sx cmt)
10,945' Orig

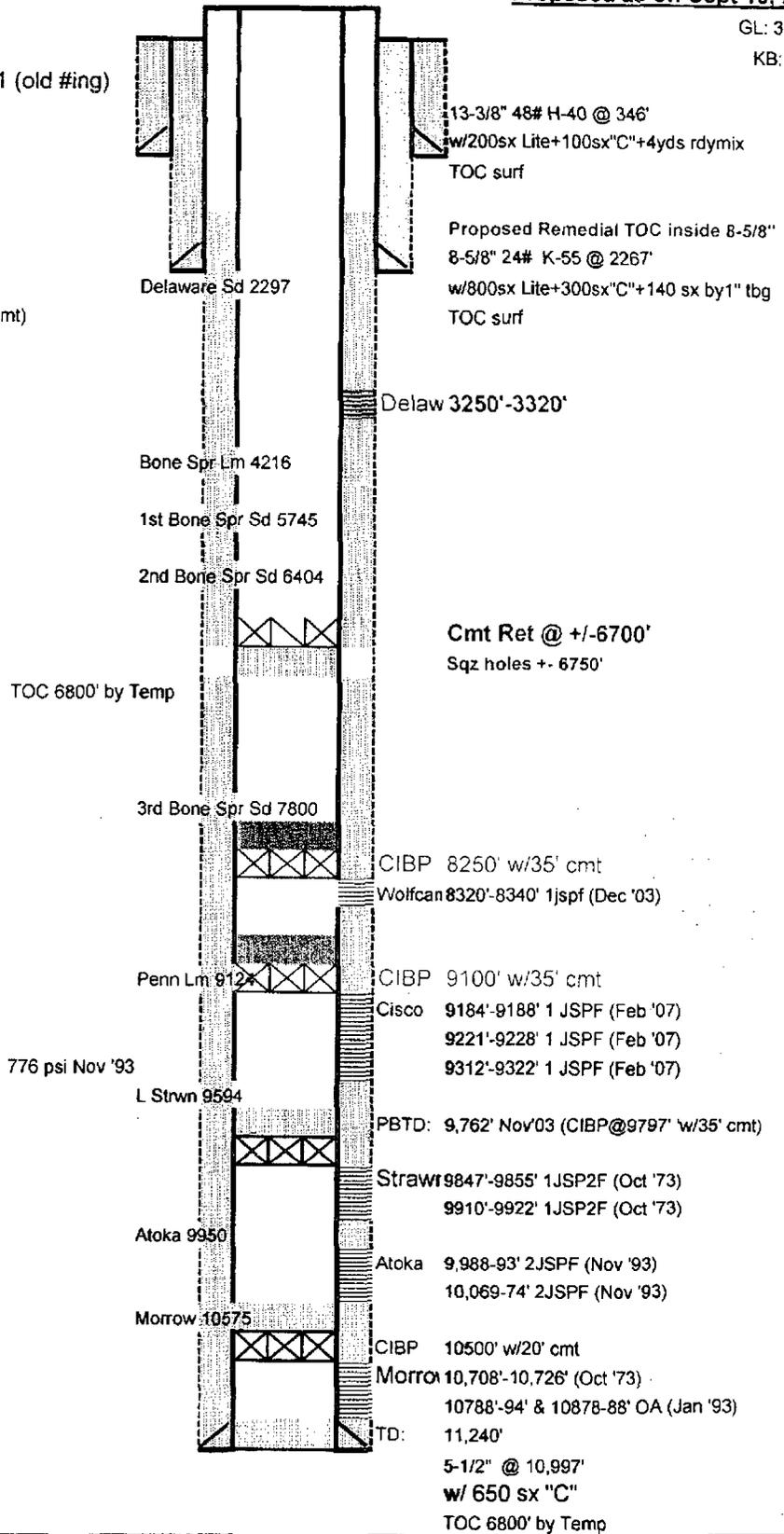
Casing: **13-3/8" 48# H-40 @ 346'**
w/200sx Lite+100sx"C"+4yds rdy mix
TOC surf
8-5/8" 24# K-55 @ 2267'
w/800sx Lite+300sx"C"+140 sx by 1" tbg
TOC surf
5-1/2" @ 10,997'
w/ 650 sx "C"
TOC 6800' by Temp

Proposed:
Cmt Ret @ +/-6700'
Sqz holes +/- 6750'
 CIBP 8250' w/35' cmt
 CIBP 9100' w/35' cmt

Perfs:
Delaware 3250'-3320' Proposed
Wolfcamp 8320'-8340' 1jspf (Dec '03)
Cisco 9184'-9188' 1 JSPF (Feb '07)
9221'-9228' 1 JSPF (Feb '07)
9312'-9322' 1 JSPF (Feb '07)
Strawn 9847'-9855' 1JSP2F (Oct '73)
9910'-9922' 1JSP2F (Oct '73)
Atoka 9,988-93' 2JSPF (Nov '93)
10,069-74' 2JSPF (Nov '93)
CIBP 10500' w/20' cmt
Morrow 10,708'-10,726' (Oct '73)
10788'-94' (Jan '93)
10878'-94' (Jan '93)

Hole Sizes
 17-1/2" 346'
 12-1/4" 2267'
 7-7/8" 11,240'

Status: Shutin



cwb
1-25-06
EP1 WB diag.xls

