

0731

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

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐

b. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
Fasken Oil and Ranch, Ltd.

3. ADDRESS AND TELEPHONE NO.
303 W. Wall, Suite 1800, Midland, TX 79701 (432) 687-1777

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface
660' FNL, 660' FEL
At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.
NM 0207950 084402

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Com No. SW-247

8. FARM OR LEASE NAME, WELL NO.
Ross Federal No. 5

9. AN WELL NO.
30-015-33592

10. FIELD AND POOL, OR WILDCAT
Cemetery Morrow

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
Sec. 4, T21S, R24E

12. COUNTY OR PARISH 13. STATE
Eddy NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
11 miles southwest of Lakewood

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
660'

16. NO. OF ACRES IN LEASE
924.80

17. NO. OF ACRES ASSIGNED TO THIS WELL
320

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
9850'

19. PROPOSED DEPTH
9850'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DV, RT, GR, etc.)
3689' GR

22. APPROX. DATE WORK WILL START
August 1, 2004

23. CARLSBAD CONTROLLED WATER BASIN PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8", H-40	48#	400'	400 sx (circulate)
12 1/4"	9 5/8", J-55	36#	3000'	800 sx (circulate)
8 3/4"	4 1/2", N-80	11.6#	9850'	1100 sx TOC 6000'

Fasken Oil and Ranch, Ltd. proposes to drill the Ross Federal No. 5 to a depth sufficient to test the Morrow formation. If productive, 4-1/2" casing will be set at TD and cemented back to approximately 6,000'. If non-commercial, the well will be plugged and abandoned in accordance with Federal regulations. Archaeological clearance has already been given for the proposed road and pipeline through BLM's approval of the Ross Federal No. 6 location granted May 20, 2004.

Drilling Program:

Surface Use and Operating Plan

Exhibit No. 1 - Area Maps

Exhibit No. 2 - One-Mile Radius Map

Exhibit No. 3 - Hydrogen Sulfide Drilling Operations Plan

Exhibit No. 4 - Well Site Layout

Exhibit No. 5 - Blowout Preventer Equipment

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

RECEIVED
JUN 28 PM 1 08
CARLSBAD FIELD OFFICE

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Kimberly D. Carlier TITLE Regulatory Affairs Coordinator DATE 6/25/04
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.
CONDITIONS OF APPROVAL, IF ANY:

ACTING
/s/ Joe G. Lara
APPROVED BY _____ TITLE FIELD MANAGER DATE 28 JUL 2004

*See Instructions 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

APPROVAL FOR 1 YEAR

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to
appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe
office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐
(432)

Operator: Fasken Oil and Ranch, Ltd. Telephone: 687-1777 e-mail address: jimmyc@for1.com

Address: 303 West Wall, Suite 1800 Midland, TX 79701

Facility or well name: Ross Federal No. 5 API #: pending U/L or Qtr/Qtr A Sec 4 T 21 S 24E

County: Eddy Latitude 32 31 15.5 Longitude 104 29 52.0 NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil Clay ☐

Pit Volume 24,000 bbl

Below-grade tank

Volume: bbl Type of fluid:

Construction material:

Double-walled, with leak detection? Yes ☐ If not, explain why not

RECEIVED

AUG 20 2004

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) 183' *

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points)

0

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points)

0

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

(0 points)

0

Ranking Score (Total Points)

0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments: Nearest water well is 4000' Northwest in Sec. 32, T20S, R25E belonging to Mr. Richard Howell. Depth to groundwater is unknown. While drilling the Neely Com No. 1 in the SE/4 of Sec. 29, T20S, R25E, Fasken encountered the top of the water zone at 183'.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or on (attached) alternative OCD-approved plan ☐.

Date: 8/19/04

Printed Name/Title Jimmy D. Carlile Reg. Affairs Signature Jimmy D. Carlile

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title Field Rep II

Signature

Date

AUG 23 2004

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	Pool Code 74640	Pool Name Cemetery Morrow
Property Code	Property Name ROSS FEDERAL	Well Number 5
OGRID No. 151416	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 3689'

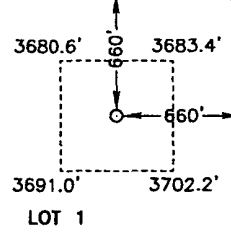
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	4	21 S	24 E		660	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

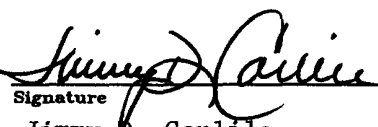
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No. Com. No. SW-247						

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

LOT 4		LOT 3		LOT 2		LOT 1	
* Ross Fed No. 3							
LOT 5		LOT 6		LOT 7		LOT 8	
LOT 12		LOT 11		LOT 10		LOT 9	
1/4 COR. LOT 13		LOT 14		LOT 15		1/4 COR. LOT 16	

OPERATOR CERTIFICATION

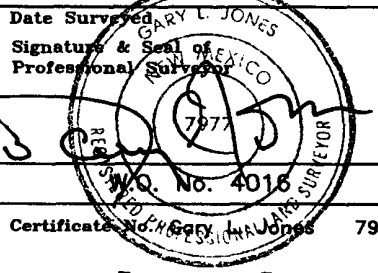
I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.


Signature
Jimmy D. Carlile
Printed Name
Regulatory Affairs Coord.
Title
6/25/04 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.

FEBRUARY 26, 2004

Date Surveyed
Signature & Seal of Professional Surveyor

Certificate No. 4016 7977

SURFACE USE PLAN

Fasken Oil and Ranch, Ltd.
Ross Federal No.5
660' FNL & 660' FEL
Sec. 4, T21S, R24E
Eddy County, New Mexico

1. EXISTING ROADS - Area map, Exhibit #1, is a reproduction of the U.S.G.S., Foster Ranch N.M. Quadrangle. Existing and proposed roads are shown on the exhibit. All roads shall be maintained in a condition equal to that which existed prior to start of construction.

A. Exhibit #1 shows the proposed development well site as staked.

B. From Carlsbad, New Mexico, travel North on U.S. Highway 285 for 15 miles. Turn West on White Pine road and go 6 miles. Turn Southeast on calchie road and go ¼ mile to the Yates Mystery AYM Federal No. 1 location, Turn West and go 400', turn South and follow caliche road 0.5 miles to location.

2. PLANNED ACCESS ROADS – 219' of new access road will be constructed and 2546' of existing ranch road will be improved.

3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS.

A. Water wells - None known.

B. Disposal wells - None Known.

C. Drilling wells - None known.

D. Producing wells - As shown on Exhibit #2

Fasken Oil and Ranch, Ltd.:	Ross Federal No. 1
Fasken Oil and Ranch, Ltd.:	Ross Federal No. 2
Fasken Oil and Ranch, Ltd.:	Ross Federal No. 3
Fasken Oil and Ranch, Ltd.:	Ross Federal No. 4
Fasken Oil and Ranch, Ltd.:	Howell State Com. No. 2
Yates Petroleum Corp.:	Dazed BDZ Federal Com. No. 1
Yates Petroleum Corp.:	Mystery "AYM" Federal No. 1
Yates Petroleum Corp.:	Bamboozled "BBX" Federal No. 1

E. Abandoned wells - As shown on Exhibit #2.

Fasken Oil and Ranch, Ltd.:	Howell No. 1
Whiting & Grant:	Howell No. 1
Sanders:	Riggs No. 1
N. H. Willis	Willis No. 1
Resler:	McKee No. 1X
Gulf:	Jones Federal No. 1
Trojan:	Grant No. 1

4. If, upon completion, the well is a producer Fasken Oil and Ranch, Ltd. will furnish maps or plats showing "On Well Pad Facilities" and "Off Well Pad Facilities" (if needed) on a Sundry Notice before construction of these facilities starts.

5. LOCATION AND TYPE OF WATER SUPPLY

Fresh and Brine water will be purchased locally from a private source and trucked over the access roads.

6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill sites excavations or from a local source. These materials will be transported over the access roads as shown on Exhibit #1.

7. METHOD FOR HANDLING WASTE DISPOSAL

- A.
 - 1. Drill cuttings will be disposed of in the reserve pit.
 - 2. Trash, waste paper, and garbage will be contained in a trash trailer and disposed of in an approved public landfill.
 - 3. All mud materials including salts will be picked up by the mud supplier and transported back to their warehouse facilities.
 - 4. Sewage from trailer houses will drain into hole with a minimum depth of 10'. A "Porta John" will be provided for the rig crews. This will be properly maintained and removed after drilling operations are completed.
 - 5. Chemicals remaining after completion of the well will be stored in the manufacturer containers and picked up by the supplier.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. In the event drilling fluids will not evaporate in a reasonable period of time, they will be transported by tank truck to a state approved disposal site.

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during the testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT

- A. Exhibit #3 is the H₂S Drilling Operations Plan.
- B. Exhibit #4 (Scale 1" = 50') shows the proposed well site layout.
- C. This exhibit indicates the proposed location of reserve pit, trash trailer and living facilities.
- D. Mud pits in the active circulation system will be steel pits.
- E. The reserve pit will be lined with a polyethylene liner. The pit liner will be a minimum of 2' over the reserve pit walls where the liner will be anchored down.
- F. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion operations. The fourth side will be fenced after drilling has been completed. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location pad and surface facilities. After the area has been shaped and contoured, top soil from the spoil pile (if any) will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recontoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

11. OTHER INFORMATION

- A. The topography is of hilly terrain with vegetation of sagebrush and native grasses. The soils are silty and very shallow.
- B. The surface is used for livestock grazing. The surface is leased by Richard Howell, P.O. Box 94, Lakewood, NM 88256
- C. An archaeological study over this location, road and proposed pipeline has been prepared. The abstract of the report is attached. This archaeological study has been reviewed and approved by the BLM under Fasken's application to drill its Ross Federal No. 6. That APD was approved by the BLM on May 20, 2004.
- D. There are no buildings of any kind in the area.

12. OPERATOR'S REPRESENTATIVE - Field representative for contact regarding compliance with the Surface Use Plan is:

Before, during & after Construction:

Tommy E. Taylor
303 W. Wall Ave., Suite 1900
Midland, Texas 79701-5116
(432) 687-1777

13. CERTIFICATION - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exists; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Fasken Oil and Ranch, Ltd. and its contractors/subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

NAME: *Tommy E. Taylor*
DATE: *6/25/04*
TITLE: *Drilling and Production Engineer*

APPLICATION FOR PERMIT TO DRILL
FASKEN OIL AND RANCH, LTD.
ROSS FEDERAL NO. 5
660' FNL & 660' FEL
SEC. 4, T21S, R24E
EDDY COUNTY, NM

In conjunction with Form 3160-3, Application for Permit to Drill, Fasken Oil and Ranch, Ltd. submits the following items of pertinent information in accordance with Onshore Oil & Gas Order Nos. 1 & 2, and with all other applicable federal and state regulations.

1. The geologic surface formation is of Permian age.

2. Estimate tops of geologic markers are as follows:

San Andres	750'
Glorietta	2450'
Bone Springs	3400'
3 rd Bone Spring Sand	6400'
Wolfcamp	6500'
Cisco	7300'
Canyon	7600'
Strawn	8100'
Atoka	8900'
Morrow	9300'

3. The estimated depths at which water, oil or gas formation are expected to be encountered:

Cisco	7400'	Oil/Gas
Strawn	8100'	Gas
Atoka	8900'	Gas
Morrow	9300'	Gas

* Groundwater to be protected by 13-3/8" surface casing with cement circulated to the surface.

** Potentially productive horizons to be protected by 4-1/2" production casing with cement tied back to 6000'.

4. Proposed Casing Program:

<u>String</u>	<u>Footage</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>
Surface	400'	13-3/8"	48.00#	H-40	ST&C
Intermediate	3,000'	9-5/8"	36.00#	J-55	ST&C
Production	9,850'	4-1/2"	11.60#	N-80	LT&C
Tubing	9,750'	2-3/8"	4.70#	N-80	EUE 8rd

5. Proposed Cementing Program:

Cement 13-3/8" casing with 400 sx Class "C" cement with 2% CaCl₂ (s.w. 14.8 ppg, yield 1.32 cuft/sx).

Cement 9-5/8" casing with 600 sx Class "C" with 4% gel and 2% CaCl₂ (s.w. 13.51 ppg, yield 1.74 ft³/sx) plus 200 sx Class "C" with 2% CaCl₂ (s.w. 14.8 ppg, yield 1.34 ft³/sx).

Cement 4-1/2" production casing (resin coated and centralized through pay zones) with 1100 sx Super "C" Modified (CSE) with 5% Salt, 0.6% FL-25 and 0.6% FL-52 (s.w. 13.2 ppg, yield 1.58 ft³/sx). Estimate TOC at 6000'.

6. Pressure Control Equipment: See exhibit #5. Operator request variance and proposes to pressure test BOP stack with rig pump to 1500 psig prior to drilling out the 9-5/8" casing shoe. BOP hydrotest will be conducted on first bit trip or prior to drilling the Wolfcamp formation. Operator requests variance and proposes to use only one ram type or annular type preventor to drill the intermediate hole to 3000'.

7. Mud Program:

<u>Depth</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Waterloss</u>
0-400'	Fresh Water	8.5	40	N.C.
400'-5000'	Fresh Water	8.5	28	N.C.
5000'-8400'	Cut Brine	9.0	29	N.C.
8400'-9850'	Gel/Starch/PAC	9.5-10.0	36	10 cc

8. Auxiliary Equipment: Upper Kelly Cock, Full Opening Stabbing Valve, PVT.

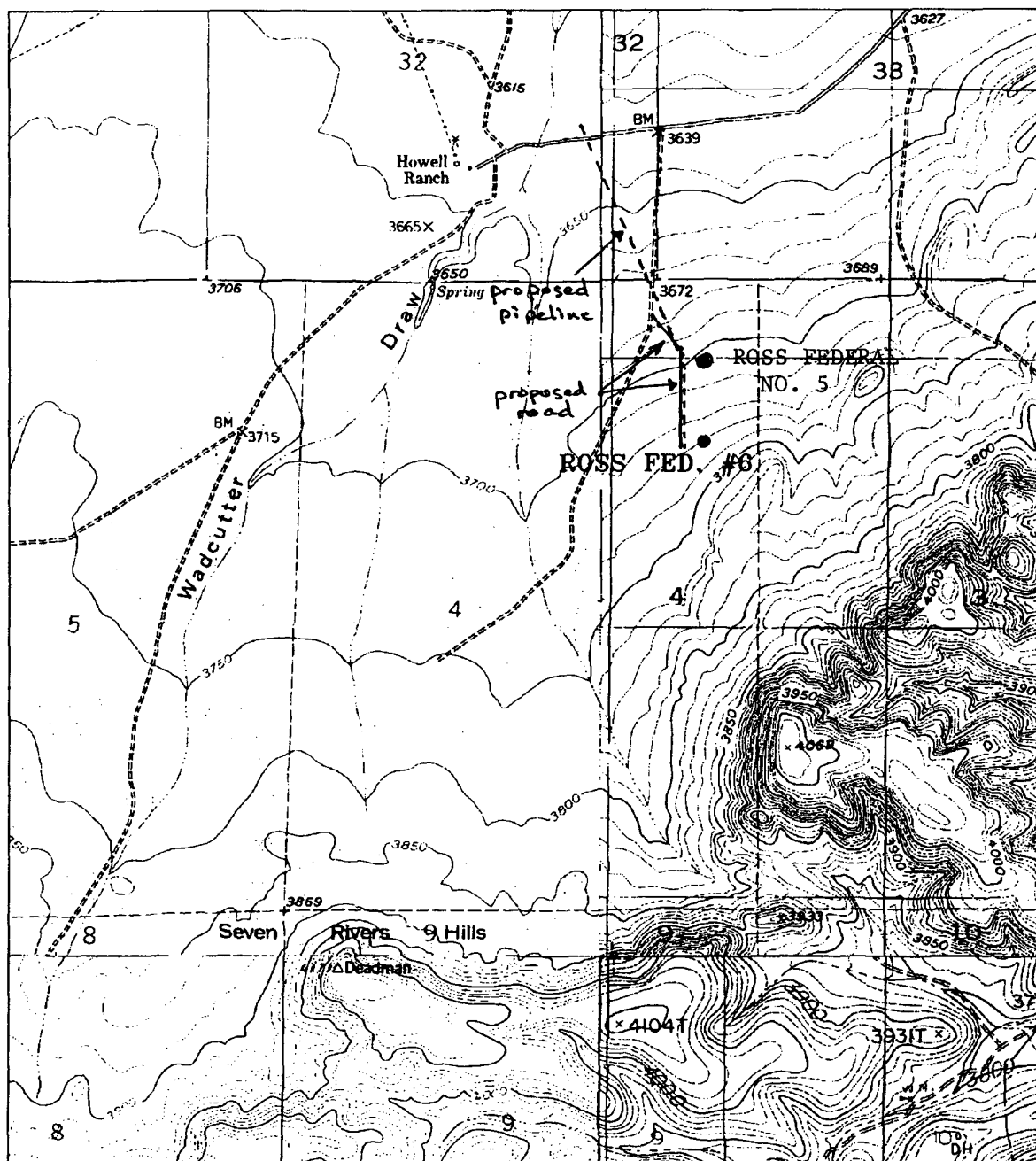
9. Testing Logging and Coring Programs:

- DST's: DST any mudlog shows.
- Logging: 2-man Mudlogging unit from 5000' to T.D.
- Electric Logs: Platform Express with CNL-LDT, DLL-MSFL, GR and Caliper.
- Coring: None anticipated

10. Abnormal Pressure, Temperatures or Other Hazards: Lost circulation is anticipated in the surface. Maximum bottomhole pressure is estimated to be 4875 psig.

11. Anticipated Starting Date: August 1, 2004.

ROSS FEDERAL NO. 5
660' FNL, 660' FEL
Sec. 4, T21S, R24E



ROSS FEDERAL #6
1980' FNL & 660' FEL
Section 4, Township 21 South, Range 24 East,
N.M.P.M., Eddy County, New Mexico.

basin
surveys

focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 4037AA - KJG CD#6

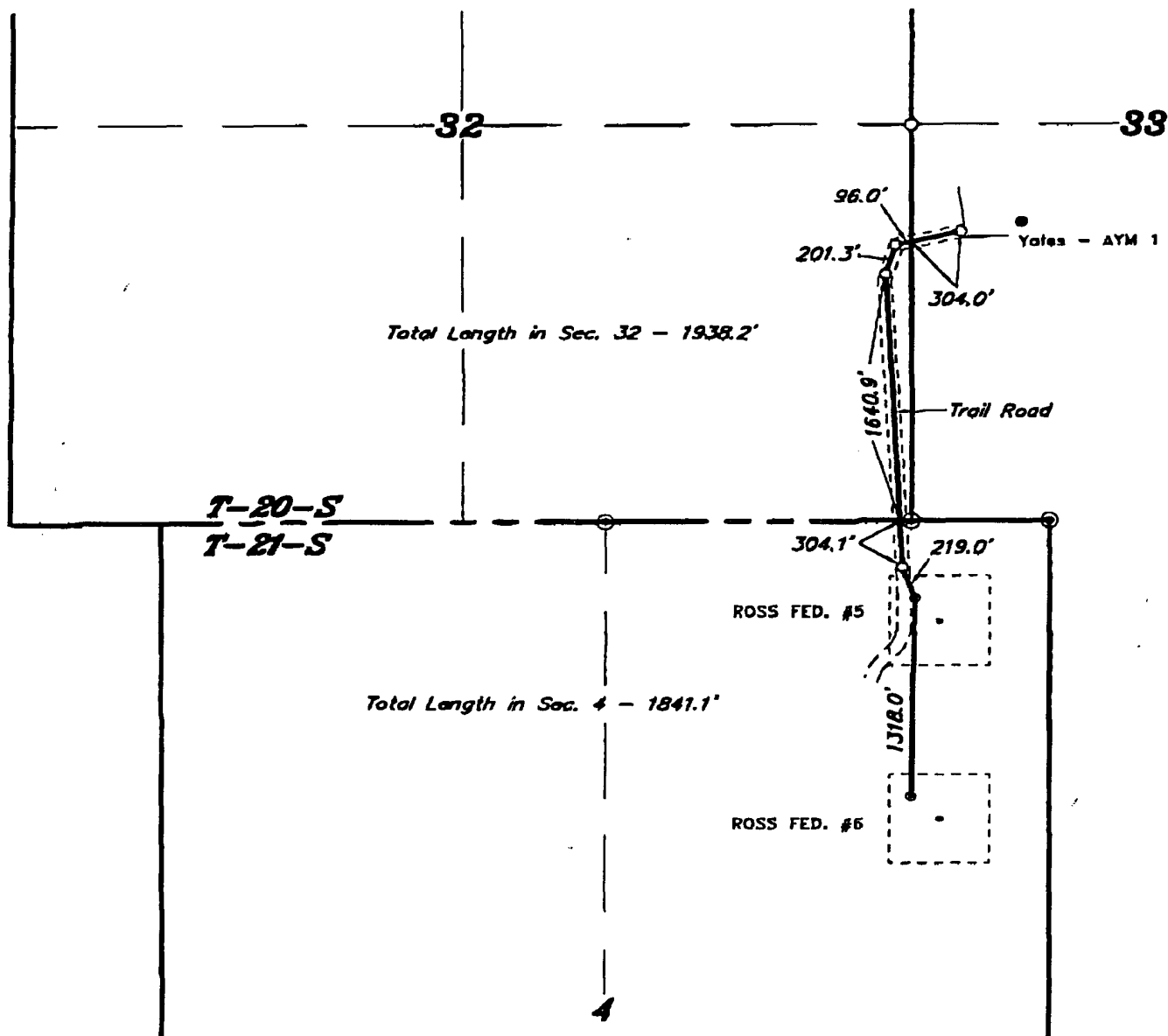
Survey Date: 02-26-2004

Scale: 1" = 2000'

Date: 02-27-2004

FASKEN OIL & RANCH, LTD.

**SECTION 4, TOWNSHIP 21 SOUTH, RANGE 24 EAST, N.M.P.M.,
EDDY COUNTY. NEW MEXICO.**



1000 0 1000 2000 FEET

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

FASKEN OIL AND RANCH, Ltd.

W.O. Number: 4016

Drawn By: K. GOAD

REF: PROPOSED ROAD TO THE ROSS FEDERAL #5 & #6

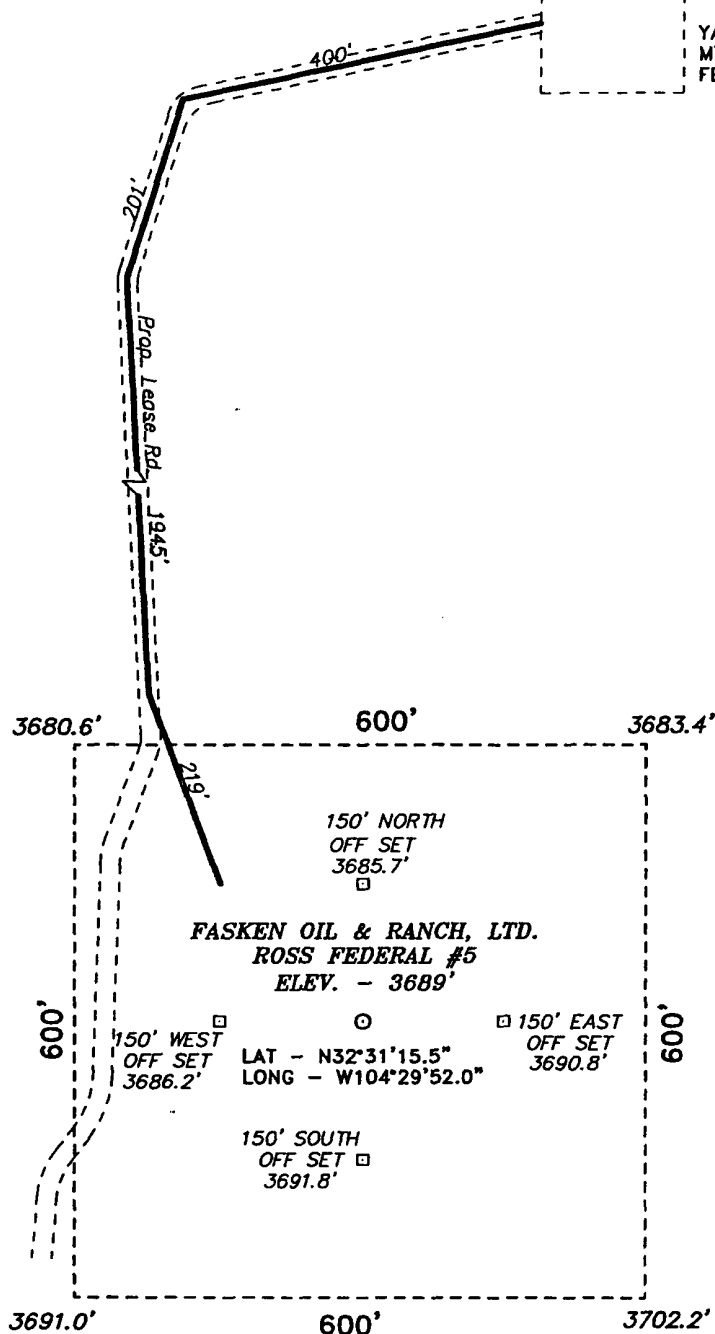
Date: N/A

Disk: KJG CD#6 - FAS4016ROAD

Survey Date: 03-17-04

Sheet 1 of 1 Sheets

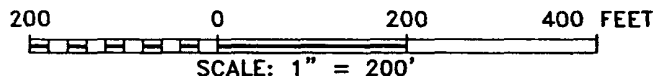
SECTION 4, TOWNSHIP 21 SOUTH, RANGE 24 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



YATES
MYSTERY AYM
FED. #1

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 137 AND CO. RD.
28, GO NORTH FOR APPROX. 6.0 MILES; THENCE EAST
ON LEASE ROAD FOR APPROX. 0.5 MILE; THENCE
SOUTH FOR APPROX 0.2 MILE TO THE YATES MYSTERY
AYM FED. #1 WELL AND PROPOSED LEASE ROAD.



Fasken Oil & Ranch Ltd.

REF: ROSS FED. No. 5 / Well Pad Topo

THE ROSS FED. No. 5 LOCATED 660' FROM
THE NORTH LINE AND 660' FROM THE EAST LINE OF
SECTION 4, TOWNSHIP 21 SOUTH, RANGE 24 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 4016

Drawn By: K. GOAD

DATE: 02-27-2004

BY: K. GOAD

4016A.DWG

FASKEN OIL AND RANCH, LTD.

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

(432) 687-1777
jimmyc@forl.com

Jimmy D. Carlile
Regulatory Affairs Coordinator

June 25, 2004

Mr. Bryan Arrant
New Mexico Oil Conservation Division
1301 West Grand Avenue
Artesia, NM 88210


Dear Mr. Arrant,

Re: Fasken Oil and Ranch, Ltd.
Hydrogen Sulfide Contingency Plan, Rule 118
Ross Federal No. 5
660' FNL, 660' FEL
Section 4, T21S, R24E
Eddy County, New Mexico

Please be advised that we do not anticipate encountering a Potentially Hazardous Volume of Hydrogen Sulfide Gas as defined in Rule 118 while drilling the subject well.

However, Fasken will conduct drilling operations with the knowledge that H2S may be encountered, and will utilize the Hydrogen Sulfide Drilling Operations Plan found in this federal application to drill should any H2S gas be found.

Yours truly,



Jimmy D. Carlile
Regulatory Affairs Coordinator

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

EXHIBIT #3
FASKEN OIL AND RANCH, LTD.
ROSS FEDERAL NO. 5
660' FNL & 660' FEL
SEC.4, T21S, R24E
EDDY COUNTY, NM

I. Hydrogen sulfide Training.

All personnel, whether regularly assigned, contracted or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H₂S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques of first aid and rescue procedures.

In addition the supervisory personnel will be trained in the following areas:

1. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S Safety Equipment and Systems.

NOTE: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above or three days prior to penetration the first zone containing or reasonable expected to contain H₂S.

1. Well Control Equipment:
 - A. Flare line.
 - B. Choke manifold.

C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

D. Auxiliary equipment to include: annular preventer, mud-gas separator (if necessary) and rotating head.

2. Protective equipment for essential personnel:

A. 5-minute escape units located in the dog house and 30-minute air units at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

A. 3 - portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 PPM are reached.

B. 1 - portable SO2 monitor positioned near flare line during H2S flaring operations.

4. Visual warning systems:

A. Wind direction indicators as shown on well site diagram.

B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be a readable distance from the immediate location.

5. Mud program:

A. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight safe drilling practices and the use of H2S scavengers when necessary will minimize hazards when penetrating H2S bearing zones.

B. A Mud-gas separator will be utilized.

6. Metallurgy:

A. All drill strings, casings, tubing, wellhead, blowout preventors, drilling spools kill lines, choke manifold and lines valves shall be suitable for H2S service.

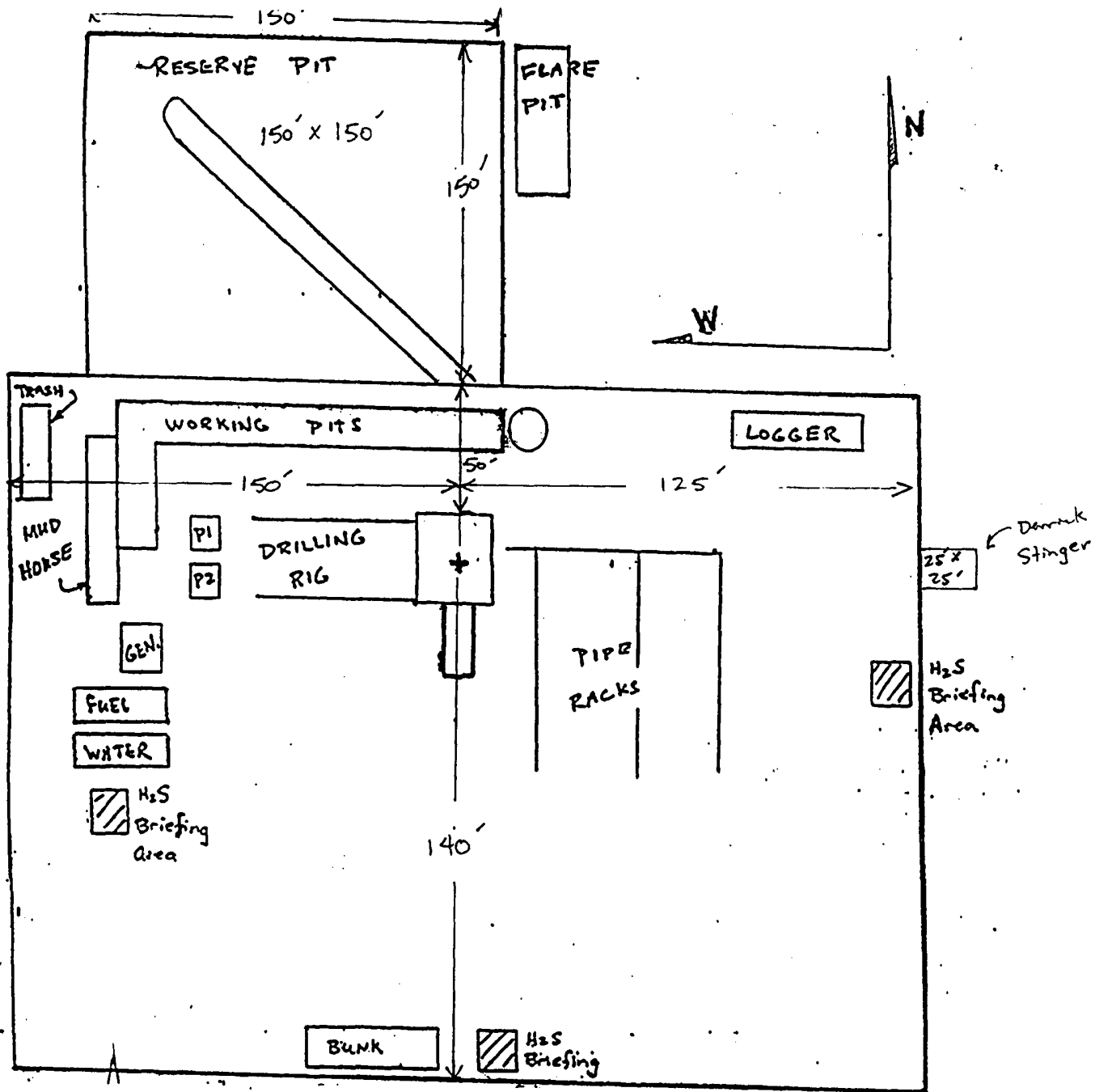
B. All elastomers used for packing and seals shall be H2S trimmed.

7. Communications:

A. Radio communications will be available in company vehicles and rig dog house.

8. Well testing:

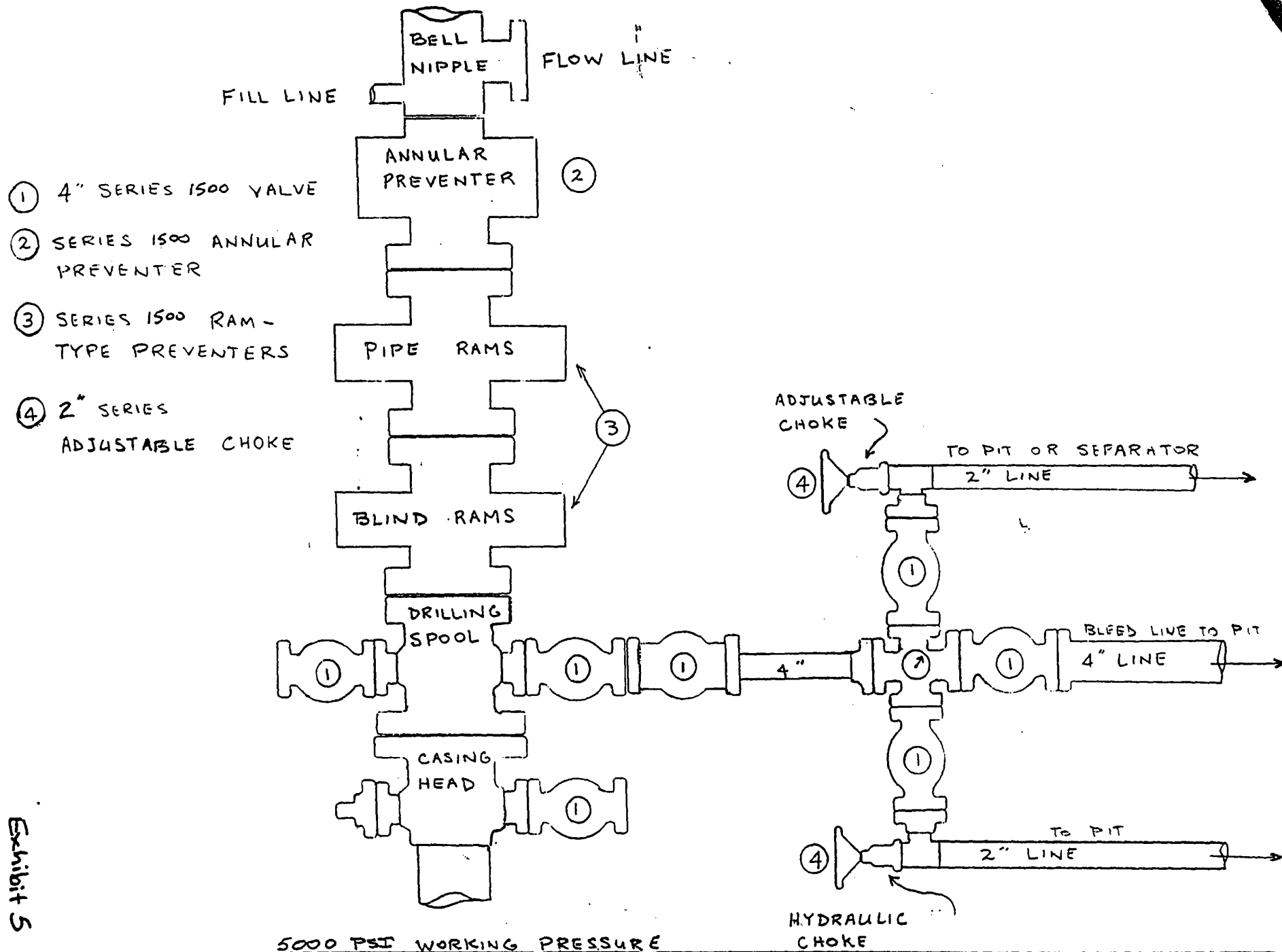
A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing of any known formation that contains H2S will be conducted during daylight hours.



FASKEN OIL & RANCH, LTD.

Exhibit #4B

Scale: 1 inch = 50 feet



1. (For BLM Use) BLM Report No.	2. (For BLM Use) Reviewer's Initials/Date _____ Accepted () Rejected ()	3. NMCRIS Number: 87263			
4. Type of Report: Negative () Positive (X)					
5. Title of Report: Addendum to "A Class III Cultural Resource Survey for the Ross Federal No. 5 Well Pad, Access Road, and Flow Line" and a Survey for the Ross Federal No. 6 Well Pad, Access Road And Flow Line Author(s): Justin Rein and Theresa Straight		6. Fieldwork Date(s): February 26 and 27, 2004 7. Report Date: March 3, 2004			
8. Consultant Name/Address: Mesa Field Services Direct Charge: Sean Simpson Field Personnel Names: Theresa Straight and Justin Rein Address: P.O. Box 3072 Carlsbad, New Mexico 88221-3072 Phone (505) 628-8885		9. Cultural Resource Permit No.: 153-2920-03-N 10. Consultant Report No.: MFS-543a			
11. Customer Name: Fasken Oil and Ranch, LLC Responsible Individual: Tommy Taylor Address: 303 W. Wall Ave. Ste 1800 Midland, TX 79701-5116 Phone: (432) 687-1777		12. Customer Project No.: N/A			
13. Land Status	BLM	State	Private	Other	Total
a. Area Surveyed (acres)	42.8	4.59	4.59	4.59	47.39
b. Area of Effect (acres)	19.61	2.30	2.30	2.30	21.91
14. Linear Length <u>11,195 ft</u> Width <u>100 ft</u> Length <u>1,500 ft</u> Width <u>150 ft</u> Block Length <u>600 ft</u> Width <u>600 ft</u> (each)					
15. Location (Map[s] Attached): a. State: New Mexico b. County: Eddy County c. BLM Office: Carlsbad d. Nearest City or Town: Carlsbad, NM e. Legal Description: T 20 S, R 25 E, Section 32: E½ SE¼ T 20 S, R 25 E, Section 33: W½ SW¼ T 21 S, R 24 E, Section 4: All NE¼, NW¼ SE¼, E½ SW¼ (irregular section, template anchored in the NE corner) f. Well Pad Footages: The Ross Federal No. 5 well is centered 660 feet from the north line and 660 feet from the east line of Section 4. The Ross Federal No. 6 well is centered 1,980 feet from the north line and 660 feet from the east line of Section 4. g. USGS 7.5' Map Name(s), Date(s), and Code(s): Foster Ranch, New Mexico 1957 (32104 E5) and Seven Rivers, New Mexico 1954 (32104-E4)					

16. Project Data:

a. Records Search: Date(s) of BLM File Review: February 26, 2004 Name of Reviewer(s): Theresa Straight
Date(s) of ARMS Data Review: February 26, 2004 Name of Reviewer(s): Theresa Straight

Findings (see Field Office requirements to determine area to be reviewed during records search): Four previously recorded sites (LA 134923, LA 134924, LA 134925, and LA 139070), were found within 0.25 miles of the survey area. LA 139070 is within 500 feet of the project area but will not be impacted by the proposed undertaking.

b. Description of Undertaking: Fasken Oil and Ranch plans to install the Ross Federal No. 5 and No. 6 well pads. In December, 2001 a survey was performed for the initial location of the Ross No. 5. During the course of that survey, four newly recorded archaeological sites were encountered and recorded. Fasken Oil and Ranch relocated the Ross Federal No. 5. An additional well, the Ross Federal No. 6 was also staked under the current project. An associated access road and flow line corridor was also staked and surveyed. The project area can be found on the Foster Ranch, New Mexico 1957 and Seven Rivers, New Mexico 1954, USGS Quadrangle within Township 20 South, Range 25 East, Sections 32 and 33 and Township 21 South, Range 24 East, Section 4. The survey was conducted at the request of Tommy Taylor with Fasken Oil and Ranch, no plats were provided.

The new location of the Ross Federal No. 5 is centered 660 feet from the north line and 660 feet from the east line of Section 4. The Ross Federal No. 6 is centered 1,980 feet from the north line and 660 feet from the east line, also in Section 4. An access road to service the No. 5 well pad was originally going to follow a two-track road from the southwest corner of the pad, south 4,135 ft to an existing lease road. This road was relocated so that it begins at an existing well location north of the project area, travels south along the west side of the No. 5 well, and continues south to the northwest corner of the No. 6 well. The road totals roughly 4,075 ft, much of which follows an existing two-track road. From the northwest corner of the No. 6 well, a flow line travels north along the access road corridor, then bears northwest to an existing tank location, totaling approximately 3,835 ft.

During the course of the survey, one newly recorded site, LA 143265 was encountered along the northern portion of the proposed flow line. A reroute was surveyed and flagged north and east of the site with orange and blue flagging tape. The reroute totals approximately 650 ft and will avoid impacting LA 143265.

Though each well pad will impact an area no larger than 400 ft by 400 ft, a 600 ft by 600 ft block was surveyed around each well center location. Likewise, the proposed access road and flow line will impact an area 50 ft wide, yet a 100 ft corridor was surveyed to ensure the protection of cultural resources. Where the access road and flow line travel roughly parallel to one another, a 150 ft corridor was surveyed. In all, 47.39 acres was surveyed on both federal property and private property with federal mineral rights, both of which are under the jurisdiction of the BLM-CFO.

c. Environmental Setting (NRCS soil designation; vegetative community; elevation; etc.): The survey area is located east of Wadcutter Draw, in Eddy County, New Mexico. Area elevation averages 3,725 ft above mean sea level. The proposed well pad is located on a relatively flat plan which trends gradually downhill to the north and west at a grade of roughly three percent. Local soils are shallow deposits of the Reeves-Gypsum land-Cottonwood association as defined by the Soil Conservation Department of the U.S. Department of Agriculture. Exposed gypsum deposits cover a great deal of the project area. Cattle ranching activities have had the most impact on the surrounding area. In addition, a two-track road and several well pads are located nearby.

Meteorological data was obtained from the Western Regional Climate Center (WRCC) for the city of Carlsbad, New Mexico. From 1914 to 2003 Carlsbad had an average annual high temperature of 78.3 degrees (F) and an average annual low temperature of 47.3 degrees (F). The warmest average temperature was in July at 95.8 degrees (F) and the coolest was in January at 27.8 degrees (F). In the same time span, Carlsbad reported an average annual precipitation of 12.64 inches (WRCC n.d.).

The local vegetation is typical of Chihuahuan Desert Scrub and consists of creosote, pencil cholla, yucca, various grasses, prickly pear, and a variety of low forbes. Due to the vegetative cover, ground surface visibility averaged 80 percent. The contemporary environment provides adequate habitat for a variety of faunal species including coyote, badger, jackrabbit, desert cottontail, roadrunner, rattlesnake, and a variety of other small mammals and reptiles.

d. Field Methods (transect intervals; crew size; time in field; etc.): A crew of two spent 14 hours surveying the project area and recording the site. A 15 m transect interval was used.

e. Artifacts Collected?: None

17. Cultural Resource Findings: During the course of the survey, one newly recorded archaeological site, LA 143265, and eleven IMs were encountered and recorded.

a. Location/Identification of Each Resource: Details of each resource can be found in Mesa Field Services report No. MFS-543a.

b. Evaluation of Significance of Each Resource: LA 143265 is a small BLM Category 2 site recommended eligible for nomination to the NRHP under criterion d. By definition, each IM is recommended ineligible to the NRHP.

18. **Management Summary (Recommendations):** During the course of the survey for the Ross Federal No. 5 and no. 6 well pads, access road, and flow line, one newly recorded archaeological site, LA 143625, and eleven IM's were encountered and recorded. LA 143625 is a small BLM Category 2 site, eligible for nomination to the NRHP. A reroute of the proposed flow line was surveyed and flagged using blue and orange flagging tape. Provided the reroute is followed, archaeological clearance is recommended for the project as currently proposed. However, due to the close proximity of the site to the proposed flow line, the BLM-CFO may require an archaeological monitor be present during construction activities around LA 143625. If any additional cultural materials are encountered during construction of the proposed project, work at that location should stop immediately, and archaeologists with the BLM-CFO should be notified

19.

I certify the information provided above is correct and accurate and meets all applicable BLM standards.

Responsible Archaeologist

Signature

Date

3/3/04

THE ABOVE COMPLETES A NEGATIVE REPORT. IF ELIGIBLE OR POTENTIALLY ELIGIBLE PROPERTIES ARE INVOLVED, THE ABOVE WILL BE THE TITLE PAGE AND ABSTRACT FOR A COMPLETE REPORT.

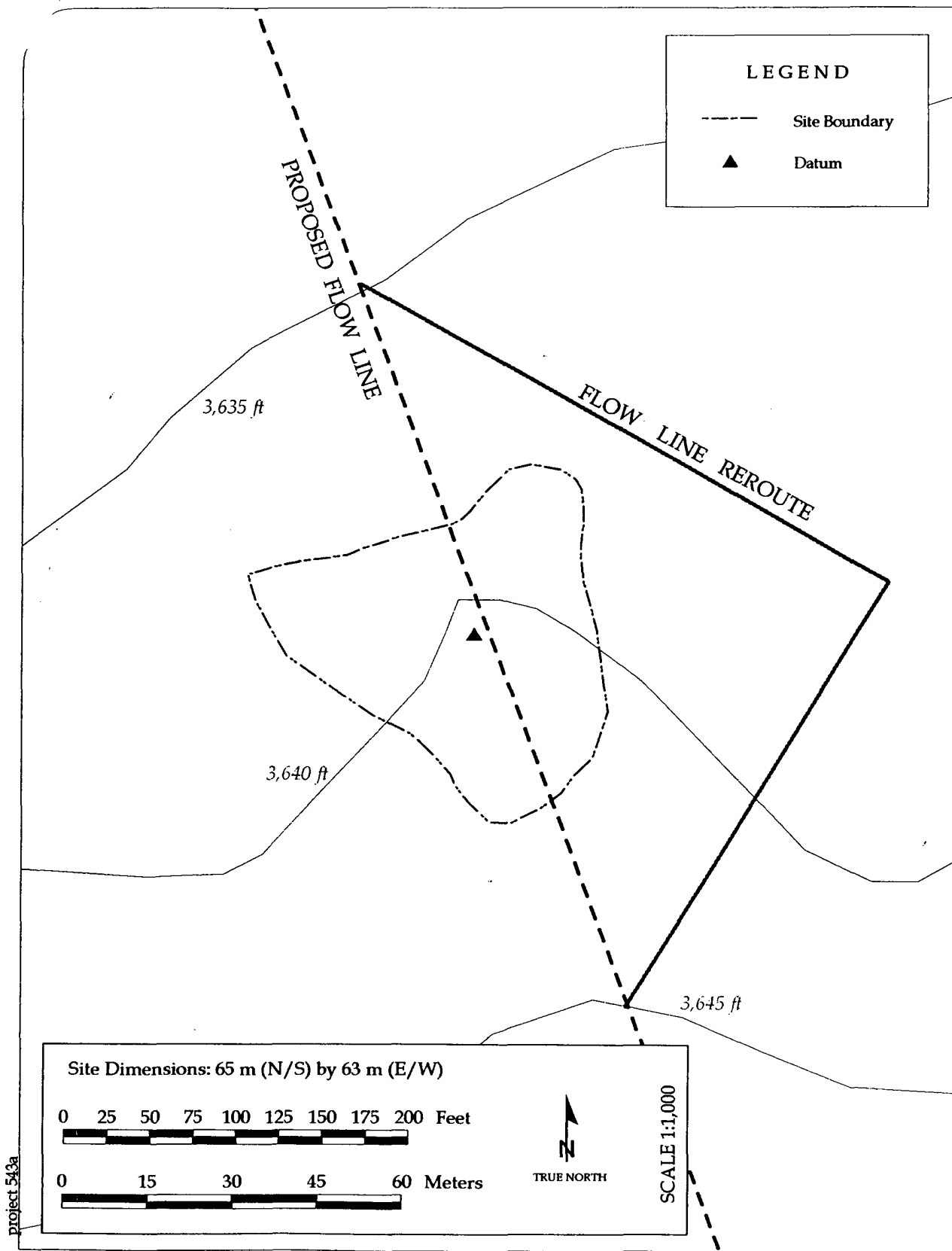


Figure 2. LA 143265 (MFS-543a-1) Site Map

Mesa Field Services

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Fasken Oil and Ranch, Ltd. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the land or portion thereof, as described below:

Communitization Agreement SW-247 dated March 16, 1965 covering all of Section 4 being 924.8 acres. The Federal Oil and Gas Leases are as follows:

1. NM 084402: Lots 1 and 2 = 62 acres
2. NM 010567: Lots 3 and 4 = 62.8 acres
3. NM 021029: Lots 5, 6, 9, 10, 15, 16 and SE/4 = 400 acres
4. NM 0207950: Lots 7, 8, 11, 12, 13, 14 and SW/4 = 400 acres

All being in Section 4, T21S, R24E, Eddy County, New Mexico.


Formations: All Depths

Bond Coverage: \$25,000

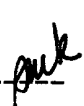
BLM Bond File: NM 2729

Fasken Oil and Ranch, Ltd.

By: Fasken Management, LLC
Its General Partner



Benjamin L. Blake
Vice-President



6/25/04

Date

Arrant, Bryan

From: Jimmy Carlile [jimmyc@forl.com]
Sent: Monday, August 30, 2004 3:05 PM
To: 'Arrant, Bryan'
Subject: Ross Federal No. 6 APD

Bryan, this note is Fasken's formal notice to withdraw the APD for the Ross Federal No. 6. The Ross Federal No. 5 will be drilled in the same proration unit and replace this well. Thank you in advance.

Jimmy D. Carlile

↓
30-015-33592

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

8/30/2004