District I – (575) 393-6161
1625 N French Dr , Hobbs, NM 88240
District II – (575) 748-1283
811 S First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Road, Aztec, NM 87410
District IV – (505 476-3460
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-101
June 16, 2008

RECEIVED
JUL 22 2011
NMOCD ARTESIA

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, ~~PLUGBACK, OR ADD~~ A ZONE

[1] Operator Name and Address	[2] OGRID Number
Fasken Oil and Ranch, Ltd. 303 W. Wall St., Ste. 1800 Midland, TX 79701	151416 ✓
	[3] API Number 30-015-39349

[4] Property Code	[5] Property Name	[6] Well No
18248	Gosset "20"	3H

[7] Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
I	20	20S	25E		2250'	South	150'	East	Eddy

[8] Pool Information

Cemetary (Yeso)	N. SEVEN RIVERS; GLORIETA - YESO	~~11795~~ 97565

Additional Well Information

[9] Work Type	[10] Well Type	[11] Cable/Rotary	[12] Lease Type	[13] Ground Level Elevation
N	O	R	~~S~~ P/P	3492' GL
[14] Multiple	**[15] Proposed Depth**	**[16] Formation**	**[17] Contractor**	**[18] Spud Date**
No	7223' MD; 2608' TVD	Yeso	Patterson Rig #101	9-1-2011
Depth to Ground water	Distance from nearest fresh water well		Distance to nearest surface water	

[19] Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	12 1/4"	9 5/8"	36	825'	550	Surface
Production	8 3/4"	7"	26	3050'	425	Surface
Liner	6 1/8"	4 1/2"	11.6	7215'	0	N/A

Casing/Cement Program: Additional Comments

4 1/2" liner will be run from 2800' - 7215'. It will be tied into the 7" casing at 2800'. It will utilize a packer / port system. No cement is required.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1500	Schaffer
DoubleRam	3000	3000	Schaffer

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐. Closed Loop pit application attached.

Printed name: Kim Tyson Kim Tyson
Title: Regulatory Analyst
E-mail Address: kimt@forl.com
Date: 7-21-2011 Phone: 432-687-1777

OIL CONSERVATION DIVISION

Approved By:
Title: Geologist
Approval Date: 8/25/11 Expiration Date: 8/25/13
Conditions of Approval Attached

OCD CONDITION OF APPROVAL of Drilling Intent to drill ONLY --- CANNOT produce until the Non-Standard Location has been approved by OCD Santa Fe office

dm

NO DIRECTIONAL POINT INDICATED IN APD

Recommended Drilling and Completion Procedure

Fasken Oil and Ranch, Ltd.----------Gosset "20" No. #3H
Cemetary (Yeso) Field Eddy County, New Mexico

SHL: 2250' FSL and 150' FEL
Sec. 20, T-20-S, R-25-E
BHL: 2250' FSL and 380' FWL at 2709' TVD
Sec. 20, T-20-S, R-25-E

1. Set 16" conductor casing at 40' and cement.

2. Move in rotary tools complete with closed loop drilling equipment. Receive and stock mud, LCM, downhole motors, subs, reamers, 9-5/8" casing string, and miscellaneous supplies. RU living quarters for Drilling Foreman, Mud Engineer, MWD/LWD engineers, and directional drillers.

3. PU 12-1/4" insert bit, shock sub, 1-8" dc, stabilizer, 1-8" dc, stabilizer, 2-8" dc's, crossover, and 18-6" dc's. Drill surface hole with fresh water/native mud, using both mud pumps and pumping up to 600 gpm. Lost circulation is very possible in the surface hole. Dry drill to TD if necessary using frequent high viscosity sweeps containing LCM.

4. Set 9-5/8" 36# J-55 LT&C casing at 825'. Tack weld float shoe, shoe joint, float collar, and top of second joint. Centralize casing at middle of shoe joint, top of second joint, and every fourth joint to surface.

5. Cement to surface w/ estimated150 sx 10-2 RFC with 2% $CaCl_2$ and 1/8# celloflake (s.w. 14.2 ppg, yield 1.63 ft^3/sx), tailed in with 400 sx class "C" with 2% $CaCl_2$ and 1/8# celloflake (s.w. 14.8 ppg, yield 1.34 ft^3/sx).

6. WOC 6 hrs. Cut-off casing and install 9-5/8" SOW x 11" 3000# bradenhead. NU 11" 3000# BOP stack complete with double rams, annular preventer and rotating head assembly. Hydrotest BOP, choke manifold, kelly valves, and floor safety valves to 3000 psig, hydril to 1500 psig, and 180' of 9-5/8" casing to 2800 psig before drilling out shoe. RU mud logging unit and begin logging at surface shoe drill out. RU H_2S equipment. Do not drill out shoe joint until a total of 18 hrs. of WOC time has been achieved.

7. PU 8-3/4" bit (Smith FH39HY), stabilizer, short drill collar, stabilizer, 6" dc, stabilizer, 18-6" dc's. Drill out using fresh water pumping sweeps as needed to clean the hole. Drill 8-3/4" hole to just above the kick off point (2100'). TOH to change out BHA.

8. PU 8-3/4" Rerun same bit if it is in good condition. PU 2.38° bent housing motor, MWD, and 1100' of 4-1/2" drillpipe. Run tie in check shots while TIH. Above the drillpipe run 15 6" drill collars, then 4-1/2" drillpipe up to surface. Kick off at 2130' MD and build angle to 90° with 10°/100' BUR holding 270° azimuth. Drill with fresh water mud w/ properties of 8.4 ppg, 32-34 vis, 15 w/l.

9. Land curve with a 91.5 deg angle at 3050' MD/2709' TVD. Short trip up through the build section and then back to bottom. LDDP. Set 7" 26# J-55 BT&C casing at 3050' and cement to surface w/ estimated 225 sx class "C" w/ 5% NaCl (s.w. 12.6 ppg, yield 2.06 ft^3/sx), tailed in with 200 sx class "C" (s.w. 14.8 ppg, yield 1.36 ft^3/sx). WOC.

10. Retest BOP to 3000 psi and annular to 1500 psi. Test casing to 1500 psi prior to drilling out.

11. PU 6-1/8" Hughes QD406FX PDC, 4-3/4" bent housing motor, MWD, and 3-1/2" 13.3# drillipe. Drill 6-1/8" hole while holding 91° angle, 270° azimuth to MD of 7214', TVD 2609'. Use 2% KCL water with sweeps to drill the lateral. Toward the end of the lateral raise the viscosity to a 32-34. Graphite may be added to the system to aid in sliding/drilling.

12. TOH and PU reamer assembly. TIH and ream hole to TD. Pump high vis sweeps to clean hole.

13. TOH; TIH with 4-1/2" 11.6# J-55 LT&C casing with packers and liner hanger. Set hanger and tie back at 2800'.

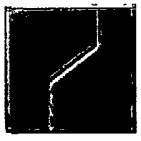
14. Set slips, cut-off casing, install secondary seal unit and NU 5000# WP tubinghead and flowtree.

15. Move out rotary tools.

16. Level location and set mast anchors.

17. Complete well as per completion procedure.

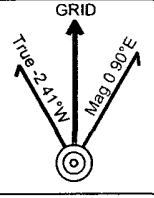
ATB/CF
6/13/2011
(Gossett20MP#3Hdrlgproc.doc)



Job Number: Gossett Proposal
Company: Fasken Oil and Ranch, Ltd.
Lease/Well: Gossett "20" No. 3H
Location: Sec. 20, T-20-S, R-25-E
Rig Name: Patterson Rig No. 101
State/County: NM/ Eddy
Country:
API Number:

Elevation (To MSL): 0.00 ft
RKB: 0 00 ft
Projection System: US State Plane 1927 (Exact solution)
Projection Group: Texas Central 4203
Projection Datum: CLARKE 1866
Magnetic Declination: 3.32
Grid Convergence: 2.41208 E
Date: Friday, July 08, 2011

Calculated by HawkEye Software
Minimum Curvature Method
Vertical Section Plane 270.00°
Northing: 810940.54 Easting: 3455231.48
Latitude: 31°48'43.5024" N Longitude: -95°38'50.7877" W
Direction Reference: Grid North

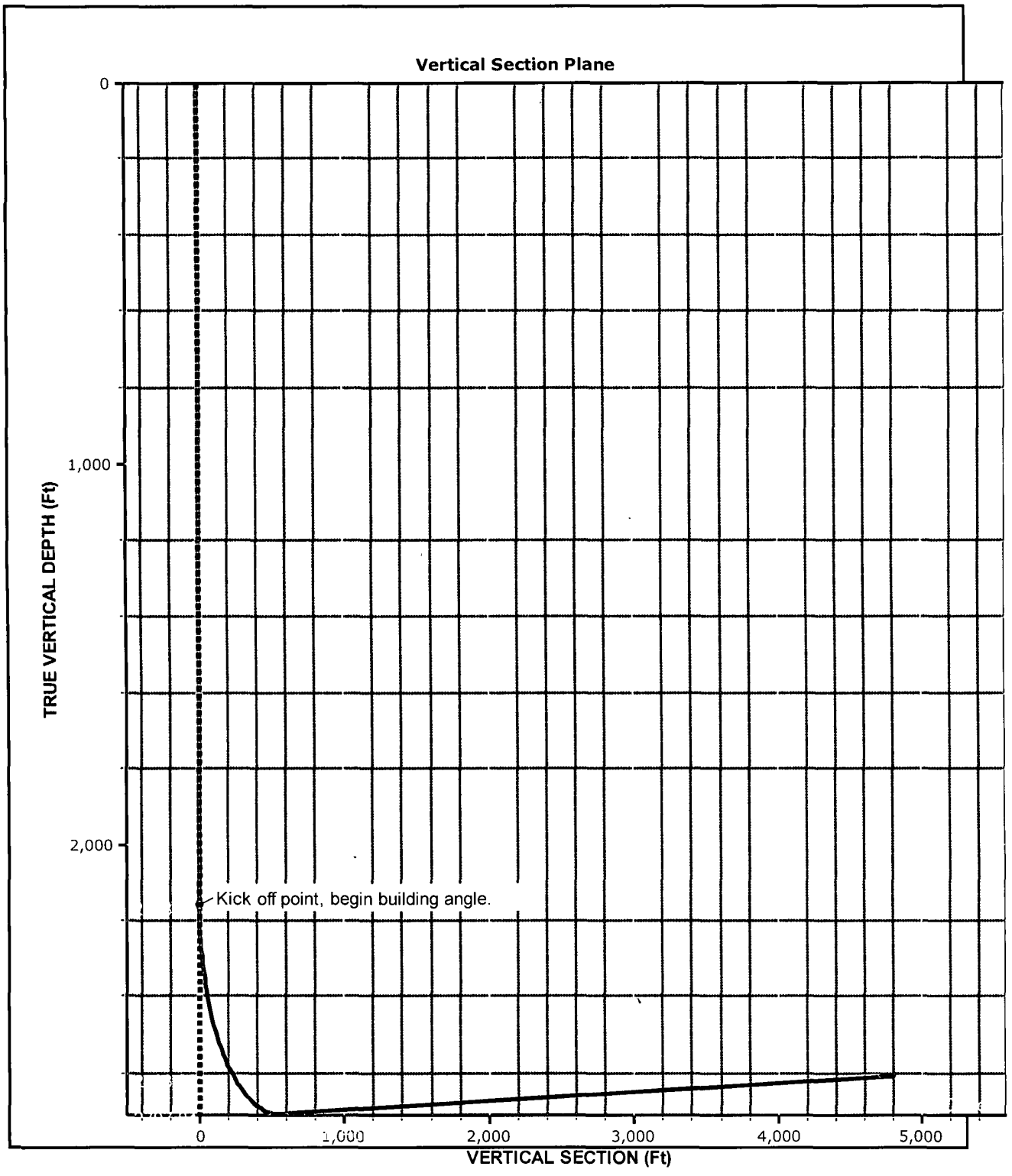


Measured Depth (Ft)	INC Deg	AZM Deg	TVD (Ft)	EW (Ft)	NS (Ft)	VS (Ft)	Closure (Ft)	Comment	Walk Rate °/100Ft	Build Rate °/100Ft
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
2158.14	0.00	0 00	2158.14	0.00	0.00	0.00	0.00	Kick off point, begin building angle.	0.00	0 00
2178.14	2.08	270.00	2178.14	-0 36	0 00	0.36	0.36		-450.00	10.42
2198.14	4.17	270.00	2198.10	-1.45	0.00	1.45	1.45		0 00	10.42
2218.14	6.25	270.00	2218.02	-3.27	0.00	3.27	3.27		0 00	10.42
2238.14	8.34	270.00	2237.86	-5.81	0.00	5.81	5.81		0.00	10.42
2258.14	10.42	270.00	2257.59	-9.07	0 00	9.07	9.07		0.00	10.42
2278.14	12.50	270.00	2277.19	-13.04	0.00	13.04	13.04		0.00	10.42
2298.14	14.59	270.00	2296.63	-17.73	0.00	17.73	17 73		0.00	10.42
2318.14	16.67	270.00	2315.89	-23.11	0.00	23.11	23.11		0.00	10.42
2338.14	18.76	270.00	2334.94	-29.20	0.00	29.20	29.20		0.00	10.42
2358.14	20.84	270.00	2353.76	-35.97	0.00	35 97	35 97		0.00	10.42
2378.14	22.92	270.00	2372.32	-43.43	0.00	43.43	43.43		0.00	10.42
2398.14	25.01	270.00	2390.59	-51.55	0.00	51.55	51.55		0.00	10.42
2418 14	27.09	270.00	2408.56	-60.33	0.00	60.33	60.33		0.00	10.42
2438.14	29.18	270.00	2426.19	-69.76	0.00	69.76	69.76		0.00	10.42
2458 14	31.26	270.00	2443.48	-79.83	0.00	79.83	79.83		0.00	10 42
2478 14	33.34	270.00	2460.38	-90.52	0.00	90.52	90.52		0.00	10 42
2498 14	35.43	270.00	2476.88	-101.81	0.00	101.81	101.81		0.00	10 42
2518.14	37.51	270.00	2492 97	-113.70	0.00	113 70	113 70		0 00	10 42
2538.14	39.60	270.00	2508.61	-126.16	0.00	126.16	126.16		0.00	10.42
2558 14	41.68	270.00	2523.78	-139.19	0.00	139 19	139.19		0.00	10.42
2578 14	43.76	270.00	2538.47	-152.76	0.00	152.76	152.76		0.00	10.42
2598.14	45.85	270.00	2552.66	-166.85	0.00	166.85	166.85		0.00	10.42
2618.14	47.93	270.00	2566.33	-181.45	0.00	181.45	181.45		0.00	10.42
2638.14	50.02	270.00	2579.46	-196.54	0.00	196.54	196.54		0.00	10.42
2658.14	52.10	270.00	2592.03	-212.09	0 00	212.09	212.09		0.00	10.42
2678.14	54.18	270.00	2604.02	-228.09	0.00	228.09	228.09		0.00	10 42

Measured Depth (Ft)	INC Deg	AZM Deg	TVD (Ft)	EW (Ft)	NS (Ft)	VS (Ft)	Closure (Ft)	Comment	Walk Rate °/100Ft	Build Rate °/100Ft
2698.14	56.27	270 00	2615.43	-244.52	0.00	244.52	244.52		0.00	10.42
2718.14	58 35	270.00	2626.23	-261.35	0.00	261.35	261 35		0.00	10.42
2738.14	60 44	270.00	2636.41	-278.56	0.00	278.56	278.56		0.00	10.42
2758.14	62.52	270.00	2645 96	-296 14	0.00	296.14	296.14		0.00	10.42
2778.14	64.60	270.00	2654.87	-314.04	0.00	314 04	314.04		0.00	10.42
2798.14	66.69	270.00	2663.11	-332.26	0.00	332.26	332.26		0.00	10 42
2818.14	68.77	270.00	2670.69	-350.77	0.00	350.77	350.77		0 00	10.42
2838.14	70.86	270.00	2677.59	-369.54	0.00	369.54	369.54		0.00	10.42
2858.14	72.94	270 00	2683.81	-388.55	0.00	388.55	388.55		0.00	10.42
2878.14	75.02	270.00	2689.32	-407.77	0.00	407.77	407.77		0.00	10.42
2898.14	77.11	270.00	2694.14	-427.18	0.00	427.18	427.18		0.00	10.42
2918.14	79.19	270.00	2698.25	-446.76	0.00	446.76	446.76		0.00	10.42
2938.14	81.28	270.00	2701.64	-466.47	0.00	466.47	466.47		0.00	10.42
2958.14	83.36	270.00	2704.31	-486.28	0.00	486.28	486.28		0.00	10.42
2978.14	85.44	270.00	2706.26	-506.19	0.00	506.19	506.19		0.00	10.42
2998.14	87.53	270.00	2707.49	-526.15	0.00	526.15	526.15		0.00	10.42
3018 14	89.61	270.00	2707.99	-546.14	0.00	546.14	546.14		0.00	10.42
3022.00	90.01	270 00	2708.00	-550.00	0.00	550.00	550.00		0.00	10 42
3027.00	90.51	270.00	2707.98	-555.00	0 00	555 00	555.00		0.00	9.90
3032.00	91.01	270 00	2707.91	-560.00	0.00	560.00	560.00		0 00	10 00
3035.56	91.37	270.00	2707.84	-563.56	0.00	563.56	563.56	Land curve, run 7" casing. Drill out and hold angle	0.00	10 00
7221.85	91.37	270 00	2608.03	-4748.66	0.00	4748.66	4748.66	TD Well, 7222' MD, 2608' TVD.	0 00	0.00
7223.19	91.50	270.00	2608.00	-4750.00	0.00	4750.00	4750.00		0.05	10.00

Job Number: Gossett Proposal
Company: Fasken Oil and Ranch, Ltd.
Lease/Well: Gossett "20" No. 3H
Location: Sec. 20, T-20-S, R-25-E
Rig Name: Patterson Rig No. 101
State/Country: NM

Declination: 0.00
Grid: Grid North
File Name: N/A
Date/Time: 7/8/2011 9:51:42 AM



Job Number: Gossett Proposal
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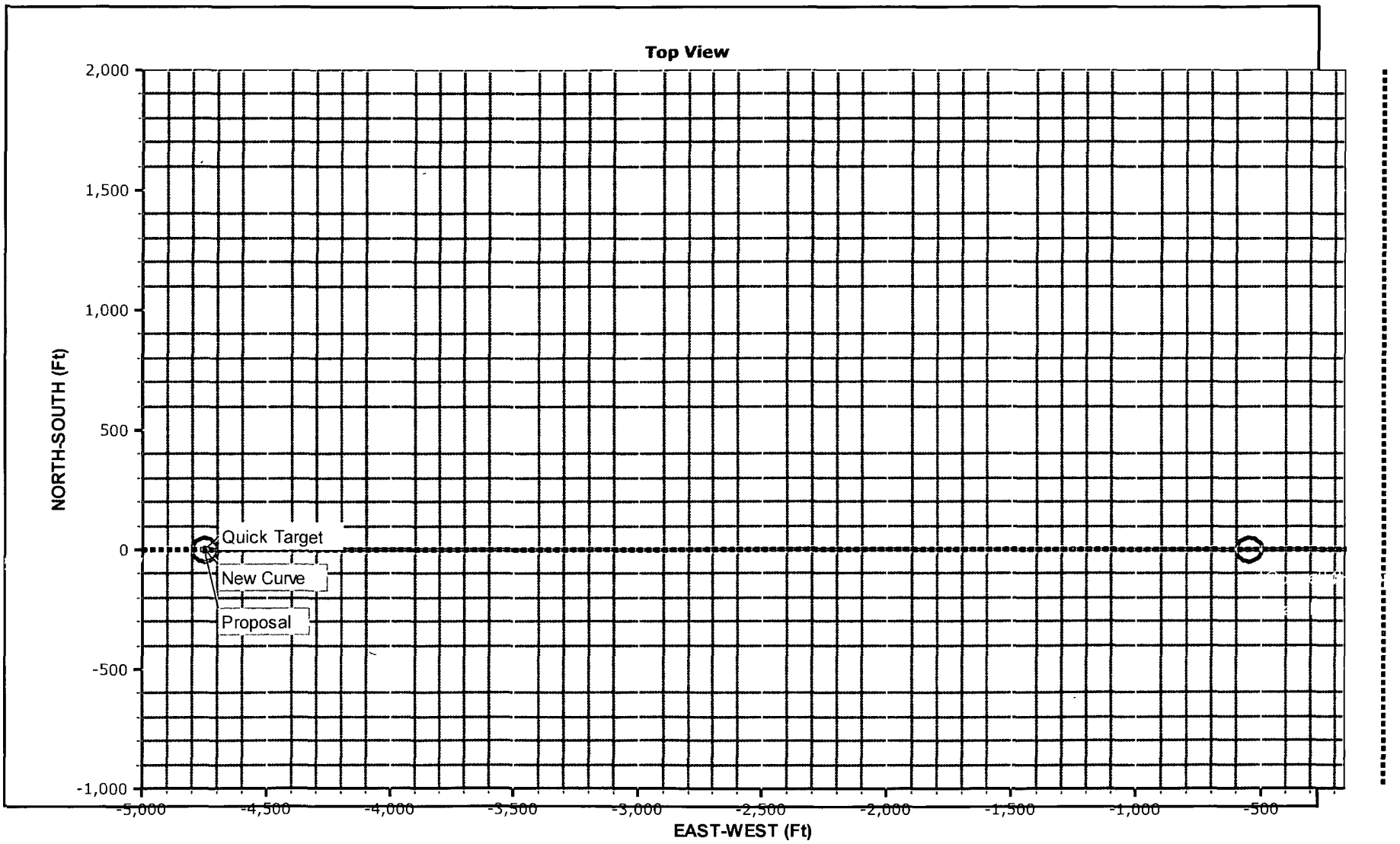

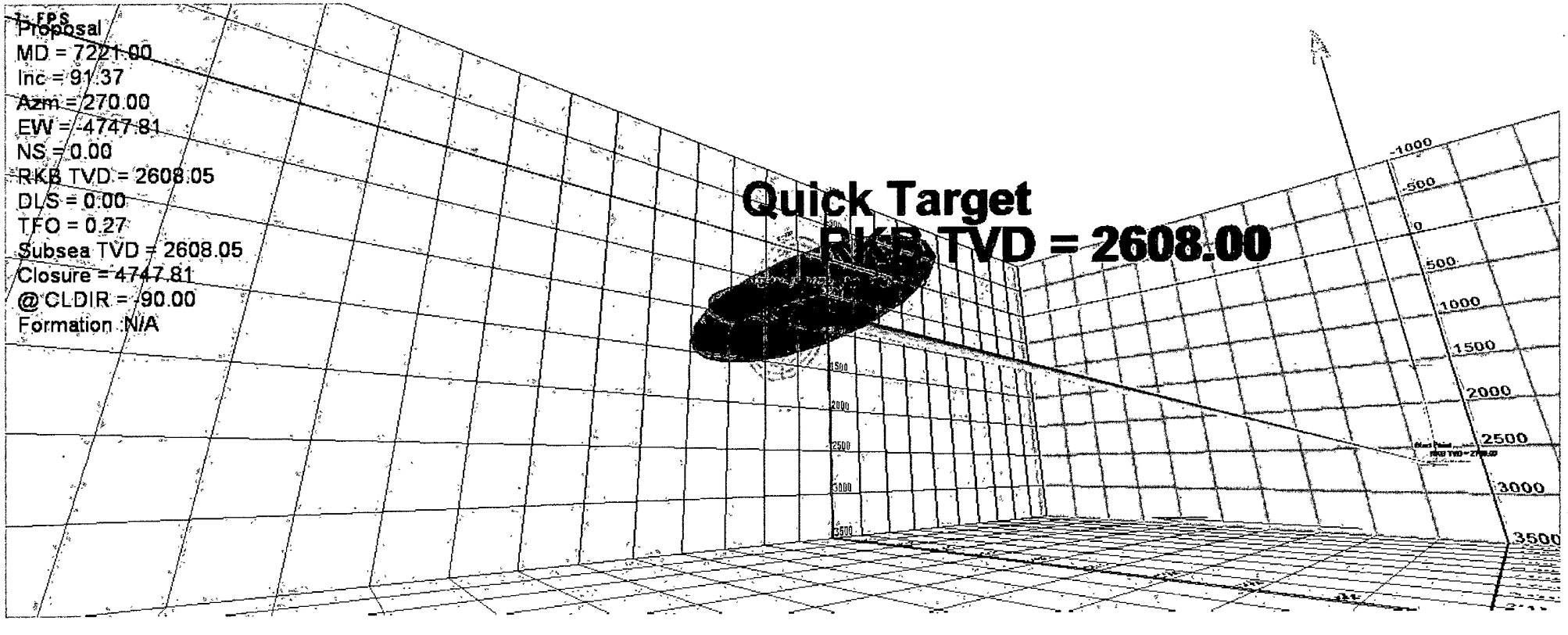
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Proposal
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Inc = 91.37
Azm = 270.00
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NS = 0.00
RKB TVD = 2608.05
DLS = 0.00
TFO = 0.27
Subsea TVD = 2608.05
Closure = 4747.81
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Formation : N/A
Quick Target
RKB TVD = 2608.00
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2000
2500
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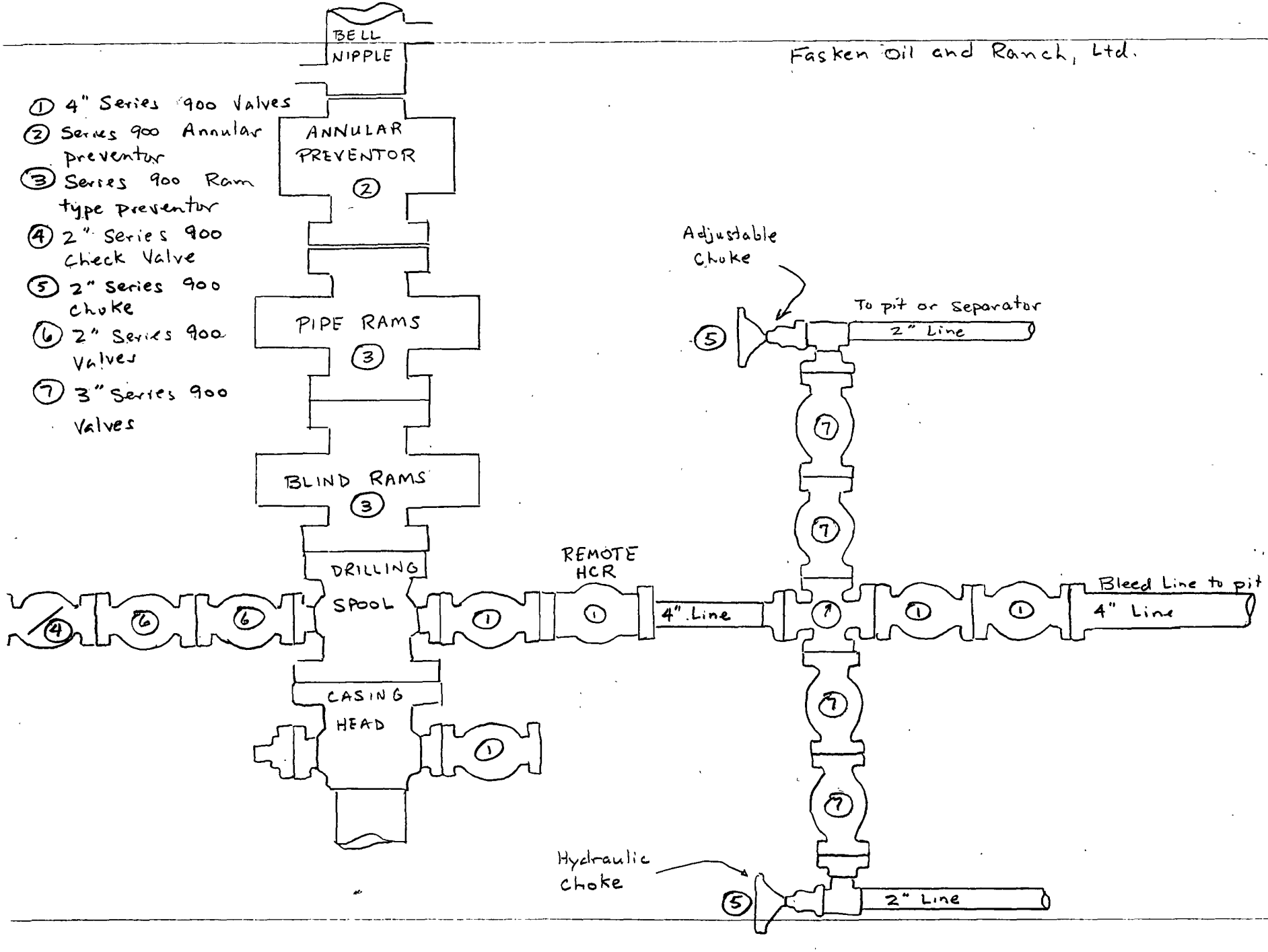
3500

Fasken Oil and Ranch, Ltd.



① 4" Series 900 Valves
② Series 900 Annular preventor
③ Series 900 Ram type preventor
④ 2" Series 900 Check Valve
⑤ 2" Series 900 Choke
⑥ 2" Series 900 Valves
⑦ 3" Series 900 Valves

DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL APD is for N ✓ P___ E___ A___ D___

WELL TYPE: O ✓, G___, I___, S___, OTHER___

Operator Pasken Oil & Ranch LLC OGRID # 15416

Well Name & # Gossett 20 #3H Surface Type (F) (S) (P)

Location: UL I Sect 20, Twnship 20 s, RNG 25 e, Sub-surface Type (F) (S) (P)

1: BHL @: UL L Sect 20, Twnship 20 s, RNG 25 e, H___ DD___

2: BHL@: UL____, Sect_____, Twnship_____ s, RNG____ e, H___ DD___

A. Date C101 rec'd 7/22/11 C101 reviewed _____/_____/_____

B. 1. Check mark, Information is OK on Forms:

OGRID ✓, BONDING ✓, PROP CODE ✓, WELL # ✓, SIGNATURE ✓

2. Inactive Well list as of : 8/10/11 # wells 131, # Inactive wells 9

a. District Grant APD but see number of inactive wells:

No letter required___; Sent Letter to Operator ✓; to Santa Fe ✓

8/25/11
131/5
OK

3. Additional Bonding as of: 8/10/11

a District Denial because operator needs addition bonding:

No Letter required ✓; Sent Letter to Operator ____, To Santa Fe____

b. District Denial because of Inactive well list and Financial Assurance:

No Letter required ____; Sent Letter to Operator ____, To Santa Fe____

C102 YES ✓ NO ___, Signature ✓

1. Pool ~~Cemetary Yeso~~ Loco Hills-Glorieta-Yeso, Code ~~H295~~ 97565

a. Dedicated acreage 160, What Units I J K L

b. SUR. Location Standard _____: Non-Standard Location ✓

c. Well shares acres: Yes ___, No ✓, # of wells ____ plus this well #____

2. 2nd. Operator in same acreage, Yes_____, No ✓ WELL(S) SHARING:

WELL(S) BY 2nd OPER: Agreement Letter _____, Disagreement letter_____

3. Intent to Directional Drill Yes ✓, No ____

Dedicated acreage 160, What Units I J K L

Bottomhole Location Standard ✓, Non-Standard Bottomhole _____

4. Downhole Commingle: Yes_____, No_____

a. Pool #2_____,Code_____, Acres_____

Pool #3_____, Code _____, Acres _____

Pool #4_____, Code_____, Acres_____

5. POTASH Area Yes _____, No ✓,

C. Blowout Preventer Yes ✓, No _____,

D H2S Yes ✓, No _____,

E. C144 Pit Registration Yes _____, No _____,

F. Does APD require Santa Fe Approval: ✓ no penetration point listed on APD.

1. Non-Standard Location: Yes ✓, No _____, NSL #_____

2. Non-Standard Proration: Yes_____, No ✓, NSP # _____

3. Simultaneous Dedication: Yes _____, No ✓, SD # _____

Number of wells _____ Plus #_____

4. Injection order Yes _____, No ✓; PMX #_____ or WFX #_____

5. SWD order Yes _____, NO ✓, SWD # _____

6. DHC from SF_____; DHC-HOB_____; Holding_____

7. OCD Approval Date 8/25/11 API #30-0 15 -- 39349

8. Reviewers dm

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division

August 11, 2011

Fasken Oil and Ranch Ltd.
303 West Wall, Suite 1800
Midland, TX 79701

DENIAL OF APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

Re: **Fasken Oil & Ranch Ltd., OGRID #151416**

- Gosset 20 #3H, Unit I, Sec.20, T-20S, R-25E, 2250' FSL & 150' FEL, Eddy County, New Mexico

Dear Operator:

The Oil Conservation Division (OCD) **denies** your application(s) for permit(s) to drill, deepen or plug back the wells identified above because your company is out of compliance with 19 15.5.9(A) NMAC [Part 5.9(A)]. *See* 19.15.14.10(A) NMAC.

Your company is out of compliance with Part 5.9(A) on the following ground(s):

_____ **Financial assurances.** Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. *See* 19.15.5.9(A)(1) NMAC. Specifically, your company [has not posted the required blanket financial assurance] [has not posted the single-well financial assurances required for state or fee wells which have been inactive for more than two years The wells requiring single-well financial assurances are identified in the attached sheet.]

_____ **Corrective action.** Order _____ , issued on _____ after notice and hearing, found your company to be in violation of an order requiring corrective action. *See* 19.15.5.9(A)(2) NMAC.

_____ **Unpaid penalties.** Your company has not paid the penalties assessed against your company in _____, issued on _____. More than 70 days have passed since the issuance of the order assessing the penalty. *See* 19.15.5.9(A)(3) NMAC.

XXXX **Inactive wells.** According to the attached inactive well list, your company has too many wells in violation of the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order. *See* 19 15 5.9(A)(4) NMAC. As an operator of **131** wells, your company may have no more than **5** wells in violation of the inactive well rule. Your company has **9** wells in violation of the inactive well rule. In addition,

_____

_____

_____.

I have enclosed an information sheet explaining the requirements of Part 5.9. You may re-submit your request after your company has returned to compliance with Part 5.9.

Respectfully yours,

Daniel Sanchez
OCD Compliance and Enforcement Manager

Ec: Jami Bailey, OCD Director
E.L. Gonzales, OCD District 1 Acting-Supervisor
Randy Dade, OCD District 2 Supervisor
Charlie Perrin, OCD District 3 Supervisor
Ed Martin, OCD District 4 Supervisor
Donna Mull, OCD Compliance Officer
Theresa Duran-Saenz, OCD Legal Assistant-Santa Fe
Sonny Swazo, OCD Assistant General Counsel-Santa Fe

INFORMATION SHEET FOR PART 5.9

Oil Conservation Division (OCD) Rule 19.15.5.9 NMAC, commonly known as "Part 5.9," requires operators to meet certain minimum compliance standards for the wells they already operate before they can drill, acquire, produce or inject into additional wells. If an operator is out of compliance as defined by Part 5.9, the OCD:

- May deny registration by the operator or certain related entities. *See* 19.15.9.8(B) NMAC.
- May deny applications for change of operator that would transfer wells to the operator. *See* 19.15.9.9(C) NMAC.
- Must deny injection permits. *See* 19.15.26.8(A) NMAC.
- May deny APDs. *See* 19.15.14.10(A) NMAC.
- Must deny allowable and authorizations to transport. *See* 19.15.16.19(A) NMAC.

In addition, the OCD may, after notice and hearing, revoke previously issued injection permits if the operator is out of compliance with Part 5.9. *See* 19.15.26.8(A) NMAC.

To stay in compliance with Part 5.9, an operator must:

- Keep current with the financial assurance requirements for well plugging. *See* 19.15.5.9(A)(1) NMAC.
- Comply with orders requiring corrective action. *See* 19.15.5.9(A)(2) NMAC.
- Pay properly assessed penalties. *See* 19.15.5.9(A)(3) NMAC.
- Have no more than a certain number of wells out of compliance with the inactive well rule. *See* 19.15.5.9(A)(4) NMAC.

FINANCIAL ASSURANCE REQUIREMENTS: The OCD's financial assurance requirements for well plugging are set out in 19.15.8.9 NMAC. The OCD requires all state or fee wells to be covered by a financial assurance. The OCD does not require financial assurances for Federal or Indian wells.

The operator must either post a blanket financial assurance in the amount of $50,000 to cover its state or fee wells, or post single-well financial assurances for each state or fee well in the amount set by the rule.

If the operator chooses to post a blanket financial assurance, it must also post single-well financial assurances for each state or fee well that has been inactive for more than two years that has not been plugged and released. Note that a single-well financial assurance is required even if the well is on approved temporary abandonment status, and even if the wellbore of the well has been plugged. To check compliance with this requirement, go to www.emnrd.state.nm.us/OCD, OCD Online, E-Permitting, Compliance, Financial Assurance. Insert the operator name or OGRID, and hit "Get Report." The report will list all the wells for that operator that have not been plugged and released. Wells currently in violation of the single-well financial assurance requirement will have a "Y" in the far right column, titled "In Violation."

For information on how to post financial assurances, please contact OCD Financial Assurance Administrator Dorothy Phillips, (505) 476-3461, Dorothy.phillips@state.nm.us.

CORRECTIVE ACTION REQUIREMENTS: If an operator fails to take an action required by a hearing order or an agreed compliance order, the OCD may go to hearing to obtain a formal order finding the operator "in violation of an order requiring corrective action." Once such an order is issued and becomes final, the operator will be out of compliance with Part 5.9 until that order is lifted. To lift the order, the operator must

complete the corrective action required, and file a motion to declare the order satisfied. The Oil Conservation Division or the Oil Conservation Commission, as appropriate, may grant the motion without hearing or may set the matter for hearing.

UNPAID PENALTIES: An operator with a penalty assessment unpaid more than 70 days after issuance of the order assessing the penalty will be in violation of Part 5.9 until that penalty is paid. Penalties may be assessed by the district court, or may be agreed to by the operator under an agreed compliance order entered into to resolve a compliance action.

INACTIVE WELLS: The inactive well rule, 19.15.25.8 NMAC, requires any well that has been inactive for a period of more than 15 months to be plugged and abandoned, placed on approved temporary abandonment status, or returned to production or other beneficial use. An operator will be out of compliance with Part 5.9 if it has too many wells in violation of the inactive well rule; the number of non-compliant wells allowed depends on the size of the operator. Under Part 5.9, if an operator operates:

- 1 well, it may have no wells out of compliance;
- 2 or 3 wells, it may have no more than 1 well out of compliance;
- 4 to 100 wells, it may have no more than 2 wells out of compliance;
- 101 to 500 wells, it may have no more than 5 wells out of compliance;
- 501 to 1000 wells, it may have no more than 7 wells out of compliance; and
- 1000 or more wells, it may have no more than 10 wells out of compliance.

To check compliance with 5.9 as to inactive wells, go to www.emnrd.state.nm.us/OCD, OCD Online, E-Permitting, Compliance, Inactive Well List. Do not change the default search terms. Insert the operator name or OGRID, and hit "Get Report." The report will identify the wells that -- according to OCD records -- have been inactive for 15 months, are not on approved temporary abandonment status, do not have a plugged wellbore, and are not subject to an inactive well agreed compliance order. For purposes of Part 5.9, if a well appears on this list, there is a rebuttable presumption that the well is in violation of the inactive well rule. The heading of the list will also identify the total well count for the operator, and the total number of non-compliant inactive wells, so you can determine if the operator is in compliance with Part 5.9

If your company has more non-compliant wells than allowed under Part 5.9, you will need to return wells to compliance by returning them to production or other beneficial use, placing them on approved temporary abandonment status, or plugging the wellbore. In some limited circumstances, the OCD may be willing to enter into an inactive well agreed compliance order setting a schedule for returning the wells to compliance and imposing sanctions if that schedule is not met. Wells covered by an inactive well agreed compliance order are not included when calculating Part 5.9 compliance. For information on inactive well agreed compliance orders, contact OCD Attorney Sonny Swazo at (505) 476-3463, Sonny.swazo@state.nm.us.

Inactive Well List

Total Well Count: 131 Inactive Well Count: 9

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District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-20907	CAMERON 31 FEDERAL COM #001	J-31-20S-25E	J	151416	FASKEN OIL & RANCH LTD	F	G	12/2008	10/14/10 FLARE GAS DENIED BLM		
1	30-025-05292	DENTON #005	A-11 15S-37E	A	151416	FASKEN OIL & RANCH LTD	P	O	12/1975		T	4/27/2011
1	30-025-05298	DENTON #011	B-11-15S-37E	B	151416	FASKEN OIL & RANCH LTD	P	O	05/1975	WOLFCAMP	T	4/27/2011
1	30-025-05301	DENTON #014	C-11-15S-37E	C	151416	FASKEN OIL & RANCH LTD	P	O	07/1992		T	4/27/2011
2	30-015-21140	HOWELL 29 COM #001	G-29-20S-25E	G	151416	FASKEN OIL & RANCH LTD	P	O	06/2008	PLUGBACK YESO 09/17/10	P	
1	30-025-28674	JAMES O'NEILL #003	F-7 -15S-35E	F	151416	FASKEN OIL & RANCH LTD	S	O	09/2000		T	4/27/2011
1	30-025-28827	SUPERIOR A STATE #001	N-7 -15S-35E	N	151416	FASKEN OIL & RANCH LTD	S	S	11/2009	SAN ANDRES / CONVERTED TO SWD 1/97	T	8/4/2011
1	30-025-28826	SUPERIOR STATE #002	J-7 -15S-35E	L	151416	FASKEN OIL & RANCH LTD	S	O	03/1998		T	4/27/2011
1	30-025-32847	WINGERD #014	J-24-12S-37E	J	151416	FASKEN OIL & RANCH LTD	P	O	01/2000	DEVONIAN-TA EXP 05/17/2011	T	5/12/2011

WHERE Ogrid:151416, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period