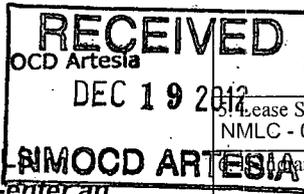


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

Lease Serial No.
NMLC - 054908
Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No. NA
2. Name of Operator Fair Oil, Ltd.		8. Well Name and No. Fair 18 Federal #2
3a. Address P.O. Box 689 Tyler TX 75710	3b. Phone No. (include area code) 903-510-6527	9. API Well No. 30-015-40472
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 990' FNL & 330' FEL Sec 18, T17S, R31E, NMPM		10. Field and Pool or Exploratory Area Cedar Lake; Glorieta-Yeso
		11. Country or Parish, State Eddy, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 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.)

9-27-12 thru 10-8-12

Ran 82 jts 8 5/8" J-55, 32#, LTC casing set at 3597. Used 18 centralizers. Set DV tool at 2655'. External casing packer set at 2659'.

Cement as follows:

1ST. STAGE- LEAD 35/65/4C+5%SALT+1/4#CF+5#LCM1+1.55%SMS+5%M - SKS. 138 WT. 12.5 YLD. 2.13 WATERGPS. 11.21 SLURRY BBL. 52 MIX WATER 36.59 TAIL C+.15%R3 - SKS. 364 WT. 14.80 YLD. 1.32 WATERGPS. 6.32 SLURRY BBL. 85 MIX WATER 54.41, DISPL. W/ 216 BBL. FRESH WATER

2ND. STAGE - 35/65/4C+5%SALT+1/4#CF+5#LCM1+1.55%SMS+5%M - SKS. 982 WT. 12.5 YLD. 2.13 WATERGPS. 11.21 SLURRY BBL. 372 MIX WATER 261.73 DISPL. W/ 162 BBL FRESH WATER

Cement did not circulate to surface. Called BLM, ran temperature survey, top cement @ 1480'. Ran 1" pipe to 290'. Perforated 8 5/8" @ 980', water flow of 85 bbls per hour. Ran cement bond log. Pumped 60 bbls cement @ 980'. Ran 1" pipe, tag top at 290'. Pump down 1" 8 bbls cement. Tag top cement at 180'. Pump 15 bbls cement. Circulated 3 bbls cement to surface. Drill cement at 842', water flow of 85 bbls/hr. Pump 200 sks cement. WOC, Drill cement, water flow of 85 bbls/hr. Perforate 8 5/8" casing at 1180' and 1380'. Set CBP @ 1420'. Squeeze with 250 sks cement. Pump 10 bbls sealbond and 50 sks Class C cement. Wait 24 hrs. Drill cement from 850' to 1008'. Water flow of 80 bbls/hr. Pump 25 sks Halliburton Crystal-Seal, pump 10 sks Deamond-Seal, 100 sks T-Tropic cement. Water flow still present. Call BLM, get approval to run 7" flush joint liner to 2605'.

ACCEPTED FOR RECORD

Prepared for record
NMOCD *RD* Date 12/19/12

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Rodney K. Thomson

Title Production Manager

Signature *Rodney K. Thomson*

Date 10/09/2012

DEC 16 2012

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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.