

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Fairway Resources Operating, LLC

3a. Address
538 Silicon Drive, Suite 101 Southlake, TX 76092

3b. Phone No. (include area code)
817-416-1946

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**330' FNL and 2290' FEL
Sec.35, T-17-S, R-27-E**

SEP 10 2007
OCD-ARTESIA

5. Lease Serial No.
LC-055561

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Midnight Matador "A" #5

9. API Well No.
30-015-35620

10. Field and Pool, or Exploratory Area
Red Lake Queen/Grayburg/San Andres

11. County or Parish, State
Eddy County, NM

12. CHECK 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>surface commingling</u>
	<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 recompleat 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 recompleat 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.)

Permission from the BLM to commingle oil and gas production from leases LC-050258 (the Midnight Matador lease) and LC-055561 (the Midnight Matador "A" lease) was granted to McQuadrangle LLC, the previous operator, on May 19, 2006. Fairway Resources Operating, LLC, the current operator of the leases, requests permission to include the Midnight Matador "A" #5 in the commingling approval. Oil and gas production from both leases will be metered at the central tank battery before commingling. Fairway Resources owns all of the working interest in both leases. The attached map shows the two subject leases, the Midnight Matador central tank battery, and affected wells on the leases.

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

Name (Printed/Typed)

Kenneth Pearce

Title Engineer

Signature

Kenneth Pearce

Date

August 23, 2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Daniel R. Glass

PETROLEUM ENGINEER

Date

AUG 29 2007

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)

Fairway Resources Operating, LLC

Lease Commingling Amendment

Order No. CTB-564

Midnight Matador and Midnight Matador "A" leases
Red Lake - Queen, Grayburg, San Andres Pool - 51300

Eddy County, NM

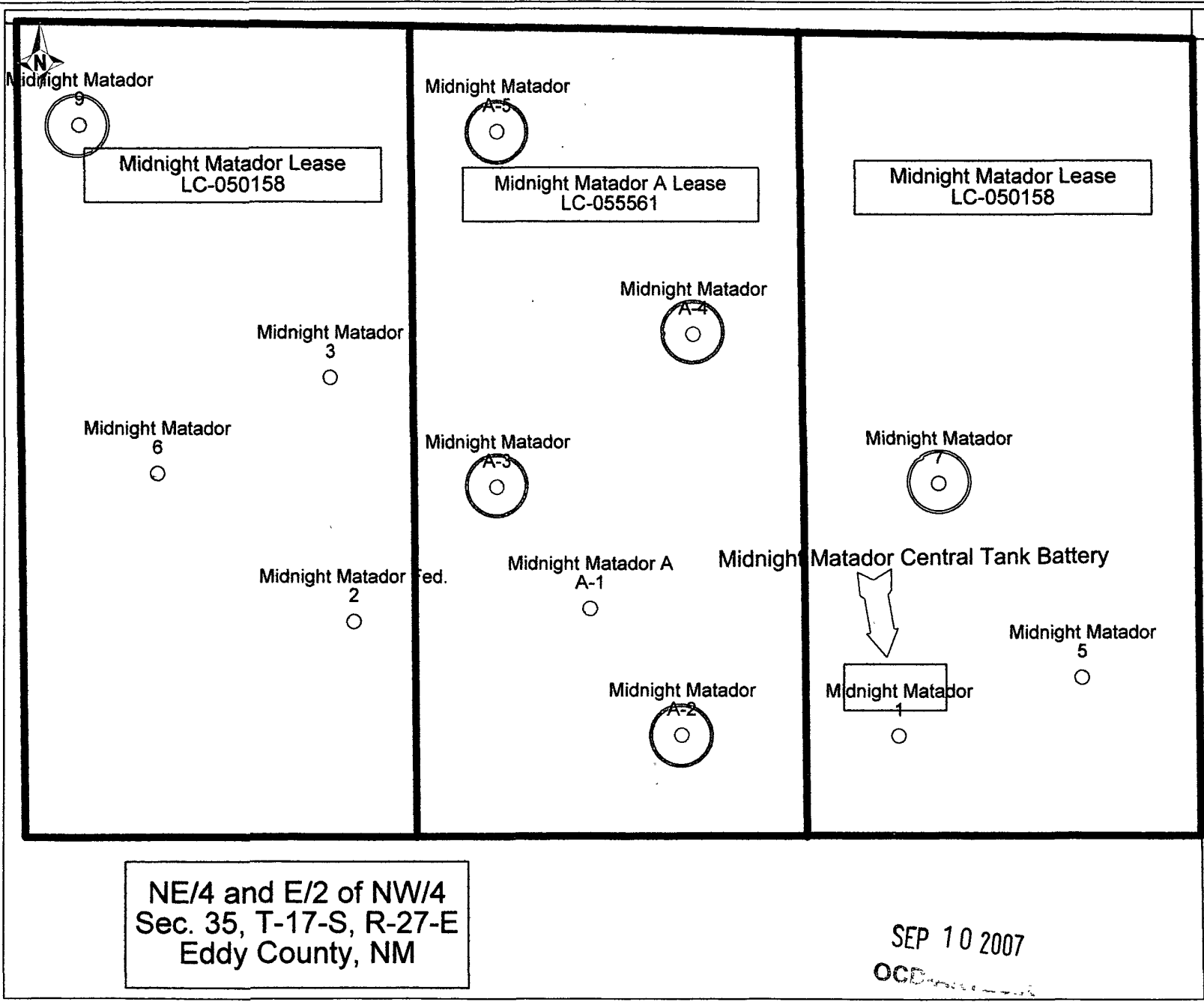
September 4, 2007

SEP 10 2007

OCD-ARTESIA

Wells Currently Permitted			
<u>Lease</u>	<u>BLM Lease No.</u>	<u>Well</u>	<u>API No.</u>
Midnight Matador	LC-050158	1	30-015-32861
Midnight Matador	LC-050158	2	30-015-34511
Midnight Matador	LC-050158	3	30-015-34547
Midnight Matador	LC-050158	5	30-015-35264
Midnight Matador	LC-050158	6	30-015-35240
Midnight Matador "A"	LC-055561	1	30-015-34385

Additional Wells Requested for Amendment			
<u>Lease</u>	<u>BLM Lease No.</u>	<u>Well</u>	<u>API No.</u>
Midnight Matador	LC-050158	7	30-015-35289
Midnight Matador	LC-050158	9	30-015-35713
Midnight Matador "A"	LC-055561	2	30-015-35619
Midnight Matador "A"	LC-055561	3	30-015-35697
Midnight Matador "A"	LC-055561	4	30-015-01231
Midnight Matador "A"	LC-055561	5	30-015-35620



Midnight Matador Leases

Red Lake Field
Eddy Co., NM



WELL SYMBOLS
Oil Well

REMARKS
Surface Production Commingling

By: KWP
September 4, 2007

Fairway Resources Operating, LLC
Midnight Matador Tank Battery - Proposed
Eddy County, New Mexico



Midnight Matador Fed. "A" lease, LC-055561

Well No. 1

Well No. 2

Well No. 3

Well No. 4

Well No. 5

(same for all wells)
 tubing side casing side

Midnight Matador Fed. lease, LC-050158

Well No. 1

Well No. 2

Well No. 3

Well No. 5

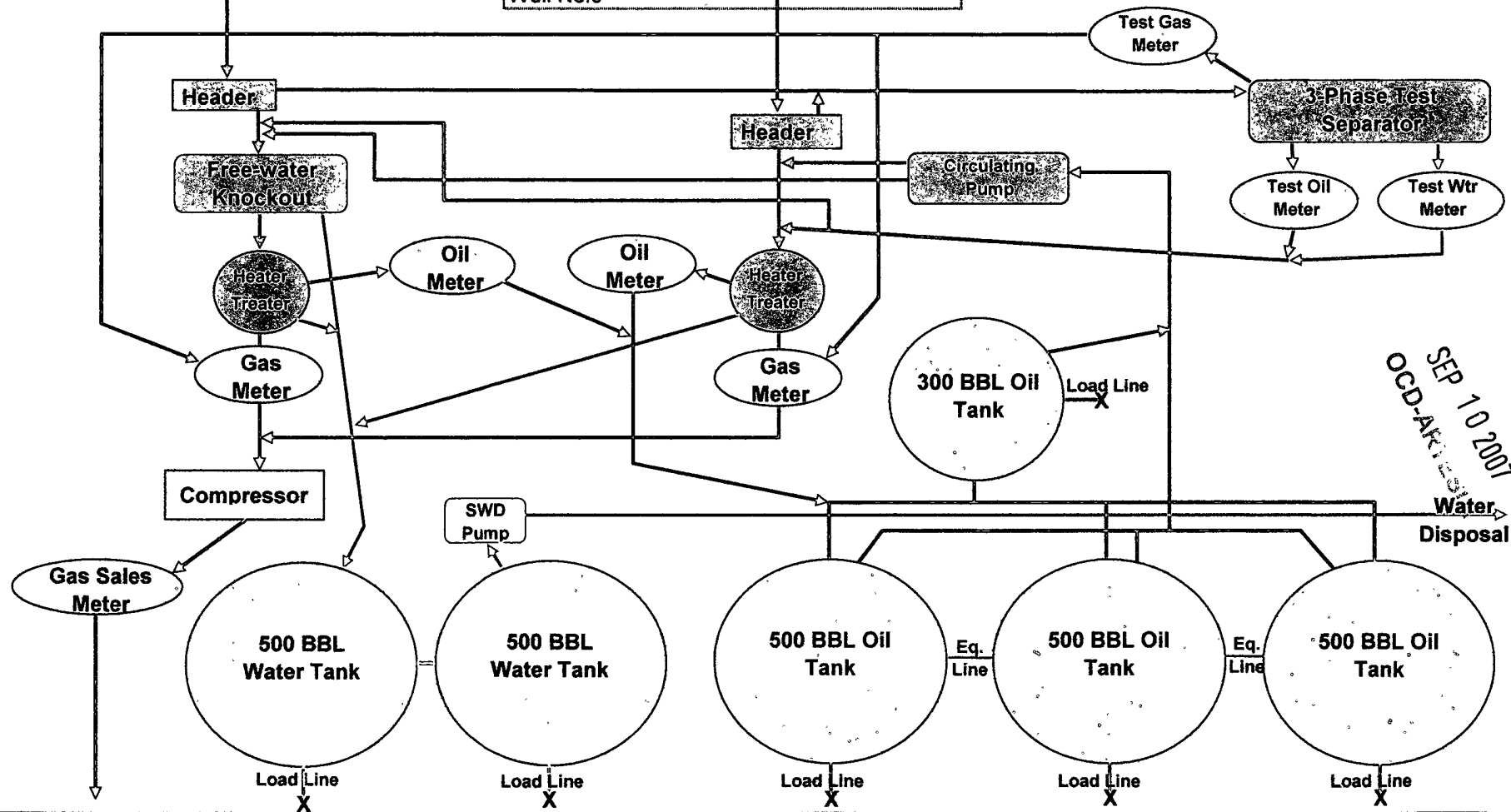
Well No. 6

Well No. 7

Well No. 9

(same for all wells)
 tubing side casing side

Legend	
Oil	
Water	
Gas	
Oil/Gas/Water	



SEP 10 2007
 OCD-AR-1001
 Water Disposal

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



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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]

SEP 10 2007
 OCD-ARTECH

- [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 _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply
 [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U S Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kerneth Pearce
 Print or Type Name

Signature

Kerneth Pearce

Engineer
 Title

9-5-07
 Date

kpearce@fairwayresources.com
 e-mail Address