Form 3160-3
(December 1990)

ARTESIA, NM 88210-2834

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [X]

2. NAME OF OPERATOR: Fasken Oil and Ranch, Ltd. 151946

3. ADDRESS AND TELEPHONE NO.: 303 W. Wall, Suite 1800, Midland, TX 79701 (915) 687-1777

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FNL and 1570' FWL
At proposed prod. zone: Unit F

5. LEASE DESIGNATION AND SERIAL NO.: NM-054434-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: 18246

8. FARM OR LEASE NAME, WELL NO.: Yates "6" Federal No. 3

9. API WELL NO.: 30-015-31230

10. FIELD AND POOL, OR WILDCAT: East Eagle Creek Atoka-Morrow

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 6, T18S, R26E

12. COUNTY OR PARISH: Eddy

13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 4 miles South of Artesia, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1,020'	314.56	314.56
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1,603'	8,800'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3,423' GR

PECOS RIVER COMMISSION WELL CONTROLLED WATER BASIN

22. APPROX. DATE WORK WILL START*: 1-Jun-00

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K55, 9-5/8"	36.00	1,300'	600 sx, circulated to surface
8-1/4"	N80, 4-1/2"	11.60	8,700'	850 sx, Estimated TOC @ 5,000'

The operator proposes to drill 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 5,000'. If non-commercial, the well will be plugged and abandoned in accordance with Federal regulations.

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

Notify OCD at SPUD & TIME to witness cementing the 9 5/8" casing.

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 Tommy C. Taylor TITLE Drilling and Production Engineer DATE 05/08/00

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

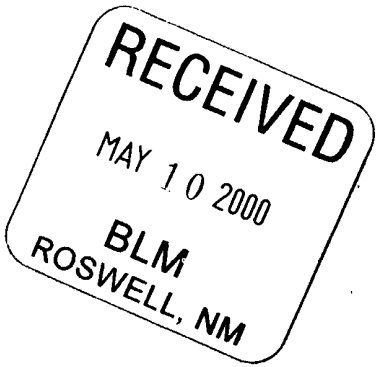
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ ARMANDO A. LOPEZ TITLE Acting Assistant Field Manager, Lands And Minerals DATE JUN 6 2000

*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


RECEIVED
MAY 10 2000
BLM
ROSWELL, NM

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		East Eagle Creek Atoka-Morrow

Property Code	Property Name	Well Number
	YATES "6" FEDERAL	3

OGRID No.	Operator Name	Elevation
151416	FASKEN OIL & RANCH LTD.	3423'

Surface Location

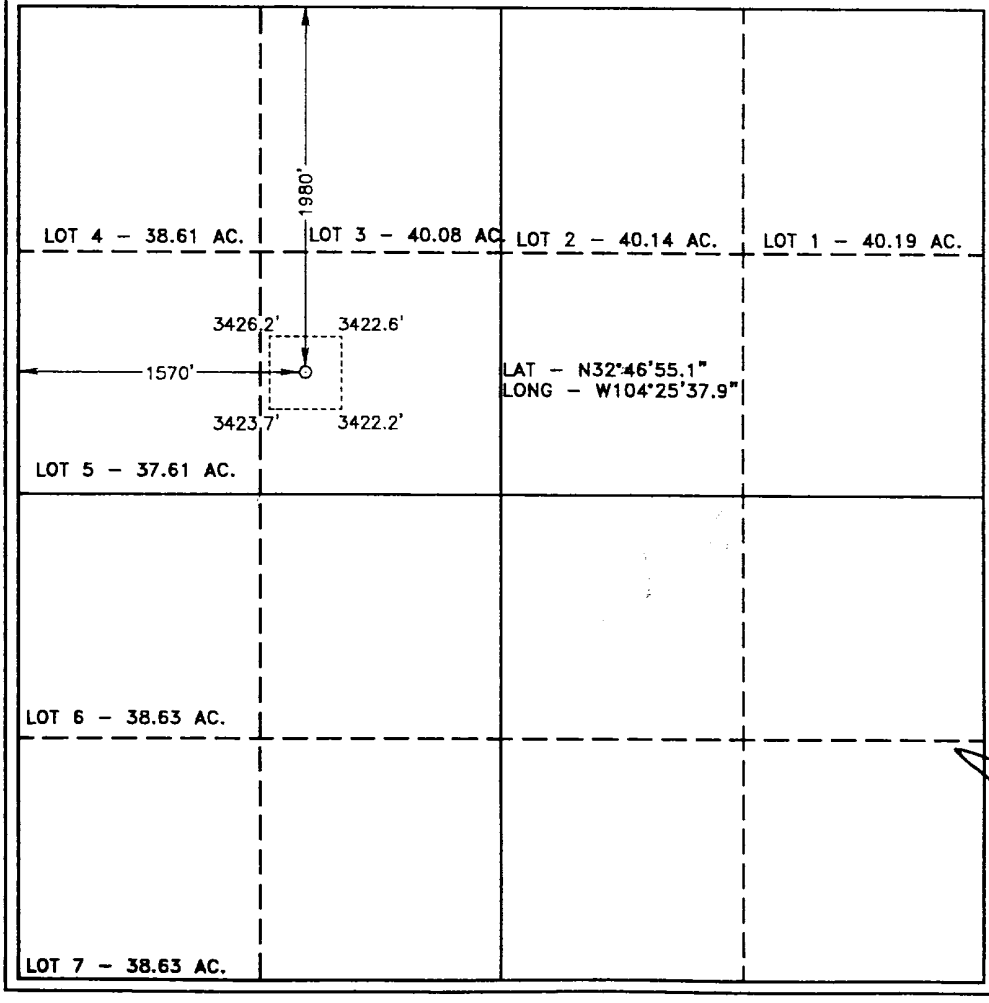
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	6	18 S	26 E		1980	NORTH	1570	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
314.56			

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



OPERATOR CERTIFICATION

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

Tommy E. Taylor
Signature

Tommy E. Taylor
Printed Name

Drilling & Production Engr.
Title

05/08/00
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 supervison, and that the same is true and correct to the best of my belief.

April 28, 2000
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 02CG

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SURFACE USE PLAN

Fasken Oil and Ranch, Ltd.
Yates "6" Federal No. 3
1980' FNL & 1570' FWL
Sec. 6, T18S, R26E
Eddy County, New Mexico

1. EXISTING ROADS - Area map, Exhibit #1, is a reproduction of the U.S.G.S., Artesia Quadrangle 7.5 minute series. 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 Artesia, New Mexico, travel South on U.S. Highway 285 for approximately 4 miles. Turn West on Blevins road and go approximately 1-1/2 miles. Turn South on caliche road and go 1/4 mile. Turn right to location.

2. PLANNED ACCESS ROADS - Approximately 895 linear feet of new access road will be constructed.

   A. The access road will be crowned and ditched to a 12'-00" wide travel surface with a 40' right-of-way.

   B. Gradient on all roads will be less than 5.00%.

   C. No turnouts will be necessary.

   D. If needed, road will be surfaced with a minimum of 4" of caliche. This material will be obtained from the reserve pit or a local source.

   E. Centerline for the new access road has been staked and flagged. Earth work will be as required by field conditions.

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

   A. Water wells – 1000' Southwest of location.

   B. Disposal wells - None Known.

   C. Drilling wells - None known.

   D. Producing wells - As shown on Exhibit #2

Fasken Oil and Ranch, Ltd.:	Yates "6" Federal No. 1
Yates Petroleum Corp.:	Yates "6" Federal No. 2
Yates Petroleum Corp.:	Patterson "EL" No. 1
Yates Petroleum Corp.:	Patterson "EL" No. 2
Yates Petroleum Corp.:	Patterson "EL" No. 3
Yates Petroleum Corp.:	Haldeman "EN" No. 1
Yates Petroleum Corp.:	Arco "EC" State No. 2
Santa Fe Energy:	Superior Federal No. 2

Yates Petroleum Corp.:	Merchant "XT" No. 1
Yates Petroleum Corp.:	Lanning "JC" No. 1

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

Coquina:	Superior Federal No. 1
Franklin, Aston and Fair, Inc.	Smith 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

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 H_2S 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 flat 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 owned Mr. Gary Sherrell of Artesia, NM.

C. An archeological study is being conducted for the location and new access road. The report will be sent to the BLM when completed.

D. There is a home located approximately ¼ mile to the East of this well location.

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 1800
Midland, Texas 79701-5116
(915) 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: 5-8-00
TITLE: Drilling and Production Engineer

TET
(Yates6Fed3.apd)

APPLICATION FOR PERMIT TO DRILL
FASKEN OIL AND RANCH, LTD.
YATES "6" FEDERAL NO. 3
1980' FNL & 1570' FWL
SEC.6, T18S, R26E
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;

Gloreita	3321'
Tubb	3576'
Vale	3670'
Abo	4231'
Wolfcamp Lime	5596'
Canyon	7411'
Strawn	8026'
Atoka	8256'
Morrow Clastics	8451'

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

Strawn	8026'	Gas
Atoka	8256'	Gas
Morrow	8451'	Gas

* Groundwater to be protected by 9-5/8" 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 approximately 5000'.

4. Proposed Casing Program:

String	Footage	Size	Weight	Grade	Thread
Surface	1300'	9-5/8"	36.00#	J-55	ST&C
Production	8,700'	4-1/2"	11.60#	N-80	LT&C
Tubing	8,600'	2-3/8"	4.70#	N-80	EUE 8rd

Proposed Cementing Program:

Cement 9-5/8" casing with 400 sx Class "C" with 4% gel and 2% $CaCl_2$ (s.w. 13.51 ppg, yield 1.74 ft^3/sx) plus 200 sx Class "C" with 2% $CaCl_2$ (s.w. 14.8 ppg, yield 1.32 ft^3/sx).

Cement 4-1/2" production casing (resin coated and centralized through pay zones) with 10 bfw + 500 gallons Mud Clean II + 10 bfw and 850 sx Super C Modified (15#/sx Poz A and 11 #/sx CSE), 1% salt, 1.1% FL-25 (s.w. 14.2 ppg, yield 1.35 cuft/sx). Displace bottom plug with 3% KCl Water. Calculate cement volume for TOC at 5000'.

5. Pressure Control Equipment: See Exhibit #5. Operator proposes to pressure test BOP stack with rig pump to 1500 psig before drilling out 9-5/8" shoe. BOP hydrotest will be conducted on first bit trip or prior to drilling into the Wolfcamp formation.

6. Mud Program:

Depth	Type	Weight	Viscosity	Waterloss
0-1300'	Fresh Water	8.5	40	N.C.
3200'-5000'	Fresh Water	8.5	26	N.C.
5000'-8000'	Cut Brine	9.5	26	N.C.
8000'-8700'	Poly/Starch	9.5	34	10 cc

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

8. Testing Logging and Coring Programs:

- DST's: DST any mudlog shows.

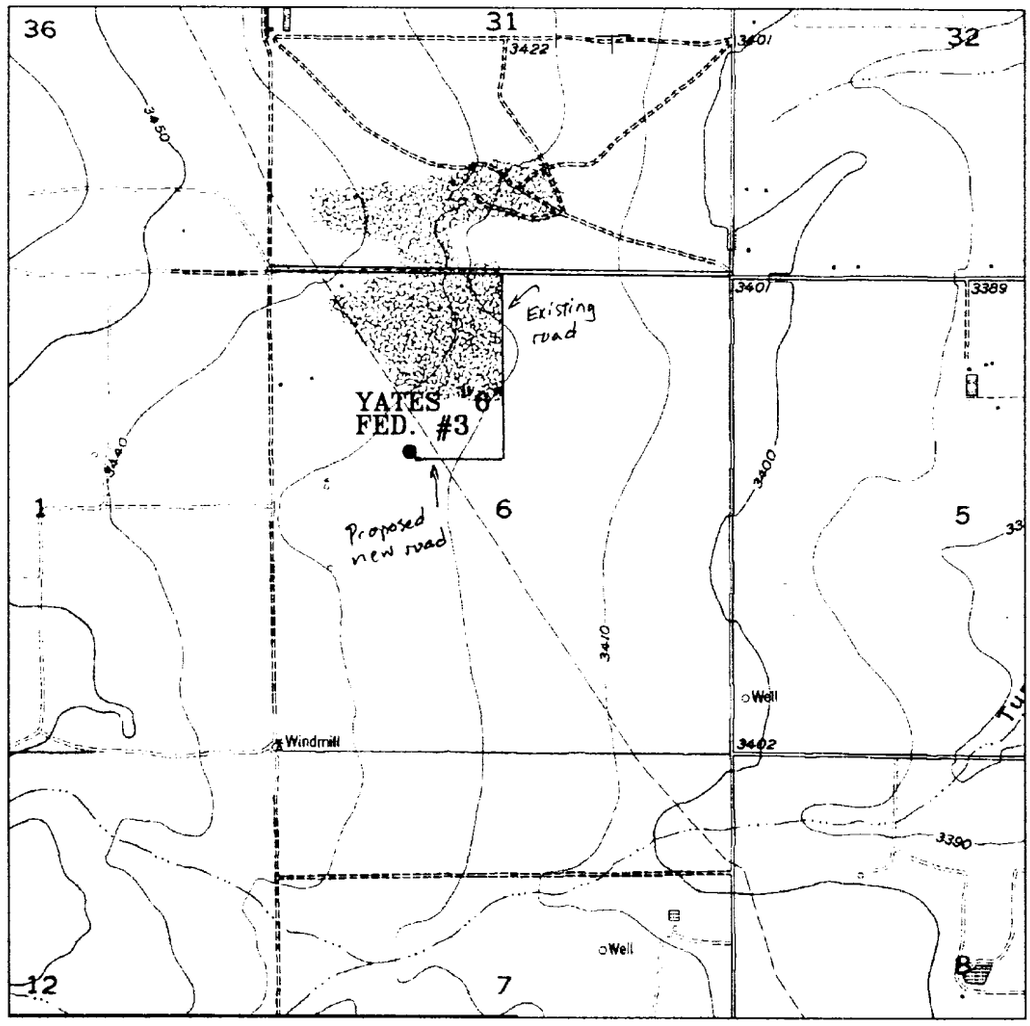
- Logging: 2-man Mudlogging unit from 1300' to T.D.

- Electric Logs: Platform Express with CNL-LDT, DLL-MSFL, GR and Caliper.

- Coring: None anticipated

9. Abnormal Pressure, Temperatures or Other Hazards: Lost circulation is anticipated in the surface and intermediate holes. Maximum bottomhole pressure is estimated to be 3800 psig.

10. Anticipated Starting Date: June 1, 2000.



YATES "6" FEDERAL #3
1980' FNL & 1570' FWL
Section 6, Township 18 South, Range 26 East,
N.M.P.M., Eddy County, New Mexico.

Exhibit No. 1

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:	0260AA - KJG #122
Survey Date:	04-28-2000
Scale:	1" = 2000'
Date:	05-01-2000

FASKEN OIL & RANCH, LTD.

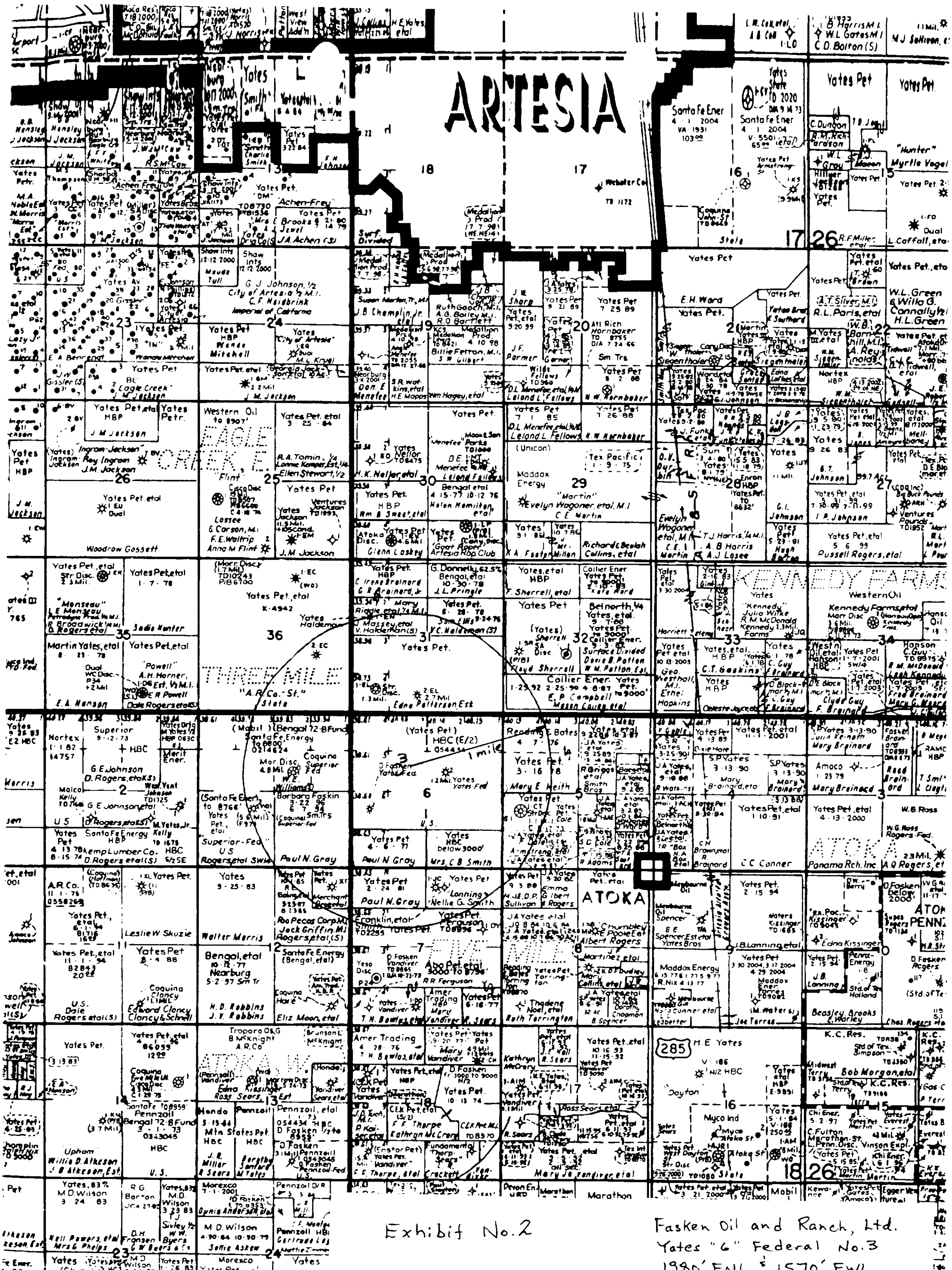


Exhibit No. 2

Fasken Oil and Ranch, Ltd.
Yates "6" Federal No. 3
1980' FNL & 1570' FWL
Sec. 6, T18S, R26E

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN
EXHIBIT #3
FASKEN OIL AND RANCH, LTD.
YATES "6" FEDERAL NO. 3
1980' FNL & 1570' FWL
SEC.6, T18S, R26E
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 will 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 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.

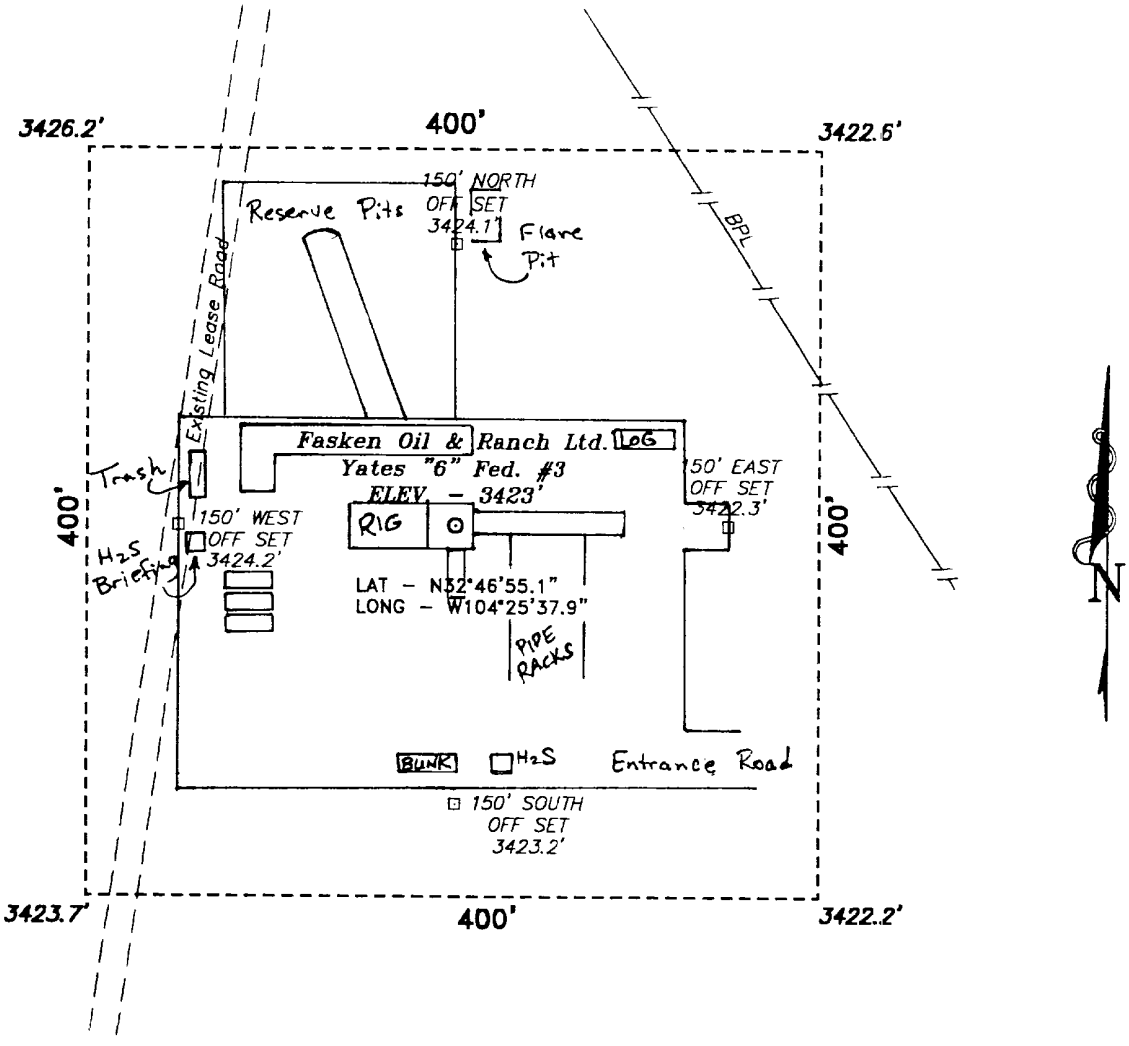
7. Communications:

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.

SECTION 6, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, **NEW MEXICO.**



Exibit No. 4

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF US HWY 285 & CO. RD. 50(BLEVINS HWY), GO WEST ON BLEVINS ROAD APPROX. 2 MILES TO A POINT WHICH LIES APPROX. 1980 FEET FROM THE PROPOSED WELL LOCATION.

100 0 100 200 FEET

SCALE: 1" = 100'

Fasken Oil & Ranch Ltd.

REF: YATES "6" FEDERAL No. 3 / Well Pad Topo

THE YATES "6" FED. No. 3 LOCATED 1980' FROM THE NORTH LINE AND 1570' FROM THE WEST LINE OF SECTION 6, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

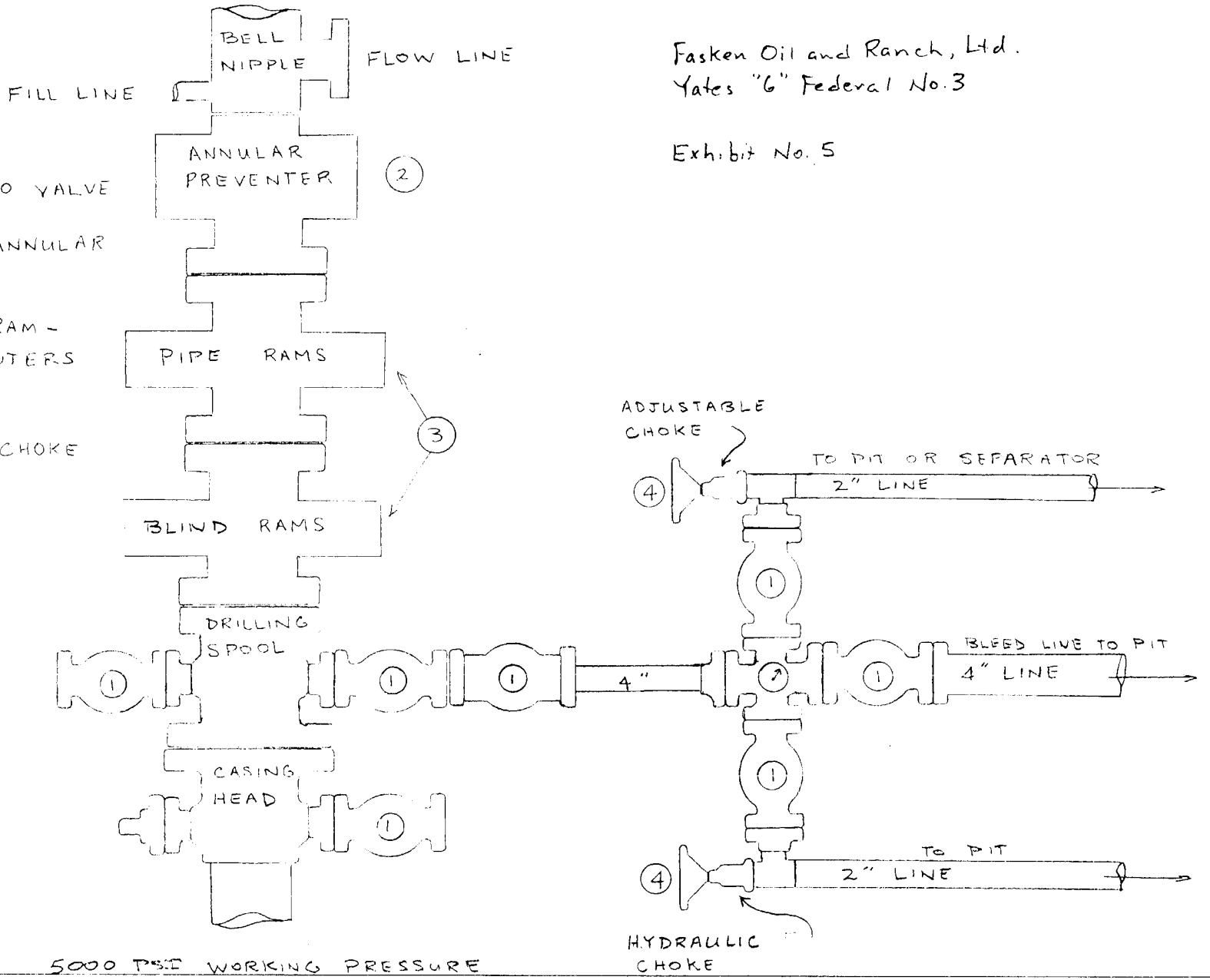
BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 0260	Drawn By: K. GOAD		
Date: 05-01-2000	Disk: KJG #123 – 0260A.DWG	Survey Date: 04-28-2000	Sheet 1 of 1 Sheets

Fasken Oil and Ranch, Ltd.
Yates "6" Federal No. 3

Exhibit No. 5

1) 4" SERIES 900 VALVE
2) SERIES 900 ANNULAR PREVENTER
3) SERIES 900 RAM-TYPE PREVENTERS
4) 2" SERIES ADJUSTABLE CHOKE



5000 PSI WORKING PRESSURE

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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

LEASE NO.: NM-054434-A

LEGAL DESCRIPTION: Sec. 6: Lots 3,4,5,6, SE/4 NW/4, NE/4 SW/4, T18S, R26E, Eddy County, NM.

FORMATION(S): All formations from the depth of 3000' to 8710'.

BOND COVERAGE: $25,000

BLM BOND FILE: NM2729.

Fasken Oil and Ranch, Ltd.
by: Fasken Management, LLC
Its General Partner

Benjamin L. Blake
Vice-President

Date: 5/9/00

tet
(blmsaro.doc)