

18-May-07 DATE IN	5/18/07 SUSPENSE	D. Cotanach ENGINEER	22-May-07 LOGGED IN	NSL TYPE	PCLP0714232996 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



5633

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]

[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.

Kenneth Pearce

Print or Type Name

Kenneth Pearce

Signature

engineer

Title

5-17-07

Date

kpearce@fairwayresources.com
 e-mail Address



538 Silicon Drive, Suite 101
Southlake, Texas 76092
(817) 416-1946 (817) 416-1949 fax

May 17, 2007

2007 MAY 18 AM 9 25

Federal Express

Mr. David Brooks
State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Non-Standard Location
Midnight Matador "A" #3
1,500' FNL and 2,290' FEL
Section 35-T17S-R27E
Red Lake Field, Eddy County
Federal Lease No. LC-055561

Dear Mr. Brooks:

Fairway Resources requests approval for a non-standard location for the Midnight Matador "A" #3. The problem that we have encountered is we are too close to the northern spacing unit line. Both spacing units are in the same Federal lease and all of the royalty overriding and other interests are common. Fairway owns 100% of the working interest in this lease. Therefore, no parties are negatively affected. I am enclosing the following:

- Fairway Resources Operating, LLC Lease plat
- Fairway Producing Formations per Lease Plat
- Copy of the Well Location and Acreage Dedication Plat
- Administrative Application Checklist

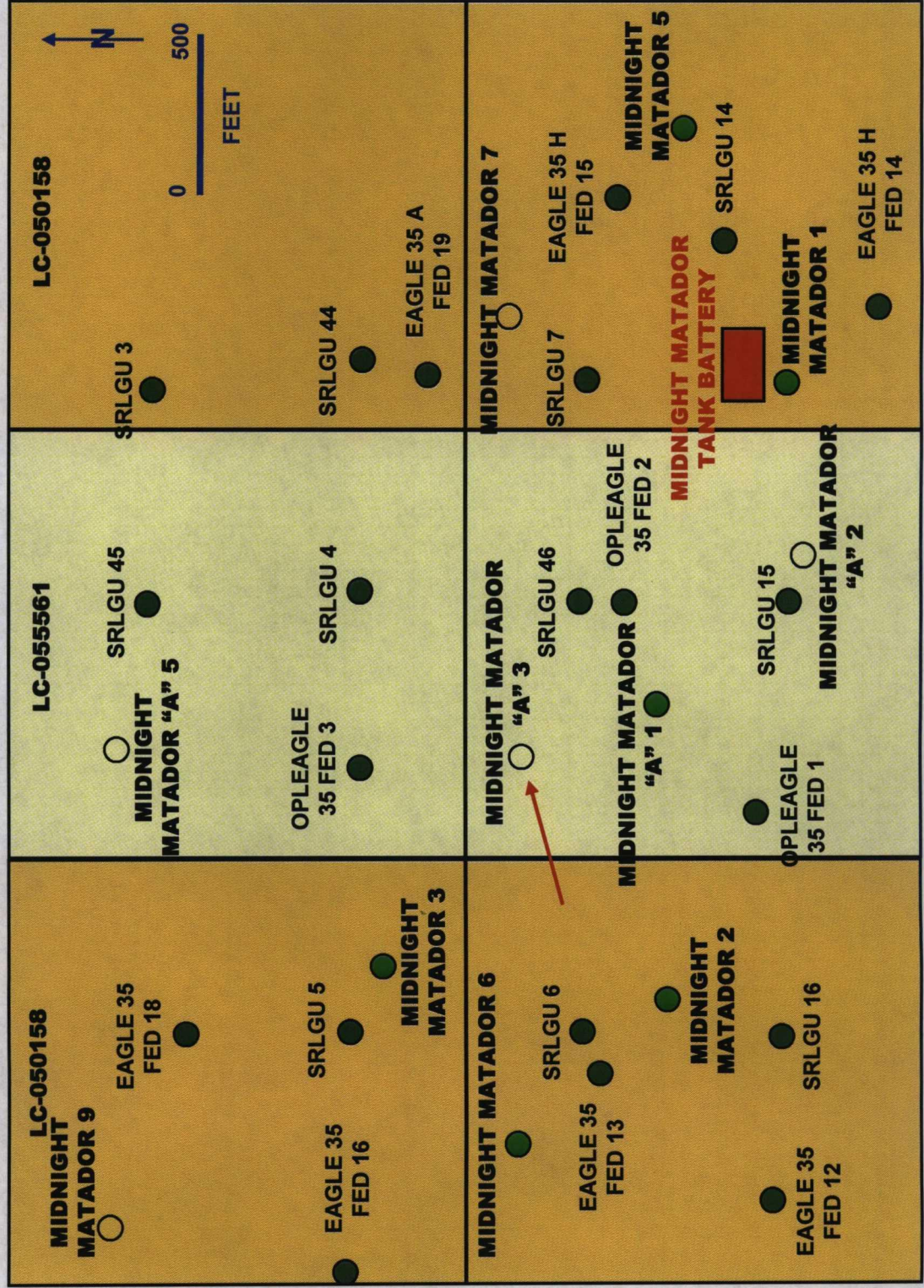
We are requesting that you approve this location for the further development of resources of the Red Lake Queen-Grayburg San Andres. If you have any further questions, please do not hesitate to call me at 817-416-1946.

Sincerely yours,

Kenneth Pearce
Senior Operations Engineer



FAIRWAY RESOURCES OPERATING, LLC LEASE PLAT





Post Code
51300

Fairway Resources
SRL II UNIT
5
Fairway Resources
Midnight Matador
3
330' radius

OXY Permian
OPL Eagle 35 Federal
3

Fairway Resources
Midnight Matador
A-4
330' radius

Fairway Resources
Midnight Matador
A-3

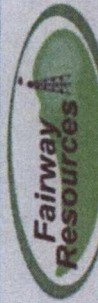
Fairway Resources
SRL II UNIT
13
DEVON ENERGY
EAGLE 35 FEDERAL
13

Fairway Resources
Midnight Matador Fed.
2
330' radius

Fairway Resources
SRL II UNIT
46
OXY Permian
OPL Eagle 35 Federal
2

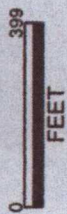
standard location
Fairway Resources
Midnight Matador A
A-1

OXY Permian
OPL Eagle 35 Federal
1
330' radius



Midnight Matador A #3 - NSL Application

Red Lake Field
Eddy Co., NM



POSTED WELL DATA
Operator
Well Name
Well Number

WELL SYMBOLS
Oil Well
Shut In Oil Well
shut-in water injection well
Location Only

REMARKS
1500' FNL and 2290' FEL
Sec.35, T17S, R27E
330' San Andres drainage radii

By: KWP
June 5, 2007

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	Pool Name
Property Code	Property Name MIDNIGHT MATADOR "A"	Well Number 3
OGRID No.	Operator Name FAIRWAY RESOURCES OPERATING, L.L.C.	Elevation 3590'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	35	17 S	27 E		1500	NORTH	2290	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	Joint or Infill	Consolidation Code	Order No.						

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>AUGUST 19, 2006</p> <p>Date Surveyed _____</p> <p>Signature of Gary L. Jones _____</p> <p>Professional Surveyor Seal of New Mexico _____</p> <p>7977</p> <p>W.O. No. 7068</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
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Fairway Resources Operating, LLC

Producing Formations Per Lease Plat



Well Producing Formation

Eagle 35 A Fed 19	Yeso
Eagle 35 Fed 12	Yeso
Eagle 35 Fed 13	Yeso
Eagle 35 Fed 16	Yeso
Eagle 35 Fed 18	Yeso
Eagle 35 H Fed 14	Yeso
Eagle 35 H Fed 15	Yeso
Midnight Matador "A" 1	San Andres
Midnight Matador "A" 2	San Andres location
Midnight Matador "A" 3	San Andres location
Midnight Matador "A" 5	San Andres location
Midnight Matador 1	San Andres
Midnight Matador 2	San Andres
Midnight Matador 3	San Andres
Midnight Matador 5	San Andres
Midnight Matador 6	San Andres
Midnight Matador 7	San Andres
Midnight Matador 9	San Andres location
OPL Eagle 35 Fed 1	Yeso
OPL Eagle 35 Fed 2	Yeso
OPL Eagle 35 Fed 3	Yeso
SRLGU 14	Grayburg
SRLGU 15	Grayburg
SRLGU 16	Grayburg
SRLGU 3	Grayburg
SRLGU 4	Grayburg
SRLGU 44	Grayburg
SRLGU 45	Grayburg
SRLGU 46	Grayburg
SRLGU 5	Grayburg
SRLGU 6	Grayburg
SRLGU 7	Grayburg

Catanach, David, EMNRD

From: Kenneth Pearce [kpearce@fairwayresources.com]
Sent: Tuesday, June 05, 2007 4:14 PM
To: Catanach, David, EMNRD
Subject: RE: Midnight Matador "A" No. 3
Attachments: MMA 3 NSL.pdf

David,

The reason we want to drill the Midnight Matador A #3 at an unorthodox location is to more efficiently develop the San Andres reserves beneath our operated acreage. Attached is a plat of our other San Andres wells offsetting the proposed location for the Midnight Matador A #3 (the Midnight Matador A #4 is actually a deepening project that is currently underway). I have indicated 330' radii drainage circles on the plat that show why we need to move the proposed location to the north.

I hope this information is what you need, if not, please let me know.

Thanks,

Kenneth Pearce
Sr. Operations Engineer
Fairway Resources
538 Silicon Dr., Suite 101
Southlake, TX 76092
office: 817-416-1946
fax: 817-416-1949
email: kpearce@fairwayresources.com



From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Friday, June 01, 2007 11:46 AM
To: kpearce@fairwayresources.com
Subject: Midnight Matador "A" No. 3

Hi Kenneth,

I am currently reviewing your application for a non-standard well location for the Midnight Matador "A" Well No. 3. Please be advised that Division Rule 19.15.3.104(F) requires the applicant to submit evidence as to why the unorthodox location is necessary. Your application contains no such evidence, nor does the application even state why the well needs to be drilled at that location. In order to process this application, you will need to submit this information. If the location is based upon geologic considerations, geologic evidence will be required. If the location is based upon topographic considerations, a topo map showing the surface obstruction will be required.

If you need additional information, please E-mail me or phone me at (505) 476-3466.

6/6/2007