

12/17/07

SUSPENSE

Brooks  
ENGINEER

12/18/07  
LOGGED IN

NSL  
TYPE

PKVR 0735228698  
APP NO.

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Fasken Oil & Ranch LTD  
Ling Federal #4

**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]**

RECEIVED  
17 PM 12 41

- [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.

**Kellahin & Kellahin**  
**Attorneys At Law**  
 706 Gonzales Rd.  
 Santa Fe, NM 87501

*[Signature]*

Print or Type Name      Signature      Title      Date

12/17/09

\_\_\_\_\_ e-mail Address

5786

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. THOMAS KELLAHIN**  
**706 GONZALES ROAD**  
**SANTA FE, NEW MEXICO 87501**

TELEPHONE 505-982-4285  
FACSIMILE 505-982-2047  
TKELLAHIN@COMCAST.NET

December 17, 2007

**HAND DELIVERED**

Mr. Mark E. Fesmire, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

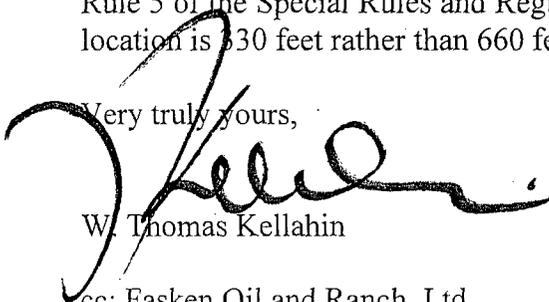
RECEIVED  
DEC 17 PM 12:42

Re: Administrative Application of Fasken Oil and Ranch, Ltd.  
for approval of a unorthodox gas well location for its  
Ling Federal Well No. 4, Unit ~~G~~ **I**  
API # (Pending)  
1660 feet FSL and 2310 feet FEL  
E/2 320-acre dedication, Section 31  
T19S, R34E, Lea County, New Mexico  
Quail Ridge-Morrow Gas Pool

Dear Ms. Fesmire:

On behalf of Fasken Oil and Ranch, Ltd, please find enclosed our referenced administrative application that is being filed in accordance with Division Rule 104.F and Rule 5 of the Special Rules and Regulations for the Quail Ridge-Morrow Gas Pool. This location is 530 feet rather than 660 feet from the west side of this spacing unit.

Very truly yours,



W. Thomas Kellahin

cc: Fasken Oil and Ranch, Ltd.  
Attn: Jimmy D. Carlile

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION OF FASKEN OIL & RANCH, LTD. FOR  
APPROVAL OF AN UNORTHODOX OIL WELL LOCATION  
LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE APPLICATION**

Comes now FASKEN OIL AND RANCH, LTD. ("Fasken") and by and through its attorneys, Kellahin & Kellahin, and in accordance with Division General Rule 104.F, applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox gas well location for its Ling Federal Well No. 4, to be located 1660 feet FSL and 2310 feet FEL (Unit J) of Section 31, T19S, R34E, Lea County New Mexico to be drilled as a Morrow well subject to the Quail Ridge-Morrow Pool rules and if successful dedicated to a standard 320-acre gas spacing unit consisting of the E/2 of this section.

In support, Fasken states:

- (1) Fasken is the proposed operator of the Ling Federal Well No. 4 to be drilled to the Morrow formation and completed in the Quail Ridge-Morrow Gas Pool (pool code 83280). Fasken has filed an APD and is awaiting approval-there is not API yet issued.
- (2) The well is to be located 1660 feet FSL and 23100 feet FEL (Unit j) Section 31, T19S, R34E, at a unorthodox gas well location for the Morrow formation, dedication to the E/2 of this section. See Form C-102 attached as Exhibit "A"
- (3) Fasken now desires approval to drill and produce this well at an unorthodox gas well location for any Morrow gas production.
- (4) This well, if successful, will be 330 feet from the western boundary of is spacing unit instead of 660 feet as required by Division Rule 104.

**TECHNICAL EVIDENCE**

- (5) The proposed location for this well is based upon a combination of topographical and geological reasons. See summary attached as Exhibit "B"

(6) Because of topographical reasons, the BLM required that the location be moved north of the best geological location in order to avoid a potential sand dune lizard habitat to the south.

(7) The geological evidence demonstrates that this proposed Morrow well should encounter a thicker part of the Middle Morrow A and B sands than would be encountered at any standard location in the E/2 of Section 31:

- (a) See Locator map attached as Exhibit "C"
- (b) See three well cross-section attached as Exhibit "D"
- (c) See Morrow structure map attached as Exhibit "E"
- (d) See Middle "A" Morrow gross isopach attached as Exhibit "F"
- (e) See Middle "B" Morrow gross isopach attached as Exhibit "G"

### NOTIFICATION

(10) All of Section 31, except for the NE/4NW/4, is subject to Federal oil & gas lease NM-14496.

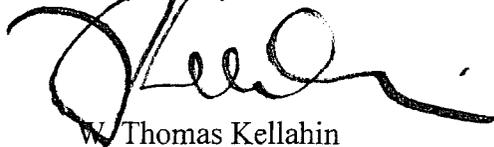
(11) The W/2 of this section has been communitized and is currently dedicated to the Federal Ling #2, located in Unit L and operated by Fasken.

(11) The subject spacing unit E/2 of Section 31 and the encroached upon spacing unit the W/2 of Section 31 are both operated by Fasken. Notice is being sent to all the working interest owners in the W/2 of Section 31, See Exhibits "H" and "I":

(12) Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the gas in the Morrow formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:



W. Thomas Kellahin



Fasken Oil and Ranch, Ltd.

Ling Federal No. 4

### Geology

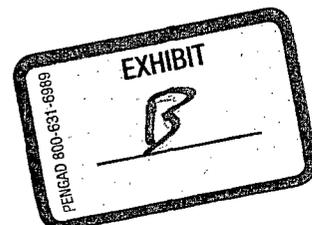
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Fasken has concluded through material balance analysis that there is an additional 2 BCF of gas that has not been recovered from the Morrow in this area. Even though the 3 nearest wells (Fasken's Ling Federal Nos. 1 and 2, and the Matador Fed 6 Com No. 1) have made 18,712 MMCFG, we do not believe the last remaining well (Ling Federal No. 2) will recover these remaining reserves. Waste will occur as a result of not drilling this proposed well.

Our proposed location should encounter the thicker part of the Middle Morrow A and B sands and the eastern edge of the Middle Morrow C sand, which is critical to recover a substantial amount of this left behind natural gas. Any shallower zones encountered with shows (Delaware, Bone Spring, Wolfcamp) should be tested in this well bore to prevent waste.

The proposed location does not encroach on, nor drain, other leases even though it is less than 660' from the quarter section line. The location has been moved north of our best proposed location because of potential sand dune lizard habitat to the south. The Bureau of Land Management has given their approval of this location.

Dexter Harmon  
Geologist





FASKEN  
LING FEDERAL  
1980 FSL 680 FWL  
T19S R34E S31



TD : 13.656  
ELEV\_KB : 3.629

MATADOR  
FEDERAL 26 COM  
660 FNL 1980 FWL  
T20S R34E S6

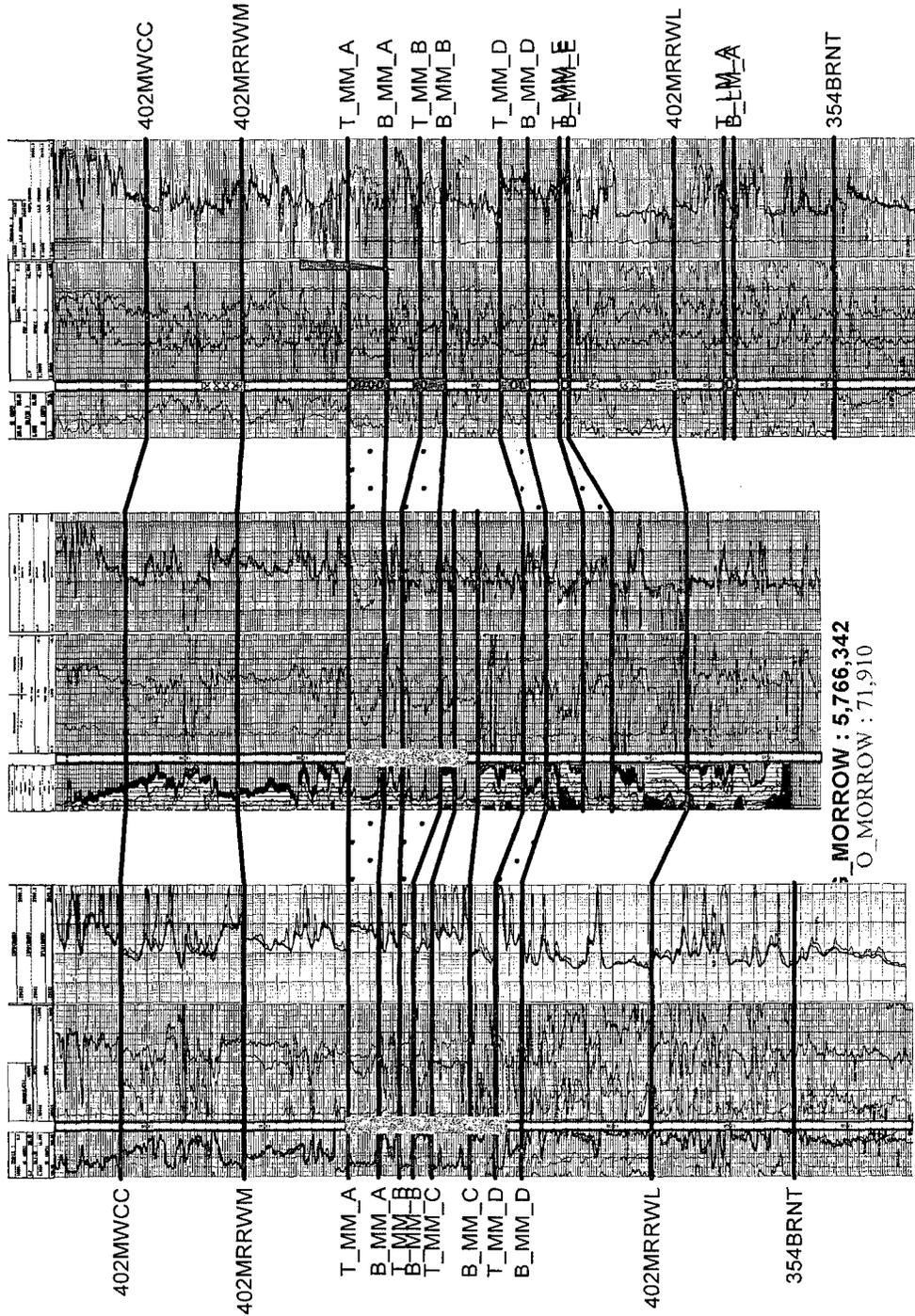


TD : 13.645  
ELEV\_KB : 3.633

FASKEN  
LING FEDERAL  
1980 FNL 1980 FEL  
T19S R34E S31



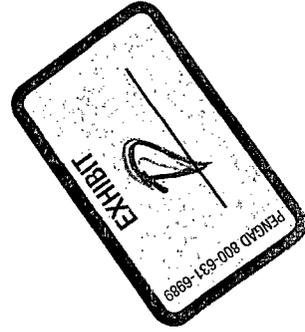
TD : 13.690  
ELEV\_KB : 3.652

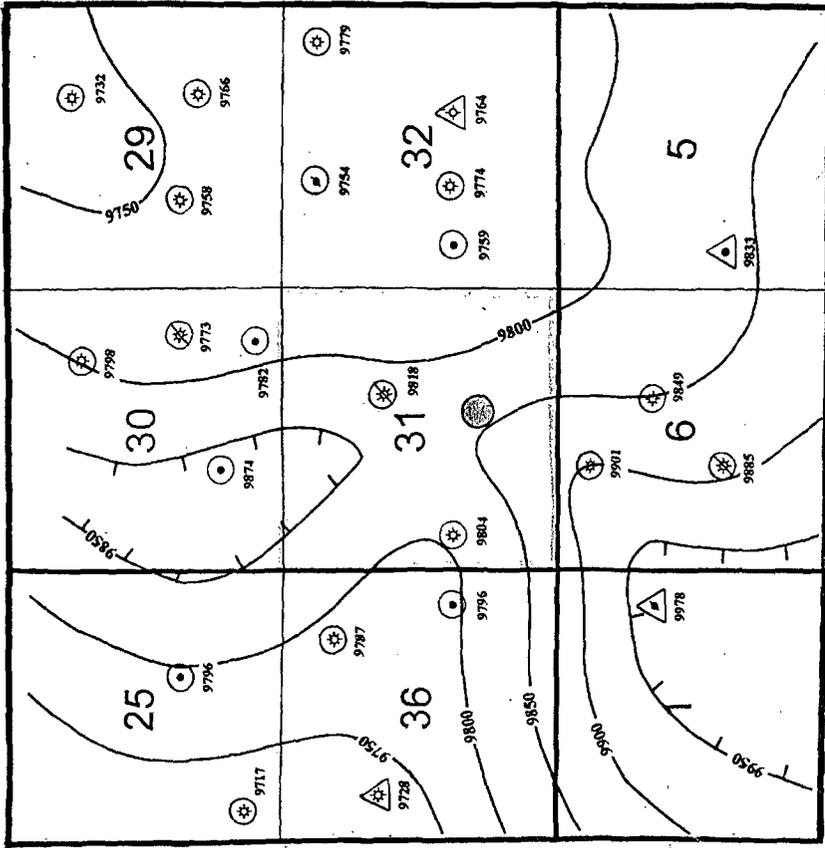
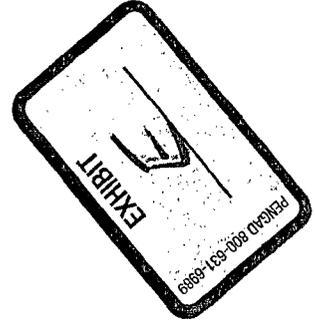


G\_MORROW : 9,361,949  
O\_MORROW : 147,830

G\_MORROW : 5,766,342  
O\_MORROW : 71,910

G\_MORROW : 3,585,026  
O\_MORROW : 118,393





○ ZONE PRODUCER

△ ZONE TEST

	STEVEN ZEMKOSKI P.O. BOX 60857 MIDLAND, TX 79710 (409) 683-7527
	LING AREA T-19S R-34E LEA COUNTY, NM MORROW STRUCTURE
CI = 50'	9-07 SZ





ROBERT ANGEVINE  
202 HELEN GREATHOUSE CIRCLE  
MIDLAND TX 79707

BROOKS OIL AND GAS INTERESTS  
LTD  
PO BOX 23314  
SANTA FE NM 87502-3314

CHESAPEAKE PERMIAN, LP  
PO BOX 960161  
OKLAHOMA CITY OK 73196-0161

THE HENRY TRUST  
JAMES & BILLIE JEAN HENRY,  
TRUSTEES  
3104 SHELL AVE  
MIDLAND TX 79705

ATTN: OBO JIB  
MAGNUM HUNTER PRODUCTION INC  
CIMAREX ENERGY CO  
15 EAST 5TH ST STE 1000  
TULSA OK 74103-4346

RKC INC  
7500 E ARAPAHOE RD STE 380  
CENTENNIAL CO 80112-6116



**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. THOMAS KELLAHIN**  
**706 GONZALES ROAD**  
**SANTA FE, NEW MEXICO 87501**

TELEPHONE 505-982-4285  
FACSIMILE 505-982-2047  
TKELLAHIN@COMCAST.NET

December 17, 2007

*Jan 17, 08*

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

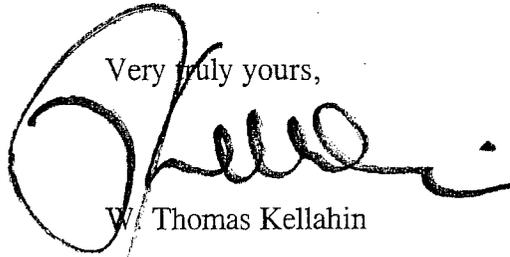
**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION  
DIVISION ADMINISTRATIVE CASE:**

*Re: Administrative Application of Fasken Oil and Ranch, Ltd. for approval of  
unorthodox gas well location for its Ling Federal Well No. 4, Unit G, Section 31,  
T19S, R34E, Lea County, New Mexico.*

Dear Party:

On behalf of Fasken Oil and Ranch, Ltd., please find enclosed a copy of its referenced administrative application. If you have no objection, then there is nothing for you to do. If you are willing to waive objection, please sign this letter as indicated and return it to me. However, should you have any objection to the Division approving this application, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure to file a timely objection will preclude you from objecting at a later date.

Very truly yours,

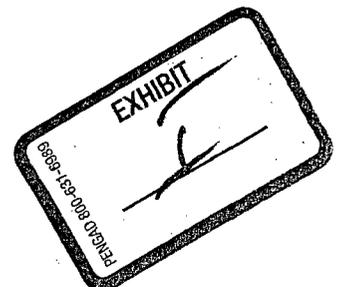


W. Thomas Kellahin

**WAIVER OF OBJECTION:**

By: \_\_\_\_\_ with authority for  
and on behalf of \_\_\_\_\_

Date: \_\_\_\_\_



ABOVE THIS LINE FOR DIVISION USE ONLY

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



**ADMINISTRATIVE APPLICATION CHECKLIST**

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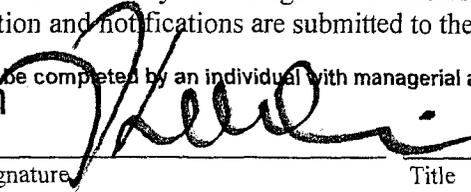
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 NSL  NSP  SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify \_\_\_\_\_
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- [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

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

Kellahin & Kellahin  
 Attorneys At Law  
 706 Gonzales Rd.  
 Santa Fe, NM 87501

  
 Signature

Title

Date 12/17/09

e-mail Address

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. THOMAS KELLAHIN**  
**706 GONZALES ROAD**  
**SANTA FE, NEW MEXICO 87501**

TELEPHONE 505-982-4285  
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TKELLAHIN@COMCAST.NET

December 17, 2007

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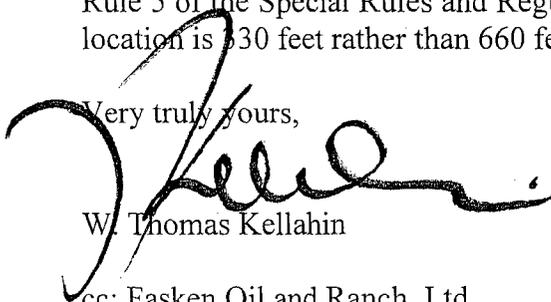
Mr. Mark E. Fesmire, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Administrative Application of Fasken Oil and Ranch, Ltd.  
for approval of a unorthodox gas well location for its  
Ling Federal Well No. 4, Unit G  
API # (Pending)  
1660 feet FSL and 2310 feet FEL  
E/2 320-acre dedication, Section 31  
T19S, R34E, Lea County, New Mexico  
Quail Ridge-Morrow Gas Pool

Dear Ms. Fesmire:

On behalf of Fasken Oil and Ranch, Ltd, please find enclosed our referenced administrative application that is being filed in accordance with Division Rule 104.F and Rule 5 of the Special Rules and Regulations for the Quail Ridge-Morrow Gas Pool. This location is 330 feet rather than 660 feet from the west side of this spacing unit.

Very truly yours,



W. Thomas Kellahin

cc: Fasken Oil and Ranch, Ltd.  
Attn: Jimmy D. Carlile

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION OF FASKEN OIL & RANCH, LTD. FOR  
APPROVAL OF AN UNORTHODOX OIL WELL LOCATION  
LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE APPLICATION**

Comes now FASKEN OIL AND RANCH, LTD. ("Fasken") and by and through its attorneys, Kellahin & Kellahin, and in accordance with Division General Rule 104.F, applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox gas well location for its Ling Federal Well No. 4, to be located 1660 feet FSL and 2310 feet FEL (Unit J) of Section 31, T19S, R34E, Lea County New Mexico to be drilled as a Morrow well subject to the Quail Ridge-Morrow Pool rules and if successful dedicated to a standard 320-acre gas spacing unit consisting of the E/2 of this section.

In support, Fasken states:

- (1) Fasken is the proposed operator of the Ling Federal Well No. 4 to be drilled to the Morrow formation and completed in the Quail Ridge-Morrow Gas Pool (pool code 83280). Fasken has filed an APD and is awaiting approval-there is not API yet issued.
- (2) The well is to be located 1660 feet FSL and 23100 feet FEL (Unit j) Section 31, T19S, R34E, at a unorthodox gas well location for the Morrow formation, dedication to the E/2 of this section. See Form C-102 attached as Exhibit "A"
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- (4) This well, if successful, will be 330 feet from the western boundary of its spacing unit instead of 660 feet as required by Division Rule 104.

**TECHNICAL EVIDENCE**

- (5) The proposed location for this well is based upon a combination of topographical and geological reasons. See summary attached as Exhibit "B"

(6) Because of topographical reasons, the BLM required that the location be moved north of the best geological location in order to avoid a potential sand dune lizard habitat to the south.

(7) The geological evidence demonstrates that this proposed Morrow well should encounter a thicker part of the Middle Morrow A and B sands than would be encountered at any standard location in the E/2 of Section 31:

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### NOTIFICATION

(10) All of Section 31, except for the NE/4NW/4, is subject to Federal oil & gas lease NM-14496.

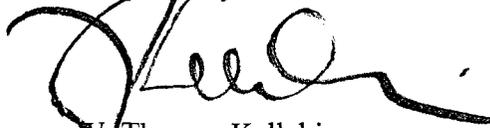
(11) The W/2 of this section has been communitized and is currently dedicated to the Federal Ling #2, located in Unit L and operated by Fasken.

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(12) Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the gas in the Morrow formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:



W. Thomas Kellahin

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

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

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 83280	Pool Name Quail Ridge;Morrow
Property Code	Property Name LING FEDERAL	Well Number 4
OGRID No. 151416	Operator Name FASKEN OIL AND RANCH, LTD	Elevation 3623'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	31	19 S	34 E		1660	SOUTH	2310	EAST	LEA

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.
320			

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 that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Jimmy D. Carlile* 12/12/07  
Signature Date

Jimmy D. Carlile  
Printed Name  
jimmyc@forl.com

---

**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 supervision and that the same is true and correct to the best of my belief.

NOVEMBER 17 2007  
Date Surveyed

*Gary L. Jones*  
Signature & Seal  
Professional Surveyor  
7977

W.C. PROFESSIONAL SURVEYORS, INC.  
13

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

PENGAD 600-631-6898  
EXHIBIT  
A

Fasken Oil and Ranch, Ltd.

Ling Federal No. 4

**Geology**

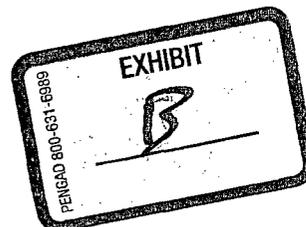
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Dexter Harmon  
Geologist





FASKEN  
LING FEDERAL  
1980 FSL 660 FWL  
T19S R34E S31



TD : 13,656  
ELEV\_KB : 3,029

MATADOR  
FEDERAL 6 COM  
660 FNL 1980 FWL  
T20S R34E S8

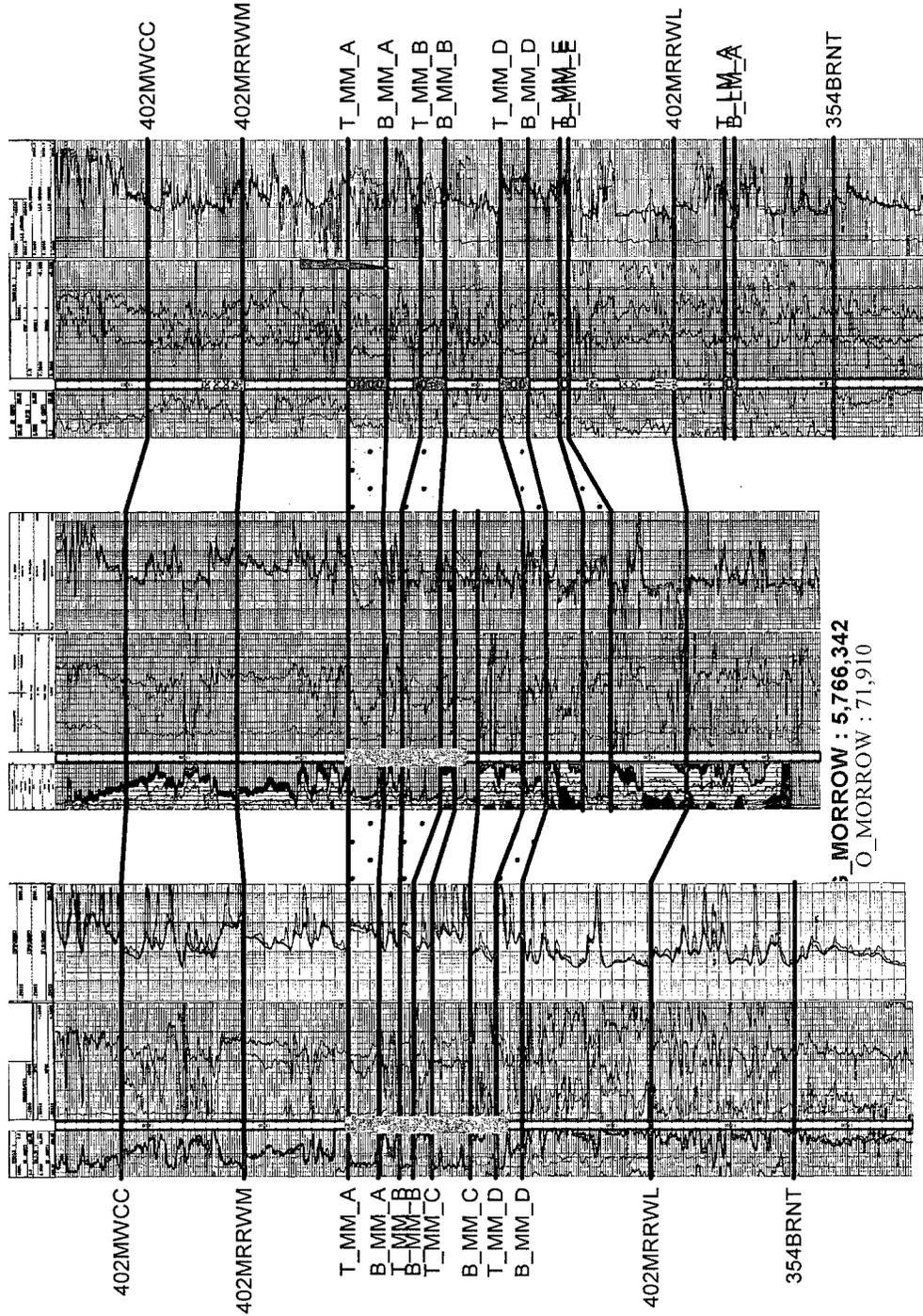


TD : 13,645  
ELEV\_KB : 3,633

FASKEN  
LING FEDERAL  
1980 FNL 1980 FEL  
T19S R34E S31



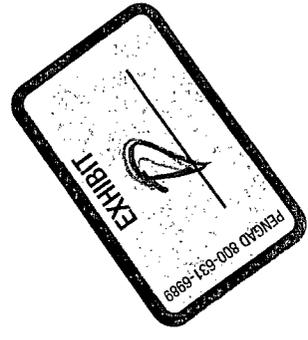
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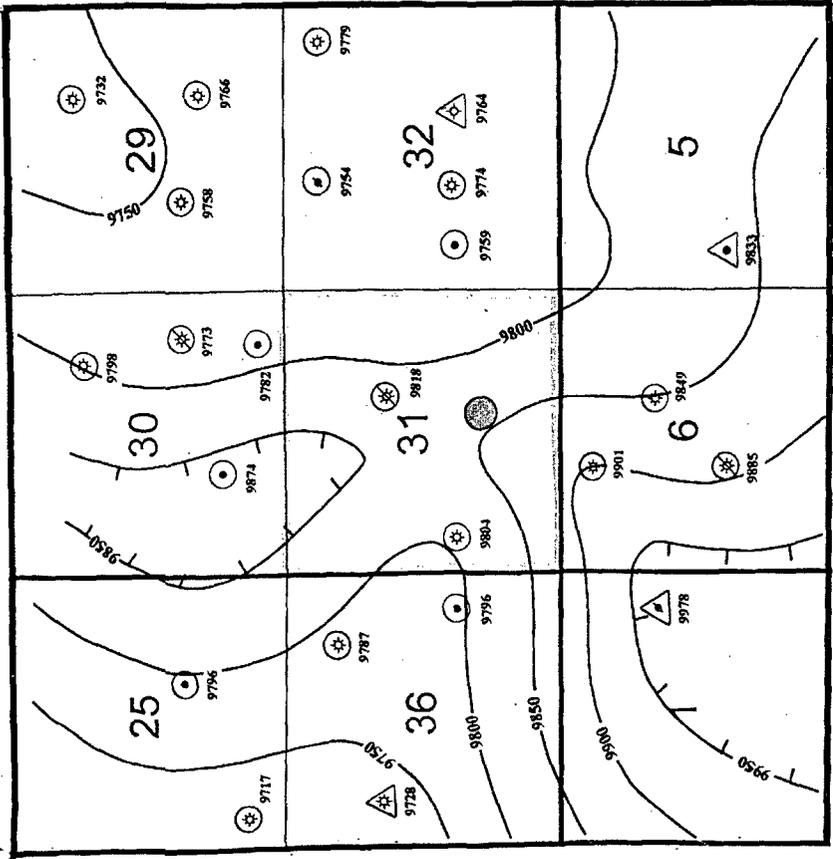
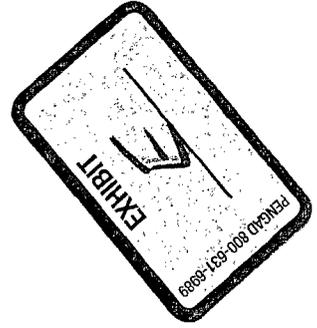


G MORROW : 9,361,949  
O MORROW : 147,830

MORROW : 5,766,342  
O MORROW : 71,910

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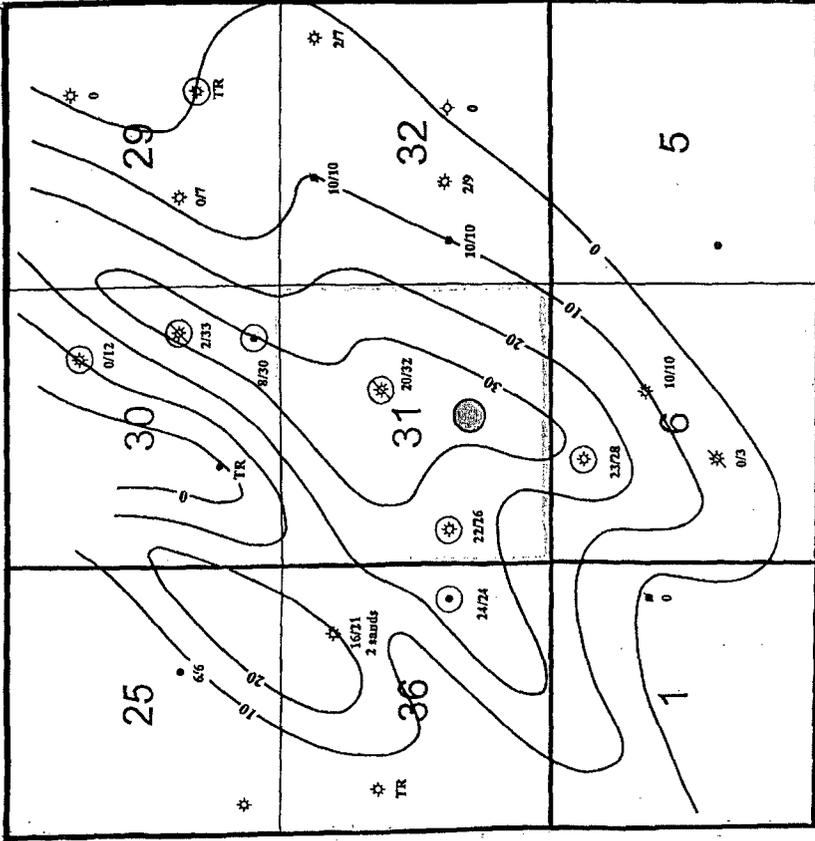
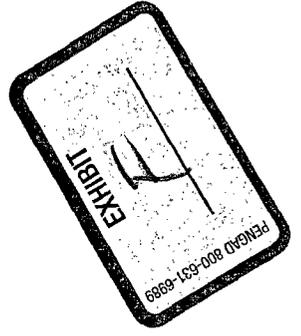




○ ZONE PRODUCER  
 △ ZONE TEST

STEVEN ZEIMKOSKI P.O. BOX 50851 MIDLAND, TX 79710 (432) 683-7527	LING AREA T-19S R-34E LEA COUNTY, NM MORROW STRUCTURE	9-07 SZ
ZEMCO OIL & GAS		

CI = 50'



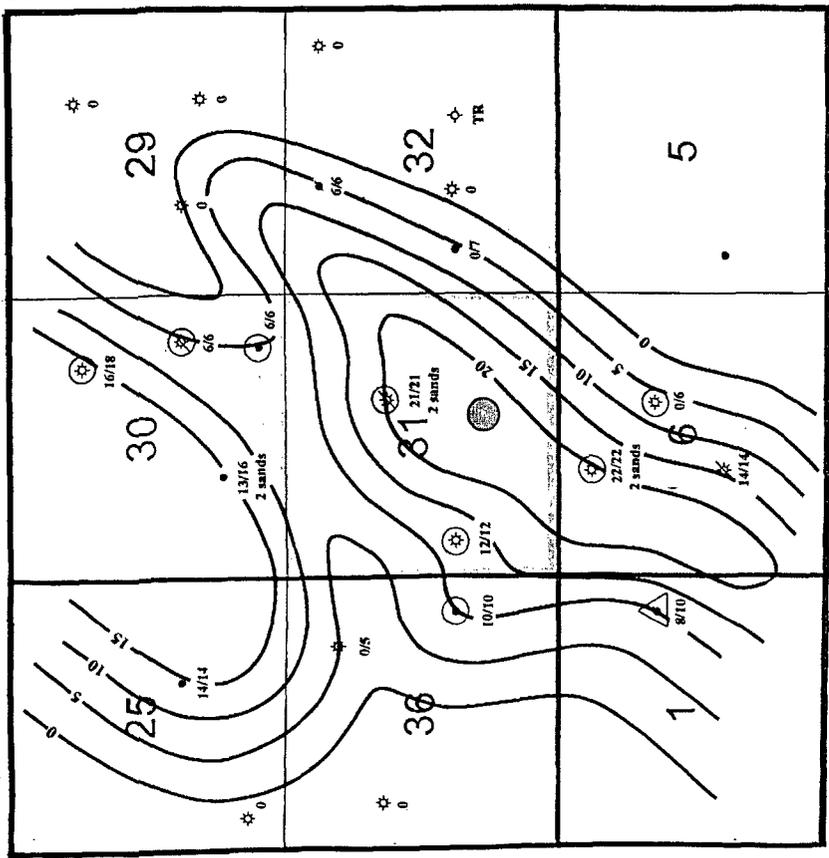
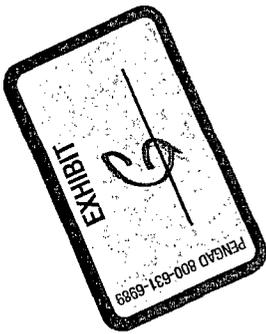
○ ZONE PRODUCER

△ ZONE TEST

NET ≥ 8% CROSSPLOT  
GROSS 25-30%

ONLY MORROW  
PENETRATIONS SHOWN

	STEVEN ZEMKOSKI P.O. BOX 58851 MIDLAND, TX 79710 (432) 685-7527	LING AREA T-19S R-34E LEA COUNTY, NM MIDDLE MORROW "A" GROSS ISOPACH	9-07 SZ
	CI = 10'		



ONLY MORROW  
PENETRATIONS SHOWN

○ ZONE PRODUCER  
△ ZONE TEST

NET ≥ 8% CROSSPLOT  
GROSS ≥ 6%

<p><b>ZEMKO</b> OIL &amp; GAS</p>	<p>STEVEN ZEMKOSKI P.O. BOX 50851 MIDLAND, TX 79710 (432) 683-7527</p> <p><b>LING AREA</b> T-19S R-34E LEA COUNTY, NM</p> <p>MIDDLE MORROW "B" GROSS ISOPACH</p>
<p>CI - 5'</p>	<p>9-07 SZ</p>

ROBERT ANGEVINE  
202 HELEN GREATHOUSE CIRCLE  
MIDLAND TX 79707

BROOKS OIL AND GAS INTERESTS  
LTD  
PO BOX 23314  
SANTA FE NM 87502-3314

CHESAPEAKE PERMIAN, LP  
PO BOX 960161  
OKLAHOMA CITY OK 73196-0161

THE HENRY TRUST  
JAMES & BILLIE JEAN HENRY,  
TRUSTEES  
3104 SHELL AVE  
MIDLAND TX 79705

ATTN: OBO JIB  
MAGNUM HUNTER PRODUCTION INC  
CIMAREX ENERGY CO  
15 EAST 5TH ST STE 1000  
TULSA OK 74103-4346

RKC INC  
7500 E ARAPAHOE RD STE 380  
CENTENNIAL CO 80112-6116



**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. THOMAS KELLAHIN**  
706 GONZALES ROAD  
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285  
FACSIMILE 505-982-2047  
TKELLAHIN@COMCAST.NET

December 17, 2007

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

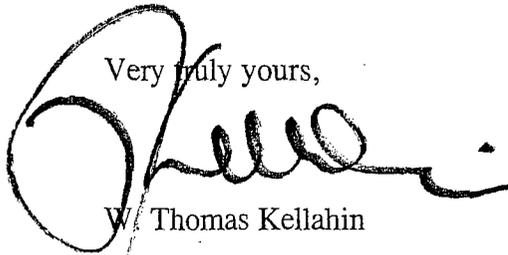
**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION  
DIVISION ADMINISTRATIVE CASE:**

*Re: Administrative Application of Fasken Oil and Ranch, Ltd. for approval of  
unorthodox gas well location for its Ling Federal Well No. 4, Unit G, Section 31,  
T19S, R34E, Lea County, New Mexico.*

Dear Party:

On behalf of Fasken Oil and Ranch, Ltd., please find enclosed a copy of its referenced administrative application. If you have no objection, then there is nothing for you to do. If you are willing to waive objection, please sign this letter as indicated and return it to me. However, should you have any objection to the Division approving this application, then it will be necessary for you to file a written objection with the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure to file a timely objection will preclude you from objecting at a later date.

Very truly yours,

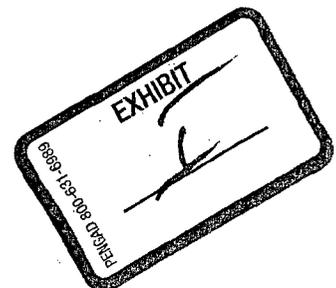


W. Thomas Kellahin

**WAIVER OF OBJECTION:**

By: \_\_\_\_\_ with authority for  
and on behalf of \_\_\_\_\_

Date: \_\_\_\_\_



DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



**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]**

RECEIVED  
 2007 DEC 17 PM 12:41

- [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.

**Kellahin & Kellahin**  
**Attorneys At Law**  
 706 Gonzales Rd.  
 Santa Fe, NM 87501

Signature: *[Handwritten Signature]*

Title: \_\_\_\_\_

Date: 12/17/09

e-mail Address: \_\_\_\_\_

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. THOMAS KELLAHIN**  
**706 GONZALES ROAD**  
**SANTA FE, NEW MEXICO 87501**

TELEPHONE 505-982-4285  
FACSIMILE 505-982-2047  
TKELLAHIN@COMCAST.NET

December 17, 2007

HAND DELIVERED

RECEIVED  
2007 DEC 17 PM 12 41

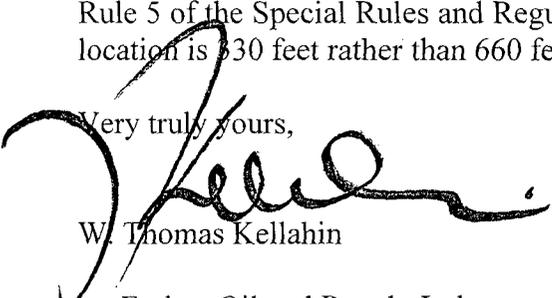
Mr. Mark E. Fesmire, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Administrative Application of Fasken Oil and Ranch, Ltd.  
for approval of a unorthodox gas well location for its  
Ling Federal Well No. 4, Unit G  
API # (Pending)  
1660 feet FSL and 2310 feet FEL  
E/2 320-acre dedication, Section 31  
T19S, R34E, Lea County, New Mexico  
Quail Ridge-Morrow Gas Pool

Dear Ms. Fesmire:

On behalf of Fasken Oil and Ranch, Ltd, please find enclosed our referenced administrative application that is being filed in accordance with Division Rule 104.F and Rule 5 of the Special Rules and Regulations for the Quail Ridge-Morrow Gas Pool. This location is 530 feet rather than 660 feet from the west side of this spacing unit.

Very truly yours,

  
W. Thomas Kellahin

cc: Fasken Oil and Ranch, Ltd.  
Attn: Jimmy D. Carlile

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION OF FASKEN OIL & RANCH, LTD. FOR  
APPROVAL OF AN UNORTHODOX OIL WELL LOCATION  
LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE APPLICATION**

Comes now FASKEN OIL AND RANCH. LTD. ("Fasken") and by and through its attorneys, Kellahin & Kellahin, and in accordance with Division General Rule 104.F, applies to the New Mexico Oil Conservation Division ("Division") for approval of an unorthodox gas well location for its Ling Federal Well No. 4, to be located 1660 feet FSL and 2310 feet FEL (Unit J) of Section 31, T19S, R34E, Lea County New Mexico to be drilled as a Morrow well subject to the Quail Ridge-Morrow Pool rules and if successful dedicated to a standard 320-acre gas spacing unit consisting of the E/2 of this section.

In support, Fasken states:

- (1) Fasken is the proposed operator of the Ling Federal Well No. 4 to be drilled to the Morrow formation and completed in the Quail Ridge-Morrow Gas Pool (pool code 83280). Fasken has filed an APD and is awaiting approval-there is not API yet issued.
- (2) The well is to be located 1660 feet FSL and 23100 feet FEL (Unit j) Section 31, T19S, R34E, at a unorthodox gas well location for the Morrow formation, dedication to the E/2 of this section. See Form C-102 attached as Exhibit "A"
- (3) Fasken now desires approval to drill and produce this well at an unorthodox gas well location for any Morrow gas production.
- (4) This well, if successful, will be 330 feet from the western boundary of is spacing unit instead of 660 feet as required by Division Rule 104.

**TECHNICAL EVIDENCE**

- (5) The proposed location for this well is based upon a combination of topographical and geological reasons. See summary attached as Exhibit "B"

(6) Because of topographical reasons, the BLM required that the location be moved north of the best geological location in order to avoid a potential sand dune lizard habitat to the south.

(7) The geological evidence demonstrates that this proposed Morrow well should encounter a thicker part of the Middle Morrow A and B sands than would be encountered at any standard location in the E/2 of Section 31:

- (a) See Locator map attached as Exhibit "C"
- (b) See three well cross-section attached as Exhibit "D"
- (c) See Morrow structure map attached as Exhibit "E"
- (d) See Middle "A" Morrow gross isopach attached as Exhibit "F"
- (e) See Middle "B" Morrow gross isopach attached as Exhibit "G"

### NOTIFICATION

(10) All of Section 31, except for the NE/4NW/4, is subject to Federal oil & gas lease NM-14496.

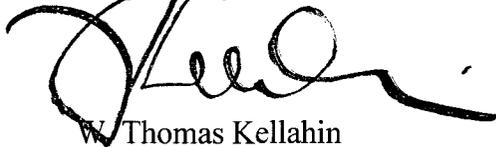
(11) The W/2 of this section has been communitized and is currently dedicated to the Federal Ling #2, located in Unit L and operated by Fasken.

(11) The subject spacing unit E/2 of Section 31 and the encroached upon spacing unit the W/2 of Section 31 are both operated by Fasken. Notice is being sent to all the working interest owners in the W/2 of Section 31, See Exhibits "H" and "I":

(12) Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the gas in the Morrow formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:



W. Thomas Kellahin

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 83280	Pool Name Quail Ridge;Morrow
Property Code	Property Name LING FEDERAL	Well Number 4
OGRID No. 151416	Operator Name FASKEN OIL AND RANCH, LTD	Elevation 3623'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	31	19 S	34 E		1660	SOUTH	2310	EAST	LEA

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.
320			

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 that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Jimmy D. Carlile* 12/12/07  
Signature Date

Jimmy D. Carlile  
Printed Name  
jimmyc@forl.com

---

**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 supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 15 2007  
Date Surveyed

GARY L. JONES  
Signature & Professional Surveyor  
7977

W/O. [unclear] 13

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

EXHIBIT  
A  
PENCAD 800-631-6888

Fasken Oil and Ranch, Ltd.

Ling Federal No. 4

### Geology

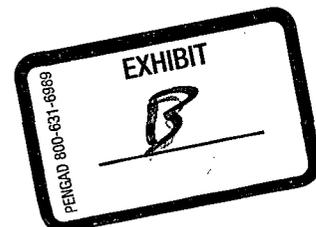
Fasken Oil and Ranch, Ltd.'s Ling Federal No. 4 is proposed at 1660' FSL and 2310' FEL of Section 31, T19S, R34E, Lea County, New Mexico. The well is proposed as a 13,700' Morrow test in the Quail Ridge;Morrow (gas) Pool.

Fasken has concluded through material balance analysis that there is an additional 2 BCF of gas that has not been recovered from the Morrow in this area. Even though the 3 nearest wells (Fasken's Ling Federal Nos. 1 and 2, and the Matador Fed 6 Com No. 1) have made 18,712 MMCFG, we do not believe the last remaining well (Ling Federal No. 2) will recover these remaining reserves. Waste will occur as a result of not drilling this proposed well.

Our proposed location should encounter the thicker part of the Middle Morrow A and B sands and the eastern edge of the Middle Morrow C sand, which is critical to recover a substantial amount of this left behind natural gas. Any shallower zones encountered with shows (Delaware, Bone Spring, Wolfcamp) should be tested in this well bore to prevent waste.

The proposed location does not encroach on, nor drain, other leases even though it is less than 660' from the quarter section line. The location has been moved north of our best proposed location because of potential sand dune lizard habitat to the south. The Bureau of Land Management has given their approval of this location.

Dexter Harmon  
Geologist



# Fasken Oil & Ranch, Ltd.

Lea County, New Mexico

## Ling Fed #4 Morrow

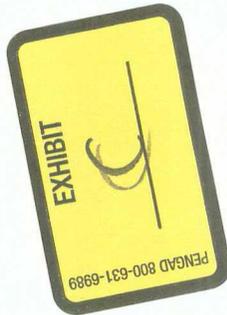
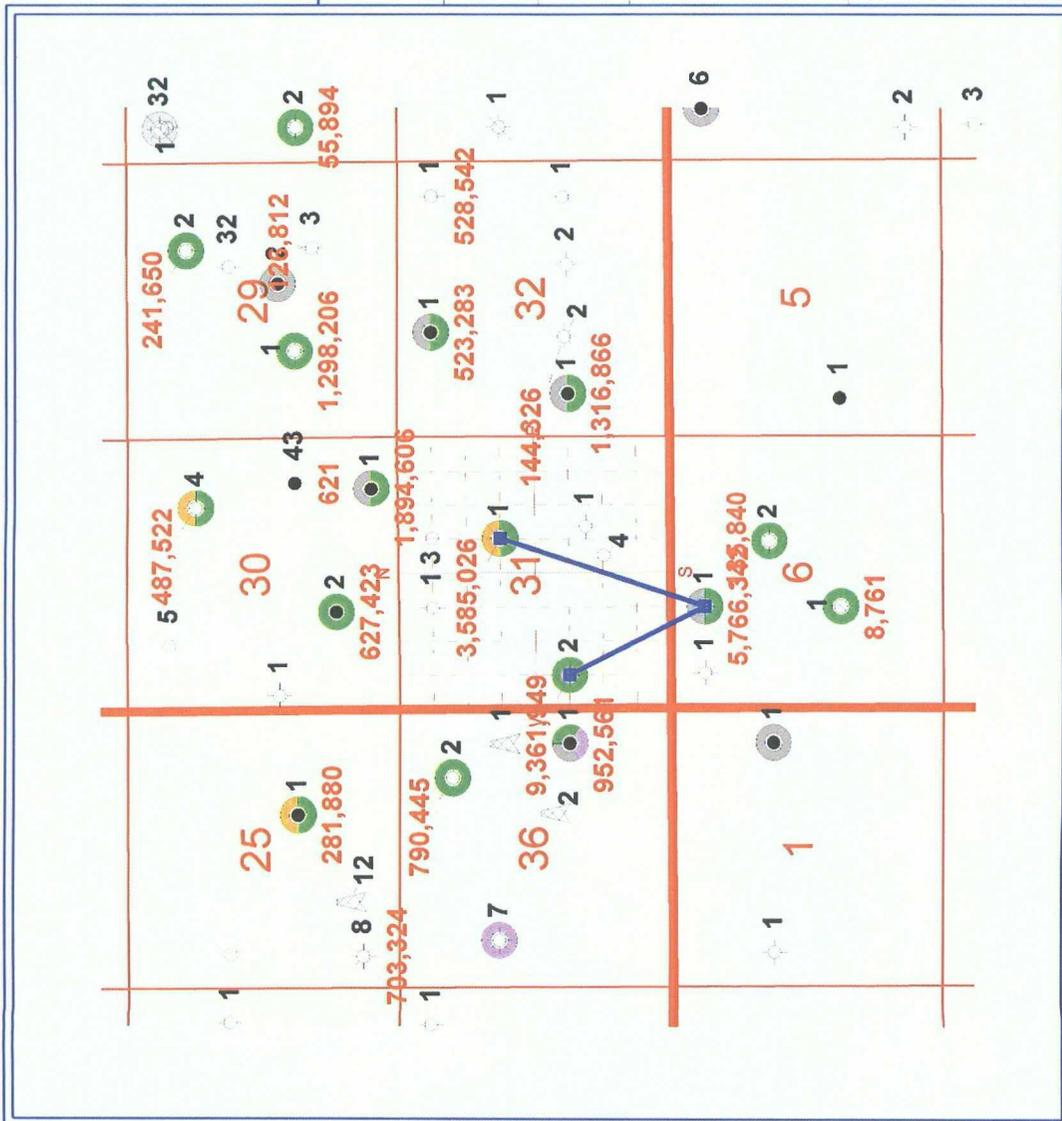
### POSTED WELL DATA

● Well Number  
● PRODUCTION - G\_MORROW (MCF)

By: DLH



September 18, 2007



FASKEN  
LING FEDERAL  
1980 FSL 660 FWL  
T19S R34E S31



TD : 13,656  
ELEV\_KB : 3,629

MATADOR  
FEDERAL '6' COM  
660 FNL 1980 FWL  
T20S R34E S6

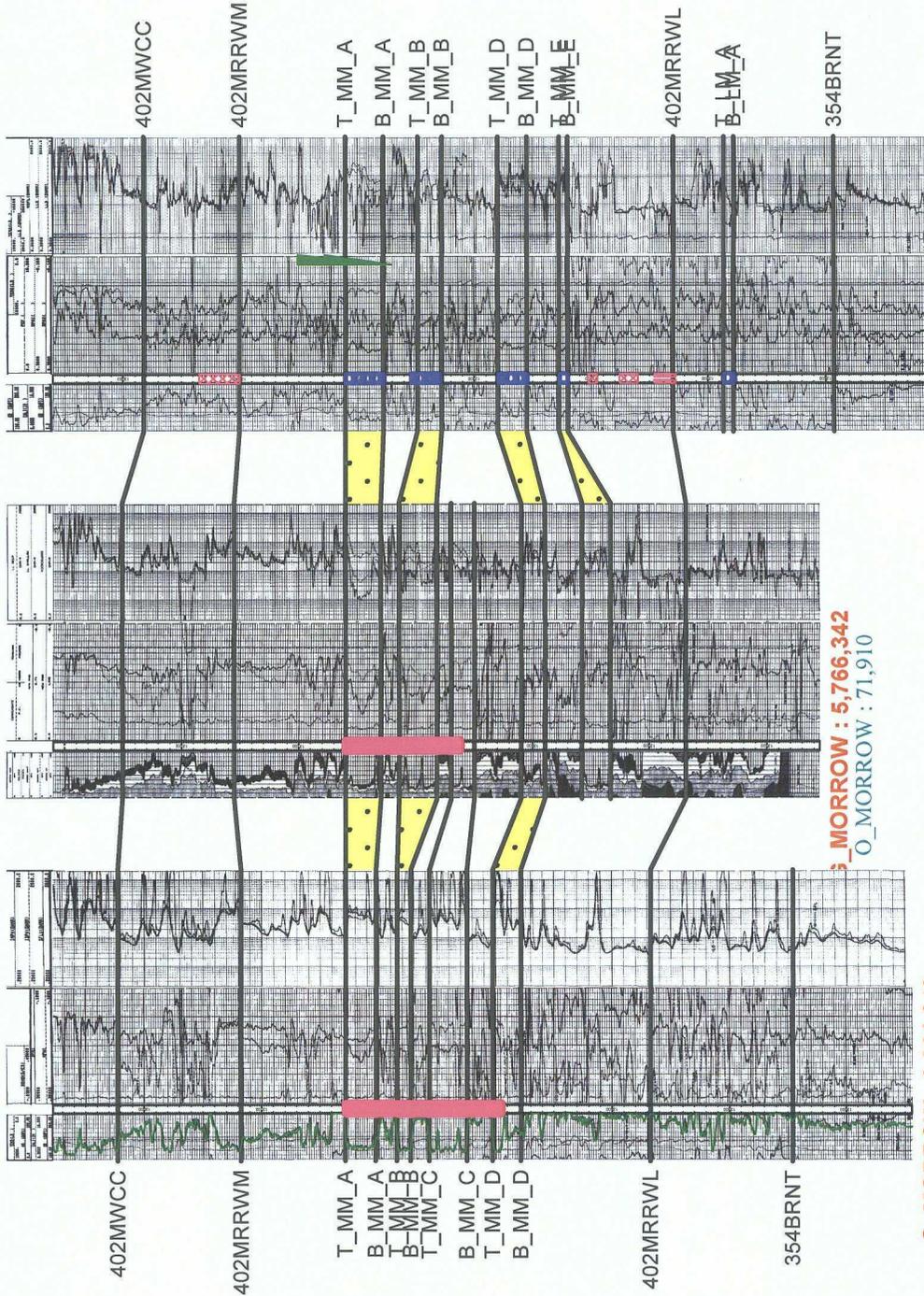


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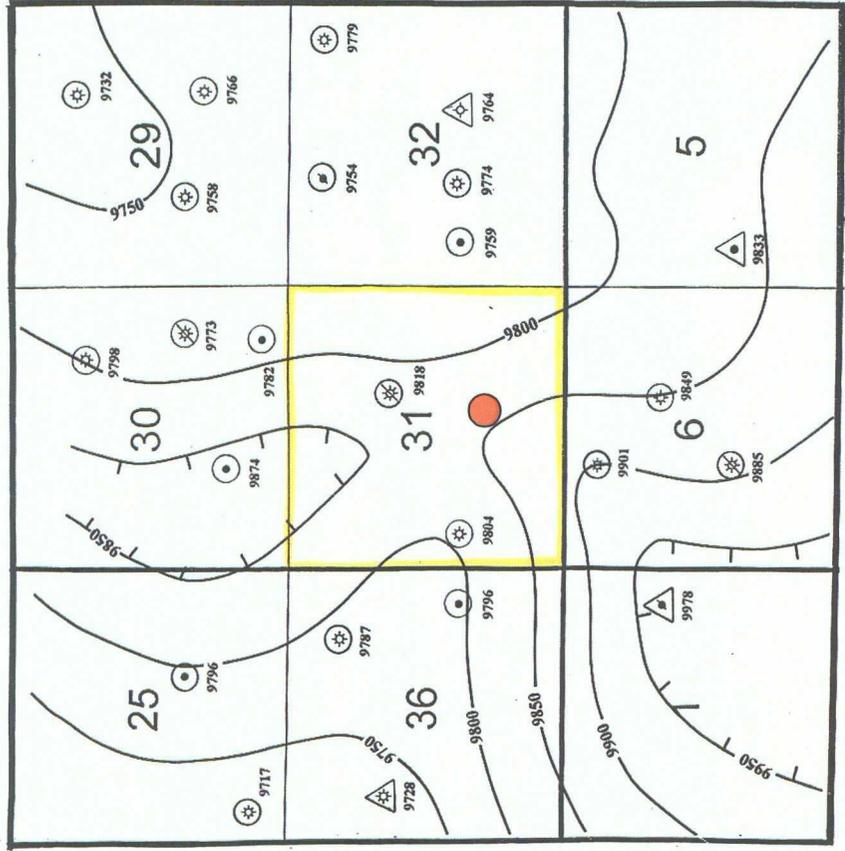


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 △ ZONE TEST

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CI = 50'	9-07 SZ







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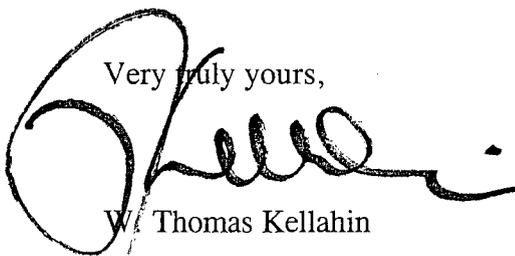
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Very truly yours,



W. Thomas Kellahin

**WAIVER OF OBJECTION:**

By: \_\_\_\_\_ with authority for  
and on behalf of \_\_\_\_\_

Date: \_\_\_\_\_

