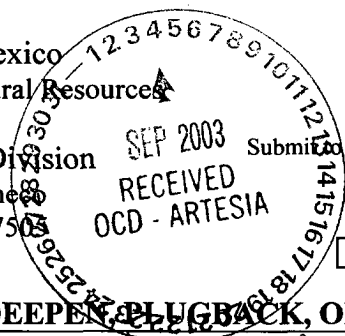


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999
Submitted to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies



☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUG BACK, OR ADD A ZONE

¹ Operator Name and Address Fasken Oil and Ranch, Ltd. 303 W. Wall Ave., Suite 1800 Midland, TX 79701-5116		² OGRID Number 151416
		³ API Number 30-015-23598
³ Property Code 32162	⁵ Property Name Chosa Draw Unit	⁶ Well No. 1

⁷ 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	32	25S	25E		1980	South	1980	East	Eddy

⁸ Proposed 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
⁹ Proposed Pool 1 Eddy Undesignated;Morrow (Gas) 90622					¹⁰ Proposed Pool 2				

¹¹ Work Type Code P	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3668'
¹⁶ Multiple No	¹⁷ Proposed Depth 11745'	¹⁸ Formation Morrow	¹⁹ Contractor Not available	²⁰ Spud Date 9/22/03

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	172'	200 sx C	Surface
12 1/4"	10 3/4"	40.5#	1485'	450 sx Lite/C	Surface
9 1/2"	7 5/8"	29.7#/26.4#	9065'	1010 Lite/H	4000'
	5"	18#	8766' - 11750'	450 sx H	

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Fasken Oil and Ranch, Ltd. proposes to recompleate the Chosa Draw Unit No. 1 to the Eddy Undesignated;Morrow (Gas) Pool. Please see the attached procedure.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Jimmy D. Carlile</i>		Approved by: <i>Jim W. Gunn</i>	
Printed name: Jimmy D. Carlile		Title: SUPERVISOR, DISTRICT II	
Title: Regulatory Affairs Coordinator		Approval Date: SEP 05 2003	Expiration Date: SEP 05 2004
Date: 9/3/03	Phone: (432) 687-1777	Conditions of Approval:	
		Attached <input type="checkbox"/>	

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State of New Mexico
Energy, Minerals & Natural Resources
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe. NM 87505

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

¹ API Number 30-015-23598	² Pool Code 90622	³ Pool Name Eddy Undesignated;Morrow (Gas)
⁴ Property Code	⁵ Property Name Chosa Draw Unit	⁶ Well Number 1
⁷ OGRID No. 151416	⁸ Operator Name Fasken Oil and Ranch, Ltd.	⁹ Elevation 3668'

¹⁰ 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	32	25S	25E		1980	south	1980	east	Eddy

¹¹ 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
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

16				<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Jimmy D. Carlile</i> Signature Jimmy D. Carlile Printed Name Regulatory Affairs Coord. Title 9/3/03 Date</p> <p>¹⁸ 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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>

**Chosa Draw Unit No. 1
Workover Procedure
AFE 736**

Fasken Oil & Ranch, Ltd. ----- Chosa Draw Unit No. 1 ----- Eddy (Morrow) Field

Surface Location: 1980' FSL & 1980' FEL Sec 32, T25S, R25E, Eddy Co., NM

Objective: Recomplete to Morrow

KB: 16' above GL

Completed: 3-6-81

TD: 11745'

PBTD: 11,602'

Casing:

13-3/8" H-40 48# @ 172' w/200 sx, Circ 75sx to surf. (Circ 20 sx)

10- 3/4" K-55 40.5# @ 1485' w/350 sx lite+100 sx "C" (Circ 80 sx)

7-5/8" 26.4# @ 9065' w/810sx lite + 200 sx "H" TOC 4000'

5" N-80 18# FL4S Casing Liner Top @ 8766' - 11,749' w/450 sx "H"

Perfs: Original 2 JSPF 9413'-19' (15 holes). 4-8-81

Packer: 5" Baker Lockset packer @ 9281', 12,000# compression w/ 2-3/8" pup joint and SN

Tubing Casing Annulus has 2% Kcl water with packer fluid.

Tubing: 2-3/8" EUE 4.7# N-80 @ 9281'.

1. Dig and line 10' x 15' x 6' deep work over pit. RU blooie line from choke on well head to pit and stake down.
2. RUPU and pump truck. Test tubing casing annulus to 500 psi for 10 minutes. Kill well with 36 bbls 3% KCL water and establish injection rate into Wolfcamp perforations with 20 bbls 3% kcl water, 56 bbls total. Monitor tubing pressure for leak off after shutting down.
3. ND x-mas tree, install BOP.
4. Release Baker Lockset packer and RIW with tubing to 9500'. Attempt to reset packer and test casing below packer to 1500 psi. POW w/2-3/8" 8rd EUE N-80 tubing and packer.
5. RIW with 5" cement retainer and tubing to 9338' +/- and pump through retainer. Set retainer and test tubing to 2500 psi with cement retainer in test position, and pressure casing to 500 psi and monitor.
6. RU BJ Services and pump 150 sx Class "H" (15.6ppg/ 1.18cuft/sx) cement as follows:
 - A. If well will support a column of fluid sting out of retainer and spot cement to end of tubing. Sting back into retainer and displace cement into perforations with 3% Kcl water. Cut displacement 2 bbls short to leave cement on top of retainer. Maximum pressure 2500 psi. Hesitate if necessary. Pull out of retainer with one stand and reverse circulate cement to pit. Stand tubing back in derrick. WOC 12 hrs.
 - B. If well will not support a column of fluid displace cement into perforations with 3% Kcl water and sting out of retainer with 2 bbls cement left in tubing. Stand back one stand in derrick and reverse circulate cement to pit. Stand remainder of tubing back in derrick. WOC 12 hrs.
7. RU reverse pit and drilling equipment. RIW with 3-7/8" skirted bit, 5" casing scraper, (6) 3-1/8" drill collars and tubing to cement retainer. Test casing to 500 psi. Drill out cement

retainer and cement. Test casing to 500 psi for 15 minutes. If squeeze holes hold RIW to 11,100' and reverse circulate well with 3% Kcl water containing packer fluid and BJ's ClayMaster 5C.

8. POW with tubing and tools.
9. RU tubing testers and RIW w/ 5" X 2-3/8" Arrowset I 10K packer, 1.875" "F" frac hardened profile nipple, TOSSD and 2-3/8" 8rd EUE N-80 tubing testing to 9500 psi above slips. Set packer @ 10,860' +/- in 20 pts. compression.
10. ND BOP and NUWH. Test tubing, casing and packer to 500 psi and trap pressure. Test tubing and casing below packer to 3500 psi for 5 minutes. RU swab and swab fluid level down to 9000' F.S.
11. RUWL and 5000 psi lubricator. RIW w/ 1-11/16" strip gun and perforate 5" casing @ 10919'-10923', 10947'-10956', 11016'- 11021' 1 JSPF (21 holes).
12. RDWL and clean up well to pit. Return well to sales and evaluate for further stimulation.

If further stimulation required RU BJ Services. Install tree saver. Pressure tbg-csg annulus to 500 psi and monitor. Stimulate with 1000 gal 7-1/2% NEFE acid with 25% methanol +1000 scf/bbl nitrogen and drop 20 ball sealers evenly spaced for diversion. Flush with 3% KCL water containing packer fluid and ClayMaster 5C + 1000 scf/bbl nitrogen. Max pressure 9000 psi.

Acid Additives:

2 gpt CI-27, 1 gpt Ne-940 Non-emulsifier, 1 gpt Inflo-150 Surface Tension reducer, 6 gpt FE-270 Iron Control, 2 gpt FE-271 Iron Control activator, 0.5 gpt Clay Master-5C Clay Control.

Replace 25% of the acid mix water with methanol. 1000 gallons of 7.5% HCL requires 810 gals water and 190 gals 28 Baume HCL, so mix with 190 gals raw acid, 203 gals methanol, 607 gals water.

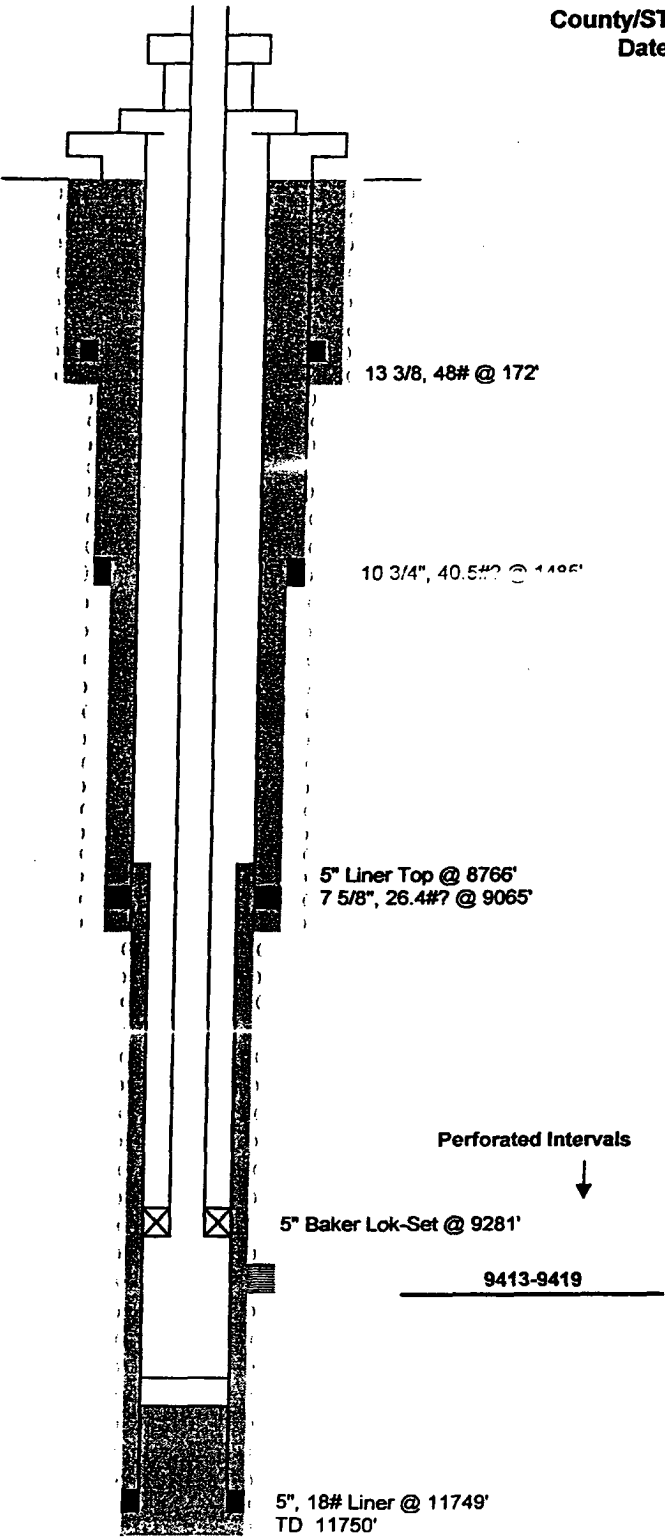
13. Flow and swab back load and acid water to pit until flare will burn.
14. Return well to sales.

MTJ 8-18-03

(Chosa 1 afe736 pro.doc)

WELLBORE DIAGRAM

Operator: Carbon Energy Corporation (USA)
Lease Name: Chosa Draw Unit No. 1
API Number: 30-015-23598
Location: 1980' FSL, 1980' FEL Sec. 32, T25S, R25E
County/ST: Eddy/NM
Date: 10/23/2002 Gr Elev - Gr/KB: 3668'/3684'



Spud Date: 1/12/1981

Surface Pipe Size/Depth: 4 jts - 13 3/8", 48#, STC/172'

Surface Cement:
200 sks Class "C" + 2% CaCl + 1/4 #/sk Flocele

Intermediate TOC: Unk

2nd Intermediate TOC: 4000' (Calc)

Production TOC:

Intermediate Pipe Size/Depth: 10 3/4", 40.5#?/1485'

Intermediate Cement:
Lead: 350 sks BJ Lite + 8% salt + 1/4 # Colex
Tail: 100 sks Class "C" + 2% CaCl

2nd Intermediate Pipe Size/Depth: 7 5/8", 26.4#?/9065'

2nd Intermediate Cement:
Lead: 810 sks BJ Lite + 0.6% D-19 + 0.2% R-6
Tail: 200 sks Class "H" + 0.1% D-19 + 0.2% R-5

Liner Cement:
450 sks Class "H" + 1% D-19 + 2% A-9 + 0.2% A-2 + 0.22% R-5

Tubing Size / Landed: 2 3/8", 4.7# @ 9281'?

Productive Formation(s): Wolfcamp

Liner Casing Size / Depth: 76 jts - 5", 18#, N-80/11749' with top @ 8766'

Total Depth / PBTD: 11750' /11608' '

TD Date: 3/6/1981

FASKEN OIL AND RANCH, LTD.

303 WEST WALL AVENUE, SUITE 1800
MIDLAND, TEXAS 79701-5116

(432) 687-1777

Jimmy D. Carlile
Regulatory Affairs Coordinator

September 9, 2003

Mr. Bryan Arrant
New Mexico Oil Conservation Division
1301 West Grand Avenue
Artesia, NM 88201

Dear Mr. Arrant,

Re: Fasken Oil and Ranch, Ltd.
Chosa Draw Unit No. 1
H2S Contingency Plan
Plugback to Morrow
Section 32, T25S, R25E
Eddy County, New Mexico

In our review of the Morrow production in this area of Eddy County we have identified only sweet gas production. Therefore, no H2S Contingency Plan is necessary as we plugback to the Eddy Undesignated;Morrw (Gas) Pool.

Yours truly,



Jimmy D. Carlile
Regulatory Affairs Coordinator