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 & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office

State Lease - 4 Copies Fee Lease - 3 Copies

☐ AMENDED REPORT

	WELL LOCATI	ION AND ACREAGE DEDICATION PLAT		
¹API Numbe				
30-015-20906	97043	Foster Draw (Delaware Oil)		
Property Code		⁵ Property Name		
018192	El Paso "3" Federal		1	
OGRID No.		Operator Name	Elevation	

3189' GR Fasken Oil and Ranch, Ltd. 151416 ¹⁰ Surface Location Feet from the UL or let no. Section Township Range Lot Ida North/South line Feet from the East/West line County 27241 2870' 26E North Eddy K 3 21S East 11 Bottom Hole Location If Different From Surface UL or lot no. Section Township Lot Idn Feet from the North/South line Feet from the East/West line County Joint or Infill Consolidation Code Order No. ² Dedicated Acres NSL-604-B 40

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	Section 2724'	i Line	-	17 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 interest in the land including the proposed bottom hole location or has a right to drill this well at this location prustiant to a contract with an owner of such a mineral or working interest or to a wilmtary pooling agreement or a compilisory pooling order heretofore entered by the division Kim Tyson
	40 acres	2870'		kimt@for1.com 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.
			EXHIBIT	Date of Survey Signature and Seal of Professional Surveyor Certificate Number

EXHIBIT

DATE IN	SUSPENSE	ENGNEER	LOGGEDIN	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



omundsdry@hollandhart.com

e-mail Address

SEP 26 2008 OCD-ARTESIA

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] Location - Spacing Unit - Simultaneous Dedication ∕NSL ∏ NSP ∏ SD Check One Only for [B] or [C] Commingling - Storage - Measurement [B]□ 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, of Does Not Apply Working, Royalty or Overriding Royalty Interest Owners [A] [B] Offset Operators, Leaseholders or Surface Owner Application is One Which Requires Published Legal Notice [C] [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. CERTIFICATION: I hereby certify that the information submitted with this application for administrative [4] 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. 9-23-08 Date cean Monds-Dry Ocean Munds-Dry Print or Type Name



September 23, 2008

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Fasken Oil and Ranch, Ltd. for Administrative Approval of an Unorthodox Well Location for its El Paso "3" Federal Well No. 1 located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

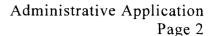
Dear Mr. Fesmire:

Pursuant to the provisions of Division Rule 104 F (2), Fasken Oil and Ranch, Ltd. ("Fasken") hereby seeks administrative approval of an unorthodox well location for its El Paso "3" Federal Well No. 1 located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. The NE/4 SW/4 of Section 3 will be dedicated to the well.

This location is unorthodox because it is governed by the Division's statewide rules which provide for wells on 40-acre spacing to be located no closer than 330 feet to the outer boundary of the spacing unit. The proposed location is unorthodox because it is only 230 feet from the eastern boundary and 84 feet from the northern boundary of the spacing unit.

This well was originally drilled to a wildcat gas well location as authorized by Administrative Order NSL 604, attached as **Exhibit A**. Fasken later re-completed the well in the Wolfcamp formation and then in the Pennsylvanian formation. See Administrative Orders NSL 604-A & -B, also attached as **Exhibit A**.

Fasken now seeks to plug back this well to test the Delaware oil zone. The proposed location is the most efficient and reasonable way to develop these reserves. It would not be economic to drill a new well to test this zone. **Exhibit C** is a copy of the sundry notice filed with the BLM expressing Fasken's intent to recomplete in the Delaware as well as a copy of the recompletion procedure. **Exhibit D** is the C-102 showing the well location and the spacing unit for the well.





All of Section 3 is subject to a joint operating agreement where Fasken is named operator. Fasken is also the leasehold operator and all mineral interests are common. Therefore, there are no affected parties as defined by Rule 1210(A)(2) and no notice is required.

Granting of this application would be in the best interest of conservation and the prevention of waste.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds - Dy Ocean Munds-Dry

ATTORNEY FOR FASKEN OIL AND RANCH, LTD.

Enclosures

cc: Mr. Jimmy Carlile

OIL CONSERVATION COMMISSION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

June 4, 1973

Henry Engineering 807 First National Bank Building Midland, Texas 79701

Attention: Mr. James B. Henry

Administrative Order NSL-604

Gentlemen:

Reference is made to your application for approval of a gas well location for your El Paso "3" Federal Well No. 1, a Wildcat, to be located 489.1 feet from the North line and 195.1 feet from the East line of Lot 11 of Section 3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

Waivers of objection have been received from offsetting operators and the waiting period prescribed by Rule 104 F may be dispensed with in this instance. Therefore, by authority granted me by the provisions of Rule 104 F of the Commission Rules and Regulations, the above-described unorthodox location is hereby approved.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/JEK/dr

cc: Oil Conservation Commission - Artesia
Oil & Gas Engineering Committee - Hobbs
U. S. Geological Survey - Artesia





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 14, 2004

Lori Wrotenbery
Director
Oil Conservation Division

151-604

Fasken Oil and Ranch, Ltd. c/o W. Thomas Kellahin P. O. Box 2265 Santa Fe, New Mexico 87504-2265

Administrative Order NSL-604-A

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, Fasken Oil and Ranch, Ltd. ("Fasken"), dated December 12, 2003 (administrative application reference No. pMESO-400638551); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order NSL-604: all concerning Fasken's request for an unorthodox Wolfcamp oil well location for its existing El Paso "3" Federal Well No. 1 (API No. 30-015-20906), located 2724 feet from the North line and 2870 feet from he East line (Lot 27/Unit K) of Irregular Section 3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico. Lot 27 of Irregular Section 3, being a standard 39.44-acre oil spacing and proration unit for Wolfcamp oil production, is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By Division Administrative Order NSL-604, dated June 4, 1973, David Fasken was authorized to drill the above-described El Paso "3" Federal Well No. 1 at an unorthodox "wildcat" gas well location "489.1 feet from the North line and 195.1 feet from the East line of Lot 11 of [Irregular] Section 3," which location corresponds to the above-described current description of this well. In August/September, 1973 David Fasken drilled the El Paso "3" Federal Well No. 1 to a total depth of 11,240 feet. This well was subsequently completed in the Avalon-Morrow Gas Pool (70920), the Calabaza Draw-Atoka Gas Pool (73695), and the Avalon-Strawn Gas Pool (71080), all within a standard 320-acre, more or less, lay-down gas spacing unit comprising the middle one-third (Units I through P) of Irregular Section 3.

It is further understood that: (i) the Morrow interval was abandoned in late 1992; (ii) the Atoka and Strawn intervals were abandoned in September, 2003; and (iii) on December 3, 2003 Fasken recompleted this well as an oil well in the Wolfcamp formation. However, pursuant to Division Rule 104.B (1), as revised, this Wolfcamp oil location is considered to be "unorthodox" for the aforementioned standard 39.44-acre oil spacing and proration unit comprising Lot 27 (Unit K) of Irregular Section 3.

Page 2

According to your application and the Division's records, Lot 27 (Unit K) and offsetting Lot 26 (Unit J), both in Irregular Section 3, are included within a single Federal lease (U.S. Government lease No. NM-911) in which Fasken is the leasehold operator and all mineral interest is common; therefore, there are no adversely effected offsets to the subject 39.44-acre tract.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Wolfcamp oil well location for the Fasken's El Paso "3" Federal Well No. 1 is hereby approved.

Further, Division Administrative Order NSL-604 is hereby placed in abeyance until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery

Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia

U. S. Bureau of Land Management - Carlsbad

File: NSL-604



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Governor

Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 5, 2007

Fasken Oil & Ranch, Ltd. c/o Mr. Thomas Kellahin 706 Gonzales Road Santa Fe. New Mexico 87501

Attention: Mr. Thomas Kellahin, Attorney

Re:

El Paso "3" Federal Well No. 1

API No. 30-015-20906

2724' FNL & 2870' FEL, Lot 27, Unit K,

Irregular Section 3, T-21 South, R-26 East, NMPM,

Eddy County, New Mexico

Administrative Order NSL-604-B

Dear Mr. Kellahin:

Reference is made to the following:

- (a) your application on behalf of Fasken Oil & Ranch, Ltd. ("applicant") for a non-standard well location (administrative application reference No. pTDS0701734480) for the El Paso "3" Federal Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on January 16, 2007; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox gas well location for its **existing** El Paso "3" Federal Well No. 1 in either the Undesignated Avalon-Upper Pennsylvanian Gas Pool (71000) or the Undesignated North Avalon-Upper Pennsylvanian Gas Pool (71040) which has been drilled 2724 feet from the North line and 2870 feet from the East line (Lot 27,Unit K) of Irregular Section 3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico. A standard 317.24-acre lay down spacing unit comprising the Middle Third of Irregular Section 3 is to be dedicated to the well.

Your application and Division records show that the El Paso "3" Federal Well No. 1 previously produced as a gas well in the Avalon-Strawn, Avalon-Morrow, and Calabaza Draw-Atoka Gas Pools, and as an oil well in the Wolfcamp formation. Division Orders No. NSL-604 dated June 4, 1973, and NSL-604-A dated January 14, 2004, granted approval for the well location in the Strawn, Morrow, Atoka and Wolfcamp formations.

It is our understanding that the subject well will now be recompleted from the Wolfcamp formation to the Upper Pennsylvanian interval.

Both the Avalon-Upper Pennsylvanian and North Avalon-Upper Pennsylvanian Gas Pools are currently governed by Division Rule 19.15.3.104(C).

The affected offset acreage is the North Third of Irregular Section 3.

The applicant stated that all of Irregular Section 3 is subject to a Joint Operating Agreement ("JOA") that designates Fasken Oil & Ranch, Ltd. as operator. Consequently, there are no adversely affected offset operators and/or interest owners. Therefore, the applicant was not required, and did not provide notice of this application to any party.

Division records show that the El Paso "3" Federal Well No. 1 will be the only well producing at this time from the Upper Pennsylvanian formation within the Middle Third of Irregular Section 3.

Pursuant to the authority granted under the provisions of Division Rule19.15.3.104.F(2), the above-described unorthodox gas well location in the Undesignated Avalon-Upper Pennsylvanian Gas Pool and/or the Undesignated North Avalon-Upper Pennsylvanian Gas Pool is hereby approved.

Sincerely,

Mark E. Fesmire, P.E. Division Director

MEF/drc

cc: New Mexico Oil Conservation Division – Artesia Bureau of Land Management-Carlsbad Form 3160-5 (February 2005)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

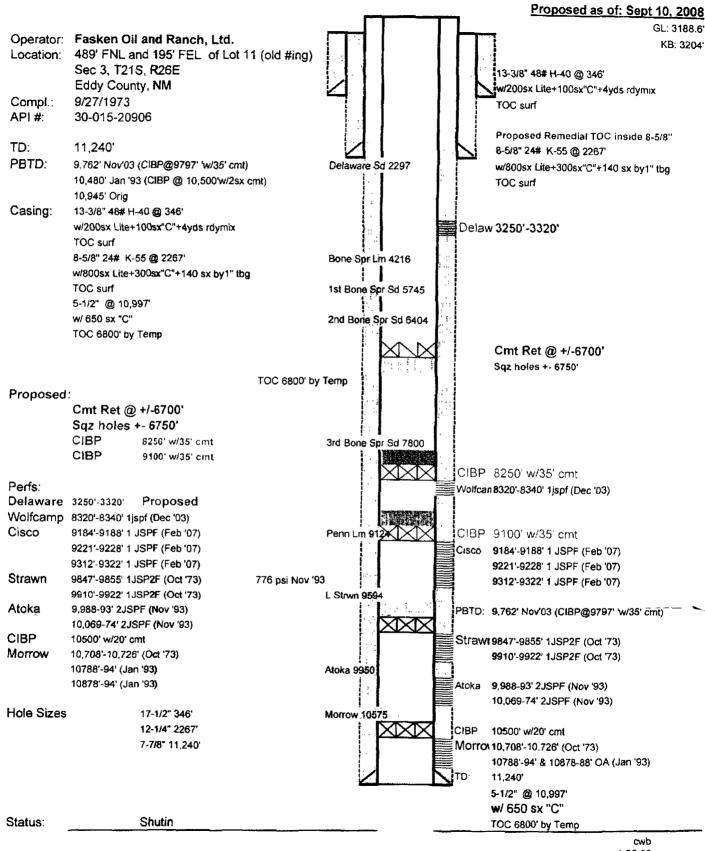
FORM APPROVED OMB No 1004-0137 Expires: March 31, 2007

DEP	ARIMENT OF THE	INTERIOR		En En	phes Maich 11, 2007	
	EAU OF LAND MAN			5. Lease Serial No. NM-911		
Do not use this f	OTICES AND REPO form for proposals I Use Form 3160-3 (A	to drill or to re-en	ter an	6. If Indian, Allottee of	or Tribe Name	
				7. If Unit of CA/Agre	ement, Name and/or No.	
	T IN TRIPLICATE - Other	r instructions on page 2	—————		,	
Type of Well Oil Well Gas W	Vell Other			8. Well Name and No	8. Well Name and No. El Paso "3" Federal No. 1	
				9. API Well No. 30-015-20906	1110. [
2. Name of Operator Fasken Oil and Ranch, Ltd.		3b. Phone No. (include	area endet	10 Field and Pool or	Exploratory Area	
3a. Address 303 West Wall St., Surle 1800, Midland, TX 797	01	432-687-1777	area coue)	,	Foster Draw (Delaware Oil)	
4. Location of Well (Footage, Sec., T, 2724 FNL & 2870 FEL, Sec. 3, T218, R26E	R.,M., or Survey Description	<u> </u>		11. Country or Parish Eddy, New Mexico	11. Country or Parish, State Eddy, New Mexico	
12. CHEC	CK THE APPROPRIATE BO	OX(ES) TO INDICATE I	ATURE OF NO	TICE, REPORT OR OTH	ER DATA	
TYPE OF SUBMISSION		·····	TYPE OF A	CTION		
	Acidize	Deepen		roduction (Start/Resume)	Water Shut-Off	
Notice of Intent	Aiter Casing	Fracture Treat	~~~	eclamation	Well Integrity	
Subsequent Report	Casing Repair	New Construct	ion 📝 R	ecomplete	Other	
	Change Plans	Plug and Aban		emporanty Abandon		
I Final Ahandonment Notice 13. Describe Proposed or Completed O	Convert to Injection	Plug Back	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	Vater Disposal		
testing has been completed. Final determined that the site is ready for Fasken Oil and Ranch, Ltd. propose Please see attached procedure for of This notitice requires a non-standard submitted to the NMOCD as soon as	r final inspection.) es to recomplete from the details. I location exception from t	North Avalon Upper (P	enn) to the Fost	er Draw (Delaware Oil).		
14 I hereby certify that the foregoing is to Name (Printed/Typed)	rue and correct.					
Kim Tyson		Trise F	egulatory Analy	/st		
Signature Kim Zyson	Date 0	Date 09/12/2008				
	THIS SPACE	FOR FEDERAL C	R STATE O	FFICE USE		
Approved by						
Conditions of approval, if any, are attached that the applicant holds legal or equitable to entitle the applicant to conduct operations.	itle to those rights in the subject		fice		Date	
Title 18 U.S.C. Section 1001 and Title 43 fictitious or fraudulent statements or repre			vingly and willfull	ly to make to any departmen	n or agency of the United States any false	
(Instructions on page 2)	The state of the s	EXHI	3IT			

Workover Procedure EL PASO "3" FED. No. 1 489'FNL and 195' FEL of Lot 11 (Old numbering) Section 3, T21S, R26E Eddy Co., NM API Number: 30-015-20906

- 1. RUPU.
- 2. RU pump truck on tubing and kill well with 35 bbls 2% Kcl water.
- 3. NDWH and NU BOP. Release Arrowset IX 10K packer at 9080' and POW while strapping tubing and LD packer.
- 4. RUWL and pack off and RIW with 4-1/2" gauge ring to 9100'. Run 5-1/2" CIBP and set @ 9100' and spot 35' Class "H" cement on top. Run 5-1/2" CIBP and set @ 8250' and spot 35' Class "H" cement on top for new PBTD 8210'. Top Wolfcamp 8179', top WC perfs 8320'. Run CBL to determine exact TOC. Run casing inspection log and identify bad casing depths; expect top 1000' bad.
- 5. ND BOP. ND wellhead B-section. Prepare well head to backoff and replace casing. RIW with 5-1/2" casing spear. Backoff casing below bad pipe (Estimated at +/-1000'). RU casing crew and POW laying down casing with thread protectors. RIW with replacement 5-1/2" 17# N-80 casing.
- 6. Cut casing, set slips and NU wellhead.
- 7. RUWL and perforate 4 sgz holes +/-6750'. Establish injection rate via casing.
- 8. RIW with packer and 2-3/8" tubing to +/-6700', open 5-1/2"x8-5/8" annulus and establish injection rate and circulation to surface.
- 9. Run cement retainer to +/-6700'. RU cementing company and squeeze holes leaving top of cement inside 8-5/8" casing x 5-1/2" annulys.
- 10. Sting out of retainer. Reverse tubing volume to surface. POW with tubing.
 - 11. Run CCL correlation log and perforate Delaware 3250'-3320'.
 - 12. Acidize and evaluate.
 - 13. Fracture treat Delaware.
 - 14. Put on rod pump as a Delaware producing well.
 - 15. RDPU.

El Paso "3" Federal No. 1



cwb 1-25-06 EP1 WB diag.xls