



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

RECEIVED
JUL - 3 2006
COMM-TECH

June 29, 2006

Mr. David Catanach
State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Catanach

Attached is the Application for Surface Commingling application. This letter is to also confirm our verbal conversation on June 12, 2006, regarding the status of the requirements for lease commingling authorization and verbal authorization for the lease commingling given that Fairway Resources Operating, LLC metered oil and gas separately before connection to the Midnight Matador #1 facility.

If you need further information, please do not hesitate to call me at 817-416-1946 or e-mail rborkowski@fairwayresources.com.

30 - 015 - 3286 1

Sincerely,

Rick Borkowski
Senior Vice President - Geology

RB/cjf

Attachment

c: OCD District II Office w/attachment

RECEIVED

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

JUL - 3 2006

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Fairway Resources Operating, LLC
OPERATOR ADDRESS: 538 Silicon Drive, Ste. 101, Southlake, TX 76092
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingling)
LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code. Red Lake; Queen-Grayburg-SA 51300
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

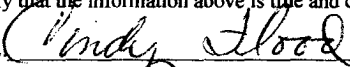
(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers. Midnight Matador (LC-050158) #1 3001532861, Midnight Matador Fed (LC-050158)#2 3001534511, Midnight Matador A Federal (LC-055561) #1 3001533351

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

SIGNATURE



TITLE: Office Manager

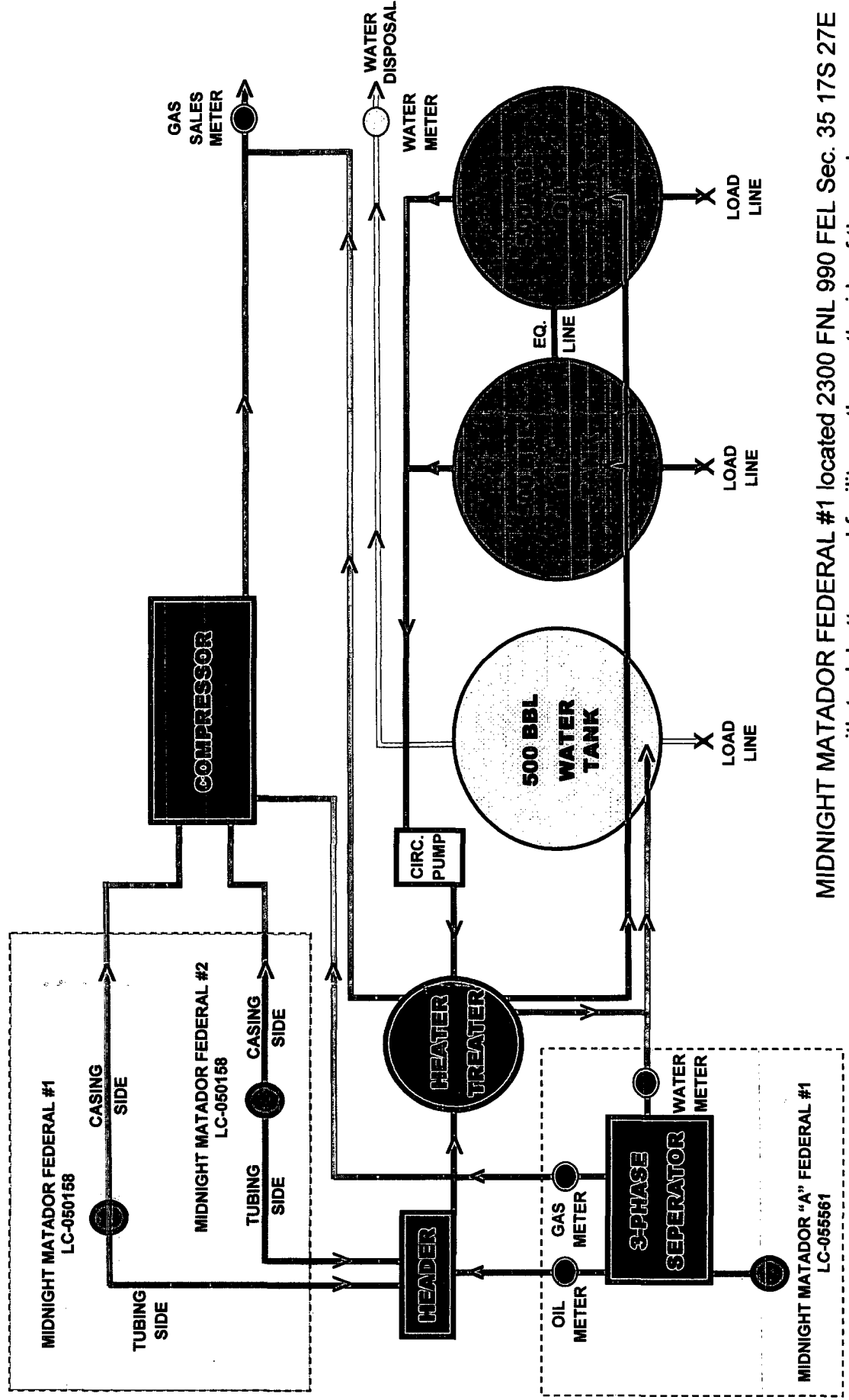
DATE: June 29, 2006

TYPE OR PRINT NAME: Cindy Flood

TELEPHONE NO.: 817-416-1946

E-MAIL ADDRESS: cflood@fairwayresources.com

FAIRWAY RESOURCES OPERATING, LLC MIDNIGHT MATADOR TANK BATTERY



MIDNIGHT MATADOR FEDERAL #1 located 2300 FNL 990 FEL Sec. 35 17S 27E
with tank battery and facility on the north side of the pad



FAIRWAY RESOURCES OPERATING, LLC

LEASE PLAT

