

Submit 3 Copies To Appropriate District Office
 District I - 1625 N. French Dr., Hobbs, NM 88240
 District II 1301 W. Grand Ave., 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

Form C-103
 May 27, 2004

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

WELL API NO. 30-015-01219
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name South Red Lake Unit II
8. Well Number #21
9. OGRID Number 241598
10. Pool name or Wildcat Redlake, Queen, Grybg, SA

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well Gas Well Other Injection

2. Name of Operator
Fairway Resources Operating, LLC

3. Address of Operator
538 Silicon Drive, Suite 101, Southlake, TX 76092

4. Well Location
Unit Letter K 2,310 feet from the South line and 1,650 feet from the West line
Section 36 Township 17S Range 27E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3,603' GR

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

7" casing set at 1,427', cemented with 50 sacks
 4 1/2" casing set at 1,690', cemented with 50 sacks
 Open hole 1,690' - 1,710'
 Current status: shut-in water injection well
 3/2007 - unable to re-activate injection well due to bad casing.

P&A Proposed Operations - work to be completed by 8-1-07

- TIH with tubing and spot 100' cement plug at 1,377' - 1,477' (minimum 25 sacks)'
- Tag plug, circulate abandonment mud.
- Perforate 4 1/2" casing with squeeze holes at 700'. TIH with tubing and spot 25 sacks cement plug at 450' - 750'. Displace top of plug to 650'.
SEE conditions of approval attached.
- Tag plug, circulate abandonment mud.
- Spot 100' cement plug at surface (25 sack minimum) and install dry hole marker.
- Clean and remediate location.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Kenneth Pearce TITLE Engineer DATE June 25, 2007

Type or print name Kenneth Pearce E-mail address: kpearce@fairwayresources.com Telephone No. 817-416-1946

For State Use Only
 APPROVED BY: Gerry Guye TITLE Deputy Field Inspector DATE JUN 27 2007
 Conditions of Approval (if any): District II - Artesia

Fairway Resources Operating, LLC
South Red Lake II Grayburg Unit #21

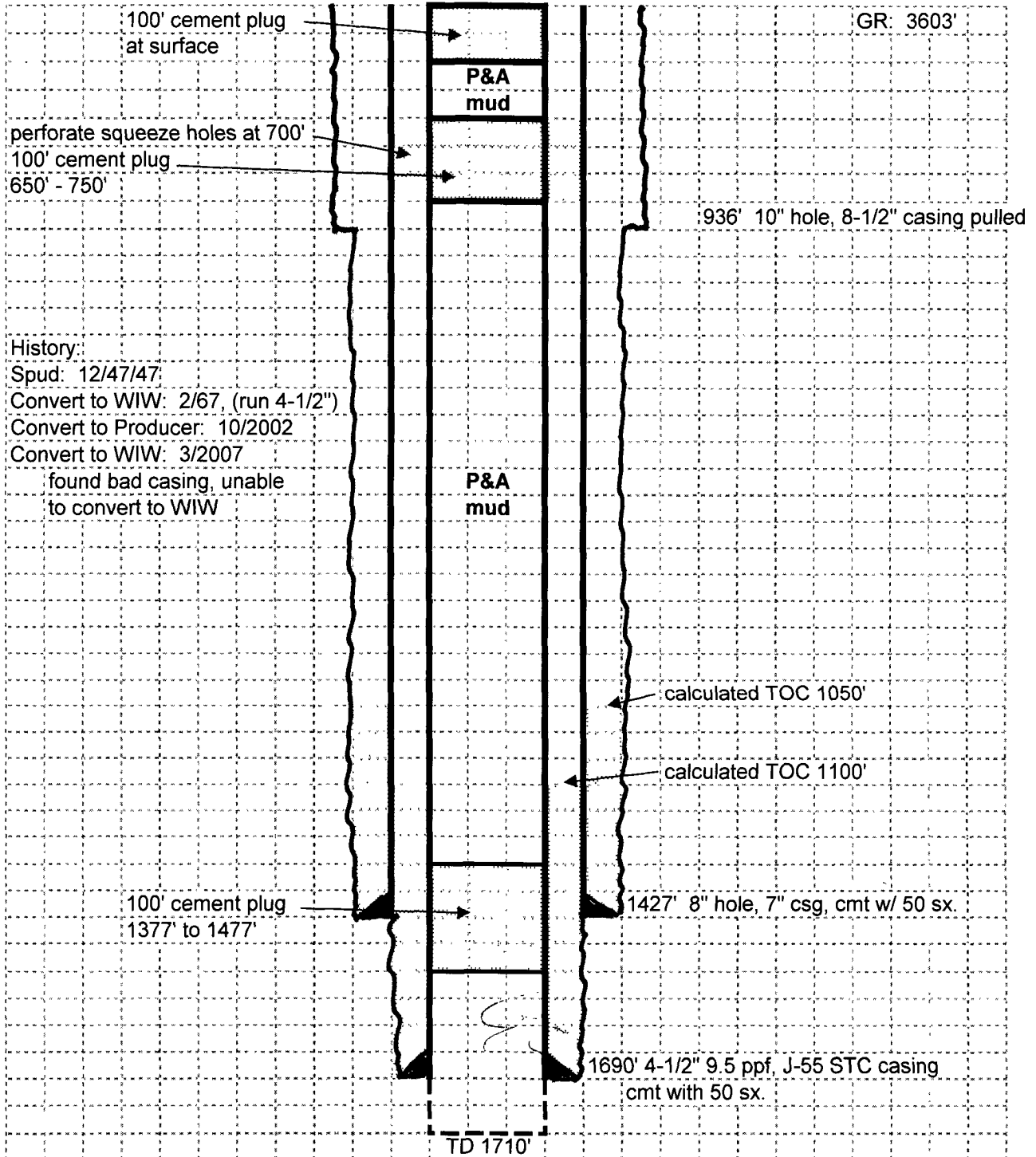
API 30-015-01219

2310' FSL and 1650' FWL

Unit K, Sec.36, T17S, R27E

Eddy County, NM

Proposed



Stipulations for P/A Procedure
South Red Lake Unit II #21

1. Plug proposed at 700' must be moved to 986' and perforations must include both strings of casing (4 ½" and 7").
2. Surface plug must be perforated (both strings) and circulated to surface.