District I
1625 N French Dr , Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St , Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St Francis Dr Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

HOBBS OCD
JUL 0 5 2012
RECEIVED

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised December 16, 2011

Permit

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

[1] Operator Name and Address	[2] OGRID Number
Fasken Oil and Ranch, Ltd. 303 W. Wall St., Ste. 1800, Midland, TX 79701	151416
	[3] API Number 30 025 40680

[4] Property Code	[5] Property Name	[6] Well No
32342	Laguna 16 State	2H

[7] Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
P	16	20S	32E		475'	South	610'	East	Lea

[8] Pool Information

Salt Lake; Bone Spring	53560

Additional Well Information

[9] Work Type	[10] Well Type	[11] Cable/Rotary	[12] Lease Type	[13] Ground Level Elevation
N	O	R	S	3516' GL
[14] Multiple	**[15] Proposed Depth**	**[16] Formation**	**[17] Contractor**	**[18] Spud Date**
No	13,950' MD; 9625' TVD	Bone Spring	Precision #75	7-16-2012
Depth to Ground water	Distance from nearest fresh water well		Distance to nearest surface water	

[19] Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	26	20	133	1050'	1250 "C"	Surface
Salt Protect	17 1/2"	13 3/8"	54.65 & 61	2600'	2050 HLC & "C"	Surface
Inter	12 1/4"	9 5/8"	36 & 40	4600'	1250 HLC & "C"	Surface
Prod	8 3/4"	5 1/2"	17	13,950'	2550 Versacem & Lite	4000' Calc.

Casing/Cement Program: Additional Comments

Proposed Blowout Prevention Program

Permit Expires 2 Years From Approval Date Unless Drilling Underway

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	Schaffer
Doubleram	5000	5000	Schaffer

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐. Closed Loop Pit Appl. attached.

Signature Kim Tyson
Printed name Kim Tyson
Title. Regulatory Analyst
E-mail Address kimt@forl.com
Date 7-3-2012 Phone. 432-687-1777

OIL CONSERVATION DIVISION

Approved By
Title. PETROLEUM ENGINEER
Approved Date JUL 12 2012 Expiration Date JUL 12 2014
Conditions of Approval Attached

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

HOBBS OCD

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

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

JUL 05 2012

RECEIVED

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-40680	53560	Salt Lake; Bone Spring

Property Code	Property Name	Well Number
32342	LAGUNA 16 STATE	2H

OGRID No.	Operator Name	Elevation
151416	FASKEN OIL AND RANCH, LTD	3516'

Surface Location

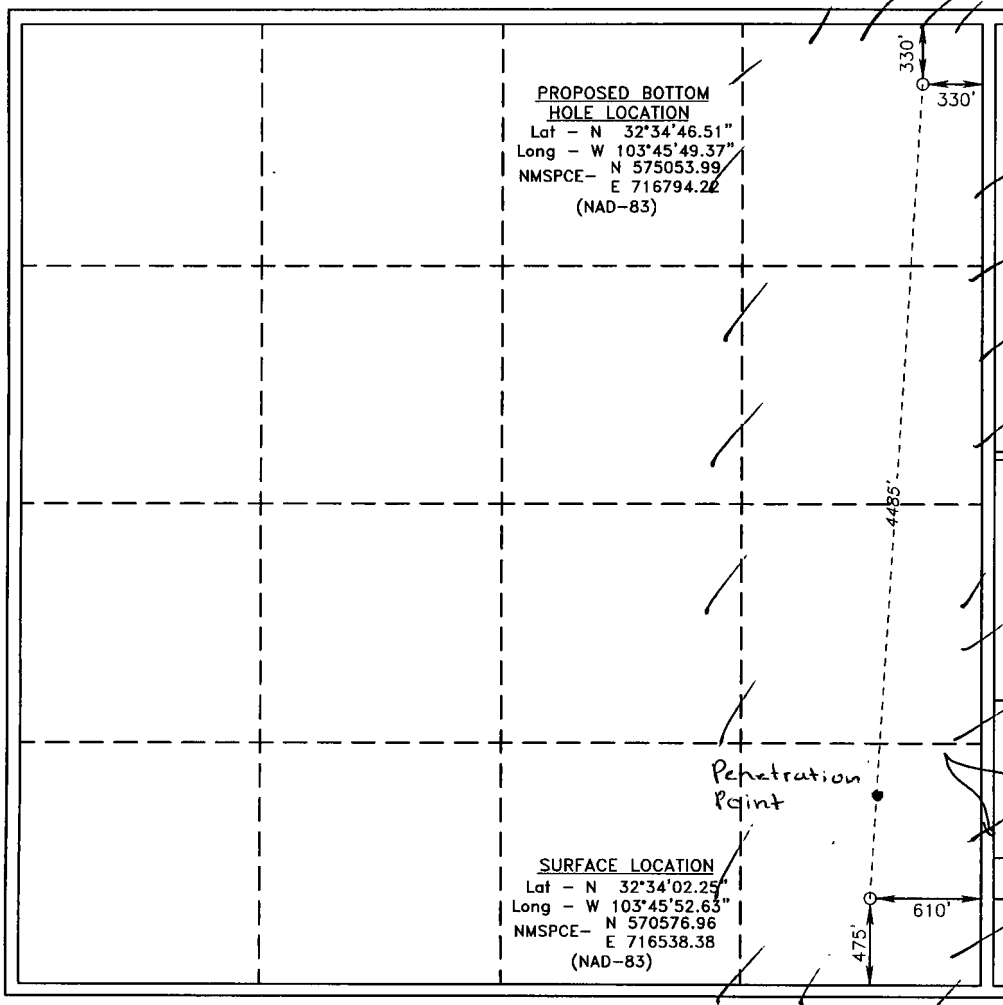
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	16	20 S	32 E		475	SOUTH	610	EAST	LEA

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
A	16	20 S	32 E		330	NORTH	330	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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 or has a right to drill this well at this 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.

Kim Tyson 7-3-2012
Signature Date

Kim Tyson
Printed Name

kimt@forl.com
Email Address

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 supervison, and that the same is true and correct to the best of my belief

JUNE 20, 2012
Date Surveyed

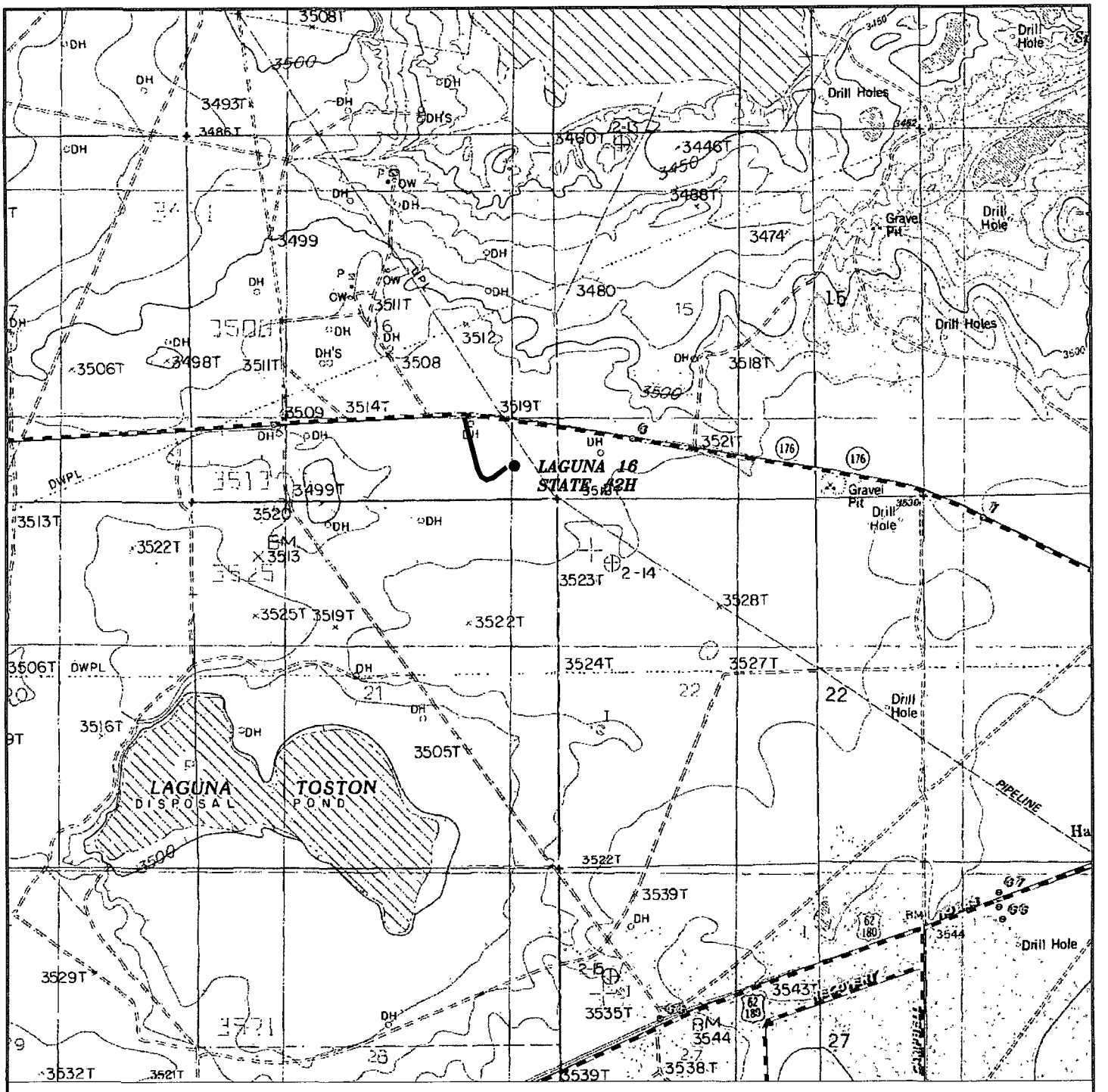
Signature & Seal of Professional Surveyor

GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

26943
Certificate No. Gary L. Jones 7977

BASIN SURVEYS 26943

Penetration Piont - 975' FSL & 380' FEL, 10,030' MD & 9700' TVD



LAGUNA 16 SATE #2H
Located 475' FSL and 610' FEL
Section 16, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 – Office
(575) 392-2206 – Fax
basinsurveys.com

W.O. Number:	DAJ 26943
Survey Date:	06-20-2012
Scale:	1" = 2000'
Date:	06-25-2012

N

FASKEN OIL AND RANCH, LTD

FASKEN OIL AND RANCH, LTD.

303 W. WALL AVE.

SUITE 1800

MIDLAND, TEXAS 79701-5116

CONTINGENCY PLAN FOR HYDROGEN SULFIDE DISCHARGE

DRILLING OPERATIONS

CONTINGENCY PLAN FOR HYDROGEN SULFIDE DISCHARGE

DRILLING OPERATIONS

I. **HYDROGEN SULFIDE PHYSICAL PROPERTIES AND TOXICITY** - Hydrogen sulfide is extremely toxic. The acceptable concentration for eight-hour exposure is 20 ppm, which is .002% by volume. Hydrogen sulfide is heavier than air (specific gravity - 1.192) and is colorless. It forms an explosive mixture with air between 4.3 and 46.0 volume percent. Toxicity data for hydrogen sulfide and various gasses are compared in the table below.

Common Name	Chemical Formula	Sp. Gravity (Air =1)	Threshold Limit	Hazardous Limit	Lethal Conc.
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm	300 ppm
Hydrogen Sulfide	H_2S	1.18	10 ppm * 20 ppm **	250 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21	5 ppm	--	1000 ppm
Chlorine	Cl_2	2.45	1 ppm	4 ppm/hr	1000 ppm
Carbon Monoxide	CO	0.97	50 ppm	400 ppm/hr	1000 ppm
Carbon Dioxide	CO_2	1.52	5000 ppm	5%	10%
Methane	CH_4	0.55	9%	Combustabe above 5% in air	---

*Threshold Limit - concentration at which it is believed that all workers may be repeatedly exposed day after day without adverse effects, 10 ppm = 1972 ACGIH concentration (American Conference of Governmental Industrial Hygienist).

**Threshold Limit = 20 ppm - 1966 ANSI acceptable ceiling concentration for eight-hour exposure (based on a 40-hour week) per OSHA Rules and Regulations (Federal Register, Vol. 37, #202, Part II, dated October 18, 1972.

II. **PHYSICAL EFFECTS OF HYDROGEN SULFIDE** - The physiological effects of hydrogen sulfide are summarized in the table below.

Concentration		
Percent Vol.	ppm	Physical Effects
0.001	10	obvious and unpleasant odor.
0.002	20	Safe for 8-hour exposure.
0.01	100	Kills smell in 3 to 15 minutes, may sting eyes and throat.
0.02	200	Kills smell shortly, stings eyes and throat.
0.05	500	Dizziness, breathing ceases in a few minutes, needs prompt artificial resuscitation.
0.07	700	Unconscious quickly, death will result if not rescued promptly.
0.10	1000	Unconscious at once, followed by death within minutes.

III. **ACCIDENTAL RELEASE OF HYDROGEN SULFIDE** - The possible release of hydrogen sulfide gas could result from leakage at either wellhead, flow lines, separators or drill string at this drilling location.

A. In the event of an accidental release, the tool pusher, supervisor or agent of the operator in the vicinity at the time of the discharge will be in charge of all activities on the ground and shall be responsible for the following.

1. Notify all personnel, Company or outside, that are in the area to evacuate as soon as possible. This includes drilling rig crews, roustabout gangs, supervisory personnel, maintenance personnel, sales representatives, farm or ranch hands, visitors and all others that may be in the vicinity.

2. Notify the County Sheriff's office, and the Department of Public Safety, and request their assistance to provide road blocks and direct traffic away from the drilling location. They should also be asked to assist in the evacuation of residents, if any, in affected area.

3. Alert local Hospital and Fire Department in the event that medical services or ambulance assistance is needed.

4. Call the Operations Manager in the Midland Office and advise him of the nature and extent of the emergency situation.

B. Operations Manager or his assistant will notify the appropriate state and federal agencies that the contingency plan has been activated and what level and type of reaction has already been initiated.

C. Fasken's Senior Representative or employee on the scene will be in charge and shall initiate measures necessary to bring the gas flow under control securing whatever additional personnel and equipment are necessary to control the flow in the shortest time thereby reducing potential exposure of the general public to hydrogen sulfide

IV. **WEATHER CONDITIONS** - During adverse weather conditions such as drizzle, rain, fog, calm winds, and snow, hydrogen sulfide collects in low lying areas. These areas should be avoided, any personnel in such areas should be evacuated, and law enforcement personnel should be requested to keep people and traffic from entering. Should moderate, undirectional winds be blowing hydrogen sulfide from the source of the discharge toward a populated area, residents and other personnel should be evacuated by law enforcement personnel who should then maintain an exclusion perimeter to avoid people from reentering the area until the emergency is over.

V. **TERMINATION OF EMERGENCY AND FOLLOW-UP PROCEDURES** - Fasken's Senior Representative or employee on the scene, with the cooperation of the Senior Law Enforcement Officer in whose jurisdiction the emergency occurred, will declare the emergency terminated when there is no further danger to oilfield personnel or general public. This will occur only after a sufficient number of gas measurements in the vicinity have been made by a qualified technician showing that hydrogen sulfide concentration is below the 20 ppm threshold. In addition, the Operator's Senior Representative or employee will perform the following duties connected with the emergency:

A. Notify all cooperating law enforcement agencies and emergency medial services that the emergency has been terminated.

B. Notify all evacuees that they may return safely to their residences or job sites.

C. Make an estimate of damages and/or expenses incurred in the control of the emergency, the evacuation of any persons and the destruction of property, if any, including domestic animals and livestock. He is to make an itemized list of all such damages and/or expenses along with their addresses, and any other specific information pertinent to the situation. He is to deliver this list to the Operations Manager as soon as possible.

D. **UNDER NO CIRCUMSTANCE** are damage estimates, names of affected personnel, if any, or any other information pertaining to the emergency to be given to the press. Public information regarding the emergency will be issued by headquarters office in Midland, Texas.

VI. Copies of the Contingency Plan are available in Fasken's office in Midland, Texas.

VII. This plan is subject to approval of the state and federal agencies and shall be revised as required.

Fasken Oil and Ranch, Ltd.

H2S Contingency Plan

Emergency Phone Numbers

Laguna 16 State No. 2H

Fasken Oil and Ranch, Ltd.	432 687-1777

Key Personnel

Tommy Taylor, Drilling Manager	432 556-2228
Cory Frederick, Drilling Engineer	432-288-0086
Deryl Briles, Drilling Foreman	432 556-4269
Jimmy Davis, Operations Manager	432 557-5668

Hobbs, Lea County, New Mexico

Ambulance	911
State Police	911 or 575 392-5580
Sheriff's Office	911 or 575 396-3611
Fire Department	911 or 575 397-9308
Local Emergency Planning Committee	575 393-2870
New Mexico Oil Conservation Division	575 393-6161

Carlsbad, Eddy County, New Mexico

Ambulance	911
State Police	911 or 575 885-3138
Sheriff's Department	911 or 575 887-7551
Fire Department	911 or 575 885-3125
Local Emergency Planning Committee	575 887-7553
Bureau of Land Management	575 887-6544
New Mexico Oil Conservation Division (Artesia)	575 748-1283

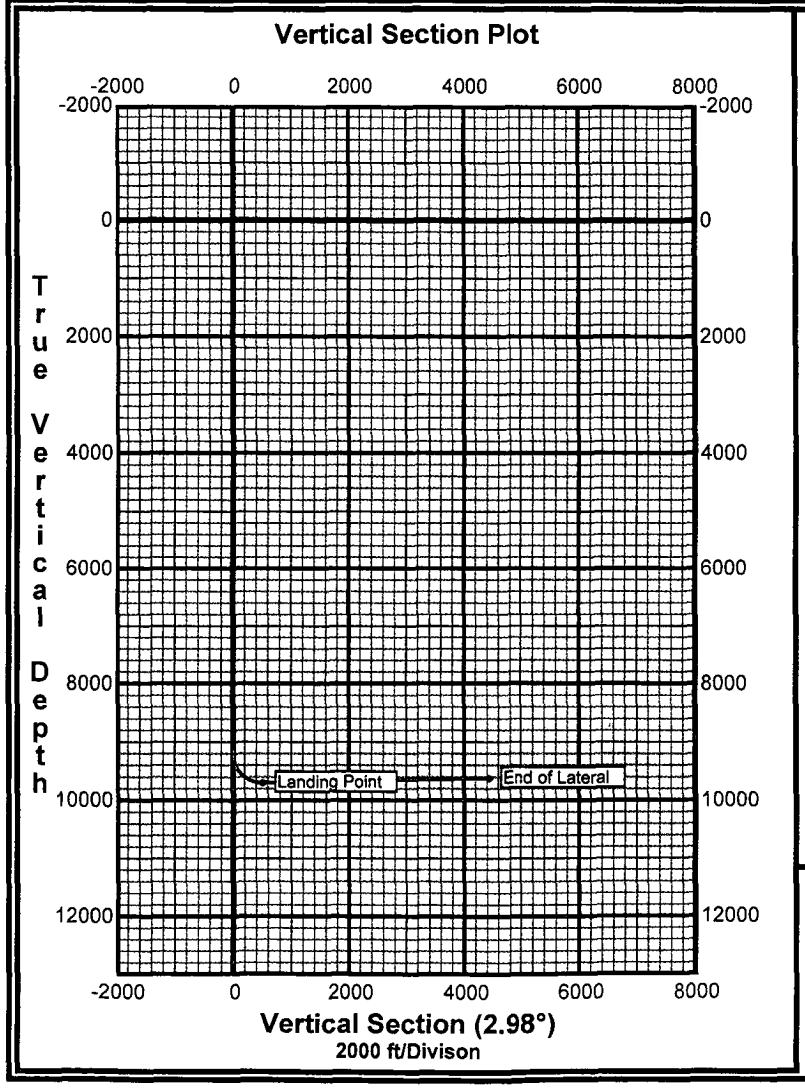
Statewide and National Emergency Numbers

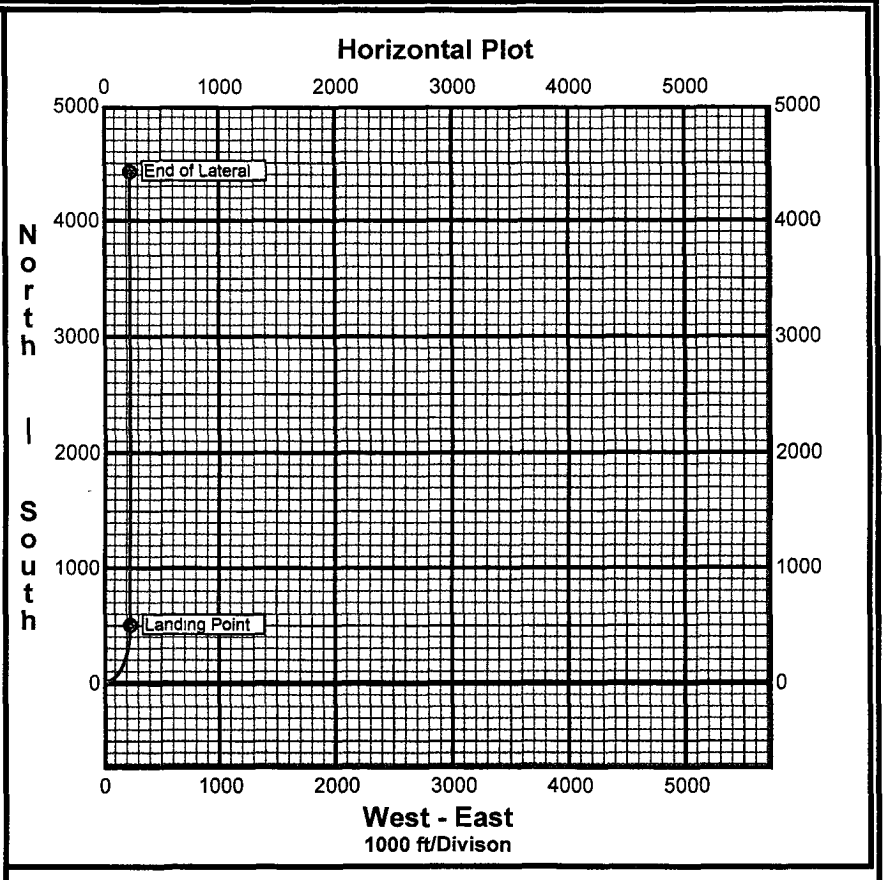
New Mexico Department of Homeland Security And Emergency Management	505 476-9600
New Mexico State Emergency Operations Center (24 Hour Number)	505 476-9635
National Emergency Response Center	800 424-8802

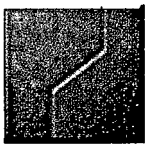
Other Numbers for Emergency Response

Boots & Coots IWC	800 256-9688 or 281 931-8884
Cudd Pressure Control	432 563-3356
MCH Care Star Flight Service (air ambulance)	432 640-4000
Aerocare (air ambulance)	806 725-1111

Job ID 12 Company Fasken Oil and Ranch, Ltd Location . Sec 16, T20S, R30E API JOB # . Rig Name Precision Rig No 75 State/Province New Mexico County/Parish Lea Country USA	RKB 0 ft Elevation (To MSL) 0 ft Field Township Range SECTION







Job Number: 12
Company: Fasken Oil and Ranch, Ltd.
Lease/Well: Laguna "16" State No. 2H
Location: Sec. 16, T20S, R30E
Rig Name: Precision Rig No. 75
State/County: New Mexico/ Lea
Country: USA
API Number:

Elevation (To MSL): 0.00 ft
RKB: 0.00 ft
Projection System: US State Plane 1927 (Exact solution)
Projection Group: Texas Central 4203
Projection Datum: CLARKE 1866
Magnetic Declination: 3.19
Grid Convergence: 2.41208 E
Date: Thursday, June 28, 2012

Calculated by HawkEye Software
Minimum Curvature Method
Vertical Section Plane 2.98°
Northing (US ft): 810940.54 Easting (US ft): 3455231.48
Latitude: 31°48'43.5024" N Longitude: -95°38'50.7877" W
Direction Reference: Grid North

Measured Depth (Ft)	INC Deg	AZM Deg	TVD (Ft)	EW (Ft)	NS (Ft)	VS (Ft)	Closure (Ft)	Walk Rate °/100Ft	Build Rate °/100Ft	DLS °/100Ft	Comment
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9000.00	0.00	0.00	9000.00	0.00	0.02	0.02	0.02	0.00	0.00	0.00	
9100.00	0.00	0.00	9100.00	0.00	0.02	0.02	0.02	0.00	0.00	0.00	
9120.00	2.40	70.18	9119.99	0.39	0.16	0.18	0.42	350.91	12.00	12.00	
9140.00	4.80	70.18	9139.95	1.58	0.58	0.66	1.68	0.00	12 00	12.00	
9160.00	7.20	70.18	9159.84	3.54	1.29	1.47	3.77	0.00	12.00	12.00	
9180.00	9.60	70.18	9179.63	6.29	2.28	2.61	6 69	0.00	12 00	12.00	
9200.00	12.00	70 18	9199.27	9.82	3.55	4.06	10.44	0.00	12.00	12.00	
9220.00	14.40	70.18	9218.74	14.11	5.10	5.83	15.01	0.00	12.00	12.00	
9240.00	16 80	70.18	9238.00	19.17	6.92	7.91	20.38	0.00	12.00	12 00	
9260.00	19 20	70.18	9257.02	24.99	9.02	10.30	26.56	0.00	12.00	12 00	
9280.00	21 60	70.18	9275.77	31.54	11.38	13.01	33.53	0.00	12.00	12.00	
9300.00	24.00	70.18	9294.20	38 83	14.01	16.01	41.28	0.00	12.00	12 00	
9318.66	26.24	70.18	9311.09	46.29	16.70	19.08	49.20	0.00	12 00	12.00	
9343.20	26.24	70 18	9333.11	56.49	20.37	23.28	60.05	0.00	0.00	0.00	
9363.20	27.08	65 17	9350.98	64.79	23.79	27.12	69.01	-25.04	4.22	12.00	
9383.20	28.09	60.47	9368.71	73.02	28.02	31.77	78.21	-23.51	5 06	12.00	
9403.20	29.26	56 09	9386.26	81.17	33.07	37.24	87.65	-21.90	5 80	12.00	
9423.20	30.55	52.04	9403.60	89.24	38.92	43.50	97.35	-20.29	6.47	12.00	
9443.20	31.96	48.29	9420.70	97.19	45.57	50.55	107.35	-18.73	7.05	12.00	
9463.20	33.47	44.84	9437.53	105.04	53.00	58.38	117.65	-17 26	7.55	12.00	
9483.20	35.07	41.66	9454 06	112.74	61 21	66.98	128.29	-15 90	8.00	12.00	
9503 20	36.74	38.73	9470 26	120.31	70.17	76.32	139.27	-14.65	8 38	12.00	
9523.20	38 49	36.02	9486 10	127.71	79.87	86 39	150.63	-13 53	8.71	12 00	
9543.20	40.29	33.52	9501.56	134.94	90.30	97.18	162.37	-12.52	9.00	12.00	
9563.20	42.13	31.20	9516.60	141.99	101.43	108.66	174.49	-11 61	9 25	12.00	
9583 20	44.03	29.04	9531.21	148.84	113.24	120.82	187.02	-10.80	9 47	12.00	
9603.20	45.96	27.02	9545.36	155.48	125.73	133.63	199.95	-10.08	9.66	12.00	
9623.20	47.92	25 13	9559.01	161.90	138.85	147.07	213.29	-9.44	9 82	12 00	
9643.20	49.92	23.36	9572.15	168.09	152.60	161.12	227.02	-8.87	9.97	12.00	
9663.20	51.94	21.69	9584 76	174.03	166.94	175.75	241 15	-8.36	10.09	12.00	
9683.20	53 98	20.11	9596.81	179.72	181.85	190.94	255.67	-7.91	10 21	12.00	
9703.20	56.04	18.61	9608.28	185.15	197.31	206.65	270.58	-7.51	10.31	12.00	
9723.20	58 12	17 18	9619.15	190.30	213.28	222.88	285.84	-7 15	10.39	12.00	
9743.20	60.21	15.81	9629.40	195.18	229.75	239 57	301.46	-6.83	10 47	12.00	
9763.20	62.32	14.50	9639.01	199.76	246.68	256.71	317.42	-6.55	10.54	12.00	
9783.20	64.44	13.24	9647.98	204.04	264.03	274.27	333.69	-6.30	10 60	12.00	
9803.20	66.57	12.02	9656 27	208 02	281.79	292.21	350.25	-6.08	10 65	12 00	
9823.20	68 70	10.84	9663 88	211.68	299.92	310.50	367.10	-5 89	10.69	12.00	
9843.20	70 85	9.70	9670.79	215.03	318 38	329.12	384.20	-5.72	10.73	12.00	
9863.20	73.00	8.59	9676.99	218.05	337.15	348.02	401.52	-5.57	10 77	12.00	
9883 20	75.16	7.50	9682.48	220.74	356.20	367 18	419.05	-5.45	10.80	12.00	

Measured Depth (Ft)	INC Deg	AZM Deg	TVD (Ft)	EW (Ft)	NS (Ft)	VS (Ft)	Closure (Ft)	Walk Rate °/100Ft	Build Rate °/100Ft	DLS °/100Ft	Comment
9903.20	77.33	6.43	9687.23	223.09	375.48	386.55	436.76	-5.34	10.82	12.00	
9923.20	79.50	5.38	9691.25	225.11	394.97	406.12	454.61	-5.25	10.84	12.00	
9943.20	81.67	4.34	9694.52	226.78	414.62	425.84	472.59	-5.18	10.86	12.00	
9963.20	83.84	3.32	9697.04	228.10	434.42	445.67	490.66	-5.12	10.87	12.00	
9983.20	86.02	2.31	9698.81	229.08	454.32	465.59	508.80	-5.08	10.88	12.00	
10003.20	88.20	1.30	9699.82	229.71	474.28	485.56	526.98	-5.05	10.89	12.00	
10023.20	90.38	0.29	9700.07	229.99	494.27	505.55	545.16	-5.04	10.89	12.00	
10028.92	91.00	360.00	9700.00	230.00	500.00	511.26	550.36	-5.04	10.89	12.00	
10029.71	91.09	0.00	9699.99	230.00	500.78	512.05	551.07	0.02	12.06	12.06	Landing Point,
13954.64	91.09	0.00	9625.00	230.00	4424.99	4430.97	4430.97	0.00	0.00	0.00	End of Lateral

Fasken Oil and Ranch, Ltd.

① 4" Series 900 Valves
② Series 900 Annular preventor
③ Series 900 Ram type preventor
④ 2" Series 900 Check Valve
⑤ 2" Series 900 choke
⑥ 2" Series 900 Valves
⑦ 3" Series 900 Valves