

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
Hobbs

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
Multiple--See Attached

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit or CA/Agreement, Name and/or No.
Multiple--See Attached

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Multiple--See Attached

2. Name of Operator
FASKEN OIL & RANCH LIMITED
Contact: ADDISON LONG
E-Mail: addisonl@forl.com

9. API Well No.
Multiple--See Attached

3a. Address
6101 HOLIDAY HILL ROAD
MIDLAND, TX 79707

3b. Phone No. (include area code)
Ph: 432-687-1777

10. Field and Pool or Exploratory Area
Multiple--See Attached

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Multiple--See Attached

11. County or Parish, State
LEA COUNTY, NM

HOBBS OCD
MAR 31 2017
RECEIVED

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Fasken Oil and Ranch, Ltd. requests approval to surface commingle gas production on the following leases at a common central tank battery located on the Federal 27 Lease, No. 1, Sec 27, T18S, R33E, SWSE, 660 FSL & 1830 FEL.

Federal 26 A, Lease No. NMNM26692, Sec 26, T18S, R33E, 240 acres.

Federal 27, Lease No. NMNM96782, Sec 27, T18S, R33E, 160 acres.

Federal 26 A Lease will require surface commingling, and sales of gas only. Federal 27 Lease will require surface commingling with the other lease. See attached information, facility diagrams, and map.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #365957 verified by the BLM Well Information System
For FASKEN OIL & RANCH LIMITED, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 02/06/2017 (17PP0201SE)**

Name (Printed/Typed) ADDISON LONG Title REGULATORY ANALYST

Signature (Electronic Submission) Date 02/06/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
MAR 20 2017
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Approved By _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional data for EC transaction #365957 that would not fit on the form

5. Lease Serial No., continued

NMNM26692
NMNM96782

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM96782	NMNM96782	FEDERAL 27 1	30-025-29250-00-S1	Sec 27 T18S R33E SWSE 660FSL 1830FEL
NMNM26692	NMNM26692	FEDERAL 26 A 1	30-025-29249-00-C2	Sec 26 T18S R33E SESW 660FSL 1980FWL
NMNM26692	NMNM26692	FEDERAL 26 A 1	30-025-29249-00-C3	Sec 26 T18S R33E SESW 660FSL 1980FWL
NMNM26692	NMNM26692	FEDERAL 26 A 3	30-025-39008-00-S2	Sec 26 T18S R33E NESE 510FSL 510FEL
NMNM26692	NMNM26692	FEDERAL 26 A 4	30-025-39809-00-C1	Sec 26 T18S R33E NESE 1525FSL 300FEL
NMNM26692	NMNM26692	FEDERAL 26 A 4	30-025-39809-00-C2	Sec 26 T18S R33E NESE 1525FSL 300FEL
NMNM26692	NMNM26692	FEDERAL 26 A 5	30-025-39810-00-C1	Sec 26 T18S R33E NWSE 1875FSL 2255FEL
NMNM26692	NMNM26692	FEDERAL 26 A 5	30-025-39810-00-C2	Sec 26 T18S R33E NWSE 1875FSL 2255FEL
NMNM26692	NMNM26692	FEDERAL 26 A 6	30-025-39811-00-C1	Sec 26 T18S R33E SWSE 930FSL 2120FEL
NMNM26692	NMNM26692	FEDERAL 26 A 6	30-025-39811-00-C2	Sec 26 T18S R33E SWSE 930FSL 2120FEL

10. Field and Pool, continued

EK
S CORBIN

32. Additional remarks, continued

Note: The SLO has been sent an application, as well as all interest owners.

When considering both leases together, the value is not degraded and federal royalties are not affected. By commingling and selling the gas, it will help the economics of the wells and extend the life of the Federal 26 lease, rather than continuing to flare which is our only other option.

On lease NMNM-026692 (Federal 26) there is not a meter on the location. Prior to being commingled with the Federal 27 lease, there will be an EFM so we can measure the gas the Federal 26 is making. On lease NMNM-96783, where the actual commingling will be taking place, the meter no. is 76815 (DCP).

The produced gas from the Federal 26 A lease is currently being flared due to the nitrogen content being too high for Frontier to process. Therefore, we are not being paid for the gas. Once all gas is commingled and sent to DCP, we will be paid for the gas, making the wells more economic for a longer period of time.

Thanks,

Chris Hubbard

(A) Pool Commingling Attachment for Gas Production Only

(1) Pool Names and Codes	API	Gas Gravities / BTU of Non-Commingled Production	Volumes BO/MCFPD
Queen; Delaware (21655)	30-025-29249	.8743 / 1416	12 MCFPD
EK; Delaware (21655)	30-025-39008	.8743 / 1416	26 MCFPD
Delaware (21655) and Queen	30-025-39809	.8743 / 1416	58 MCFPD
Delaware (21655) and Queen	30-025-39810	.8743 / 1416	12 MCFPD
Cherry Canyon and Penrose (13290)	30-025-39811	.785	14 MCFPD
EK; Bone Spring (21650)	30-025-29250	.8437 / 1165	8 MCFPD

average 0.86

(A) Pool Commingling Attachment for Gas Production Only

(1) Pool Names and Codes	API	Gravities / BTU of Non-Commingled Production	Volumes BO/MCFPD
EK; Delaware (21655)	30-025-29249	.8743 / 1416	12 MCFPD
EK; Delaware (21655)	30-025-39008	.8743 / 1416	26 MCFPD
EK; Delaware (21655)	30-025-39809	.8743 / 1416	58 MCFPD
EK; Delaware (21655)	30-025-39810	.8743 / 1416	12 MCFPD
EK; Delaware (21655)	30-025-39811	.8743 / 1416	14 MCFPD
EK; Bone Spring (21650)	30-025-29250	.8437 / 1165	8 MCFPD

Application for Central Tank Battery and Gas Commingling

Proposal for Federal 26A and Federal 27 Leases:

Fasken Oil and Ranch, Ltd. is requesting approval for the Federal 26A Lease to be commingled at the Federal 27 central tank battery, gas production only.

Federal Lease NMNM26692 – Royalty Rate 12.5%

<u>Lease Name</u>	<u>Location</u>	<u>Pool 21655</u>	<u>MCFPD</u>	<u>BTU</u>
Federal 26 A	Sec. 26, T18S, R33E	EK; Delaware	122	1185

Federal Lease NMNM96782 – Royalty Rate 12.5%

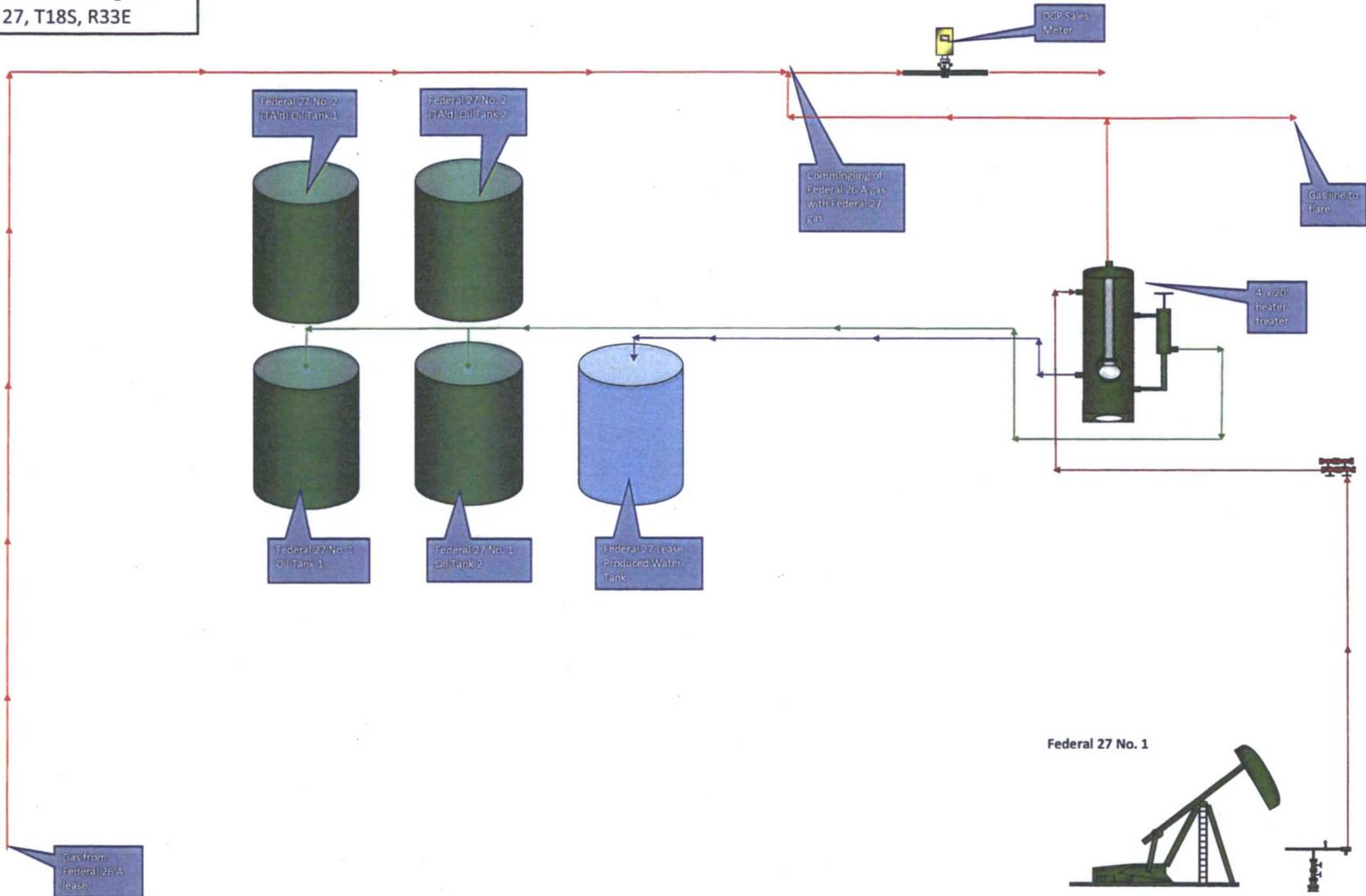
<u>Lease Name</u>	<u>Location</u>	<u>Pool 21650</u>	<u>MCFPD</u>	<u>BTU</u>
Federal 27	Sec. 27, T18S, R33E	EK; Bone Spring	8	1416

The attached map shows the federal leases in Section 26 and 27. Also attached is the site facility diagram of the Federal 26 A Lease, and the BLM Case Recordation of both leases.

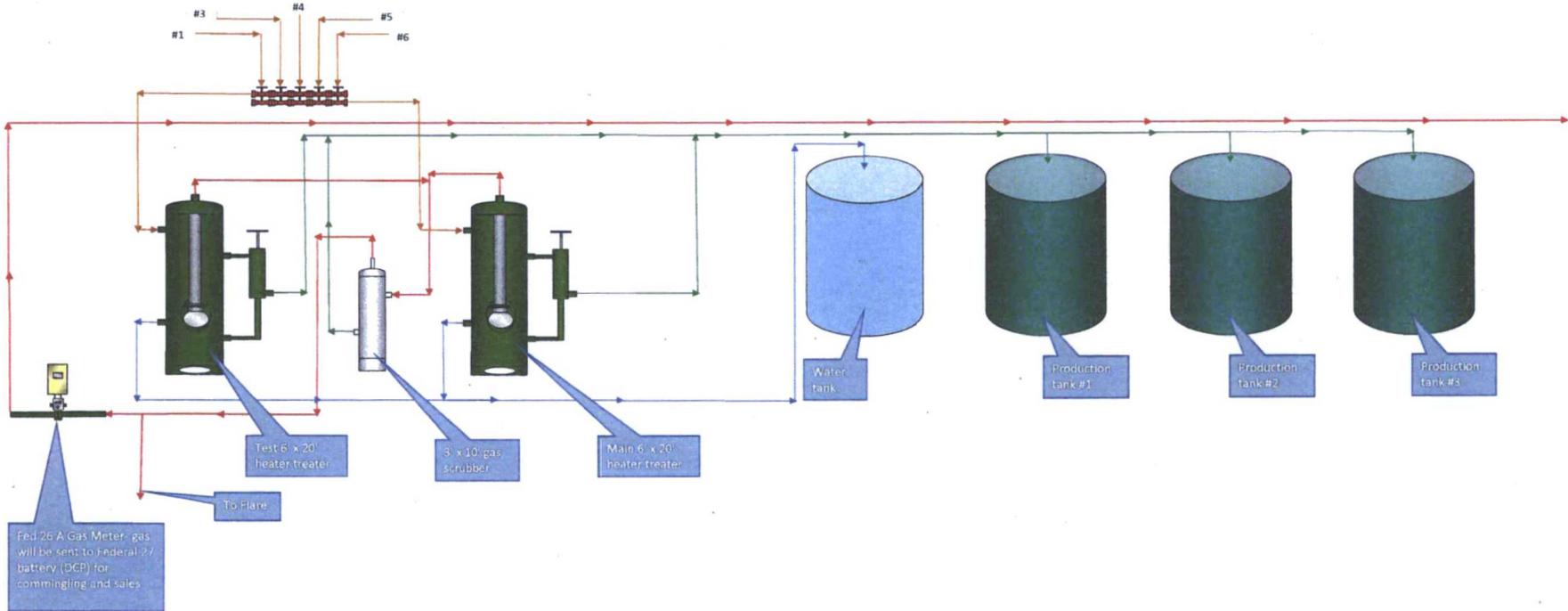
Gas Metering:

The Federal 27 #1 has a tank battery that both leases will utilize, which is located on the southwest side at the Federal 27 #1. Gas production will be allocated on a daily basis based on the subtraction method from one flow meter. This meter will be calibrated on a regular basis per API, NMOCD, and BLM specifications. The BLM and OCD will be notified of any future changes in the facilities.

Federal 27 Facilities Diagram
Section 27, T18S, R33E



Federal 26 A Facilities Diagram
Section 26, T18S, R33E

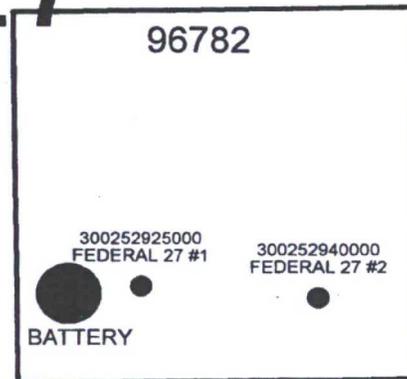


Well Identification Information Attachment for Section E. 3

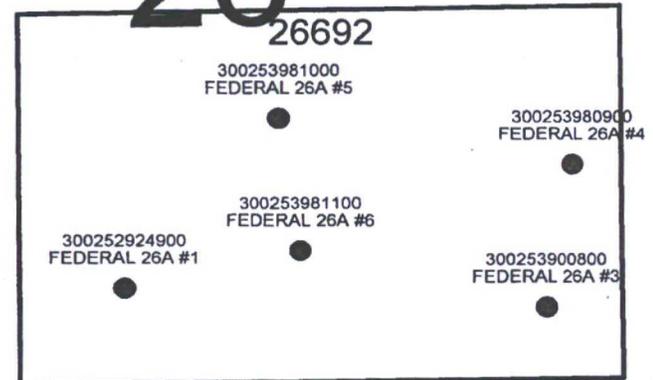
<u>Lease</u>	<u>Well Name</u>	<u>API No.</u>	<u>Lease No.</u>	<u>Unit Letter</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>	<u>SHL</u>	<u>BHL</u>
Federal 26 A	Federal 26 A #1	30-025-29249	NMNM26692	N	26	18S	33E	Lea	660' FSL & 1980' FWL	Same as SHL
Federal 26 A	Federal 26 A #3	30-025-39008	NMNM26692	P	26	18S	33E	Lea	510' FSL & 510' FEL	Same as SHL
Federal 26 A	Federal 26 A #4	30-025-39809	NMNM26692	I	26	18S	33E	Lea	1525' FSL & 300' FEL	Same as SHL
Federal 26 A	Federal 26 A #5	30-025-39810	NMNM26692	J	26	18S	33E	Lea	1875' FSL & 2255' FEL	Same as SHL
Federal 26 A	Federal 26 A #6	30-025-39811	NMNM26692	O	26	18S	33E	Lea	930' FSL & 2120' FEL	Same as SHL
Federal 27	Federal 27 #1	30-025-29250	NMNM96782	G	27	18S	33E	Lea	660' FSL & 1830' FEL	Same as SHL

T18S R33E

27



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**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 10:01 AM

Page 1 of 2

Run Date: 01/26/2017

01 02-25-1920;041STAT0437;30USC181ETSEQ
Case Type 311211: O&G LSE SIMO PUBLIC LAND
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Total Acres 560.000
Serial Number NMNM-- - 026692

Serial Number: NMNM-- - 026692

Name & Address		Int Rel	% Interest
BLACK STONE ENERGY CO LLC	1001 FANNIN ST STE 2020	HOUSTON TX 770026715	LESSEE 100.000000000
BURLINGTON RES OIL & GAS CO LP	PO BOX 51810	MIDLAND TX 797101810	OPERATING RIGHTS 0.000000000
EOG RESOURCES INC	PO BOX 4362	HOUSTON TX 772104362	OPERATING RIGHTS 0.000000000
FASKEN ACQUISITION 95-1 LTD	6101 HOLIDAY HILL RD	MIDLAND TX 797071631	OPERATING RIGHTS 0.000000000

Serial Number: NMNM-- - 026692

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23 0180S	0330E	017	ALIQ		E2SW,SWSW,SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0180S	0330E	022	ALIQ		NENE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT
23 0180S	0330E	026	ALIQ		E2SW,SE;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 026692

Act Date	Code	Action	Action Remark	Pending Office
08/24/1975	387	CASE ESTABLISHED	SPAR129;	
08/25/1975	888	DRAWING HELD		
10/08/1975	237	LEASE ISSUED		
11/01/1975	496	FUND CODE	05;145003	
11/01/1975	530	RLTY RATE - 12 1/2%		
11/01/1975	868	EFFECTIVE DATE		
11/01/1975	909	BOND ACCEPTED	EFF 04/11/69;ES0071	
10/05/1984	111	RENTAL RECEIVED	\$280;84-85	
10/05/1984	111	RENTAL RECEIVED	\$280;85-86	
01/03/1986	650	HELD BY PROD - ACTUAL		
01/30/1986	963	CASE MICROFILMED/SCANNED	CNUM 555,255 DS	
10/22/1986	932	TRF OPER RGTS FILED		
10/24/1986	957	TRF OPER RGTS DENIED	10/22/86 ASGN	
11/03/1986	246	LEASE COMMITTED TO CA	187C408 EFF 07/31/86	
12/18/1986	932	TRF OPER RGTS FILED		
01/19/1988	235	EXTENDED	THRU 10/31/87;	
01/20/1988	933	TRF OPER RGTS APPROVED	EFF 01/01/87;	
01/20/1988	974	AUTOMATED RECORD VERIF		HKG/LR
01/17/1990	575	APD FILED	SOUTHLAND ROYALTY CJ	
01/22/1990	576	APD APPROVED	HUBER "17" FED NO 4	
02/01/1990	575	APD FILED	SOUTHLAND ROYALTY CJ	
02/22/1990	576	APD APPROVED	WEST CORBIN FED NO 20	
08/22/1990	932	TRF OPER RGTS FILED	J M HUBER/MERIDIAN	
09/20/1990	899	TRF OF ORR FILED		
09/27/1990	933	TRF OPER RGTS APPROVED	EFF 09/01/90;	
09/27/1990	974	AUTOMATED RECORD VERIF		RAO/MT
12/13/1990	909	BOND ACCEPTED	EFF 11/09/90;MT0719	
08/26/1991	522	CA TERMINATED	NM061P35-87C408 MO	
02/10/1992	974	AUTOMATED RECORD VERIF		TF/MT
01/11/1993	899	TRF OF ORR FILED		
05/20/1996	817	MERGER RECOGNIZED	EL PASO PROD/MERIDIAN	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

Run Time: 10:44 AM

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Run Date: 01/26/2017

01 02-25-1920;041STAT0437;30USC226

Total Acres
320.000

Serial Number
NMNM-- - 096782

Case Type 311111: O&G LSE NONCOMP PUB LAND
Commodity 459: OIL & GAS
Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 096782

Name & Address			Int Rel	% Interest
B A LINGARD & CO INC	2416 ELLA LEE LN	HOUSTON TX 77019	OPERATING RIGHTS	0.00000000
BURLINGTON RES OIL & GAS CO LP	PO BOX 51810	MIDLAND TX 797101810	LESSEE	100.00000000
DEVON ENERGY PROD CO LP	333 W SHERIDAN AVE	OKLAHOMA CITY OK 731025010	OPERATING RIGHTS	0.00000000
EARNEST PRODUCING CORP	310 W WALL #802 CENTURY PLZ	MIDLAND TX 79701	OPERATING RIGHTS	0.00000000
EOG RESOURCES INC	PO BOX 4362	HOUSTON TX 772104362	OPERATING RIGHTS	0.00000000
FASKEN ACQUISITION 95-1 LTD	6101 HOLIDAY HILL RD	MIDLAND TX 797071631	OPERATING RIGHTS	0.00000000
FONAY OIL & GAS LLC	5333 N BAGGETT ST	HOBBS NM 882429703	OPERATING RIGHTS	0.00000000
LYNX PETRO CONSULTANTS INC	PO BOX 1708	HOBBS NM 882411708	OPERATING RIGHTS	0.00000000
PANGEA CORP	3606 MEADOWRIDGE	MIDLAND TX 79707	OPERATING RIGHTS	0.00000000
ROBERT L BAYLESS PROD LLC	621 17TH ST #2300	DENVER CO 80293	OPERATING RIGHTS	0.00000000
TRAVCO RESOURCES LLC	PO BOX 1708	HOBBS NM 88241	OPERATING RIGHTS	0.00000000
TRINITY ENERGY ASSOC INC	152 W 57TH ST CARNEGIE HALL	NEW YORK NY 10019	OPERATING RIGHTS	0.00000000
WATSON OIL & GAS LLC	1501 N GRIMES ST	HOBBS NM 882403719	OPERATING RIGHTS	0.00000000

Serial Number: NMNM-- - 096782

Mer Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	01805	0330E 027	ALIQ		S2;	CARLSBAD FIELD OFFICE	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 096782

Act Date	Code	Action	Action Remark	Pending Office
06/01/1947	124	APLN RECD		
06/01/1947	496	FUND CODE	05;145003	
06/01/1947	530	RLTY RATE - 12 1/2%		
06/01/1947	868	EFFECTIVE DATE		
09/08/1956	650	HELD BY PROD - ACTUAL		
03/04/1957	315	RENTAL RATE DET/ADJ	\$1.00;	
06/01/1995	209	CASE CREATED BY SEGR	OUT OF NMLC064944;	
04/18/1996	974	AUTOMATED RECORD VERIF		AR
09/18/1996	940	NAME CHANGE RECOGNIZED	MERIDIAN/BURLINGTON	
11/22/1996	963	CASE MICROFILMED/SCANNED		
02/02/1998	932	TRF OPER RGTS FILED	JM HUBER/FASKEN ACQ	
03/09/1998	933	TRF OPER RGTS APPROVED	EFF 03/01/98;	
03/09/1998	974	AUTOMATED RECORD VERIF	LR	
05/17/1999	932	TRF OPER RGTS FILED	BURLINGTON/LYNX PETRO	
06/22/1999	933	TRF OPER RGTS APPROVED	EFF 06/01/99;	
06/22/1999	974	AUTOMATED RECORD VERIF	ANN	
12/27/1999	932	TRF OPER RGTS FILED	EARNEST PROD/PANGEA	
05/02/2000	933	TRF OPER RGTS APPROVED	01/01/00;	
05/02/2000	974	AUTOMATED RECORD VERIF	LR	
07/07/2000	140	ASGN FILED	BURLINGTON/EOG RES	
07/07/2000	932	TRF OPER RGTS FILED	BURLINGTON/EOG RES	
09/07/2000	269	ASGN DENIED	BURLINGTON/EOG RES	
09/07/2000	933	TRF OPER RGTS APPROVED	EFF 08/01/00;	
09/07/2000	974	AUTOMATED RECORD VERIF	MV/MV	

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Condition of Approval

Surface commingling and off lease measurement for Gas only

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
7. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to ONRR as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to ONRR. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
8. This agency shall be notified of any change in sales method or location of sales point.
9. Additional wells and/or leases require additional commingling approvals.
10. Notify this office 24 Hrs. prior to any meter proving to allow time for an inspector to witness.

Six POW wells being commingled for gas only. The leases involved are NMNM-96782 and NMNM26692. All wells except for one are on lease NMNM-26692. All wells are producing from the Delaware/Queen except for one which is from the Bone Spring. The operator has provided justification showing that mixing the formations production will not significantly devalue the hydrocarbons. Both wells are 100% federal with 12.5% royalty rate thus no royalties will be affected. As these are oil wells the approval to commingle is for GAS ONLY. This gas would otherwise be flaring if not for economical commingling, which is why allocation by subtraction method will be allowed in this case. The operator will allocate on a daily basis.

JAM 032017