

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

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

¹ Operator Name and Address Fasken Oil and Ranch, Ltd. 303 West Wall, Suite 1800 Midland, TX 79701		² OGRID Number 151416
³ Property Code 36547	⁵ Property Name Quail State "16"	⁴ API Number 30-025-38440
⁹ Proposed Pool 1 Lea; Penn (Gas) (80040)		¹⁰ Proposed Pool 2 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	16	20S	34E		1980	North	1420	East	Lea

⁸ Proposed 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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3637'
¹⁶ Multiple N	¹⁷ Proposed Depth 13,700'	¹⁸ Formation Morrow	¹⁹ Contractor unknown	²⁰ Spud Date 8/1/07
Depth to Groundwater 160'		Distance from nearest fresh water well greater than 1 mile		Distance from nearest surface water greater than 1 mile
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 24000 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	1600'	1450	surface
12 1/4"	9 5/8"	36/40#	5200'	1750	surface
8 3/4"	5 1/2"	17/20#	13500'	2200	4800'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Fasken Oil and Ranch, Ltd. proposes to drill the Quail State "16" No. 1 to test the Morrow formation. Please see the attached for procedures, BOP schematics, plats, and H2S Contingency Plan.

The surface owner is the State of New Mexico.

²³ 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 NMOC guidelines ☒ a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature:

Printed name: Jimmy D. Carlile
Title: Regulatory Affairs Coordinator
E-mail Address: jimmyc@for1.com
Date: 6/13/07 Phone: 432 687-1777

OIL CONSERVATION DIVISION

Approved by:

Chris Williams
OC DISTRICT SUPERVISOR/GENERAL MANAGER

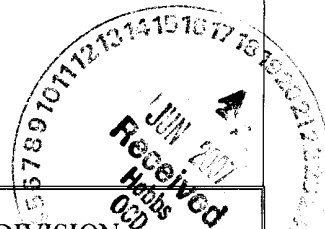
Title:

Approval Date:

JUN 20 2007

Expiration Date:

Conditions of Approval Attached ☐



dm

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DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

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

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-3844D	Pool Code 80040	Pool Name Lea; Penn (Gas)
Property Code 36547	Property Name QUAIL STATE "16"	Well Number 1
GRID No. 151416	Operator Name FASKEN OIL AND RANCH, LTD	Elevation 3637'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	16	20 S	34 E		1980	NORTH	1420	EAST	LEA

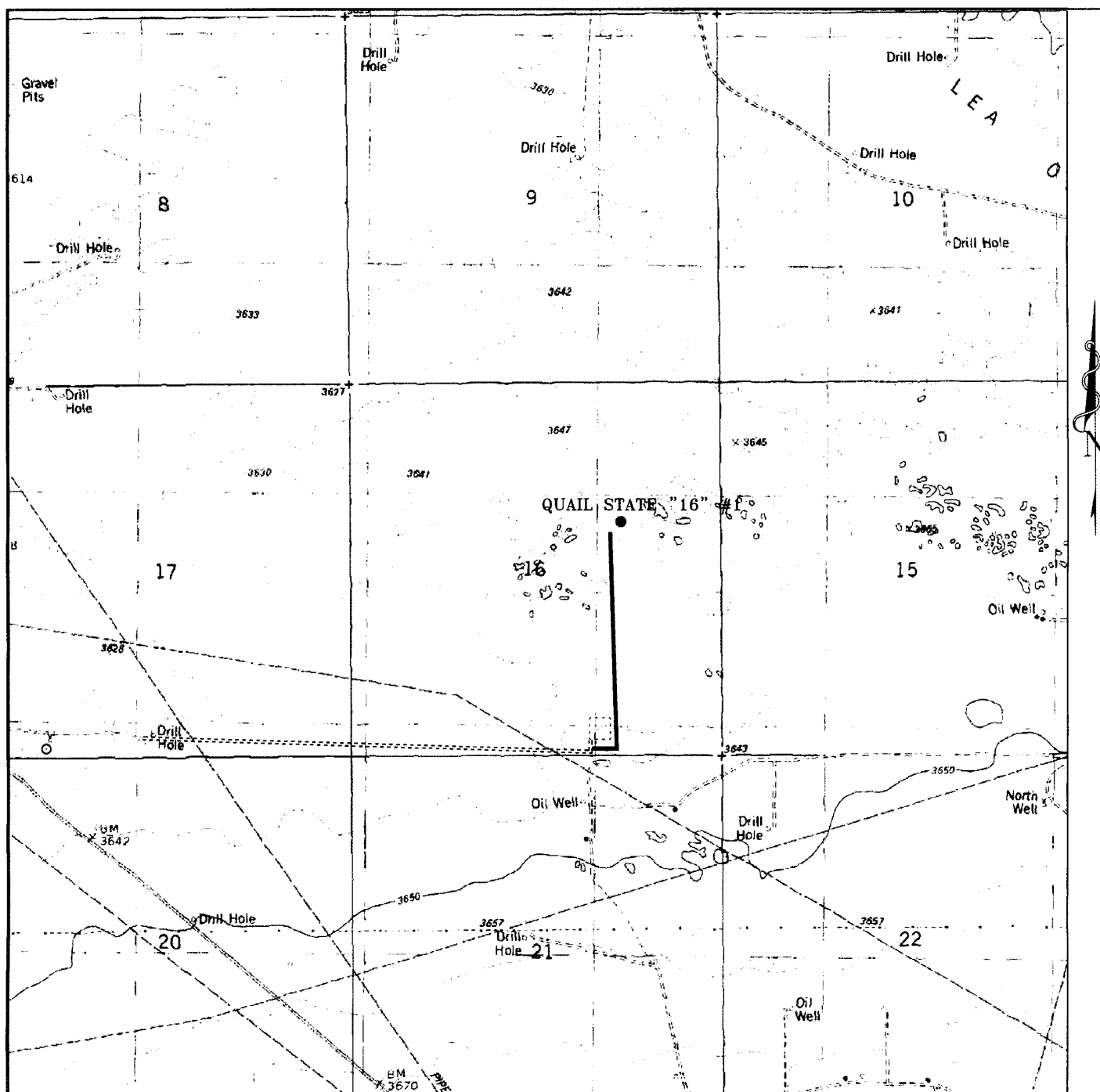
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

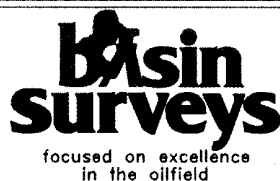
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>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 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.</p> <p><i>Jimmy D. Carlile</i> 6/15/07 Signature Date Jimmy D. Carlile Regulatory Affairs Coord. Printed Name jimmyc@forl.com</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JUNE 07, 2007 Date Surveyed Signature & Seal of Professional Surveyor Professional Surveyor Certificate No. Gary L. Jones 7977</p>
	<p>Basin Surveys</p>
	<p>Basin Surveys</p>



QUAIL STATE "16" #1
 Located 1980' FNL and 1420' FEL
 Section 16, Township 20 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: JMS 18233T

Survey Date: 06-15-2007

Scale: 1" = 2000'

Date: 06-18-2007

FASKEN OIL
 AND RANCH,
 LTD

Recommended Drilling and Completion Procedure

Fasken Oil and Ranch, Ltd.-----Quail State "16" No. 1-----Lea (Penn) Field
1980' FNL & 1420' FEL
Sec. 16, T 20S, R 34E
Lea County, New Mexico

1. Set 20" conductor at 40'. Dig rat hole and mouse hole.
2. Move in rotary tools.
3. Drill 17-1/2" hole to 1600' with spud mud. Run a packed hole drilling assembly.
4. Set 13-3/8" casing at 1600'. Cement to surface with estimated 950 sx Class "C" with 4% gel and 2% CaCl₂ (s.w. 13.5 ppg, yield 1.74 ft³/sx) plus 500 sx Class "C" with 2% CaCl₂ (s.w. 14.8 ppg, yield 1.32 ft³/sx). Centralize casing at middle of shoe joint and every 4th joint to surface.
5. WOC 6 hrs. Install 13-5/8" 3000# bradenhead and BOP stack. Pressure test BOP and casing to 750# before drilling out shoe.
6. Drill 12-1/4" hole to 5200'. Drill with 10 ppg brine water to 5200'. Control seepage with paper. RU H₂S safety equipment package at 4000'.
7. Set 9-5/8" casing @ 5200'. Centralize casing at middle of shoe joint, top of 2nd joint, top of 6th joint and top of 10th joint.
8. Cement casing with 1450 sx BJ Lite with 15# salt + 1/4# celloflake (s.w. 12.6 ppg, yield 2.0 ft³/sx) + 300 sx Class "C" (s.w. 14.8 ppg, yield 1.32 ft³/sx).
9. Set slips, cut-off casing, install secondary seal unit and NU 13-5/8" 3000# x 11" 5000# intermediate spool. Install hydraulic Super choke. NU BOP and hydrotest BOP, choke manifold, and floor safety valves to 5000 psi, hydriil to 2500 psi, and 200' of 9-5/8" casing to 2800 psi. RU mud gas separator complete with flare line and ignitor.
10. Drill 8-3/4" hole to total depth of 13,700' with fresh water. Displace hole with 10# brine water at 10,000' and mud up by 12,100' with XCD and Pac with properties of 10.0 ppg, 36-38 sec. viscosity and 8-10 cc water loss. Increase viscosity as necessary to maintain hole. DST all shows.
11. Run open hole logs; CNL-LDT, DLL-MSFL, and Full Wave Sonic. Side wall coring may be performed in selected intervals as determined by log shows.
 - Set 5-1/2" casing at TD (Resin coat and centralize through all prospective pay zones). Cement casing in two stages with DV tool at approximately 9,000' as follows;

First Stage: 10 bfw, 500 gallons Mud Clean II, 10 bfw, 1100 sx Super "C" Modified (15#/sx Poz A and 11 #/sx CSE), 5% salt, 1.2% FL-25 and 0.2% CD-32 (s.w. 14.0 ppg, yield 1.39 ft³/sx). Batch mix slurry. Open DV tool and circulate for 6 hrs.

Second Stage: 900 sx BJ Lite "C" with 1/4# celloflake, 6% gel, 0.4% FL-52 and 1/4# Celloflake (s.w. 12.4, yield 2.01 ft³/sx) and 200 sx Class "H" neat (s.w. 15.6 ppg, yield 1.18 ft³/sx). Calculate second stage cement volume for TOC @ 4800'.
12. Set slips, cut-off casing, install secondary seal unit and NU 5000# WP tubinghead and flowtree.
13. Move out rotary tools.
14. Level location and set mast anchors.
15. Complete well as per completion procedure.

Mtj/tet

(Quailstate16-1drlgproc.doc)

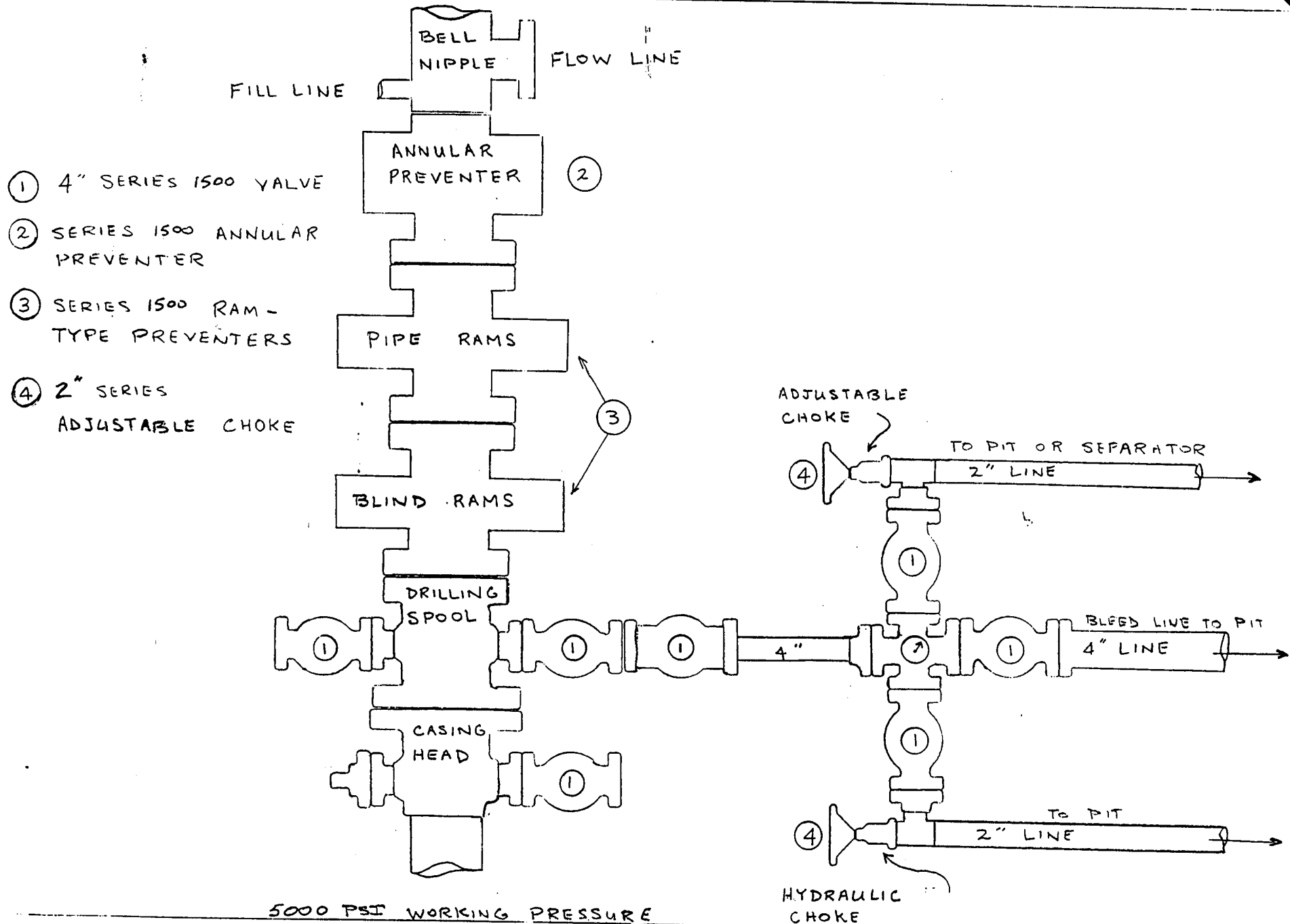


Exhibit #5

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 ₂ S	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%	Combustable 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.

<u>Percent Vol.</u>	<u>Concentration</u> <u>ppm</u>	<u>Physical Effects</u>
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, unidirectional 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 medical 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.