

UNITED STATES
DEPARTMENT OF THE INTERIOR **OCD-HOBBS**
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

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.
NM-14496 & NM-10474

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Ling Federal No. 3, 5, 6, & 9

2. Name of Operator
Fasken Oil and Ranch, Ltd.

9. API Well No
30-025-38608; 39121; 39122; 39454

3a. Address
303 West Wall St., Suite 1800, Midland, TX 79701

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

10. Field and Pool or Exploratory Area
Apache Ridge; Bone Springs

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)
660' FNL & 1980' FEL, Sec 31, T19S, R34E - Ling Federal No. 3 2130' FNL & 660' FWL, Sec 31, T19S, R34E - Ling Federal No. 5
990' FNL & 660' FWL, Sec 31, T19S, R34E - Ling Federal No. 5 530' FSL & 1980' FWL, Sec 31, T19S, R34E - Ling Federal No. 9

11. Country or Parish, State
Lea, New Mexico

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"/> Fracture Treat | <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 <u>Surface Commingle</u> |
| | <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 recompleat 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 recompleat 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. plans to surface commingle the Ling Federal No. 3, 5, 6, & 9 wells amending commingling permit CTB-598 pending approval of Amended Surface Commingle application from the NMOCD.

This is for your information.

**SUBJECT TO LIKE
APPROVAL BY STATE**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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HOBBSOCD

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)
Kim Tyson

Title Regulatory Analyst

Signature Kim Tyson

Date 07/29/2009

PETROLEUM ENGINEER
DEC 18 2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title 1PET

Date 11/27/09

Office CFO

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.

(Instructions on page 2)

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

**Guidelines for Off-Lease Measurement,
Storage and Surface Commingling Approvals**

The following information must be included with any application to combine, store, or measure production off-lease:

1. **A formal request (Sundry Notice Form 3160-5 or letter) for approval to combine, store, or measure production off-lease with an appropriate explanation and diagram(s) describing the proposed operation in detail.**

Please see attached sundry notice.

2. **A map showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling, off-lease measurement, and/or storage facility. All lease numbers, unitized or communitized areas, producing zones or pools must be clearly illustrated or detailed by suitable means. Any wells or leases proposed to be added to an approved commingling and off-lease storage and or measurement facility must be approved by the Authorized Officer prior to their being included in the facility.**

Please see attached map.

3. **An updated facility diagram which clearly identifies and places all equipment that will be utilized. This diagram should identify all sales points and give location of gas sales (transfer point) meter if it is not at this facility.**

Please see attached facility diagram.

4. **Estimated monthly production from each contributing well, including type of product, gravity, and/or BTU content.**

Please see attachment for answers to this question.

Carlsbad Field Office
Bureau of Land Management
U.S. Department of the Interior
APR 11 1983
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- 5. Details of the proposed method for measuring and allocating production for each lease involved. Include calculated "beneficial use" volumes both on and off-lease.**

The oil and water will be measured using PD meters on the separator for each well. The gas is measured through its own DCP meter for each well. The gas is used on the lease for the heater treater and dump controls.

- 6. A statement that all interest owners have been notified of the proposal.**

All working, royalty, and overriding royalty interest owners have been notified. Please see attached list and certified receipts.

- 7. Evidence that Federal or Indian royalties will not be reduced through approval of the application, and the proposed commingling of production is in the interest of conservation and will not result in improper measurement of production.**

There are no Indian royalties. This question does not apply.

- 7. Detailed economic justification, when the application to combine production is based on economic necessity, i.e., that approval is necessary to extend the economic life of the Federal or Indian Lease(s).**

The estimated cost to build a battery is \$100,000.00. If these wells were not surface commingled Fasken Oil and Ranch, Ltd. would have had to build 4 separate batteries for each of these wells at an estimated \$100,000.00 a piece.