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

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State of New Mexico
Energy Minerals and Natural Resources

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

Form C-101
June 16, 2008

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	[2] OGRID Number
Fasken Oil and Ranch, Ltd. 303 W. Wall St., Ste. 1800, Midland, TX 79701	151416 [3] API Number 30- 025 - 39639

[4] Property Code	[5] Property Name	[6] Well No
37916	Meadors "25"	1

[9] Proposed Pool 1	[10] Proposed Pool 2
Flying M; Atoka, South (Gas)	

[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
F	25	9S	32E		1980'	North	1980'	West	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	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	G	R	~~S~~ P	4327' GR
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
No	11,200'	Atoka	N/A	2-1-2010

[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#	400'	450 sx C	Surface
12 1/4"	9 5/8"	36#	3700'	1200 sx Lite C	Surface
				+ 250 sx C	
8 3/4"	5 1/2"	17#	10,900'	950 sx Lite H	3500'
				+ 450 sx Super C	

[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 and complete the Meadors "25" #1 in the Flying M; Atoka, South (Gas) pool as a gas well.

Please see attached for the procedure, plat, BOP schematic, H2S Contingency plan, and a contact list with emergency phone numbers.

Permit Expires 2 Years From Approval Date Unless Drilling Underway

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief

Signature: Kim Tyson

Printed name: Kim Tyson

Title: Regulatory Analyst

E-mail Address: kimt@forl.com

Date: 11-6-09 Phone: 432-687-1777

OIL CONSERVATION DIVISION

Approved by:

Title: PETROLEUM ENGINEER

Approval Date: JAN 21 2010 Expiration Date:

Conditions of Approval Attached ☐

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NOV 09 2009

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State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-39639	76720	Flying M; Atoka, South (Gas)

Property Code	Property Name	Well Number
37916	MEADORS "25"	1

OGRID No.	Operator Name	Elevation
151416	FASKEN OIL AND RANCH, LTD	4327'

Surface Location

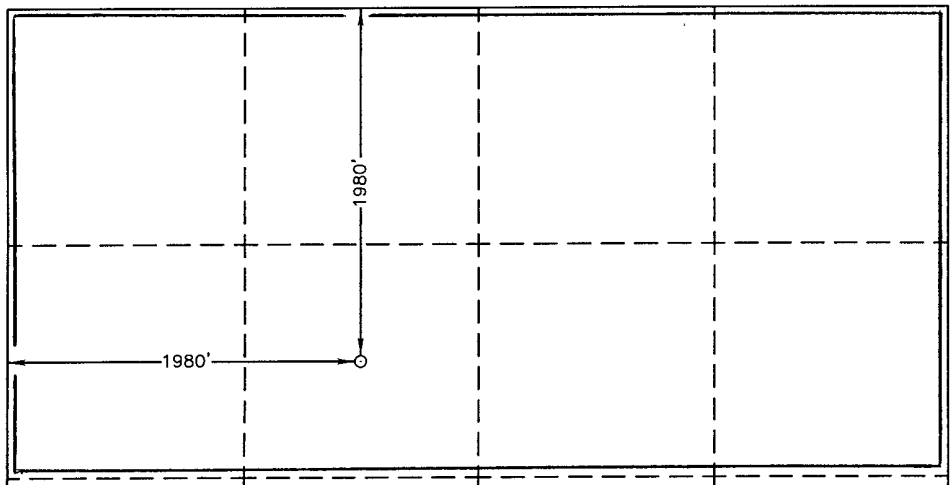
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	25	09 S	32 E		1980	NORTH	1980	WEST	LEA

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	Joint or Infill	Consolidation Code	Order No.
320			

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



SURFACE LOCATION
Lat - N 33°30'20.94"
Long - W 103°37'37.85"
NMSPCE- N 912305.602
E 756585.436
(NAD-83)

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 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 11-6-09
Signature Date

Kim Tyson
Printed Name

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.

AUGUST 5, 2009
Date Surveyed

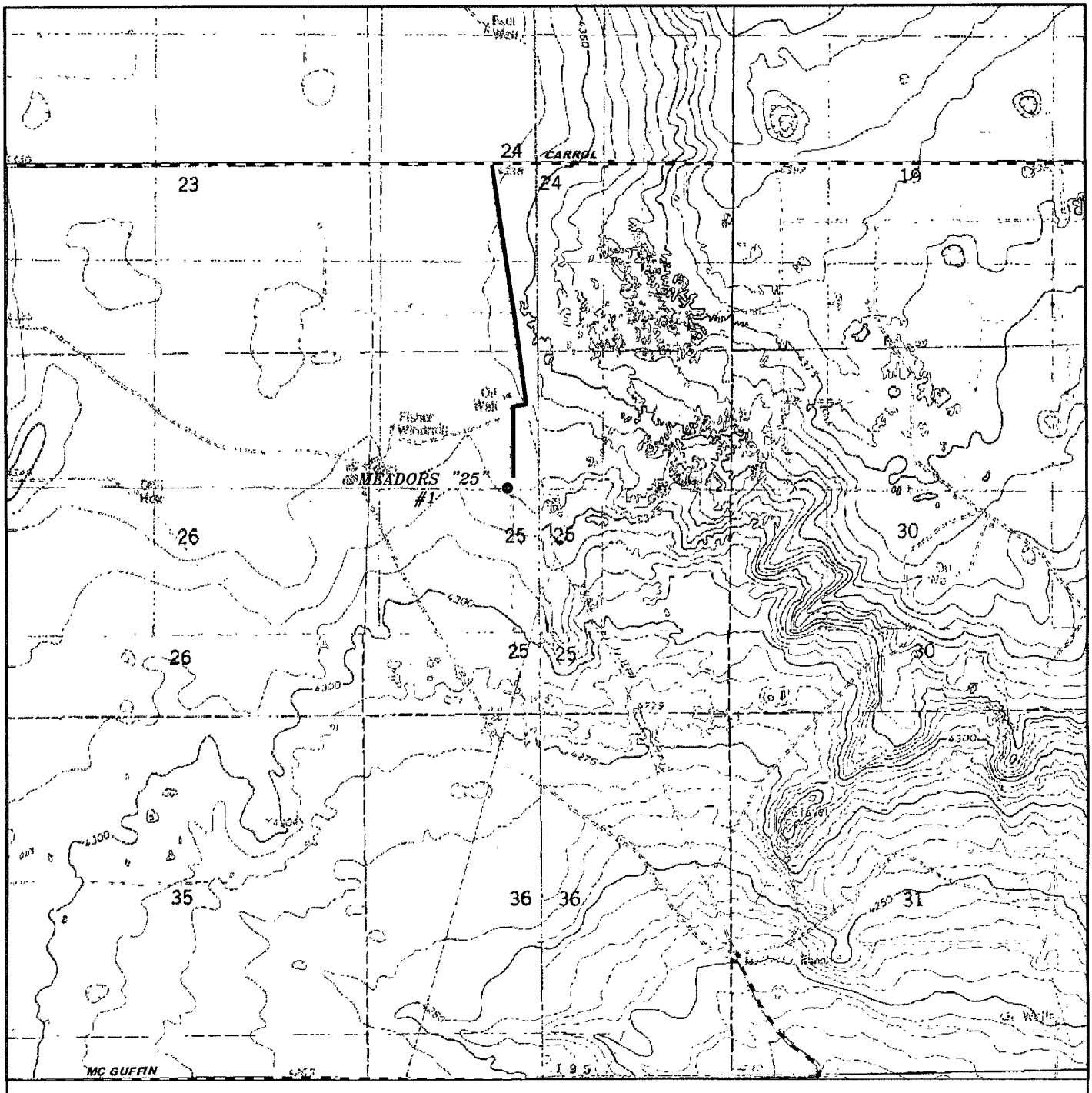
Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 2450

Certificate No. Gary L. Jones 7977

BASIN SURVEYS



MEADORS "25" #1
Located 1980' FNL and 1980' FWL
Section 25, Township 09 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:	JMS 21598
Survey Date:	08-05-2009
Scale:	1" = 2000'
Date:	08-06-2009

N

FASKEN OIL AND RANCH, LTD

Recommended Drilling and Completion Procedure

Fasken Oil and Ranch, Ltd.----------Meadors "25" No. 1----------Flying M South (Atoka) Field
1980' FNL & 1980' FWL Lea County, New Mexico
Sec. 25, T9S, R32E

1. Set 20" conductor at 40'. Dig rat hole and mouse hole.

2. Move in rotary tools.

3. Drill 17-1/2" hole to 400' with spud mud using the following BHA: BHA: bit, bs, comb tool (3 pt roller and IBS), xo, shock sub, 1-8" dc, IBS, 14-8", xo and 6" dc's.

4. Control seepage with paper.

5. Set 13-3/8" casing at 400'. Cement with 450 sx Class "C" with 2% $CaCl_2$ (s.w. 14.8 ppg, yield 1.32 ft^3/sx). Centralize casing at middle of shoe joint and every 4th joint to surface.

6. WOC 6 hrs. Install 13-5/8" 3000# bradenhead and BOP stack. Pressure test BOP and casing to 750 psi with rig pumps before drilling out shoe.

7. Drill 12-1/4" hole to 3700'. Drill with fresh water 1600' using the following BHA: BHA: bit, shock sub, 1-8" dc, IBS, 1-8" dc, IBS, 8" dc's. Convert to 9.0 ppg brine at 1600' with properties of 9.0 ppg and 35 vis. Add 50 bbl of oil if necessary. Control seepage with paper. RU H_2S safety equipment package at 3000'.

8. Set 9-5/8" casing @ 3700'. Centralize casing at middle of shoe joint, top of 2nd joint, and every 4th joint from 3700' – 2000'.

9. Cement casing with 1200 sx Halliburton Lite "C" with 15# salt and 1/8# Pheno-Seal (s.w. 12.6 ppg, yield 2.23 ft^3/sx) plus 250 sx Class "C" neat (s.w. 14.8 ppg, yield 1.32 ft^3/sx).

10. Set slips, cut-off casing, install secondary seal unit and NU 13-5/8" 5000# x 11" 5000# intermediate spool. Install hydraulic Super choke. RU PVT and flow sensor. NU BOP and hydrotest BOP, choke manifold, and floor safety valves to 5000 psi high and 300 psi low, hydril to 2500 psi high and 300 psi low, and 200' of 9-5/8" casing to 2800 psi. RU mud loggers.

11. Drill 8-3/4" hole to 10,900' with 9.0 ppg brine water. Anticipate viscosity to increase naturally to 40-50 sec. while drilling through the Abo shale section beginning at 7200'. Add 100 bbl of oil as necessary through the Abo shale at 7200'. BHA: bit, bs, tri-collar, 6" dc, IBS, 6" dc, IBS, and 6" dc's from intermediate shoe to top of Abo and bit, bs and 6" dc's from top of Abo at 7200' to TD.

12. Mud up at 9000' with white starch and salt gel with properties of 9.0 ppg, 40-50 vis. and 12 cc water loss Increase viscosity as necessary to maintain hole Run open hole logs; CNL-LDT, DLL-MSFL, and Full Wave Sonic. DST all shows.

13. Set 5-1/2" casing at TD (Resin coat and centralize through all prospective pay zones) and cement with 10 bfw, 500 gallons Mud Flush 102, 10 bfw and 950 sx Halliburton Light "H" with 1/8# Pheno-Seal (s.w. 12.6, yield 1.93 ft^3/sx) plus 450 sx Super "C" Modified with 5% salt (s.w. 13.2, yield 1.58 ft^3/sx). Calculate cement volume for TOC at 3500'.

14. Set slips, cut-off casing, install secondary seal unit and NU 3000# WP tubinghead and flowtree.

15. Move out rotary tools.

16. Level location and set mast anchors.

17. Complete well as per completion procedure.

JRE/TET
(Meadors25-1drlgproc doc)

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

Meadors "25" No. 1

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

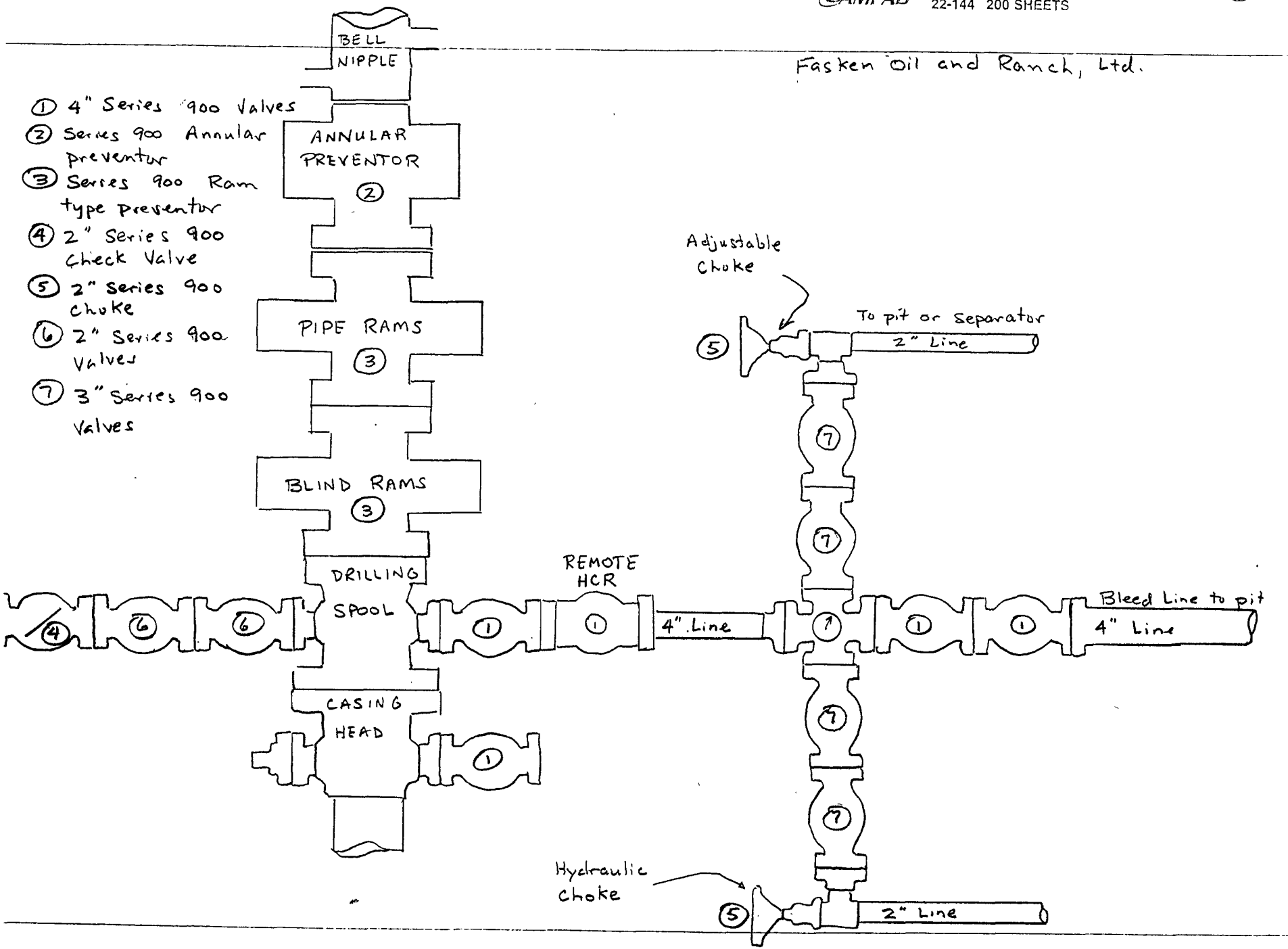
Statewide and National Emergency Numbers

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

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