

ATS-10-254

RECEIVED

OCD-HOBBS

JUN 09 2010

HOBBSOCD

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

Form 3160-3
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 26692
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Fasken Oil and Ranch, Ltd.		7. If Unit or CA Agreement, Name and No.
3a. Address 303 W. Wall St., Ste. 1800 Midland, TX 79701		8. Lease Name and Well No. <22213> Federal "26A" No. 5
3b. Phone No. (include area code) 432-687-1777		9. API Well No. 30-025-39810
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1875' FSL & 2255' FEL Unit J At proposed prod. zone 1875' FSL & 2255' FEL		10. Field and Pool, or Exploratory Ek; Delaware <21655>
11. Sec., T. R. M. or Blk. and Survey or Area Sec. 26, T18S, R33E		12. County or Parish Lea
13. State NM		14. Distance in miles and direction from nearest town or post office* 12 miles North Northeast from Halfway.
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1875'	16. No. of acres in lease 240	17. Spacing Unit dedicated to this well 40 Acres, NW/4, SE/4
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1603'	19. Proposed Depth 6500' - per drilling plan	20. BLM/BIA Bond No. on file NM 2729 Statewide Bond
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3821' GL	22. Approximate date work will start* 07/06/2010	23. Estimated duration 20 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <i>Kim Tyson</i>	Name (Printed/Typed) Kim Tyson	Date 03/31/2010
Title Regulatory Analyst		
Approved by (Signature) Is/ Don Peterson	Name (Printed/Typed)	Date JUN 7 2010
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval 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.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

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.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

PETROLEUM ENGINEER

JUN 29 2010

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

RECEIVED

JUN 09 2010

Form C-102

Revised October 15, 2009

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39810	Pool Code 21655	Pool Name EK; Delaware
Property Code 22213	Property Name FEDERAL "26A"	Well Number 5
OGRID No. 151416	Operator Name FASKEN OIL AND RANCH, LTD	Elevation 3821'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	26	18 S	33 E		1875	SOUTH	2255	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 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

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>SURFACE LOCATION Lat - N 32°42'59.51" Long - W 103°37'56.81" NMSPCE - N 625117.885 E 756899.904 (NAD-83)</p>	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. <u>Kim Tyson</u> 3-31-2010 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 supervision, and that the same is true and correct to the best of my belief. FEBRUARY 12 2010 Date Surveyed Signature & Seal of Professional Surveyor
	Certificate No. Gary L. Jones 7977 BASIN SURVEYS

APPLICATION FOR PERMIT TO DRILL

Fasken Oil and Ranch, Ltd

Federal "26-A" No. 5

1875' FSL & 2255' FEL

Sec. 26, T18S, R33E

Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill, Fasken Oil and Ranch, Ltd. submits the following items of pertinent information in accordance with Onshore Oil & Gas Order Nos. 1 & 2, and with all other applicable federal and state regulations.

1. The geologic surface formation is of Permian age. Ground elevation is 3821'.

2. Estimate tops of geologic markers are as follows:

Rustler	1550'
Salt	2750'
Base Salt	3050'
Yates	3400'
Queen	4300'
Penrose	4550'
San Andres	5150'
Bell Canyon	5350'
Cherry Canyon	5600'
TD	6000'

3. The estimated depths at which water, oil or gas formation are expected to be encountered:

Yates	3400'	Oil
San Andres	5150'	Oil
Bell Canyon	5350'	Oil
Cherry Canyon	5600'	Oil

* Groundwater to be protected by 13-3/8" surface casing with cement circulated to the surface.

** Potentially productive horizons to be protected by 5-1/2" production casing with cement tied back to 2500'.

4. Proposed Casing Program: All casing strings will new pipe. Minimum design safety factors are 1.0 for burst, 1.125 for collapse and 1.8 for tension on 8rd threaded pipe.

String	Footage	Hole Size	Casing Size	Weight	Grade	Thread
Surface	0'- 1000'	17-1/2"	13-3/8"	48.00#	H-40	ST&C
	1000'-1650'		13-3/8"	54.5#	J-55	ST&C
Intermediate	3100'	11"	8-5/8"	32.00#	J-55	LT&C
Production	6,000'	7-7/8"	5-1/2"	15.50#	K-55	LT&C
Tubing	5,800'		2-3/8"	4.60#	J-55	EUE 8 rd

5. Proposed Cementing Program:

Cement 13-3/8" casing lead with 600 sx Class "C" with 4% gel and 2% CaCl₂, tail in with 350 sx Class "C" with 2% CaCl₂ (s.w. 14.8 ppg, yield 1.32 ft³/sx). Circulate cement to surface.

Cement 8-5/8" casing with 700 sx Halliburton Lite "C" with 15# salt and 1/8# Poly-E-Flake (12.6 ppg, yield 2.0 ft³/sx) plus 300 sx Class "C" with 1% CaCl₂ (s.w. 14.8 ppg, yield 1.34 ft³/sx). Circulate cement to surface.

Cement 5-1/2" production casing (resin coated and centralized through pay zones) with 675 sx "C" 50/50 Poz Plus with 0.4% LAP-1, 2.5 # salt, (s.w. 14.2 ppg, yield 1.31 ft³/sx). Calculate cement volume for TOC @ 2500'.

See COA

6. Pressure Control Equipment: See exhibit #5. Operator request variance and proposes to pressure test BOP stack ~~with rig pump to 4000 psig~~ prior to drilling out the 13-3/8" casing shoe. The 8-5/8" casing will be Hydrotested before drill out the shoe joint. Hydrotest will included testing the rams, choke line, choke manifold, upper and lower kelly valves and floor safety valves to 3000 psig high and 300 psig low. The annular preventor will be hydrotested to 3000 psig high and 300 psig low. Additional BOP Hydrotesting will be performed after any pressure seal is broken, following any BOP repair and at 30 day intervals.

7. Mud Program:

<u>Depth</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Waterloss</u>
0-1650'	Fresh Water	8.5	40	N.C.
1650'-3100'	Brine Water	10.3	29	N.C.
3100'-5,350'	Fresh Water	8.5	28	N.C.
5,350'-6,000'	Fresh Water	8.5-8.7	36	15 cc

8. Auxiliary Equipment: Upper Kelly Cock, Full Opening Stabbing Valve, PVT.

9. Testing Logging and Coring Programs:

- DST's: None Expected

See COA

- Logging: 2-man Mudlogging unit from 3700' to T.D.

- Electric Logs: Platform Express with CNL-LDT, DIL-SFL, GR and Caliper.

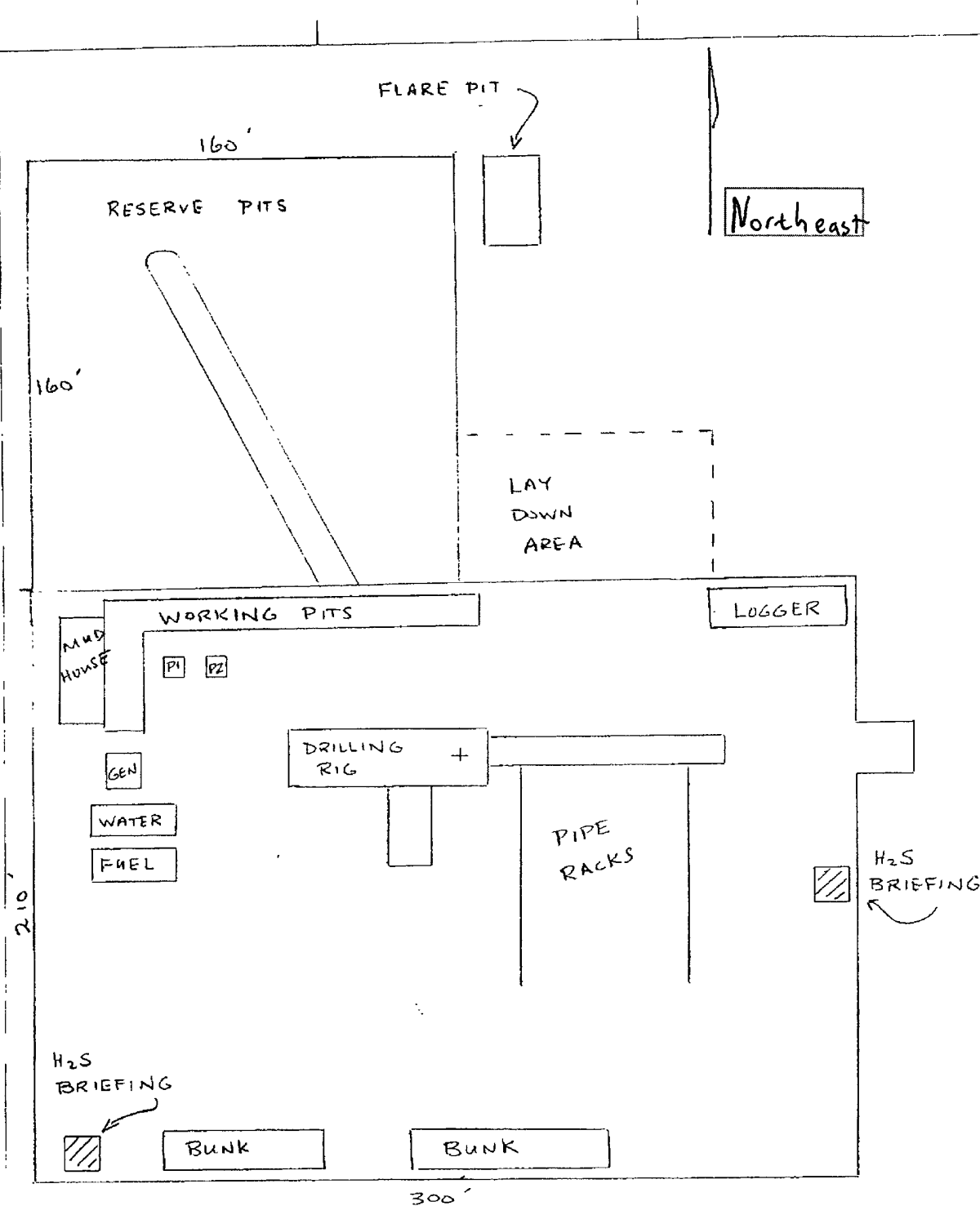
- Coring: None anticipated

10. Abnormal Pressure, Temperatures or Other Hazards: No lost circulate is anticipated. Maximum bottomhole pressure is estimated to be 3000 psig based on offset well information.

11. Anticipated Starting Date: July 6, 2010

22-141 50 SHEETS
22-142 100 SHEETS
22-144 200 SHEETS

CANFAD



Fasken Oil and Ranch, Ltd.
Exhibit #4
Scale: 1" = 50'

02-141 50 SHUTTER
 02-142 101 SHUTTER
 02-144 200 SHUTTER

Fasken Oil and Ranch, Ltd.
 Exhibit No. 5

- 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

