Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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.

SUBMIT IN TRIPLICATE – Other instructions on page 2.

5 Lease Serial No.
NM26692

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Federal "26A" No. 5

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

9. API Well No.
30-025-39810

3a. Address
303 W Wall St , Ste 1800
Midland, TX 79701

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

10. Field and Pool or Exploratory Area
EK; Delaware

4. Location of Well *(Footage, Sec , T ,R ,M , or Survey Description)*
Section 26, T18S-R33E
1875' FSL & 2255' FEL

11 Country or Parish, State
Lea, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☑ New Construction	☐ Recomplete	☑ Other Change location size
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	Drill with closed loop
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	fluid system

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. respectfully requests permission to make the following changes to the casing and cement design for this well.
Change surface hole size from 17-1/2" to 12-1/4", the hole depth will remain 1650'. Change surface casign from 13 3/8" casing to design listed below:
0'-1650' 8 5/8" 32# J-55 LT&C casing.
This will be cemented in place with 550 sx Lite Class "C" cement (s.w. 12.0 ppg, yield 1.98 cuft/sx), plus 250 sx Class "C" with 2% CaCl2 (s.w. 14.8 ppg, yield 1.32 cuft/sx). Circulate cement to surface. The 11" 3,000 psi BOP will be installed and tested on this string of casing.
The intermediate casing string that was going to be set at 3,100' will be eliminated. The interval of hole from 1,650'-6,000' (TD) will a 7-7/8" hole and it will be drilled with brine water.
The 5-1/2" casing design will remian unchanged however, the top of cement for the 5-1/2" casing will be changed to 1,250'. A revised cement design is listed below:
DV Tool @ 3,400'
First Stage: 10 bfw + 500 gallons Mud Flush 102 + 10 bfw and 450 sx Super "H" Modified (yld 1.63 cu/ft/sx, wt. 13.2 ppg). Open DV tool and circulate 6 hours.

Second stage: Lead with 300 sx Halliburton Lite (yld 2.0 cu/ft/sx, wt. 12.0 ppg), tail in with 200 sx Class C + 2% CaCl2 (yld 1.32 cu/ft/sx, wt. 14.8 ppg).

This 2-string well design is similar to numerous Delaware producers that have been drilled in the area in the past few years.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14 I hereby certify that the foregoing is true and correct Name *(Printed/Typed)*
Cory Frederick

Title Drilling Engineer

Signature Cory Frederick

Date 07/02/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

APPROVED
JUL 29 2010
/s/ Dustin Winkler
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

PETROLEUM ENGINEER

AUG 04 2010

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

(Instructions on page 2)

Fasken Oil and Ranch, Ltd.
NM-26692: Federal "26A" #5
API: 30-025-39810
Lea County, New Mexico

RE: Casing Change – Conditions of Approval

1. The **8-5/8** inch surface casing shall be set at **approximately 1650 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.

    a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **5-1/2** inch production casing is:

    a. First stage to DV tool, cement shall:

    ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.

    b. Second stage above DV tool, cement shall:

    ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

3. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M)** psi.

3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. Casing cut-off and BOP installation will not be initiated until the cement has had a minimum of 8 hours setup time for a water basin. The casing shall remain stationary and under pressure for at least eight hours after the operator places the cement. In the potash area, the minimum time is 12 hours and the casing shall remain stationary and under pressure during this time period. In addition, for the potash area, no tests are to be initiated prior to 24 hours (R-111-P regulations). Casing shall be under pressure if the operator uses some acceptable means of holding pressure or if the operator employs one or more float valves to hold the cement in place. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.

    b. The tests shall be done by an independent service company utilizing a test plug.

    c. The results of the test shall be reported to the appropriate BLM office.

    d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

    e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

    f. **Effective November 1, 2008, no variances will be granted on reduced pressure tests on the surface casing and BOP/BOPE. Onshore Order 2 requirements will be in effect.**

DHW 071510