

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

AUG 30 2010

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.

5. Lease Serial No.
NM-33955

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

☒ Oil Well

☐ Gas Well

☐ Other

2. Name of Operator
Fasken Oil and Ranch, Ltd

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

3b. Phone No. (include area code)
432.687.1777

7. If Unit of CA/Agreement, Name and/or No
NM-33955

8. Well Name and No
Baetz 23 #1

9. API Well No
30-025-26414

10. Field and Pool or Exploratory Area
Salt Lake Bone Spring

4. Location of Well (Footage, Sec., T, R, M., or Survey Description)
1980' FSL & 1980' FWL, Unit K, Section 23, T20S, R32E

11. Country or Parish, State
Lea County, 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>Approval to vent gas</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 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.)

This well produces 4 mcfpd. At the current price of \$4.50/mcf, the total monthly revenue would be \$547.

Yates has a gathering line that is 4066 ft to the north and would cost an estimated \$33,000 to build a connection. (6 year payout) Yates has been approached and due to the low volume and low gas price, is not interested at this time in connecting this well to their gathering line.

DCP has a low pressure line that is 4.3 miles to the north west and would cost an estimated \$353,000 to build a pipeline (including road bore) and set a meter and meter run (64 5 year payout)

DCP has a line that runs through the southwest corner of the section; however this segment of the line is currently idle. In prior inquires, DCP mistakenly indicated the line was abandoned, it was therefore not included as an option on the annual 3160-5 filing. The cost to activate the line is \$79,000. DCP typically disconnects wells with volumes this low, but has offered to reactivate the line and connect this well if Fasken agrees to their \$500 per month low volume fee. The line must pass a pressure test and Fasken would have to pay all reactivation costs. At \$47 revenue per month, the payout to connect this well would be 140 years. (Copies of correspondence included for your convenience.)

None of these options are economical. Permission is requested to vent for 1 year or through August 31, 2011

Due to greenhouse gas concerns, approval is granted for 60 days (expiring Oct. 24, 2010) to allow operator time to submit proposal to eliminate venting.

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

Sheila Payne

Title Marketing and Production Accounting Manager

Signature

Sheila Payne

Date 08/18/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Title

Office

APPROVED

AUG 25 2010

Date

WESLEY W. INGRAM
PETROLEUM ENGINEER

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 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)

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OPERATOR'S COPY

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1 Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2 Name of Operator
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Midland, TX 797013b. Phone No (include area code)
432.687.17777 If Unit of CA/Agreement, Name and/or No
NM-339558 Well Name and No.
Baetz 23 #19 API Well No
30-025-2641410 Field and Pool or Exploratory Area
Salt Lake Bone Spring4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FSL& 1980' FWL, Unit K, Section 23, T20S, R32E11 Country or Parish, State
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DCP has a low pressure line that is 4.3 miles to the north west and would cost an estimated \$353,000 to build a pipeline (including road bore) and set a meter and meter run. (64.5 year payout)

Neither of these options are economical. Permission is requested to vent for 1 year or through August 31, 2011

Venting has been occurring for 27 years

DCP has a pipeline in this section with max pressure of 35 psi.

Permission to vent - DENIED.

MD Ingram
8/9/10

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

Sheila Payne

Title Marketing and Production Accounting Manager

Signature



Date 07/14/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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Office

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(Instructions on page 2)

Sheila Payne

From: Thomas, Clifford D [CDThomas@dcpmidstream.com]

Sent: Tuesday, August 17, 2010 4:21 PM

To: sheilap@forl.com

Cc: Hawkins, John J

Subject: FW: Fasken Study Using Idle Fuel Line

Sheila,

The line in question is Idle not abandoned. The attached cost estimate will be 100% reimbursable to put the line back in service.. In addition there is a \$500/month meter fee for volume less than 450 MCF/Month. In addition there will be a processing cost. The cost to be determined should Fasken elect to have the well connect into DCP's gathering system. Let us know what you chose to do. DCP will need the well name and legal boundaries.

Cliff Thomas

DCP Midstream

Office 432-620-4073

Cell 432-770-6237

Fax 432-620-4011

From: Hawkins, John J

Sent: Tuesday, August 17, 2010 10:55 AM

To: Thomas, Clifford D

Subject: Fasken Study Using Idle Fuel Line

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This message has been scanned for viruses and dangerous content by **Basin Broadband, Inc.**, utilizing DefenderMX technology, and is believed to be clean.

8/18/2010

WESTERN DIVISION - WEST PERMIAN
COST ESTIMATE

Page No 1 of 1
Study Number None
A F E No
Date 8/17/2010

Study

Fasken Study

Job Description

1,800' Of 4" SDR 17 Poly

UNIT	CLASS	ITEM	DESCRIPTION (Show condition of used material and equipment)	QTY	UNIT PRICE	TOTAL
A			Labor Estimate			
		1	Install 4" SDR 17 Poly Pipe	1800	\$3 50	\$6,300
		2	Hard Rock	1800	\$5 30	\$9,500
		3	Pad Pipeline	1800	\$1 30	\$2,300
		4	Re-seed R O W	1800	\$0 15	\$300
		5	Remove & Haul Rock from R O W	0	\$1 00	\$0
		6	Install 2" 150 Series Meter Setting	1	\$1,369	\$1,400
		7	Install 4" 150 Series Blk Valve	1	\$1,271	\$1,300
		8	Install Blowdowns	1	\$334	\$300
		13	Test Idle Pipe	12000	\$0 90	\$10,800
		14	Line Prep	0	\$1,060	\$0
		15	Road Crossing	0	\$16,117	\$0
		16	Move In	1	\$1,980	\$2,000
		17	Tie In	1	\$1,389	\$1,400
		18	Hydro Vac	10	\$250	\$2,500
			SUB-TOTAL LABOR			\$38,100
B			Material Estimate			
		1	4" SDR 17 Poly	1800	\$2 16	\$3,900
		2	2" 150 Series Senior Meter Package	1	\$9,009	\$9,000
		3	EFM Package	1	\$4,831	\$4,800
		4	4" 150 Series Blk Valve Package	1	\$3,697	\$3,700
			SUB-TOTAL MATERIALS			\$21,400
C			Misc Estimate			
		1	Right of Way, Stake & Resurvey	1800	\$3 50	\$6,300
		2	Pipeline Inspector	10	\$400	\$4,000
			SUB-TOTAL MISC			\$10,300
D		1	Contingencies	10%	\$69,800	\$7,000
E		1	Tax	8.25%	\$21,400	\$1,770
			PROJECT TOTAL			\$79,000

REQUESTED BY
ESTIMATE BY
CHECKED BY

C Thomas
J J Hawkins