

OCD-HOBBS
RECEIVEDForm 3160-3
(February 2005)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCT 14 2010

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007SUNDRY 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 - 26692

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
Fasken Oil and Ranch, Ltd.3a. Address
303 West Wall St., Suite 1800, Midland, TX 797013b. Phone No. (include area code)
432-687-1777

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

8. Well Name and No.
Federal "26A" No. 1, 3, 4, 5, & 69. API Well No.
30-025-29249, 39008, 39809, 39810, & 3981110. Field and Pool or Exploratory Area
EK; Delaware4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
No 1 - 660' FSL & 1980' FWL / No 4 - 1525' FSL & 300' FEL / No 6 - 930' FSL & 2120' FEL
No 3 - 510' FSL & 510' FEL / No 5 - 1875' FSL & 2255' FEL / All wells located in Sec 26, T18S, R33E11. 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			
<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 Surface Commingle
	<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. proposes to surface commingle the Federal "26A" lease. This proposal will be for Pool Commingling and Lease Commingling. The Federal "26A" No. 1 is downhole commingled in the EK; Delaware and Corbin; Queen, South (Oil) pools. The Federal "26A" No. 3 is currently producing from the EK; Delaware pool but will be downhole commingled with the EK; Bone Springs pool at a later date. The Federal "26A" Nos. 4, 5, and 6 have been drilled and are in the process of being completed. All of these wells were permitted for the EK; Delaware pool, but they will be completed as downhole commingling with the Corbin; Queen, South (Oil) pool.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

ACCEPTED FOR RECORD

OCT 9 2010

/s/ JD Whitlock Jr

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Kim Tyson

Title Regulatory Analyst

Signature

Kim Tyson

Date 09/27/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Title

Date

OCT 18 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.

303 WEST WALL AVENUE, SUITE 1800
MIDLAND, TEXAS 79701-5116

(432) 687-1777
kimt@forl.com

Kim Tyson
Regulatory Analyst

September 27, 2010

Mr. Duncan Whitlock
Bureau of Land Management
620 E. Greene St.
Carlsbad, NM 88220-6292

RECEIVED

OCT 14 2010

HOBBSUCD

Dear Mr. Whitlock,

Re: Surface Commingle
Federal "26A" Nos. 1, 3, 4, 5, & 6
Lease No. NM-26692
Lea County

Fasken Oil and Ranch, Ltd. is applying for pool and lease surface commingling for the Federal "26A" Lease. Enclosed is a surface commingling application that includes a sundry notice of intent to surface commingle, a map showing all wells that contribute production to the surface commingle, a facility diagram, estimated monthly production from each contributing well, proposed method for measuring and allocating production for each lease involved, a statement that all interest owners have been notified, economic justification for the surface commingling, and the gas meter station name, number, and location.

If you have any questions or need any additional information please e-mail me at kimt@forl.com or call me at (432) 687-1777.

Thanks for your help concerning this matter.

Yours truly,

Kimberley A. Tyson

Kimberley A. Tyson
Regulatory Analyst

**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.

- 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.**

Each well will be tested monthly using a PD Meter to measure the oil and water. The gas will be measured using the GOR.

- 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.**

See Example

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

THIS DOES APPLY IF COMM. DIFF. LEASES

- 8. 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 \$50,000.00. If these wells were not surface commingled Fasken Oil and Ranch, Ltd. would have had to build 3 separate batteries for each of these wells at an estimated \$50,000.00 a piece.

- 9. Gas meter station name and number. Location of meter to include $\frac{1}{4}$ $\frac{1}{4}$, Section, Township and Range.**

Frontier Energy Services, LLC - 06035010

The gas meter is located in SE $\frac{1}{4}$, SW $\frac{1}{4}$, Section 26, T18S, R33E.

26

30-025-39810
FEDERAL 26A

○ 5

26692

30-025-39811
FEDERAL 26A

○ 6

30-025-29249
FEDERAL 26-A

● 1

30-025-39809
FEDERAL 26A

○ 4

30-025-39008
FEDERAL 26 A

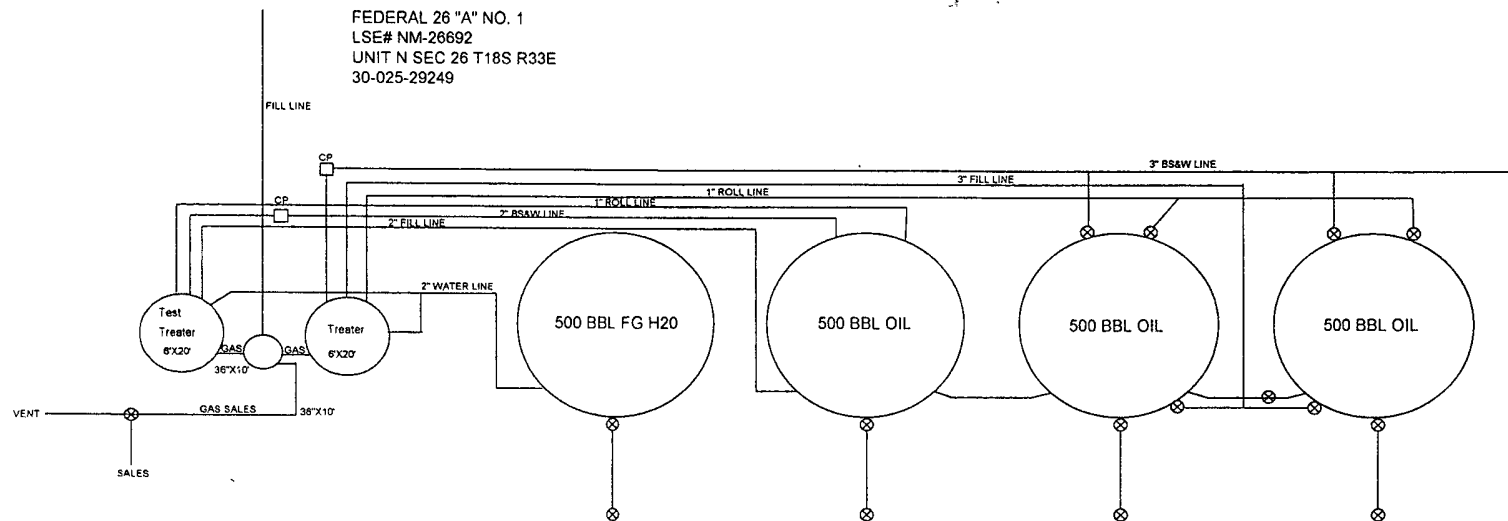
● 3



0 1,000
FEET

FEDERAL "26A" BATTERY DRAWING

FEDERAL 26 "A" NO. 1
LSE# NM-26692
UNIT N SEC 26 T18S R33E
30-025-29249



Fasken Oil and Ranch, Ltd. (Operator's Name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s):

Federal Lease No. NM - 26692

Remove Example

Well Name	API No.	Loc: ¼ ¼ Sec.Twp.Rng	Formation	BOPD	Oil Gravity	MCFPD	BTU
4-Deep Pockets 16 Federal	80045xxxx	SWSW, Sec. 15, T16S, R30E	Delaware	12	45.2 @ 80°	102	1345
Federal "26A" No. 1	30-025-29249	SESW, Sec. 26, T18S, R33E	Delaware/ Queen	8	38.2 @ 74°	16	1240
Federal "26A" No. 3	30-025-39008	SESE, Sec. 26, T18S, R33E	Delaware/ Bone Springs	35	39.4 @ 93°	33	1299
Federal "26A" No. 4	30-025-39809	NESE, Sec. 26, T18S, R33E	Delaware/ Queen	45	39 @ 80°	38	1281
Federal "26A" No. 5	30-025-39810	NWSE, Sec. 26, T18S, R33E	Delaware/ Queen	22	39.3 @ 86°	26	1290
Federal "26A" No. 6	30-025-39811	SWSE, Sec. 26, T18S, R33E	Delaware/ Queen	38	39.4 @ 85°	32	1291

With hydrocarbon production from:

Federal Lease No. _____

Well Name	API No.	Loc: ¼ ¼ Sec.Twp.Rng	Formation	BOPD	Oil Gravity	MCFPD	BTU
4-Deep Pockets 16 Federal	80045xxxx	SWSW, Sec. 15, T16S, R30E	Delaware	12	45.2 @ 80°	102	1345

The storage and measuring facility is located at SESW ¼, Sec. 26, T 18 S, R 33 E, on Lease No. NM - 26692, Lea Eddy (circle one), New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources are as follows:

Each well will be tested monthly using a PD Meter to measure the oil and water. The gas will be measured using the GOR. There will be only one gas meter with sales to Frontier Energy Services, LLC.

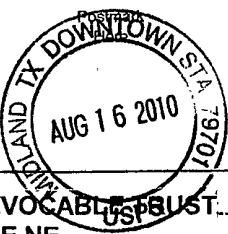
Fasken Oil and Ranch, Ltd.
Surface Commingle Application for Federal "26A" No. 1, 3, 4, 5, & 6
List of Notified Parties

Fasken Oil and Ranch, Ltd.
303 W. Wall St., Ste. 1800
Midland, TX 79701-5106

Jo Ann Guest Revocable Trust
Michelle Rathburn, Successor
4131Dover Road
La Canada, CA 91011-4006

The Watkins Revocable Trust
9108 Northridge N.E.
Albuquerque, NM 87111-2426

7007 2560 0003 3657 7729

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 1.22
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.32
	
Sent To THE WATKINS REVOCABLE TRUST 9108 NORTHRIDGE NE. ALBUQUERQUE NM 87111-2426	
PS Form 3800, August 2006 See Reverse for Instructions	

2122 259E E000 0952 2007

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 1.22
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.32
	
Sent To JO ANN GUEST REVOCABLE TRUST MICHELLE RATHBURN SUCCESSOR 4131 DOVER RD LA CANADA CA 91011-4006	
PS Form 3800, August 2006 See Reverse for Instructions	

Federal "26A" 1,3,4,5, & 6

Fasken Oil and Ranch, Ltd.

October 9, 2010

**Condition of Approval
Commingling on and off lease**

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
7. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to MMS as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to MMS. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
9. This agency shall be notified of any change in sales method or location of sales point.
10. Additional wells and/or leases require additional commingling approvals.
11. Down hole commingling required prior approval. Submit sundry and completion reports within 30 days of well being completed.