

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS RECEIVED

DEC 08 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.

SUBMIT IN TRIPLICATE – Other instructions on page 2.		5. Lease Serial No. NM-33955
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator Fasken Oil and Ranch, Ltd		7. If Unit of CA/Agreement, Name and/or No. NM-33955
3a. Address 303 West Wall St, Suite 1800 Midland, TX 79701		8. Well Name and No. Baetz 23 #1
3b. Phone No. (include area code) 432.687.1777		9. API Well No. 30-025-26414
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FSL& 1980' FWL, Unit K, Section 23, T20S, R32E		10. Field and Pool or Exploratory Area Salt Lake Bone Spring
		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 Approval to vent gas
	<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 recompleting 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 recompleting 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 is in the process of setting a gas engine to serve this property. Mike with Double M Energy indicates the unit will be ready the first part of December 2010. They expect to the unit to be installed and operational by December 15, 2010. The current vent permit expired October 24, 2010. We are requesting an extension of the vent permit to allow time to install the gas engine.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Sheila Payne		Title Marketing and Production Accounting Manager	
Signature <i>Sheila Payne</i>		Date 11/29/2010	
THIS SPACE FOR FEDERAL OR STATE OFFICE USE			
Approved by		APPROVED DEC 4 2010 DEC 08 2010 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 Office <i>K</i>	

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.

Sheila Payne

From: Mark Jacobs [markj@forl.com]
Sent: Wednesday, November 24, 2010 10:44 AM
To: Sheila Payne
Subject: Fwd: Baetz

Will this work for you to send to the BLM?

Sent from my iPhone

Begin forwarded message:

From: doublemenergy@aol.com
Date: November 24, 2010 9:20:51 AM CST
To: markj@forl.com
Subject: Baetz

Attn: Mark Jacobs,

I have received your recent order for a gas engine to be installed on the Baetz well, we should be able to have this engine ready the first part of December. I will let you know a few days in advance. Feel free to call with any questions.

Thanks Again,
Mike
Double M Energy, LLC
office # 575-391-0222
fax # 575-391-0267
mobile # 575-390-0051

--

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

OPERATOR'S COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

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

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

5. Lease Serial No.
NM-33955

6. If Indian, Allottee or Tribe Name

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

11. Country or Parish, State
Lea County, New Mexico

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

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Approval to vent gas

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.)

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

Title

Office

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)

APPROVED

AUG 25 2010

Date

WESLEY W. INGRAM
PETROLEUM ENGINEER

*CC: JWD- 8/27/10
JDC*

**Baetz 23 #1
30-025-26414
Fasken Oil and Ranch, Ltd.
December 4, 2010
Conditions of Approval**

- 1. Gas engine to be installed and operational by December 15, 2010. Extension is granted for venting until December 15, 2010 to enable the operator to install gas engine.**
- 2. Operator shall supply specifications for the gas engine and volume of gas required to operate said engine.**
- 3. Operator to install an EFM to measure the gas to enable accurate reporting of the gas volumes to ONNR. A recent well test indicated that the 4 MCFD stated production is not accurate.**

WWI 120410