

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM - 96782
2. Name of Operator Fasken Oil and Ranch, Ltd.		6. Indian, Allottee or Tribe Name
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.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 560° FSL & 660° FEL, Sec. 27, T18S, R33E		8. Well Name and No. Federal "27" No. 2
		9. API Well No. 30-025-29400
		10. Field and Pool or Exploratory Area EK; Delaware
		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			
<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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input checked="" 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 convert the Federal "27" No. 2 to an injection well in the EK; Delaware pool pending approval from the NMOCD.

Please see attached for procedure.

Application to Injection submitted to the NMOCD on 8-13-2010.

SUBJECT TO LIKE
APPROVAL BY STATE

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Kim Tyson		Title Regulatory Analyst
Signature <i>Kim Tyson</i>		Date 10/12/2010
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by	Title	APPROVED MAY 2 2011 /s/ Chris Walls BUREAU OF LAND MANAGEMENT CARLSBAD FIELD 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.	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.		

**Convert to Injection
Federal "27" No. 2
560' FSL & 660' FEL
Sec 27, T-18-S, Range 33-E
API #30-025-29400
A.F.E. - Updated**

OBJECTIVE:		Convert to Delaware Injection
WELL DATA:		
13-3/8" 48# H-40 casing:		Set at 324' w/ 375 sx, circ. 110 sx cement
8-5/8" 24 & 28# casing:		Set at 3700.00" w/1500 sx, circ. 50 sx cement
5-1/2" 15.5#, 17#, & 20# casing:		Set at 10,700', DV Tool @ 6,803.27', 1 st stage cmt w/775 sx Halliburton Lite; 2 nd stage cmt w/750 sx Halliburton Lite – TOC 2885' by TS.
CIBP:		10,427' w/ 2.5 sx cmt. (TOC 10,405'), 8775' w/ 35' cmt
PERFS:		10,518'-24'; 9,468'-82'; 9,450'-54'; 9,440'-44'; 9,429'-34'; 8,828'-35'; 8,864'-66'; 8,890'-97'; 7365'-69'; 7372'-7388' 5946'-73'
KB:		15.50'
TD:		10,700'
PBDT:		10,405'

1. Test rig mast anchors on location.
2. Check with Jimmy Carlile or Kim Tyson to make sure all necessary permits have been obtained.
3. Notify NMOCD of intent to start conversion to injection as per NMOCD Administrative Order – XXXX.
4. Set rig matting boards and RUPU. Receive two sets of pipe racks and half-frac workover tank on location. Build flowline from wellhead to workover tank.
5. Blow down any casing pressure to workover tank. Unseat pump and POW and LD rods and pump. Send rods and pump back to Midland for inspection.
6. NDWH and NU 7-1/16" 3,000 psi manual BOP complete with 2-7/8" pipe rams and blind rams.
7. Unseat TAC and stand back 2-7/8" tubing in derrick.
8. RUWL and RIW with 5-1/2" CIBP and set @ 7,450' with 35' of class "H" cement on top.
9. RIW with 3-1/8" Gamma slick casing gun and perforate Delaware Sands as follows:

7150' - 7200' (51 holes)
6620' - 6733' (114 holes)
6339' - 6359' (21 holes)
6262' - 6322' (61 holes)

247 total holes. All holes should be 1 JSPF, 0.40" EH, 60° phasing, and correlated to Schlumberger Compensated Neutron-Litho Density Open-Hole Log dated 10-16-85 (or GR/CCL log shown to be performed on 6-23-08 – could not find in wellfile). POW, make sure all shots fired, and RDWL.

10. RIW with 5-1/2" RBP with ball catcher, retrieving tool, 10' 2-7/8" tubing sub, 5-1/2" HD compression packer with bypass, 2-7/8" sn, and 2-7/8" tubing and set RBP @ +/- 7250'. POW and set packer @ +/- 7220'. Pressure test RBP to 1,500 psi for 10". Release packer and POW to put packer @ +/- 7100'.
11. With packer bypass open, spot 7-1/2% HCl to EOT. Close packer bypass and break down perfs from 7,150'-7,200'. After breakdown, establish rate and acidize perforations **7150'-7200' with 2,500 gals of 7-1/2% HCl** with clay stabilizer dropping 102 7/8" RCN ball sealers evenly displaced for diversion. Max pressure 3,500 psi. Record instantaneous, 5", 10" and 15" shut-in pressures.
12. Flow and swab back acid load to pit. If fluid entry is marginal and will take more than a day of swabbing to recover load, move on with procedure.
13. Release packer, RIW and retrieve RBP @ +/- 7250'. POW and reset RBP @ +/- 6800'. POW and set packer @ +/- 6750' and pressure test RBP to 1,500 psi for 10". Release packer, POW and reset packer @ +/- 6550'.

14. Open packer bypass and spot 7-12% HCL to EOT. Close packer bypass and break down perfs from 6,620'-6,733'. After breakdown, establish rate and acidize perforations 6620'-6733' with 5,000 gals of 7-1/2% HCl with clay stabilizer dropping 226 7/8" RCN ball sealers evenly displaced for diversion. Max pressure 3,500 psi. Record instantaneous, 5", 10", and 15" shut-in pressures.
15. Flow and swab back acid load to pit. Make note of any oil or gas show while swabbing as there is a very small chance that this zone might cut some oil.
16. Release packer, RIW and retrieve RBP @ +/- 6800'. POW and reset RBP @ +/- 6450'. POW and set packer @ +/- 6400' and pressure test RBP to 1,500 psi for 10". Release packer, POW and reset packer @ +/- 6200'.
17. Open packer bypass and spot 7-12% HCL to EOT. Close packer bypass and break down perfs from 6,262'-6,322' & 6,339'-6,359'. After breakdown, establish rate and acidize perforations 6,262'-6,322' & 6,339'-6,359' with 4,000 gals of 7-1/2% HCl with clay stabilizer dropping 160 7/8" RCN ball sealers evenly displaced for diversion. Max pressure 3,500 psi. Record instantaneous, 5", 10", and 15" shut-in pressures.
18. Flow and swab back acid load to pit. Make note of any oil or gas show while swabbing as there is a very small chance that these zones might cut some oil.
19. Unseat packer and RIW and retrieve RBP. RIW past the bottom perforation to knock off any ball sealers still stuck to perforations. POW and LD RBP.
20. RIW with 5-1/2" HD packer, sn, and 2-7/8" tubing and set packer @ +/- 5,900'. RU pump truck and establish injection rate into perforations. Determine the greatest injection rate possible at a maximum pressure of 1,190 psi. If acceptable injection rate is obtained, continue on with procedure. If not, a frac proposal will follow. Pressure tubing/casing annulus to 500 psi for 30". Report results to Midland Office.
21. POW and LD packer and tubing. Send 2-7/8" workstring back to Midland Yard for inspection. Receive 5,900' of 2-7/8" poly-lined N-80 EUE 8rd injection tubing.
22. After obtaining tubing tally, RIW with 2-7/8" x 5-1/2" Arrowset 1X10 K packer with 1.500" "F" profile nipple, TOSSD, and poly lined tubing and set packer at \pm 5900' in 12pts of compression. **(All wetted parts of packer need to be nickel plated.)** Release TOSSD from packer and displace tubing/casing annulus with 2% KCl water containing corrosion inhibitor and O₂ scavenger. Engage TOSSD onto packer, ND BOP and NU 2-7/8" slip type hanger & IPC well head with aluminum-bronze full open gate valve dressed for sour conditions and injection hookup.
23. Notify NMOCD of intent to run pressure test on annulus. Pressure tubing/casing annulus to 500 psi and record on chart recorder for 30". RDPU.
24. After approval is given from NMOCD and Midland Office, begin injecting into well. Maximum injection pressure – 1,190 psi.
25. Report injection rate, volume, and pressure to Midland Office for daily drilling report.

**Federal 27 #2
30-025-29400
Fasken Oil and Ranch
May 2, 2011
Conditions of Approval**

1. Approval is granted for disposal of water being produced on the same lease only. If additional sources of water from off the lease are to be disposed of in this well, prior approval is required. The approval request must include proper authorization from the surface owner.
2. Prior to injection, submit documentation to the BLM Carlsbad Field Office engineering staff that proves the injection zone does not contain hydrocarbons capable of production in paying quantities. (Example documentation- mud log shows, cores, DST, well swabbing, open hole logs with evaluation, etc.)

CRW 050211