

District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

AUG - 4 2008

Form C-101
June 16, 2008

OCD-ARTESIA

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

AMENDED REPORT



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Fasken Oil and Ranch, Ltd. 303 West Wall St., Suite 1800, Midland, TX 79701		² OGRID Number 151416
³ Property Code 37316		⁴ Property Name Avalon State
⁵ Well No 1		⁶ APJ Number 30-015-20743
⁷ Proposed Pool 1 Bone Springs		⁸ Proposed Pool 2

7 Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	7	21S	26E		1440	South	1650	West	Eddy

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

¹¹ Work Type Code E	¹² Well Type Code S	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3305'
¹⁶ Multiple No	¹⁷ Proposed Depth 8,000'	¹⁸ Formation Bone Springs	¹⁹ Contractor	²⁰ Spud Date 8-15-08

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2" & 12 1/4"	9 5/8"	40#	2327'	2350 sx & 648	cu feet Surface
* 7 7/8"	5 1/2"	17#	4000'	850 sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Re-enter and convert to a Salt Water Disposal Well in the Bone Springs formation. See attached procedure.

* To be run in the hole as part of the Re-entry.

NOTE: NEW PIT RULE
19-15-17 NMAC PART 17
A form C-144 must be approved before starting drilling operations.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief		OIL CONSERVATION DIVISION	
Signature <i>Jimmy D. Carlile</i>		Approved by <i>Jim W. Burns</i>	
Printed name Jimmy Carlile		Title District II Supervisor	
Title Regulatory Affairs Coordinator		Approval Date 8/15/08	Expiration Date 8/15/10
E-mail Address jimmyc@for1.com			
Date 8-1-08	Phone 432-687-1777	Conditions of Approval Attached <input checked="" type="checkbox"/> ONLY FOR RE-ENTRY	

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-20743		² Pool Code		³ Pool Name Bone Springs	
⁴ Property Code		⁵ Property Name Avalon State			⁶ Well Number 1
⁷ OGRID No. 151416		⁸ Operator Name Fasken Oil and Ranch, Ltd.			⁹ Elevation 3305'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	7	21S	26E		1440'	South	1650'	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. SWD-1115
-------------------------------------	-------------------------------	----------------------------------	-------------------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>16</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</i></p> <p><u>Kim Tyson</u> 8-1-08 Signature Date</p> <p>Kim Tyson Printed Name</p>	
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey Signature and Seal of Professional Surveyor</p>	
	<p>Certificate Number</p>	

**Re-enter and Covert to Salt Water Disposal
Avalon State No. 1
1400' FSL & 1650' FWL
Sec 7, T21S R26E
Eddy County, New Mexico
AFE 1376**

OBJECTIVE:	Re-enter and Convert to Salt Water Disposal
WELL DATA:	
9-5/8" 40# J-55:	Set at 2327' KB. Cmt w/ 2350sx + 648 ft ³ concrete. TOC surf.
Cement Plugs:	11 sx 0'-35' 84 sx 2200'-2400' 42 sx 3900-4000' 42 sx 8100'-8200' 42 sx 8900'-9000' 42 sx 10,300'-10,400' 42 sx 10625'-10725'
Hole Sizes:	17-1/2" to 320'; 12-1/4" 320'-2327'; 8-3/4" 2327'-10,800'.
TD:	11,800'

1. Notify New Mexico OCD office 48 hours prior to rigging up on well. Notify plans to covert to SWD well per NMOCD Administrative Orders.
2. Install rig mast anchors on location.
3. Dig out 9-5/8" casing stub with backhoe. Weld on +/-6' 9-5/8" casing stub to surface with 9-5/8" SOW x 9-5/8" SOW slip collar.
4. Install 9-5/8" x 11" 3000 psi bradenhead on top of 9-5/8" casing. Wax wrap casing to surface.
5. Level location, prepare pad, and install standard cellar around wellhead.
6. Set rig matting boards, 2 sets of pipe racks, cat walk and steel half-frac open top workover tank on location. Build flowline from wellhead to test tank.
7. Receive 8,000' of 2-7/8" EUE 6.5# 8rd N-80 workstring and a set of 2-7/8" EUE 8rd N-80 tubing subs.
8. RUPU, NU 11" x 3000 psi hydraulic BOP and BIW stripper head with new stripper rubber. Set reverse unit and fill reverse tanks with brine water.
9. RU power swivel (make sure to have kelly valve below swivel) and RIW with 8-3/4" bit, bit sub, 12 - 4" drill collars, xo, and 2-7/8" tubing and drill out cement plugs at surface(11sx), 2200' - 2400'(42sx), and 3900'-4000'(42sx). Circulate bottoms up after drilling out each cement plug. RIW with bit to cement plug @ 8100' and circulate hole clean. POW and LD drill collars and bit.
10. RIW open-ended and mix and spot a 50 sx Class "H" cement plug @ 8100'. POW with 4 jts of 2-7/8 tubing and reverse out excess cement. Displace cement with brine water. POW to 7000', WOC 4 hrs and RIW and tag TOC @ +/-8000'. Must tag above 8000'.
11. POW with tubing making sure to keep the hole full of brine water.
12. Receive 4,000' of 5-1/2" 17# N-80 casing, 5-1/2" float shoe, and 5-1/2" float collar.
13. Install 5-1/2" rams in BOP and set and cement 5-1/2" casing @ 4000' with 10 bfw, 500 gallons Mud Flush, 10 bfw, 650 sx Halliburton Lite with 6# salt & 1/4# Flocele (s.w. 12.6ppg, yield 2.06 ft³/sx) plus 200 sx Halliburton Class "C" cement (s.w. 14.8 ppg, yield 1.36 ft³/sx) Displace with brine water.

Note: Centralize middle of first joint and every third joint up to 2400'.

14. ND stripper head and BOP, set slips, cut off casing, and install 11" x 7-1/16" x 3000 psi tubing head. NU BIW stripper head with new stripper rubber, hydraulic BOP, and finish WOC for 12 hrs.
15. RIW w/ 4-3/4" bit, 1 3-1/2" drill collar, 5-1/2" casing scraper, 5 3-1/2" drill collars, xo, and 2-7/8" tubing and drill out float collar and shoe joint with brine water.
16. Run injectivity test by pumping 100 bbls of produced water at 2 bpm and record pressure. Notify Midland Office of the results.
17. POW with bit and LD BHA. Send workstring back to Midland stock for inspection.
18. Receive 4,000' of 2-3/8" EUE 8rd J-55 IPC injection tubing.
19. RIW with 5-1/2" x 2-3/8" Weatherford Arrowset 1X double-grip nickel plated casing packer with IPC top sub and mandrel, 4-1/2" OD x 2-3/8" x 1.781" "F" stainless profile TOSSD, xo, and 2-3/8" IPC injection tubing.
20. Set packer @ 3950' with 10,000# compression. Release TOSSD overshot and displace tubing/casing annulus with packer fluid.
21. Engage TOSSD overshot, ND BIW stripper head and hydraulic BOP and NUWH. Notify OCD of intent to run MIT test on annulus. Test well on chart recorder to 500 psi and notify Midland Office of the results. RDPU.
22. Build 2" 2500 psi WP line from well to Soapberry Draw "7" State tank battery and prepare well for disposal.
23. After approval is given from Midland Office and NMOCD, start injecting water into well. Maximum allowable injection pressure - 800 psi.
24. Report rate, injection volume, and pressure to Midland Office on daily drilling report.

CSL

(AFE_1376_AvalonState1_ConvertSWD_proc.doc)