Form 3160-(June 1990)

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANY **BUREAU OF LAND MANAGEMENT**

FORM APPROVED Budget Bureau No. 1004-0135

	(i)	/ INIVI 13024
Do not use this form for proposals to de	AND REPORTS ON WELLS Till or to deepen or reentry to a different reservoir. R PERMIT—" for such proposals	6. If Indian, Allottee or Tribe Name
SUBMIT IN TRIPLICATE 1. Type of Well		7. If Unit or CA, Agreement Designation
Other Special Colors		8. Well Name and No.
2. Name of Operator		Avaion "1" Federal No. 3
Fasken Oil and Ranch, Ltd.		9. API Well No.
3. Address and Telephone No. 303 W. Wall, Suite 1800, Midland, TX 79701 (432) 687-1777		30-015-31199 10. Field and Pool, or Exploratory Area
4. Location of Well (Footage, Sec., T., R., M., or Survey D	escription)	Foster Draw Delaware
Surface: 2762' FSL, 2075' FEL Bottom Hole	: 615' FSL, 634' FWL Sec. 1, T21S, R26E	11. County or Parish, State Eddy, NM
12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPOR	RT, OR OTHER DATA
TYPE OF SUBMISSION	TYPE OF ACTION	
X Notice of Intent	Abandonment	Change of Plans
	Recompletion	New Construction
Subsequent Report	Plugging Back	Non-Routine Fracturing
	Casing Repair	Water Shut-Off
Final Abandonment Notice	Altering Casing Altering Casing temporarily abandon	Conversion to Injection
		[] Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
give subsurface locations and measured and true vertice	l pertinent details, and give pertinent dates, including estimated date of starting ai depths for all markers and zones pertinent to this work.)*	•
	al to run a mechanical integrity test of the 9 5/8" casing	
	led to test the Delaware directionally under Lake Avalor	
	e was not plugged, but shut in pending approval for salt	•
• •	Oil Conservation Division. This wellbore has utility for fullocations. None of these locations can be accessed with	
•	Ve are currently reviewing the project and are developing	
beginning directional work on this well within		ig a work plan. We articipate
bogining directional front on the Well Walling		

Approval for MITT,

Accepted for record

NMOCD

SEE ATTACHED FOR **CONDITIONS OF APPROVAL**

4. I hereby certify that the foregoing is true and correct Signed Title Regulatory Affairs Coordinator	Date 11/8/2006
(This space for Federal or State office use) Approved by Title Conditions of approval, if any:	APPROVED page
	NOV 1 5 2006
Fitle 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States representations as to any matter within its jurisdiction.	es any false, fictitious or fraudulent statements
*See Instruction on Reverse Side	WESLEY W. INGRAM PETROLEUM ENGINEER

545 17 18 T

Avalon "1" Federal No. 3 API No. 30-015-31199 Fasken Oil and Ranch, Ltd. Conditions of Approval November 15, 2006



Reference: Telecon with Jimmy Carlile of Fasken Oil and Ranch, Ltd. (11/15/06)

Jimmy Carlile stated that the existing wellbore will be plugged prior to kicking off the new wellbore.

Approval given for an MIT of the 9-5/8 inch casing within 30 days of approval date. A subsequent sundry with chart is required (see attached COA).

BUREAU OF LAND MANAGEMENT Carlsbad Field Office 620 East Greene Street Carlsbad, New Mexico 88220 505-234-5972



Temporary Abandonment of Wells on Federal Lands Conditions of Approval

A temporarily abandoned well is defined as a completion that is not capable of production in paying quantities but which may have value as a service well. Pursuant to 43 CFR 3162.3-4 (c), no well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer.

Temporary Abandonment (TA) status approval requires a successful mechanical or casing integrity test as follows:

- 1. A Notice of Intent (NOI) Sundry Notice (Form 3160-5) requesting approval to run a mechanical integrity test (MIT) or casing integrity test (CIT).
- 2. A description of the temporary abandonment procedure.
 - a. A bridge plug or packer must be installed as close to 50 feet above any open perforations or open hole as possible. If a cement plug is used, the top of the cement must be verified by tagging.
 - b. The wellbore must be filled with corrosion inhibited fluid and pressure tested to 500 psi. The casing shall be capable of holding this pressure for at least 30 minutes with a 10% allowable leakoff.
 - c. All downhole production/injection equipment (tubing, rods, etc.) shall be removed from the casing if they are not isolated by a packer.
 - d. A bradenhead test must be conducted. If the test indicates a problem exists, a remedial plan and time frame for remediation shall be submitted within ninety (90) days of the test.
 - e. Contact the appropriate BLM office at least 24 hours prior to the scheduled Casing Integrity Test. For wells in Eddy County, 505-234-5972; Lea County 505-393-3612.
- 3. Provides justification why the well should be temporarily abandoned rather than permanently plugged and abandoned and an estimated date that the well will be returned to beneficial use or plugged and abandoned.

Wells that successfully pass the casing integrity test will be approved for Temporary Abandonment (TA) status for a 12 month period provided that the operator:

- Submits a subsequent Sundry Notice (Form 3160-5) requesting TA approval.
- 2. Describes the temporary abandonment procedure.
- 3. Attaches a clear copy or the original of the pressure test chart.

The TA status could be extended for an additional 12 month period without another casing integrity test provided there was no leak-off during the test and the test was witnessed by a BLM representative. The operator must submit a sundry notice requesting an extension of TA status 30 days prior to expiration of the previous approval and appropriate justification for extending the TA status is included.

If the well does not pass the casing integrity test, then the operator shall within 30 days submit to BLM for approval one of the following:

- 1. A procedure to repair the casing so that a TA approval can be granted.
- 2. A procedure to plug and abandon the well.