OCD-ARTESIA

SEP 15 2008

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Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

5. Lease Serial No.
NM3606

6. If Indian, Allottee or Tribe Name

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.*

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

1 Type of Well
☐ Oil Well ☐ Gas Well ☑ Other

8 Well Name and No
Avalon "10" Federal No. 42

2 Name of Operator
Fasken Oil and Ranch, Ltd.

9 API Well No
30-015-31654

3a. Address
303 West Wall, Suite 1800
Midland, TX 79701

3b Phone No. *(include area code)*
432 687-1777

10 Field and Pool or Exploratory Area
Carclaw Draw Delaware East

4. Location of Well *(Footage, Sec , T ,R ,M., or Survey Description)*
1980' FNL, 660' FEL, Sec 10, T21S, R26E

11. Country or Parish, State
Eddy, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other convert to injection
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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)

Please be advised the subject well will be converted to injection to support other oil wells on this lease. An application to inject has been submitted to the NMOCD. We will begin work to convert this well to injection as soon as the injection authority is received.

ACCEPTED FOR RECORD

SEP 16 2008

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

14 I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Jimmy D. Carlile

Title Regulatory Affairs Coordinator

Signature Jimmy D Carlile

Date 06/23/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED

Approved by

Title

Date SEP 13 2008

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

WESLEY W. INGRAM
PETROLEUM ENGINEER

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)

Convert to Injection Well
Avalon 10 Federal No. 42
1980' FNL & 660' FEL
Sec 10, T21S R26E
AFE 1432

OBJECTIVE:	Convert to injection well
WELL DATA:	
13-3/8" 40# J-55 casing:	Set at 622', cement circ.
8-5/8" 32# J-55 casing:	Set at 1832' cement circ.
5-1/2" 17# J-55 casing:	Set at 4470' TOC 1216' CBL (8-8-01)
Perfs:	2304' - 2310', 2340' - 2348', 2370' - 2380', 2408' - 2412'
KB:	17'
TD:	4470'
PBTD:	2250' (CIBP)

1. Notify New Mexico OCD office 48 hours prior to rigging up on well. Notify plans to convert to injection well per NMOCD Administrative Orders.

2. Test rig mast anchors on location.

3. Set rig matting boards, 2 sets of pipe racks, cat walk and steel half-frac open top workover tank on location. Build flow line from wellhead to workover tank.

4. RUPU, NDWH, and NU 3000K manual BOP with 2-7/8" pipe rams and blind rams. Receive 2800' of 2-7/8' EUE 8rd workstring from Fasken stock.

5. RIW with sandline drill bailer and spud on CIBP @ 2250'. Knock CIBP to PBTD ± 4425'.

6. If unable to knock 5-1/2" CIBP loose with sandline, RU reverse unit and power swivel and drill up CIBP @ 2250' using 3% KCl water containing clay stabilizer. Circulate well clean and release reverse unit.

7. RUWL and set 5-1/2" CIBP @ 2600' at least 10' away from a casing collar with 35' of cement on top. POW w/ WL. WOC for 4 hours.

8. RIW with 3 joints of 2-7/8" tailpipe, 5-1/2" 32-A tension packer, 2-7/8" seating nipple, and 2-7/8" workstring and set packer at +/-2450' with EOT @ +/- 2535'. RU pump truck on tubing/casing annulus and establish injection rate into open perforations trying to achieve 500 psi. This information will be needed for the acid and frac jobs. RU on tubing and test casing below packer and CIBP to 2,500 psi for 15". Report results to Midland Office.

9. Unseat packer and spot 250 gallons of 7-1/2" NEFE HCl acid @ 2535'. Displace acid with 3% KCl water containing clay stabilizer. POW and reset packer at 2250' with 12-14,000# tension. Pressure test tubing/casing annulus to 500 psi for 15". Report results to Midland office. POW with tubing and packer.

10. RIW with 3-3/8" slick casing gun and perforate Delaware sand as follows: 2488'-2493' (10h), & 2528' – 2533' (10h) for a total of 20 holes. All perforations should be 60° phasing, 0.40" EH, and correlated to Computalog CB-GR log dated 8-7-01. POW, make sure that all shots fired and RDWL.

11. RIW with 5-1/2" tension packer with mechanical collar locator, and 2-7/8" workstring to 2420'. Need to have set of tubing subs on location to set packer at correlated depth per mechanical CCL. Correlate CCL to Computalog CBL-GR-CCL log dated 8/7/01, and get packer on depth to log and perforations. RU pump truck, reverse acid into tubing and set packer @ 2420' (or just below the perforations @ 2,408'-2,412').

12. ND BOP and NU flowtree. RU pump truck on tubing/casing annulus and establish injection rate and pressure into open perforations above packer at maximum pressure of 500 psi. Keep pump truck rigged up on annulus and attempt to maintain the pressure while displacing acid in step 13.

13. RU additional pump truck on tubing and displace acid into perforations using 3% KCl water. Max pressure = 3000 psi. Record instantaneous, 5", 10", and 15" shut-in pressures.

14. Flow and swab back load to half-frac workover tank.

15 RU pump truck on tubing/casing annulus and pressure up to 500 psi and attempt to maintain constant pressure during acid ball job. RU service company acid pump truck and acidize Delaware perforations with 1,000 gallons of 7-1/2% NEFE HCL acid containing the following additives:

5 gpt Ferrotrol 300-L	6 gpt Ferrotrol 270
2 gpt Ferrotrol 271	1 gpt CI-27
½ gpt Claymaster 5C	1 gpt NE 940
2 gpt LT-21	

Drop 40 1.3 s. g. bio ball sealers evenly spaced for diversion. Record instantaneous, 5", 10", & 15" shut-in pressures. Max pressure 3,000 psi.

16. Flow back to half-frac workover tank until well dies. Swab back remaining load to workover tank. Obtain accurate oil cut and hourly fluid entry rate. Report results to Midland Office. If oil cut shows to be economical, a new procedure to produce this lower zone will follow. ND flowtree and NU BOP.

17. RIW with packer to PBTD ± 2515' to knock off any ball sealers still attached to perforations. POW and set packer back at 2420'. ND BOP and NUWH.

18. NU 5,000 psi tubing valve and flowback manifold. RU BJ Services. Pressure tubing/casing annulus to 500 psi and keep constant during the frac job. Frac Delaware perforations according to BJ proposal to follow.

19. Flow back well to half-frac workover tank until well dies, letting pressures determine rates. ND 5K tubing valve, NDWH, and NU BOP.

20. Unseat packer, RIW, and tag sand fill if any. POW w/ tubing and LD packer. If necessary, RIW 2-7/8" notched collar, 2-7/8" seating nipple, and 2-7/8" tubing and tag sand fill. RU pump truck and circulate out sand to +/- 2515'. POW and LD 2-7/8" workstring. Send workstring back to Midland stock for inspection.

21. Receive and unload 2,300' of 2-7/8" poly lined tubing.

22. After obtaining tubing tally, RIW with Weatherford 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 ± 2250' in 10 pts of tension. (**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 O_2 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 office of intent to run pressure test on annulus. Pressure annulus to 500 psi and record on chart recorder for 30". RDPU.

24. Prepare well for injection.

25. After approval is given from Midland Office and NMOCD, start injecting water into well. Maximum allowable injection rate – 460 psi.

26. Report injection rate, pressure, and volume to Midland Office for daily drilling report.

Approved.

CSL 5-9-08
_____Area Engineer

5-13-08
_____Carl Brown

Calvin G Turner
_____Calvin Turner

5-14-08
_____Jimmy Davis, Jr.

CSL
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