Form 3160-5 (February 2005)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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5. Lease Serial No NM-3606

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

SUNDRY NOTICES AND REPORTS ON WELLS

6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. 7 If Unit of CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on page 2 1. Type of Well 8. Well Name and No. Avalon "10" Federal No. 43 Oil Well Gas Well Other 2. Name of Operator Fasken Oil and Ranch, Ltd. 9 API Well No 30-015-31668 3b. Phone No. (include area code) 10 Field and Pool or Exploratory Area 3a Address 303 West Wall St , Suite 1800, Midland, TX 79701 E Catclaw Draw Delaware 432-687-1777 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1817 FSL & 837 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 Acidize ___ Deepen Production (Start/Resume) Water Shut-Off Notice of Intent Fracture Treat Well Integrity Alter Casing Reclamation Casing Repair New Construction Recomplete Subsequent Report Change Plans Plug and Abandon Temporarily Abandon Plug Back Final Abandonment Notice Convert to Injection 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.) 10-21-08 Contractor set rig mats and pipe racks and RUPU. RU pump truck and pressure tested 5-1/2" csg to 3000 psi w/ no loss in 35" and bled off pressure and RD pump truck. RU Rising Star Services on tubing and displaced well w/ 65 bbls 2% Kcl water and pumped 500 gals 7-1/2% NeFe DI HCL spot acid w/ 2 gals I-18 corrosion inhibitor, 1/2 gal Ne-16 non emulsifier, 4 gals Fe-24 iron control, 2-1/2 gals Fe-10 liquid citric acid and 1/2 gal SS-1 silt suspender and spotted acid w/ 10.5 bbls 2% Kcl water. RD acid pump and POW and LD BHA. 10-22-08 RUWL and waited 2 hrs on full lubricator crew did not bring. RU full lubricator and RIW w/ GR-CCL and 3-1/8" slick casing gun and correlated to Schlumberger Platform Express Three Detector Litho-Density Gamma Ray open hole log dated May 9, 2001. Logged from PBTD at 2994' to 1950' and perforated from 2510'-2520'; 1 jspf, 0.40" EH, 60 degree phasing, 11 total holes. POW and LD tools w/ all shots fired and RDWL. RIW w/ 1 joint tail pipe, X-O, 5-1/2" x 2-3/8" 32-A tension packer, X-O, seating nipple and 2-7/8" EUE 8rd J-55 tubing and left packer swinging at 2457' and EOT at 2489'. RU Rising Star Services on 5-1/2" casing and reversed acid into tubing w/10 bbls 2% Kcl water. RU acid pump and trapped 500 psi on tubing/casing annulus and monitored during job. Broke down formation at 2240 psi and displaced spot acid with 13.5 bw at 5 bpm and 1260 psi; ISIP 720 psi, 5°, 700 psi, 10°, 690 psi and 15° 680 psi. Please see attachment for additional information ACCEPTED FOR RECORD 14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) 2 5 2009 Kım Tyson Title Regulatory Analyst Gerry Guye, Deputy Field Inspector SPACE FOR PEDERAL OR STATE OFFICE USE ARLSBAD FIELD OFFICE Approved by Title Date 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 Office 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

Fasken Oil and Ranch, Ltd. Avalon "10" Federal No. 43 Sundry Notice Attachment

10-22-08 - continued

Pumped 1000 gals 7-1/2% DI HCL acid w/ 1 gal I-18 corrosion inhibitor, 1 gal Ne-16 non-emulsifier, 8 gal Fe-24 iron control, 5 gal Fe-10 liquid citric acid, 1 gal SS-1 silt suspender and dropped 20 1.1 sg bio balls as follows: 4 bbls acid and dropped 4 bio balls every 4 bbls of acid and displaced acid w/ 16 bbls 2% Kcl water; (balls on formation) 1st stage 5 bpm and 1210 psi, 2nd stage 5 bpm and 1210-1340 psi, 3rd stage 5 bpm and 1230-1810 psi, 4th stage 3-5 bpm and 1760-2600 psi, 5th stage 0-5 bpm and 1320-3000 psi (balled out). ISIP 790 psi, 5" 760 psi, 10" 720 psi, 15" 700 psi. RD acid pump and began flowing well back on 10/64" positive choke and FTP 150 psi; LTR-65 bbls. SWI and SDON.

10-23-08

Well dead; flowed 26 blw overnight. IFL surface and made 11 swab runs and recovered 34 bf (9 bbls new fluid) and EFL 1950' FS. Made 1 run per hr after 4th run with 3 bph entry, WH sample was 5-10% oil cut and light gas blow after run. Left well open on 10/64" positive choke to flowback tank and SDON.

10-24-08

Well dead; no production overnight. IFL 900' FS, made 8 swab runs (75' of free oil on 1st run) and recovered 14 bf in 4 hrs and EFL 2000' FS. WH sample 8-12% oil cut and light gas blow after each swab run. LD swab tools and left well open on 8/64" positive choke to flowback tank. RDPU, cleaned location and released all rentals.

The fracture on this well is scheduled for Tuesday November 4th.