

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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.**

5. Lease Serial No.
NM - 3606
6. If Indian, Allottee or Tribe Name

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 SWD Well

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

2. Name of Operator
Fasken Oil and Ranch, Ltd.

9. API Well No.
30-015-31654

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

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

10. Field and Pool or Exploratory Area
SWD; Cherry Canyon

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980 FNL & 660 FEL, Sec. 10, T21S, R26E

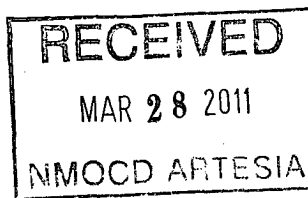
11. Country or Parish, State
Eddy, NM

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 checked="" type="checkbox"/> Other Install External Tank Gauges
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input 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. requests a variance to allow external tank gauges on oil and water tanks in the battery as the battery for the Avalon "10" Federal No. 42 SWD is sour. External tank gauges will allow our pumpers to get a reasonable idea of the volumes in each tank without having to physically gauge each tank on a daily basis. This minimizes our employees exposure to both hydrocarbon vapors and hydrogen sulfide. Prior to oil sales, each tank will be physically gauged to insure the proper volumes are reported in a sales run.



Accepted for record

NMOCD

4/7/11

See Attached Letter

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Kim Tyson

Title Regulatory Analyst

Signature

Kim Tyson

Date 03/21/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED BY
DENIED

/s/ JD Whitlock Jr

Title L PET

Date 3/24/11

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 CPO

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)





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov



In Reply Refer To:
3160 (P0000)

JAN 20 2011

Attention: Oil & Gas Operators of Federal Leases within the Pecos District of New Mexico

This letter represents written notice that external gauging devices will not be allowed on any liquid hydrocarbon storage tanks and/or storage facilities containing federal minerals. The operator and/or responsible party will have the devices removed, and any penetrations to the tank that jeopardize tank integrity shall be repaired. This policy is effective immediately.

Due to inspections on Federal leases involving storage facilities w/ external gauging devices and after extensive research and consideration, the Bureau of Land Management's Pecos District has concluded that external gauging devices do not meet **43 CFR 3162.1(a) & Onshore Oil and Gas Order #4.III.C.**

43 CFR 3162.1 General requirements.

- (a) The operating rights owner or operator, as appropriate, shall comply with applicable laws and regulations; with the lease terms, Onshore Oil and Gas Orders, NTL's; and with other orders and instructions of the authorized officer. These include, but are not limited to, conducting all operations in a manner which ensures the proper handling, measurement, disposition, and site security of leasehold production; which protects other natural resources and environmental quality; which protects life and property; and which results in maximum ultimate economic recovery of oil and gas with minimum waste and with minimum adverse effect on ultimate recovery of other mineral resources.

Onshore Oil and Gas Order #4.III.C Oil Measurement by Tank Gauging:

Oil measurement by tank gauging shall accurately compute the volume of oil withdrawn from a properly calibrated sales tank by measuring the height of the oil level in the tank before delivery (opening gauge) and then measuring the height of the oil level in the tank after delivery (closing gauge). The opening and closing gauges are then used with the tank calibration charts (tank tables) to compute accurately the volume of oil withdrawn. Gauging may be accomplished by measuring the height of the oil level from the tank bottom or a fixed datum plate upward to the surface of the oil in the tank (innage gauging) or by measuring from a fixed reference point at the top of the tank downward to the surface of the oil in the tank (outage gauging). Samples shall be taken from the oil before gauging to determine API gravity and sediment and water content. Prior to gauging, the temperature of the oil shall be determined from measurements made in the tank. The measured oil volume shall then be corrected for sediment and water content, and to the standard sales temperature of 60 F.

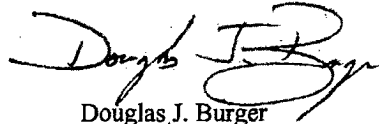
The following requirements and minimum standards shall be accomplished in accordance with *API Standard 2545 (ANSI/ASTM D-1085), "Method of Gauging Petroleum and Products," 1965, reaffirmed in 1987, and (ANSI/ASTM D-1250), Tables 5A and 6A.*

Onshore Oil and Gas Order #4.III.C.1 Sales Tank Equipment:

Each oil storage tank to be used for oil sales by tank gauging shall be properly equipped for such gauging, using the "API Recommended Practice for Setting Connecting, Maintenance, and Operation of

Lease Tanks, API RP 12 RI,"1986. Tanks shall also be connected, maintained, and operated so as to comply with the Site Security Regulations, 43 CFR 3162.7-5, and Onshore Oil and Gas Order No. 3 and sales tanks shall meet the following requirements Onshore Oil & Gas Order #4.III.C.1. (a)(b)(c).

Any Federal Lease found to have external gauging devices shall deem it necessary for the Bureau of Land Management's Pecos District to issue a Major Violation Notice Of Incidents Of Noncompliance (Form 3160-9).

A handwritten signature in dark ink, appearing to read "Douglas J. Burger". The signature is fluid and cursive, with the first name "Douglas" and last name "Burger" being clearly legible.

Douglas J. Burger
District Manager