N.M. Oil Cons. DIV-Dist. 2 1301 W. Grand Avenue

UNITED STATES Artesia, NM 88210
DEPARTMENT OF THE INTERIOR FORM APPROVED Form 3160-5 Budget Bureau No. 1004-0135 Expires: March 31, 1993 (June 1990) **BUREAU OF LAND MANAGEMENT** 5. Lease Designation and Serial No. NM 3606 **SUNDRY NOTICES AND REPORTS ON WELLS** 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals 7. If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE SW-1035 i. Type of Well Oil Gas Well RECEIVED Other 8. Well Name and No. 2. Name of Operator Lake Federal No. 1 Fasken Oil and Ranch, Ltd. JUL 2 1 2004 9. API Well No. 30-015-21503 3. Address and Telephone No. SCH-ARTESIA 303 W. Wall, Suite 1800, Midland, TX 79701 (432) 687-1777 10. Field and Pool, or Exploratory Area Avalon Upper Penn 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State 1180' FSL, 435' FWL of Section 3, T21S, R26E Admin Order NSL-707 Eddy County, New Mexico 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion **New Construction** Subsequent Report Plugging Back Non-Routine Fracturing Casing Renair Water Shut-Off Final Abandonment Notice Altering Casing Conversion to Injection Disnose Water (Note: Report results of multiple ed Completion or Recompletion Report and Log form.) 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled. bsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)* Fasken Oil and Ranch, Ltd. has plugged back the Lake Federal No. 1 from the Avalon Morrow to the Avalon Upper Penn. Please see the attached for details of this work. ACCEPTED FOR RECORD JUL 2 0 2004 LES BABYAK PETROLEUM ENGINEER

Signed August Dawn	Tide _	Regulatory Affairs Coordinator	Date	7/19/2004
(This space for Pederal of State office use)				
Approved by	Title _		Date	

Title 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 any false, fictitious or fraudulent statements nations as to any matter within its jurisdiction

FASKEN OIL AND RANCH, LTD. LAKE FEDERAL NO. 1

6-23-04

RIW with 4-1/2" CIBP and set plug @ 10,585'. RIW with 3" dump bailer and dumped 35' of Class "H" cement on top of CIBP @ 10,585'.

6-24-04

RIW with 2-3/8" tbg and seating nipple to 9339'. Tested casing and CIBP to 2000 psi for 5 minutes ok. Pickled tbg with 350 gals of 15% NE Hcl acid followed by 28 bbls of packer fluid. Reverse circulated well with 40 bbls of packer fluid and POW with tbg. Ran CBL from 10,000' to 9000' and found TOC @ 9290'. Made same run under 1000 psi and had no change.

6-25-04

RIW with packer, and 2-3/8" tbg to 9528' testing to 9500 psi above the slips, ok. Spotted 300 gals of 7-1/2% NEFE HCL DI acid with 34.5 bbls of 3% Kcl water. POW to 9286' and reversed 7 bbls of 3% Kcl water. Set packer in 20,000# of compression and ND BOP. NU well head and tested well head to 5000 psi, ok. Tested 4-1/2" casing and packer to 1500 psi for 5 minutes, ok. Tbg detail:

1- WL entry guide 3.75"	.42'
1- 5-1/2" Arrowset 1X 10K packer 1.781" "F" profile nipple	6.18'
1- 2-3/8" x 5-1/2" TOSSD	1.71'
298- jt 2-3/8" EUE 8rd N-80 tbg	9264.52
Total	9272.83
Below KB	+14.00'
EOT	9286.83

6-26-04

RIW 1-11/16" CCL and sinker bar through profile nipple and packer @ 9286', ok. RIW with 1-11/16" strip guns and perforated Canyon Sand @ 9502', 9500', 9498', 9481', 9472', 9470', 9468', 9462', 9460', 9456', 9454', 9441'- 49', 9436', 9434', 9432', 9430', and 9428', 1 JSPF, 0° phasing, 24 holes.

6-30-04

Acidized well with 1500 gals of 7-1/2% HCL containing 25% methanol, 2 gpt Cl-27, 1 gpt NE-940, 1 gpt Inflo-150, 6 gpt FE-270, 2 gpt- FE-271, 0.5 gpt Clay Master 5-C, with 1000 scf/bbl N_2 and dropped 30 ball sealers. Flushed w/ 3% Kcl water and N_2 with no ball action.

7-7-04

Well flowing on a 3/4" variable choke, FTP- 600 psi, produced 93 mcf, 0 bc + 0 bw in 24 hrs. Blew well to water tank for 2 hrs and recovered 1 bw. Dropped 1 soap stick and put well back on line.