

1. Type of Well

United States & Department of the interior Bureau of Land Management

SUBMIT IN TRIPLICATE

sx), all depths being measured depths. Please see the attached schematic for details.

FORM APPROVED Budget Burenn No. 1004-0135 Expirm: March 31, 1993

5. Lease Designation and Serial No. NIM 13624

6. If Indian, Allottee or Tribe Name

7, If Unit or CA, Agreement Design

SUNDRY NOTICES AND REPORTS ON WELLS

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

Well Well Other		S. Well Name and No.
2. Name of Operator Fasken Oil and Ranch, Ltd.		Avalon "1" Federal No. 3
3. Address and Telephone No.		30-015-31199
303 W. Wall, Suite 1800, Midland, TX 79701 (432) 687-1777		10. Field and Pool, or Exploratory Area Foster Draw Defaware
4. Location of Well (Footage, Sec., T., R., M., or Survey Descriptio	m)	11. Country or Parish, State
Surface: 2762' FSL, 2075' FEL Bottom Hole: 615'	FSL, 634' FWL Sec. 1, T21S, R26E	Eddy, NM
12. CHECK APPROPRIATE BOX(8) TO	INDICATE NATURE OF NOTICE, REF	ORT, OR OTHER DATA
TYPE OF SUBMISSION	TYPE OF ACTION	
Notice of Intent	Abandonment Recompletion	Change of Plans New Construction
Subsequent Report	Plugging Back Casing Repair	Non-Routine Fracturing Water Shut-Off
Final Ahandossment Notice	Abaring Casing Coher temporarily abandon	Conversion to Injection Dispose Water (Note: Expert results of multiple examplesion on Well
13. Describe Proposed or Completed Operations (Closely state all period give subsurface locations and measured and true vertical depth Fasken Oil and Ranch, Ltd. requests approval to re	s for all markers and zones portinent to this work.)*	Completion or Recompletion Report and Log form.) string any proposed work. If well is directionally drilled.

subject wellbore. The well was originally drilled to test the Delaware directionally under Lake Avalon. The Delaware target was a dry hole at the subsurface location. The wellbore was not plugged, but shut in pending approval for salt water disposal. The SWD

application was denied by the New Mexico Oil Conservation Division. This wellbore has utility for future directional drilling access to any one of four potential Delaware proration unit locations. None of these locations can be accessed with a vertifical well due to surface elevation restrictions around Lake Avalon. We are currently reviewing the project and are developing a work plan. We anticipate beginning directional work on this well within the next 12 months. We propose to set plugs across three intervals and the intermediate casing shoe. The intervals and cement volumes are 6275'-6108' (50 sx), 5204'-5070' (45 sx), 2369'-2249' (40 sx), and 1806' - 1697' (35

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Accepted for record

14. I hereby certify that the foregoing is true and coffree Signific Autor Regulatory Affairs Coordinator	APPROMED
This space for Pederal of State office use) Approved by	NOV 2 7 2006
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 or representations as to any matter within its jurisdiction.	

Avalon "1' Federal No. 3 API No. 30-015-31199 Fasken Oil and Ranch November 27, 2006 Conditions of Approval

Plugging of open hole.

- 1. Plug from 6275-6108' (50 sx) is for Bone Spring formation. Tag plug.
- 2. Plug from 5104-5070' (45 sx) is for Brushy Canyon formation. Tag plug.
- 3. Plug from 2369-2249' (40 sx) is for Cherry Canyon formation. Tag plug.
- 4. Plug from 1806-1697' (35 sx) is for intermediate shoe. Tag plug.
- 5. MIT to be performed on 9-5/8 inch casing to be performed and witnessed after tagging plug in step 4.
- 6. Subsequent sundry submitted for TA approval.

