

FASKEN OIL AND RANCH, LTD.

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Month - Year
APR 26 2007
OCD - ARTESIA, NM

Jimmy D. Carlile
Regulatory Affairs Coordinator

April 25, 2007

Mr. Bryan Arrant
New Mexico Oil Conservation Division
1301 W. Grande Avenue
Artesia, NM 88210

Dear Mr. Arrant,

Re: Fasken Oil and Ranch, Ltd.
Potential Salt Water Disposal Application
Avalon State No. 1 Dry Hole
API No. 30-015-20743

Fasken Oil and Ranch, Ltd. is looking at the Avalon State No. 1 located at 1440' FSL and 1650' FWL of Section 7, T21S, R26E, Eddy County as a potential salt water disposal well. This dry hole was plugged and abandoned on October 24, 1972. We are proposing to re-enter this wellbore and drill out plugs to 8100'. We will set an additional plug to 8000'. Our plans are to run a string of injection casing into the top of the Bone Spring at 4000'. The Bone Spring interval from 4000' to 8000' would be open for injection.

As we prepare the injection application, do you see any problems with this concept? Please give me or Carl Brown (project engineer) a call at the letterhead number so we can discuss this. I will be out of the office Friday, April 27, and Tuesday through Thursday, May 1 - 3. Carl would be happy to visit with you on this.

Yours truly,

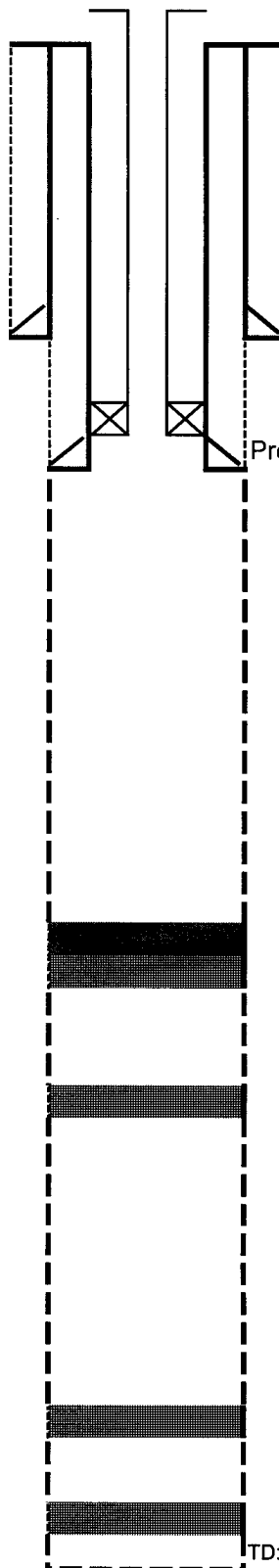


Jimmy D. Carlile
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Operator: **Fasken Oil and Ranch, Ltd.**

KB: 3321'

TD: 10,800'



Avalon St wb diagram 4-23-07.xls