## FASKEN OIL AND RANCH, LTD.

303 WEST WALL AVENUE, SUITE 1800 MIDLAND, TEXAS 79701-5116

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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

Regulatory Affairs Coordinator

**Avalon State No. 1** Proposed SWD Operator: Fasken Oil and Ranch, Ltd. GL: 3305' KB: 3321' **Tops** Location: 1400' FSL and 1650' FWL Sec 7, T21S, R26E Eddy County, NM Compl.: 10/24/1972 released rig API#: 30-015-20743 PBTD: 10300' 10,800' TD: 9-5/8" 40# J-55 @ 2327' KB w/2350sx + 698 cuft concrete TOC surf Casing: 9-5/8" 40# J-55 @ 2327' KB Bone Spring 3940' Proposed 5-1/2" or 7" at 4000' w/2350sx + 698 cuft concrete TOC surf Proposed 5-1/2" or 7" at 4000' 1st Bone Spr Sd 5500' **Proposed Injection Interval** Open Hole: 4000'-8000' **Proposed Tubing:** 298- jt 2-3/8" EUE 8rd N-80 IPC tbg Pkr set at 3950' 3rd Bone Spr Sd 7558' **Proposed Plug:** 42 sx 8000'-8100' proposed Wolfcamp 8020' 42 sx 8000'-8100' proposed 42 sx 8100'-8200' existing Penn Lime 8850' 42 sx 8900'-9000' existing Current plugs as fo 10-24-72: Atoka 9765' 42 sx 8100'-8200' existing 42 sx 8900'-9000' existing 42 sx 10300'-10400' existing 42 sx 10725'-10625' existing Morrow 10322' 42 sx 10300'-10400' existing Hole Sizes 17-1/2" 320' Barnett 10708' 42 sx 10725'-10625' existing 12-1/4" 320'-2327" TD: 10,800'

8-3/4" 10,800'