

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1301 W. Grand Avenue

Artesia, NM 88210

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-068043
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Read & Stevens, Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 1518 Roswell, NM 88202		8. Lease Name and Well No. Harris Federal Com., Well #12
3b. Phone No. (include area code) 505/622-3770		9. API Well No. 30-005-63734
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1980' FNL & 660' FEL At proposed prod. zone same		10. Field and Pool, or Exploratory Buffalo, Valley Penn
14. Distance in miles and direction from nearest town or post office* 13 miles East of Lake Arthur, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 27-T15S-R27E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease	17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2400'	19. Proposed Depth 9,100'	20. BLM/BIA Bond No. on file NM-2310
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3477' GL	22. Approximate date work will start* 2/14/05	23. Estimated duration 4 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

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| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 1/20/05
Title Agent for: Read & Stevens, Inc.		
Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) /S/LARRY D. BRAY	Date FEB 04 2005
Title Assistant Field Manager,	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

Application approval 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.

Conditions of approval, if any, are attached.

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 reverse)

Lease Responsibility Statement: Read & Stevens, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

George R. Smith
George R. Smith, agent

District I
1625 N. French Dr. Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87508

State of New Mexico
Energy, Minerals & Natural Resources
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, N M 87505

Form C-102
Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 73090	Pool Name Buffalo Valley Penn
Property Code	Property Name HARRIS FEDERAL	Well Number 12
GRID No. 18917	Operation Name READ & STEVENS, INC.	Elevation 3477

Surface Location

UL or Lot No. H	Section 27	Township 15-S	Range 27-E	Lot Idn.	Feet from the 1980	North/South line NORTH	Feet from the 660	East/West line EAST	County CHAVES
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Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code Com.	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
				Signature <i>George R. Smith</i> Printed Name agent for Title Read & Stevens Date January 20, 2005	
LAT N32°59'19.6" LO N W104°13'0.1"				SURVEYOR CERTIFICATION I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
				Date of Survey DECEMBER 8, 2004 Signature and Seal of Professional Surveyor 	

APPLICATION FOR DRILLING
READ & STEVENS, INC.
Harris Federal Com., Well No. 12
1980' FNL & 660' FEL, Sec. 27-T15S-R27E
Chaves County, New Mexico
Lease No.: NM-068043
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Read & Stevens, Inc. submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

Queen	923'	Cisco	7,148'
Grayburg	1,254'	Canyon	7,547'
San Andres	1,660'	Strawn	8,098'
G;orieta	2,697'	Atoka	8,500'
Tubb	4,376'	Mississippi L/S	8,806'
Abo	5,150'	Chester	8,926'
Wolfcamp	6,320'	T.D.	9,100'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water in the Triassic between 100' - 300'.

Oil: None expected.

Gas: In the Atoka below 8,500'.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8 "	54.5#	J-55	ST&C	375'	Circ. 300 sx "C"
12 1/4"	8 5/8"	24.0#	J-55	ST&C	1,800'	Circ. 800 sx "C"
7 7/8"	5 1/2"	17.0#	N-80	LT&C	9,100'	400 sx Super "C" modified TOC 7,500'

5. Proposed Control Equipment: A 11" 5000 psi wp Shaffer Type LWS BOP will be installed on the 8 5/8" casing and will operated as a 3M system. Casing and BOP will be tested as per Onshore Oil & Gas Order No. 2 before drilling out with 12 1/4". See Exhibit "E".

6. MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 375': Fresh water mud:	8.8 - 9.2 ppg	32 - 40	No W/L control
375' - 1,800': Fresh water native mud:	8.5 - 9.2 ppg	28 - 34	No W/L control
1,800' - 6,000': Cut Brine mud:	8.8 - 9.2 ppg	28 - 32	No W/L control
6,000' - 8,250': Cut Brine mud	9.0 - 9.5 ppg	28 - 35	No W/L control
8,250' - 9,100': Cut Brine and polymer:	9.0 - 9.5 ppg	32 - 40	W/L Cont 10 cc +/-

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None planned.

Logging: T.D -Int. Casing: GR/ND, DLL, MSFL. LDT
T.D. to surface: G/R, CNL

Coring: None planned.

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated Surface Pressure = 2002 psi (evac. hole) and BHP of 4004 psi (evac) with temperature of 151°.
10. H₂S: None expected. None encountered in previously drilled wells.
11. Anticipated starting date: February 14, 2005.
Anticipated completion of drilling operations: Approx. 4 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

READ & STEVENS, INC.
Harris Federal Com., Well No. 12
1980' FNL & 660' FEL, Sec. 27-T15S-R27E
Chaves County, New Mexico
Lease No.: NM-068043
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM topo map showing the location of the proposed well as staked. The well site location is approximately 13 road miles east of Lake Arthur, NM. Traveling east of Lake Arthur on CR-31 there will be approximately 5.4 miles of existing paved road and 7.2 miles of gravel County and oil field roads
- B. Directions: Travel east of Alternate U.S. Hwy 285 in Lake Arthur on County Rd. 31 for 5.4 miles to Rat Camp Rd., a gravel County Rd. Travel southeast and east on Rat Camp Rd. for 3.9 miles to a cattle guard. Continue east for 2 miles to an oilfield road on the north. Turn north for .5 mile to a fork in the road and the Harris Fed. #4. Turn left (northwest) for .8 mile to the Harris Fed. #8 well site on the east. The proposed access road starts on the west side of the access road and well site and will run southwest for approximately 2000 feet to the SE corner of the proposed well pad.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be approximately 2000 feet long and 12 feet wide (24' max). The proposed and existing roads are color coded on Exhibit "A".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained and water bars as needed.
- C. Turnouts: There will be one turnout at the midpoint which will increase the width to 20 feet for passing..
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off lease right of way: None may be necessary, but a Right of Way will submitted if required.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

11. OTHER INFORMATION: cont.

- H. There is no evidence of archaeological, historical or cultural sites in the staked area. Archaeological Survey Consultants, P. O. Box 2295, Roswell, NM 88202 is conducting an archaeological survey and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

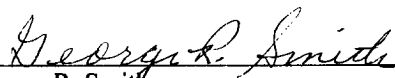
- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

John Maxey
READ & STEVENS, INC.
P. O. Box 1518
Roswell, NM 88202
Office Phone: (505) 622-3770 (ext 224)

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Read & Stevens, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

January 20, 2005



George R. Smith
Agent for: Read & Stevens, Inc.

BLOWOUT PREVENTOR ARRANGEMENT

11" SHAFFER TYPE LWS, 5000 psi WP
 11" CAMERON SPHERICAL, 5000 psi WP
 120 GALLON, 5 STATION KOOMEY ACCUMULATOR
 5000 psi WP CHOKE MANIFOLD

