

WEST HAYSTACK UNIT  
CHAVES COUNTY, NEW MEXICO  
READ & STEVENS, INC.  
OPERATOR

**EXHIBIT 4**

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF READ & STEVENS, INC.  
FOR APPROVAL OF A UNIT AGREEMENT,  
CHAVES COUNTY, NEW MEXICO.

Case No. 13,033

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF CHAVES            )

Robert H. Watson, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.
2. I am a landman for Applicant.
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.
4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letters and certified return receipts are attached hereto as Exhibit A.
5. Applicant has complied with the notice provisions of Division Rule 1207.

Robert H. Watson  
Robert H. Watson

SUBSCRIBED AND SWORN TO before me this 25<sup>th</sup> day of March, 2003, by Robert H. Watson.

Mary L. Page  
Notary Public

My Commission Expires:

10-7-05

UNITED BANK PLAZA  
400 N. PENN. SUITE 1000

CHARLES B. READ  
PRESIDENT

PHONE 505 622 3770  
FAX 505 622 8643

*Read & Stevens, Inc.*

*Oil Producers  
P. O. Box 1518  
Roswell, New Mexico 88202*

February 27, 2003

TO ATTACHED ADDRESS LIST

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Dear Owners:

Enclosed is a copy of an application for approval of a unit agreement, filed with the New Mexico Oil Conservation Division by READ & STEVENS, INC. regarding the proposed West Haystack Unit Area located in Township 6 South, Range 27 East, NMPM, Chaves County, New Mexico. This application is set for hearing at 8:15 a.m. on Thursday, March 27, 2003, at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the unit area, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are required to notify the Division by Friday, March 21, 2003, if you intend to enter an appearance and participate in the case.

Respectfully,

READ & STEVENS, INC.



Robert H. Watson  
Land Manager

RHW: mp  
Enclosures

## ADDRESS LIST

YATES PETROLEUM CORP. (WI OWNER)  
ABO PETROLEUM, INC.  
MYCO INDUSTRIES, INC.  
YATES DRILLING COMPANY  
105 S. Fourth Street  
Artesia, NM 88210  
Attn: Mr. Chuck Moran

LINCOLN OIL & GAS, L.L.C. (WI OWNER)  
C/o P.O. Box 1518  
Roswell, NM 88202

MARY LOU COUCH (ROYALTY OWNER)  
5454 Bartlett Drive  
San Bernardino, CA 92407-2709

FIRST CENTURY OIL, INC (ORRI OWNER)  
P.O. Box 1518  
Roswell, NM 88202

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF READ & STEVENS, INC.  
FOR APPROVAL OF A UNIT AGREEMENT,  
CHAVES COUNTY, NEW MEXICO.

No. \_\_\_\_\_

APPLICATION

Read & Stevens, Inc. applies for an order approving the Unit Agreement for the proposed West Haystack Unit Area, and in support thereof, states:

1. Applicant is a working interest owner in, and the operator of, the proposed West Haystack Unit Area, which comprises 1910.80 acres of federal and fee lands in Chaves County, New Mexico, described as follows:

Township 6 South, Range 27 East, N.M.P.M.  
Section 7: Lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$ , and E $\frac{1}{2}$  (All)  
Section 8: All  
Section 18: Lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$ , and E $\frac{1}{2}$  (All)

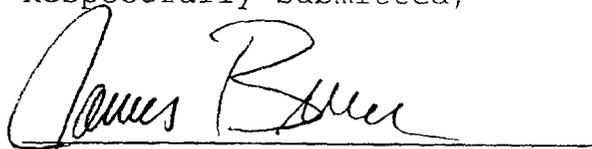
2. The proposed unit area has been preliminarily approved by the United States Bureau of Land Management as a logical unit.

3. Approval of the proposed unit area is necessary to conserve natural resources.

4. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the relief requested above be granted.

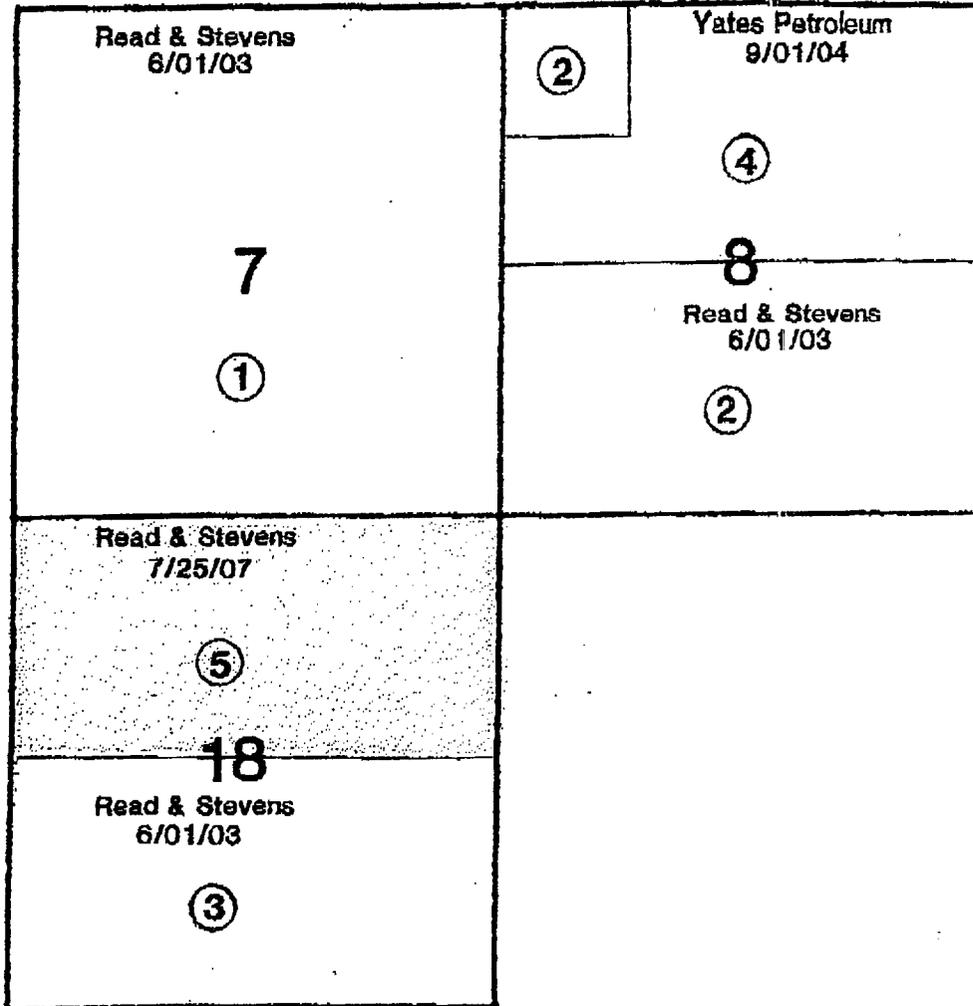
Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Read & Stevens, Inc.

**READ & STEVENS, INC.**  
**EXHIBIT A**  
**WEST HAYSTACK AREA**  
**CHAVES CO., NEW MEXICO**  
 1910.88 gross acres



- Tract Number Listed on Exhibit B
- Public Land
- Private Land



EXHIBIT "B"  
WEST HAYSTACK AREA  
CHAVES COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	ACRES	SERIAL NO./ LEASE EXPIRATION DATE	BASIC ROYALTIES & OWNERSHIP PERCENTAGE	LESSEE OF RECORD	ORRI%	WI%
1	T6S-R27E Section 7: Lots 1-4, E/2W/2, E/2	635.04	NMNM-90872 5/31/2003	USA - All of 12.5%	Read & Stevens, Inc. - 100%	Read & Stevens, Inc. - 3.5% R&S Royalty Pool - 2% First Century Oil, Inc. - 2%	Read & Stevens, Inc. - 98.5% Lincoln Oil & Gas LLC - 0.5%
2	T6S-R27E Section 8: NW/4NW/4, S/2	360.00	NMNM-90873 5/31/2003	USA - All of 12.5%	Read & Stevens, Inc. - 100%	Read & Stevens, Inc. - 3.5% R&S Royalty Pool - 2% First Century Oil, Inc. - 2%	Read & Stevens, Inc. - 98.5% Lincoln Oil & Gas LLC - 0.5%
3	T6S-R27E Section 18: Lots 3 & 4, E/2SW/4, SE/4	317.70	NMNM-90876 5/31/2003	USA - All of 12.5%	Read & Stevens, Inc. - 100%	Read & Stevens, Inc. - 3.5% R&S Royalty Pool - 2% First Century Oil, Inc. - 2%	Read & Stevens, Inc. - 99.5% Lincoln Oil & Gas LLC - 0.5%
4	T6S-R27E Section 8: NE/4, E/2NW/4, SW/4NW/4	280.00	NMNM-93468 8/31/2004	USA - All of 12.5%	Yates Petroleum Corp. - 4% Abo Petroleum, Inc. - 32% MYCO Industries, Inc. - 32% Yates Drilling Co. - 32%	Unknown	Yates Petroleum Corp. - 4% Abo Petroleum, Inc. - 32% MYCO Industries, Inc. - 32% Yates Drilling Co. - 32%
5	T6S-R27E Section 18: Lots 1 & 2 E/2NW/4, NE/4	318.06	Private Lands 7/25/2007	Mary Lou Couch - All of 16.67%	Read & Stevens, Inc. - 100%	None	Read & Stevens, Inc. - 100%
	<b>TOTAL</b>	<b>1914.80</b>					



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Yates Petroleum Corp.  
 ABO Petroleum Inc.  
 Mico Industries  
 Yates Building  
 105 S. 4th St.  
 Artesia, NM  
 Attn: Chuckman 88210

2. Article Number  
 7002 0460 0000 2472 6073

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1035

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 X *Kathy Donaghe*  Agent  Addressee

B. Received by (Printed Name) **KATHY DONAGHE** C. Date of Delivery *8/11/01*

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Mary Lou Couch  
 5454 Bartlett Dr  
 San Bernardino,  
 CA  
 92407-2709

2. Article Number  
 7002 0460 0000 2472 6066

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1035

**COMPLETE THIS SECTION ON DELIVERY**

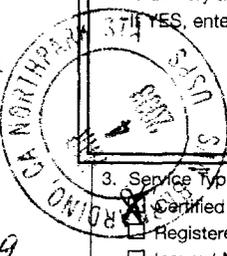
A. Signature  
 X *Mary Lou Couch*  Agent  Addressee

B. Received by (Printed Name) *Mary Lou Couch* C. Date of Delivery *8-4*

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



February 10, 2003

Mary Lou Couch  
C/o Ms. Jean Horan  
5454 Bartlett Drive  
San Bernardino, California 92407-2709

Re: Oil & Gas Lease dated 7-25-02  
Lots 1,2, E/2NW/4 & NE/4  
of Sec. 18, T6S-R27E  
Chaves County, NM; R&S #9999

Dear Ms. Horan:

With reference to our recent telephone conversation, READ & STEVENS, INC. is forming a federal exploratory unit to include Mrs. Couch's oil and gas lease. In order to commit this lease to the unit, we must have her authority to do so. Enclosed is an Amendment of Oil & Gas Lease and a Consent and Ratification form.

Please have Mrs. Couch sign and date both forms in the presence of a Notary Public and return both forms in the enclosed stamped, self-addressed envelope. I have enclosed an incomplete copy of the unit agreement for your records. A fully executed copy of the unit agreement will be furnished as soon as it becomes available.

Should you have any questions, please contact this office.

Respectfully,

READ & STEVENS, INC.



Robert H. Watson  
Land Manager

RHW: mp  
Enclosures

AMENDMENT OF OIL AND GAS LEASE

STATE: New Mexico
COUNTY: Chaves
LESSOR: Mary Lou Couch, Individually and as Conservator of the Estate of Howard E. Couch, deceased
LESSOR'S ADDRESS: 5454 Bartlett Drive; San Bernardino, CA 92407-2709
LESSEE: READ & STEVENS, INC.
LESSEE'S ADDRESS: P.O. Box 1518, Roswell, NM 88202
EXECUTION DATE: August 1, 2002
EFFECTIVE DATE: July 25, 2002

On August 1, 2002, Lessor executed and delivered to Lessee, an Oil and Gas Lease (the "lease"), recorded in Volume 438, Page 1606 of the Official Public Records of the county and state named above, which lease covers the following lands:

Township 6 South, Range 27 East, N.M.P.M.
Section 8: Lots 1, 2, E/2NW/4 and NE/4
Containing 318.06 acres, more or less,
In Chaves County, New Mexico

This lease is recognized by Lessor as being in full force and effect.

This lease is presently owned by Lessee and its assignees. It is the desire of the Lessor and Lessee to amend the lease as to the particular provisions set out below.

FOR adequate consideration, Lessor and Lessee hereby amend the lease by including the following language to Article 5 of the above described oil and gas lease, as if originally contained in said lease:

"Lessor is further granted the right and power to commit this lease as to all or any portion or horizons described above to any unit agreement for the purpose of conserving natural resources of any oil or gas pool, field or area; provided such unit agreement contains the customary provisions for allocation of oil and gas produced from the unit area and each unit agreement embraces lands of either the United States or the State of New Mexico, and the form of unit agreement has been approved by either the Bureau of Land Management or Commissioner of Public Lands and the New Mexico Oil Conservation Division, and upon such commitment the provisions of this lease shall be conformed to the unit agreement."

If the amendment set out above varies from provisions or terms already existing in the lease, the amending provision specifically supersedes the provisions or terms originally contained in the lease.

For the consideration provided, Lessor grants, leases and lets to Lessee the lands for the term provided in the lease, as it is amended by this agreement.

EXECUTED AND EFFECTIVE this 10th day of February, 2003.

LESSOR

LESSEE

Mary Lou Couch, Individually and as Conservator of the Estate of Howard E. Couch, deceased.

READ & STEVENS, INC.

By: Mary Lou Couch
Mary Lou Couch

By: Charles B. Read
Charles B. Read, President





**SENDER: COMPLETE THIS SECTION**

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mary Lou Couch  
 5454 Bartlett Dr  
 San Bernardino,  
 CA  
 92407-2709

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
 X *Mary Lou Couch*

B. Received by (Printed Name) C. Date of Delivery  
*Mary Lou Couch 3-4*

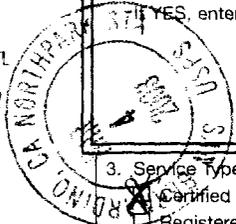
D. Is delivery address different from item 1?  Yes  
 YES, enter delivery address below:  No

3. Service Type

Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
 7002 0460 0000 2472 6066



UNITED STATES POSTAL SERVICE



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

READ & STEVENS, INC.  
P. O. BOX 1518  
ROSWELL, NEW MEXICO 88201

88202+1517 *W* RECEIVED 11/2 11/10

WEST HAYSTACK UNIT  
CHAVES COUNTY, NEW MEXICO  
READ & STEVENS, INC.  
OPERATOR

**EXHIBIT 5**

# MEMO

**To:** New Mexico Oil Conservation Division

**From:** READ & STEVENS, INC.

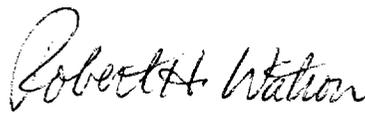
**Date:** 03/25/03

**Re:** West Haystack Unit 18 Fed. Com. #1  
W/2 Section 18, T6S-R27E  
Chaves County, NM, R&S #10,037W

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A formal A.F.E. for this well has not yet been prepared. However, we estimate the 100% well costs to be as follows:

Dry Hole Cost	\$290,000.00
Completion Cost	<u>\$150,000.00</u>
Total Well Cost	\$450,000.00



Robert H. Watson

Land Manager