

UNITED STATES  
DEPARTMENT OF  
BUREAU OF LAND  
APPLICATION FOR PERMIT

OPER. OGRID NO. 18917  
PROPERTY NO. 12316  
POOL CODE 37584  
EFF. DATE 1/11/96  
API NO. 30-025-30633

Form approved.  
Budget Bureau No. 1004-0136  
Expires: December 31, 1991

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☒ Re-entry of:

b. TYPE OF WELL

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

Powell Federal, Well #1

SINGLE  
ZONE ☐

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

Read & Stevens, Inc.

505/622-3770

3. ADDRESS AND TELEPHONE NO.

P. O. Box 1518

Roswell, NM 88202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At surface

1650' FSL & 1650' FEL

At proposed prod. zone

Same

Unit J

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

30 miles SW of Hobbs, NM

10. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)

990'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

1320'

19. PROPOSED DEPTH

8,400'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3631.8' GL

Secretary's Potash

22. APPROX. DATE WORK WILL START\*

December 15, 1995

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14"	10 3/4"	40.5#	1600'	Circ. 1100 sx "C" (In hole)
8 3/4"	7" J-55	26#	5100'	Circ 1011 sx See Note *
6 1/8"	4 1/2" J-55	11.5#	4500-8400'	Tieback w/300 sx Prem+

Mud Program:

0' - 5865': Brine water :

Mud Wt.

10

Vis.

28

W/L Control

No W/L control

5865' - 8400': Fresh water mud w/starch:

8.4-8.6 ppg

30-31

W/L control 10-15cc

BOP Program:

A 11" 5000 psi wp Shaffer Type LWS BOP, with a 5000 psi wp 11" GK Hydril, will installed on the 13 3/8" casing. Casing and BOP will be tested before drilling out with 11". BOP will be tested daily as a 3000 psi wp system.

\* NOTE: Propose to re-enter P&A well, drill out plugs, set casing and drill to 8400' depth. 7" casing will be cemented as follows with DV tool:

\*\* 7": Cement with DV tool in two stages starting at 3600':

1st stage: 311 sx premium plus cement.

2nd stage: 700 sx premium plus cement. Circulate to surface.

Approval Subject to  
General Requirements and  
Special Stipulations

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drift or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

*Richard A. Whitley*

Agent for:

TITLE Read & Stevens, Inc

Nov. 15, 1995

DATE

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

APPROVED BY

*Richard A. Whitley*

TITLE

*Acting STATE Director*

DATE

*12-8-95*

\*See Instructions On Reverse Side

N.M. OIL CONS. COMMISSION  
P.O. BOX 1980  
HOBBS, NEW MEXICO 88240

Form 3160-5  
(June 1990)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**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

**SUBMIT IN TRIPLICATE**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Read & Stevens, Inc.

3. Address and Telephone No.

P.O. Box 1518 Roswell, NM 88202 (505) 622-3770

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1650' FSL & 1650' FEL, Sec. 4-T20S-R34E

5. Lease Designation and Serial No.

LC-064194

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Truman Federal

9. API Well No.

2

10. Field and Pool, or Exploratory Area

Quail Ridge Delaware

11. County or Parish, State

Lea

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☒ Other re-enter & deepen

- ☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Propose to re-enter P&A well, Powell Federal, Well No. 2, drill out plugs, set casing and drill deeper, 5,865' to 8,400' T.D. See attached APD and Surface Use Plan for drilling program. The drilling objective is the same reservoir at a deeper depth in the Delaware formation.

14. I hereby certify that the foregoing is true and correct

Signed Deborah J. Smith

Title Agent for: Read & Stevens, Inc.

Date November 15, 1995

(This space for Federal or State office use)

Approved by \_\_\_\_\_

Title \_\_\_\_\_

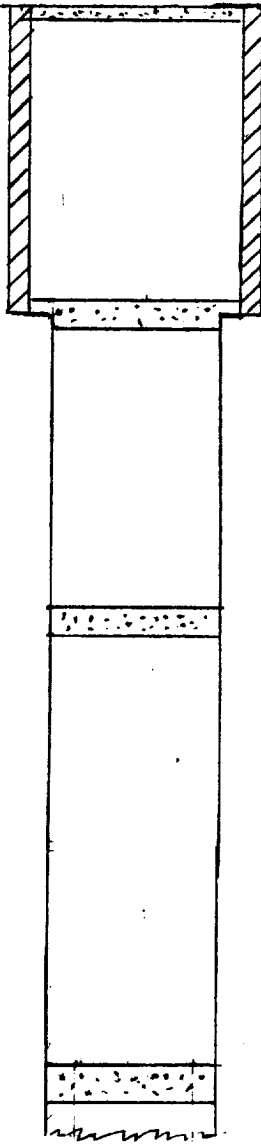
Date \_\_\_\_\_

Conditions of approval, if any:

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*See Instruction on Reverse Side

EXHIBIT APD 'A'  
 READ & STEVENS, INC.  
 Truman Federal, Well No. 2  
 (Powell Federal, Well No. 2--Re-entry)  
 1650' FSL & 1650' FEL, Sec. 4-T20S-R34E  
 Spud Date: 7/9/89  
 P&A Date: 7/26/89

PLUGGING	Existing Casing and Plugs	BIT	CASING	DEPTH	CEMENT
Spot 20 sx @ surface		14"	10 3/4"	1,600'	1100 sx "C" to surface
Spot 150 sx: 1525' - 1675'					
Spot 180 sx: 3110' - 3260'		8 3/4"	None		
Spot 100 sx: 5500' - 5700'	T.D.: 5,865'				

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

**OIL CONSERVATION DIVISION**

**DISTRICT I**  
P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**  
P.O. Drawer DD, Artesia, NM 88210

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, NM 87410

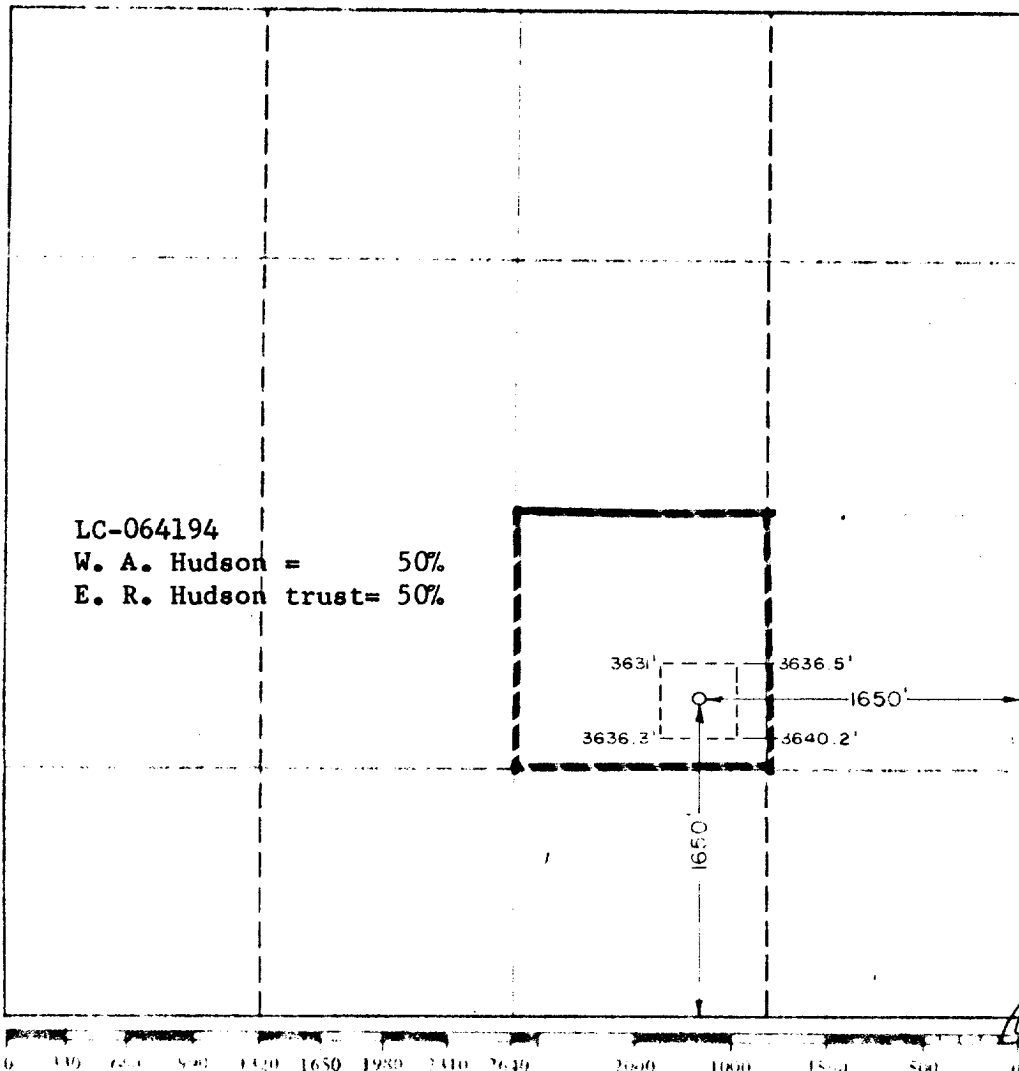
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator Bill Fenn, Inc.			Lease Powell Federal		Well No. 2
Unit Letter J	Section 4	Township 20 South	Range 34 East	County NMPM	Lea
Actual Footage Location of Well: 1650 feet from the south line and 1650 feet from the east line Ground level Elev. 3631.8' Producing Formation Delaware Pool NE Lea Delaware Wildcat Dedicated Acreage: 40 Acres					

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force pooling, etc?  
Yes ☐ No ☐ If answer is "yes" type of consolidation \_\_\_\_\_  
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)  
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature  
*George R. Smith*  
Printed Name

George R. Smith  
Position

Agent for:  
Company

Bill Fenn, Inc.

Date  
May 18, 1989

**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 Surveyed  
May 12, 1989

Signature & Seal of  
Professional Surveyor



APPLICATION FOR DRILLING  
READ & STEVENS, INC.  
Truman Federal, Well No. 2  
1650' FSL & 1650' FEL, Sec. 4-T20S-R34E  
Lea County, New Mexico  
Lease No.: LC-064194  
(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:

Rustler	1,600'	Bone Spring	8,200'
Top of Salt	1,720'	T.D.	8,400'
Tansill	3,183'		
Yates	3,406'		
Seven Rivers	3,758'		
Delaware	5,540'		

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

Water: Surface water in the Triassic between 80' - 230'.

Oil: Possible in the Delaware below 6000'.

Gas: None expected.

4. Proposed Casing Program: See Form 3160-3.

5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".

6. Mud Program: See Form 3160-3.

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 unless warranted.

Logging: T.D. to 5100':

T.D. to surface:

Coring: None planned.

CNL-FDC, DLL, MSFL  
G/R, neutron

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 BHP = 3300 psi (evac. hole) with temperature of 140°.
10. H<sub>2</sub>S: None expected. None in previously drilled wells, but a Drilling Operations Plan, Exhibit "F", is being submitted to cover this contingency.
11. Anticipated starting date: December 15, 1995.  
Anticipated completion of drilling operations: Approx. 3 weeks.

## MULTI POINT SURFACE USE AND OPERATIONS PLAN

READ & STEVENS, INC.  
Truman Federal, Well No. 2  
(Powell Federal, Well No. 2 (Re-entry))  
1650' FSL & 1650' FEL, Sec. 4-T20S-R34E  
Lea County, New Mexico  
Lease No.: LC-064194  
(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 environmental effects associated with the operations.

### 1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a USGS/BLM Topo map showing the location of the proposed well as staked. The well site location is approximately 51 road miles northeast of Carlsbad, New Mexico or 30 road miles southwest of Hobbs, NM. Traveling east from Carlsbad there will be approximately 48 miles of paved highway and 1.8 mile of gravel ranch/oilfield road.
- B. Directions: Travel east from Carlsbad, NM on U.S. Highway 62/180 for approximately 42 miles; turn south .3 mile east of MM 78, at a Read & Stevens, Inc. sign, crossing a cattle guard with a steel unlocked gate. Continue south for .4 mile, then turn east for .2 mile; then south to the Hudson Fed., Well No. 2 well site; continue south past the Truman Fed., No. 1 to a cross road with an old windmill on the left. Turn right (west) for .3 mile to access road on the north side. Turn north on this access road for approximately 800 feet to the P & A, Powell Fed., Well No. 2 well site.

### 2. PLANNED ACCESS ROAD:

- A. Length and Width: The existing access road will be repaired and upgraded as needed to a width of 12 feet and is approximately 800 feet in length. The access road is color coded red on Exhibit "B".
- B. Construction: The existing access road will be repaired as needed by grading and topping with compacted caliche and will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattleguards: None required.
- G. Off Lease R/W: The existing off lease R/W No. NM-70565 as amended will cover this well.

### 3. LOCATION OF EXISTING WELLS:

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

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

- A. Read & Stevens, Inc. has oil production facilities on the lease at the Truman Federal, Well No. 1 well 1650' FSL & 330' FEL Sec. 4-T20S-R34E
- B. If the well proves to be commercial, the necessary production facilities, gas production-process equipment will be installed on the drilling pad, with a 2" SDR 11 poly pipe surface flow line run to the Truman Fed., No. 1 well site. An electric power line will be run across this same right of way from the No. 1 well site to the No. 2 well.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for repairing and surfacing the existing access road and well site pad will be obtained from an approved Federal pit in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 26-T19S-R34E. No surface materials will be disturbed except those necessary for actual grading and leveling to enlarge the existing drill site and repair the access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock and wildlife from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary land fill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged, 400' X 400'.
- B. Mat Size: Existing pad is approximately 245' X 180', plus 75' X 100' reserve pits area, will be increased in size to 300' X 200' plus 75' X 100' pits.
- C. Cut & Fill: Some additional 3-5 foot dunes and basins will be cut and filled.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced and screened until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the surface owner will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to work after abandonment.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road is located in an area of sand dunes and deflation basins which is part of the Querecho Plains. The location has a slight southwesterly slope of .33% from an elevation of 3631.8'.
- B. Soil: The topsoil at the well site is a light yellowish-brown fine sand of the Pyote soils and Dune land Series.
- C. Flora and Fauna: The vegetation cover is a poor grass cover of three-awn, sand and spike dropseed, bluestem, grama and other miscellaneous native grasses along with plants of mesquite, yucca, shinnery oak brush, sage, sunflowers, broomweed, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in area.
- E. Residences and Other Structures: None in the immediate area, except oil production facilities.
- F. Land Use: Cattle grazing.



11. OTHER INFORMATION; cont.....

- G. Surface Ownership: The existing well site and access road plus the proposed pipe and power line R/W are on private surface of Kenneth Smith, P.O. Box 764, Carlsbad, NM 88220.
- H. There was no evidence of archaeological, historical or cultural sites on the proposed access road or the 400' X 400' area. An archaeological survey was conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, and their report was submitted to the appropriate government agencies on May 18, 1989. They will also conduct a survey on the new pipe and power line R/W.

12. OPERATOR'S REPRESENTATIVE:

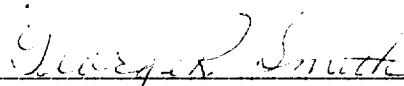
- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

Carl Little  
Read & Stevens, Inc.  
4810 Alabama  
Hobbs, NM 88240  
Office Phone: (505) 622-3770  
Home Phone: (505) 392-8777

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.

November 15, 1995

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



KEN REYNOLDS—PRESIDENT  
ARNIE NEWKIRK—VICE-PRESIDENT

DRILLING CO., INC. — OIL WELL DRILLING CONTRACTORS

P. O. BOX 1498 ROBWELL, NEW MEXICO 88202-1498  
505/623-5070 505/746-2719  
ROBWELL, NM ARTESIA, NM

RIG #1

BLOWOUT PREVENTOR ARRANGEMENT

11" SHAFFER TYPE LWS, 5000 psi WP  
11" GK HYDRIL, 5000 psi WP  
80 GALLON, 4 STATION PAYNE ACCUMULATOR  
3000 psi WP CHOKE MANIFOLD

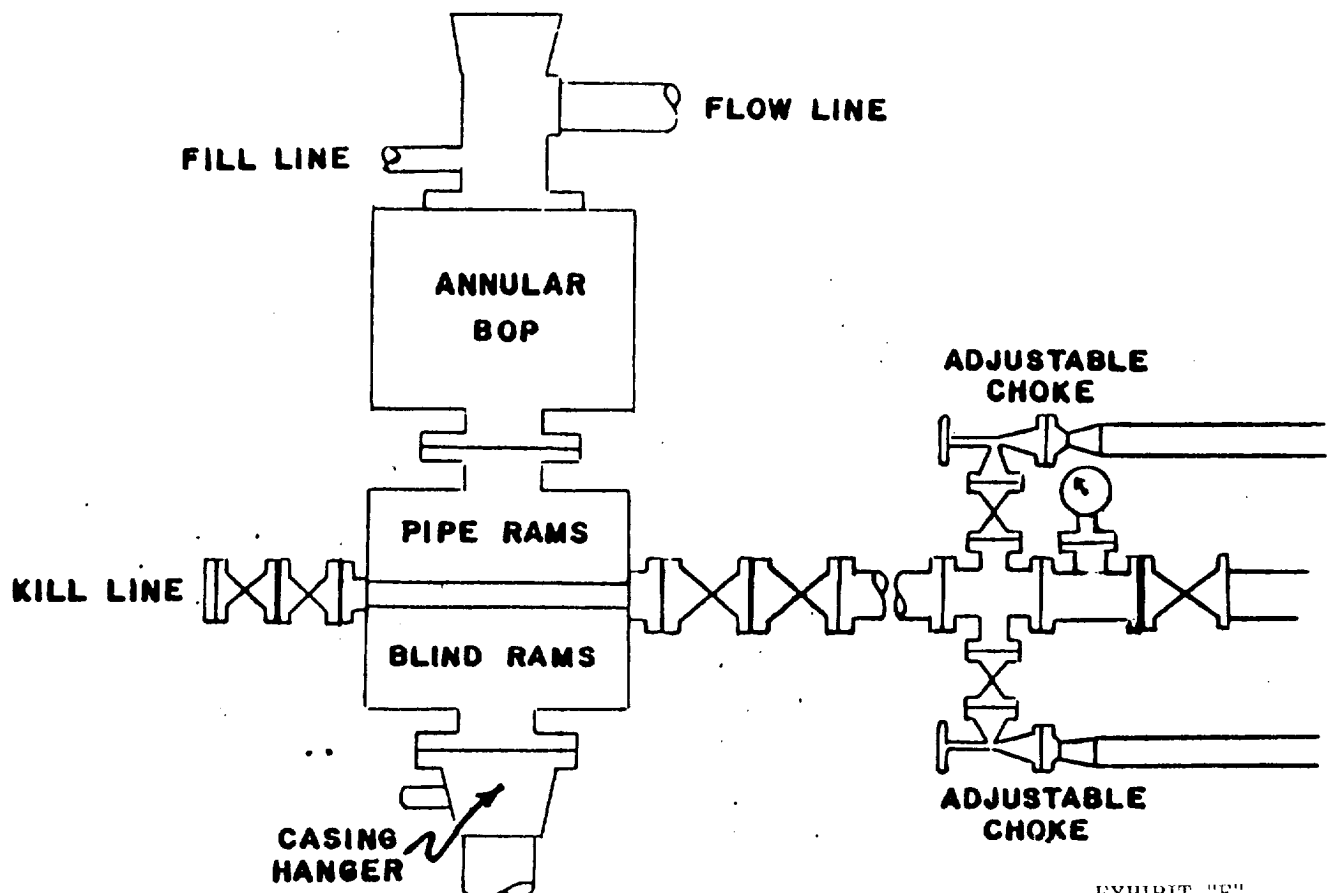


EXHIBIT "E"  
READ & STEVENS, INC.  
Truman Federal, Well No. 2  
BOP Specifications