

OPER. OGRID NO. 18917
 PROPERTY NO. 12310
 DEPARTMENT UNITE POOL CODE 37584
 BUREAU OF LEFF. DATE 3/10/97
 API NO. 30-025-33872

ICATE*
ON

FORM APPROVED
OMB NO. 1004-0135
Expires: February 28, 1995

APPLICATION FOR PERMIT

1a. TYPE OF WORK

DRILL DEEPEN

b. TYPE OF WELL

OIL WELL GAS WELL OTHER 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

660' FSL & 990' FWL
At proposed prod. zone

Same

Unit M

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

30 miles SW of Hobbs, NM

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

660'

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.

990'

19. PROPOSED DEPTH
8,400'

20. ROTARY OR CABLE TOOLS
Rotary

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

3625' GL

22. APPROX. DATE WORK WILL START*

February 24, 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" J-55	54.5#	1600'	Circ 1000 sx Lite + 200 "C"
11"	8 5/8" S-80	32.0#	5000'	Circ 1100 sx **See Note
7 7/8"	5 1/2" N-80	17.0#	8400'	Tieback w/500 or 975 sx* *Circulate

Mud Program:

	Mud Wt.	Vis.	W/L Control
0' - 1600': Fresh water native mud:	8.4 ppg	32	No W/L control
1600' - 5000': Brine mud:	10.0 ppg	28-32	No W/L control
5000' - 8400': Fresh water mud w/starch:	8.8 ppg	32-40	W/L control 15 cc

BOP Program:

A 11" 5000 psi wp Shaffer Type LWS BOP, with a 5000 psi wp 11" GK Hydril, will be installed on the 11 7/8" casing. Casing and BOP will be tested before drilling out with 11". BOP will be tested daily as 3000 psi wp system.

* SEE STIPS

* NOTE: If severe lost circulation is not encountered, hole will be reduced at 5000' to 7 7/8" and drill ahead WITHOUT setting the 8 5/8" casing.

** 8 5/8": Cement with DV tool in two stages starting at 3800':

1st stage: Lead 200 sx lite, tail in w/200 sx "C".

2nd stage: Lead 500 sx lite cement, tail w/200 sx "C". Cement to surface.

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 drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED George R. Smith TITLE Agent for: Read & Stevens, Inc. DATE Jan. 22, 1997

(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 /s/ Gilbert J. Cuccero TITLE Acting STATE Director DATE 12/22/97

*See Instructions On Reverse Side

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33872	Pool Code 37584	Pool Name NE Lea Delaware
Property Code 17310	Property Name TRUMAN FEDERAL	Well Number 7
OGRID No. 18917	Operator Name READ & STEVENS, INC.	Elevation 3625'

Surface Location

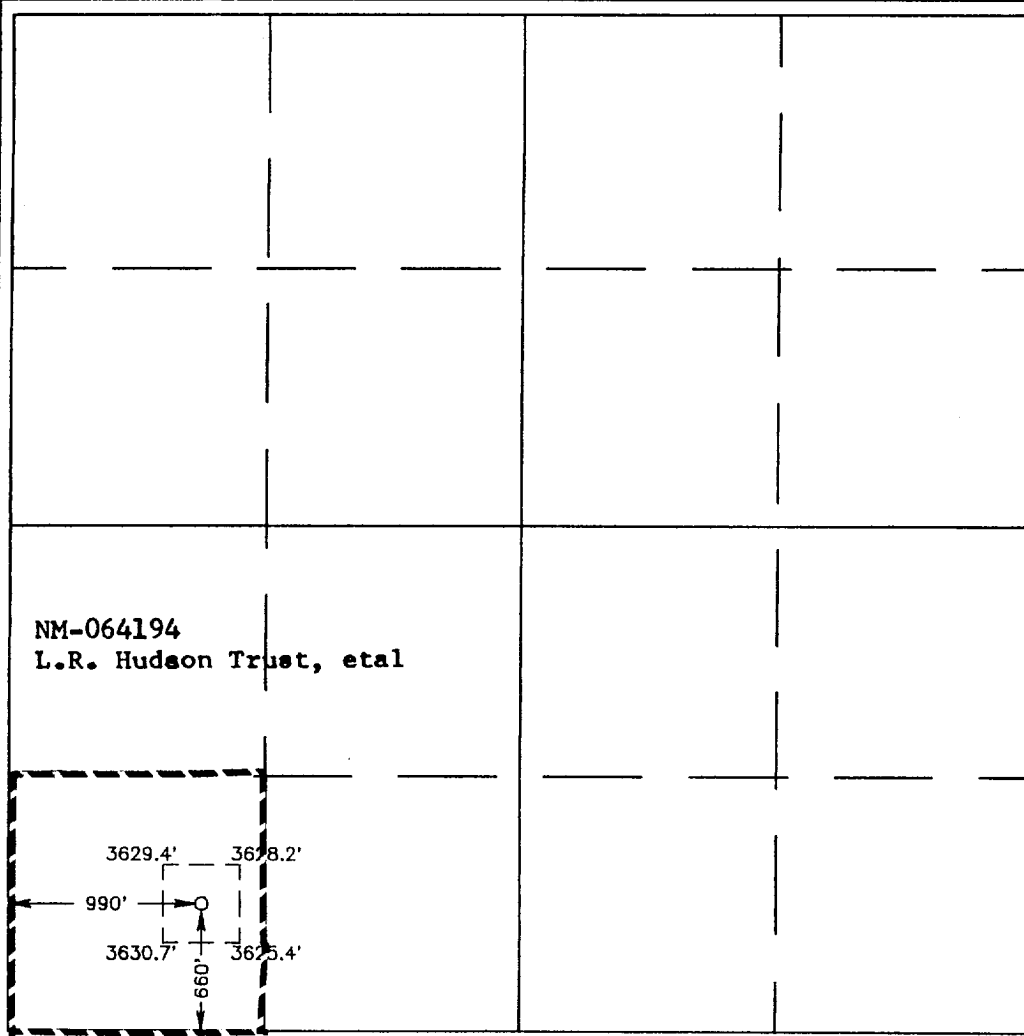
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	20 S	34 E		660	SOUTH	990	WEST	LEA

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 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

George R. Smith
Signature

George R. Smith, agent for
Printed Name

Read & Stevens, Inc.
Title

January 22, 1997
Date

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 belief.

JANUARY 3, 1997
Date Surveyed

CDG
Signed and Sealed
Professional Surveyor

Ronald W. Edson
NEW MEXICO
82395
97-11-0003
1-08-97

Certificate No. JOHN W. WEST 676
RONALD W. EDSON 3239
GARY EDSON 12641

APPLICATION FOR DRILLING

READ & STEVENS, INC.
Truman Federal, Well No. 7
660' FSL & 990' FWL, 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': CNL-FDC, DLL, MSFL
 T.D. to surface: G/R, neutron
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 BHP = 3300 psi (evac. hole) with temperature of 140^o.
10. H₂S: None expected, but a Drilling Operations Plan, Exhibit "F", is being submitted to cover this contingency.
11. Anticipated starting date: February 24, 1997.
Anticipated completion of drilling operations: Approx. 3 weeks.



KEN REYNOLDS—PRESIDENT
ARNIE NEWKIRK—VICE-PRESIDENT

DRILLING CO., INC. — OIL WELL DRILLING CONTRACTORS

P. O. BOX 1498 ROSEWELL, NEW MEXICO 88203-1498
805/623-8070 ROSEWELL, NM
805/746-2719 ARTEBIA, 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

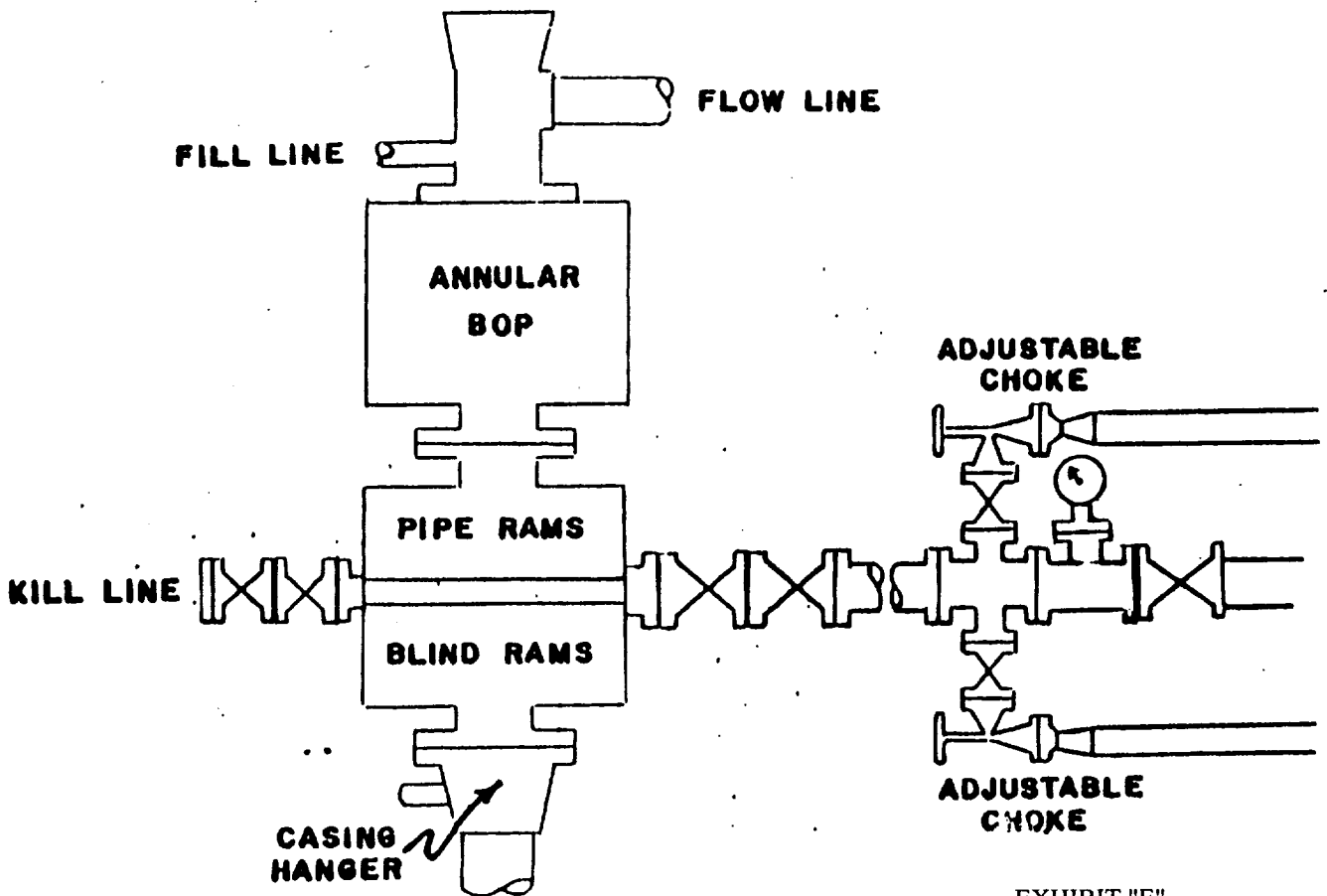


EXHIBIT "E"
READ & STEVENS, INC.
Truman Federal, Well No. 7
BOP Specifications