

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

oed Hobbs
HOBBSD

FEB 16 2015

Lease Serial No.
SHL: NM-84902 BHL: NM-54432

6. If Indian, Allottee or Tribe Name

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Read & Stevens, Inc

3a. Address
P. O. Box 1518
Roswell, NM 88202-1518

3b. Phone No. (include area code)
575-622-3770

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Surface location: UL: B, 200' FNE & 1670' FEL
Proposed prod zone: UL: O, 330' FSL & 1670' FEL

B-3-205-34E

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
North Lea 3 Fed Com #2H (313633)

9. API Well No.
30-025-42227

10. Field and Pool or Exploratory Area
Quail Rodge; Bone Spring South (50461)

11. County or Parish, State
Lea County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other lay high pressure gas line
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Read & Stevens, Inc is requesting approval to lay and bury a high pressure producing natural gas line on top of the ROW next to the existing low pressure line.

Attached are plats for the North Lea 3 Fed Com #1H, 2H, and 3H and a diagram showing the oil and gas lines.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Rory McMinn

Title President

Signature

Date 01/26/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Stephen J. Coffey

For FIELD MANAGER

Title

Date

2/9/15

Conditions of approval, if any, are attached. Approval of this notice 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.

Office CARLSBAD FIELD OFFICE

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 page 2)

MSB/OCD 2/16/2015

FEB 17 2015

jm

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 743-1283 Fax: (575) 743-9720
District III
1600 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-42080		² Pool Code 50461		³ Pool Name QUAIL RIDGE, B9, SOUTH	
⁴ Property Code 713633		⁵ Property Name NORTH LEA 3 FED COM			⁶ Well Number 1H
⁷ OGRID No. 18917		⁸ Operator Name READ & STEVENS, INC.			⁹ Elevation 3678.6

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	3	20 S	34 E		200	NORTH	350	EAST	LEA

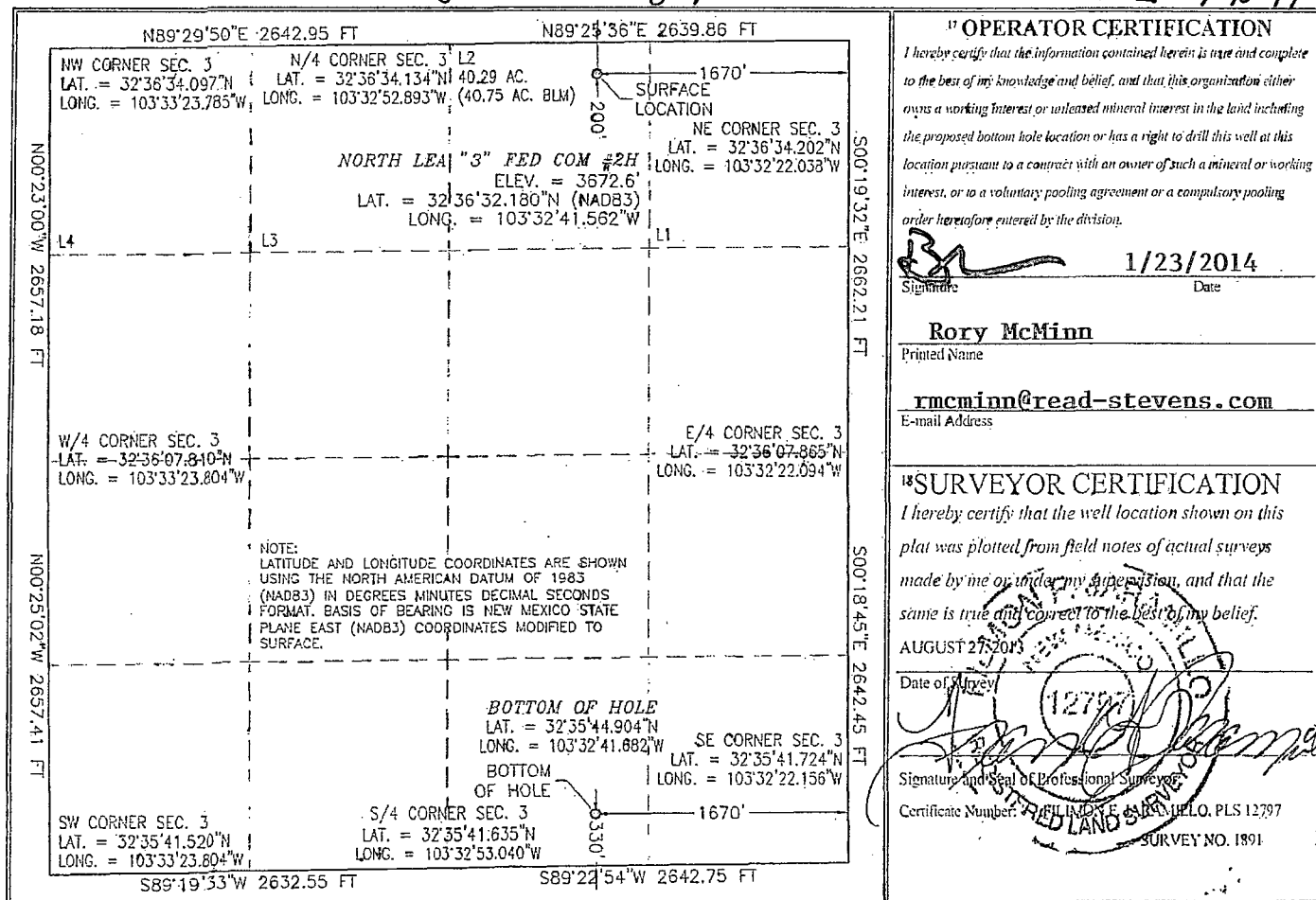
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	20 S	34 E		330	SOUTH	350	EAST	LEA
¹² Dedicated Acres 160		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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. Red items inserted at direction of operator email 7/4/14 WWI 7-11-14

<p>N89°29'50"E 2642.95 FT</p> <p>NW CORNER SEC. 3 LAT. = 32°36'34.097"N LONG. = 103°33'23.785"W</p> <p>N/4 CORNER SEC. 3 LAT. = 32°36'34.134"N LONG. = 103°32'52.893"W</p> <p>40.32 AC. (40.65 AC. BLM)</p> <p>350'</p> <p>200'</p> <p>SURFACE LOCATION</p> <p>NE CORNER SEC. 3 LAT. = 32°36'34.202"N LONG. = 103°32'22.038"W</p> <p>500°19'32"E 2662.21 FT</p>		<p>" OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 8/20/2014 Signature Date Rory McMan Printed Name mcman@read-stevens.com E-mail Address</p>	
<p>500°18'45"E 2642.45 FT</p> <p>W/4 CORNER SEC. 3 LAT. = 32°36'07.610"N LONG. = 103°33'23.804"W</p> <p>E/4 CORNER SEC. 3 LAT. = 32°36'07.865"N LONG. = 103°32'22.094"W</p> <p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83) IN DEGREES MINUTES DECIMAL SECONDS FORMAT. BASIS OF BEARING IS NEW MEXICO STATE PLANE EAST (NAD83) COORDINATES MODIFIED TO SURFACE.</p> <p>SE CORNER SEC. 3 LAT. = 32°35'41.724"N LONG. = 103°32'22.156"W</p> <p>500°19'33"W 2632.55 FT</p> <p>589°22'54"W 2642.75 FT</p>		<p>" SURVEYOR CERTIFICATION</p> <p>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.</p> <p>AUGUST 27, 2013 Date of Survey <i>[Signature]</i> Signature and Seal of Professional Surveyor Certificate Number: FILIMON F. JARAMILA, PLS 12797 SURVEY NO. 1890</p>	

SEP 02 2014

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT



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1625 N. French Dr., Hobbs, NM 88240
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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name <i>Leor Bone Spring</i>	
⁴ Property Code		⁵ Property Name NORTH LEA 3 FED COM		⁶ Well Number 3H	
⁷ OGRID No. 18917		⁸ Operator Name READ & STEVENS, INC.		⁹ Elevation 3667.7	

¹⁰ Surface Location									
UT. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	3	20 S	34 E		200	NORTH	2290	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface									
UT. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	20 S	34E		330	SOUTH	2290	WEST	LEA

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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. *Green items inserted by direction of operator 7/30/14 e-mail*

<p>N89°29'50"E 2642.95 FT</p> <p>2290'</p> <p>NW CORNER SEC. 3 LAT. = 32°36'34.097"N LONG. = 103°33'23.785"W</p> <p>L4</p> <p>W/4 CORNER SEC. 3 LAT. = 32°36'07.810"N LONG. = 103°33'23.804"W</p> <p>SW CORNER SEC. 3 LAT. = 32°35'41.520"N LONG. = 103°33'23.804"W</p> <p>2290'</p> <p>S89°19'33"W 2632.55 FT</p>		<p>N89°25'36"E 2639.86 FT</p> <p>N/4 CORNER SEC. 3 LAT. = 32°36'34.134"N LONG. = 103°32'52.893"W</p> <p>NE CORNER SEC. 3 LAT. = 32°36'34.202"N LONG. = 103°32'22.038"W</p> <p>NORTH LEA "3" FED COM #3H ELEV. = 3667.7' LAT. = 32°36'32.150"N (NAD83) LONG. = 103°32'57.020"W</p> <p>L2</p> <p>E/4 CORNER SEC. 3 LAT. = 32°36'07.865"N LONG. = 103°32'22.094"W</p> <p>SE CORNER SEC. 3 LAT. = 32°35'41.724"N LONG. = 103°32'22.156"W</p> <p>S89°22'54"W 2642.75 FT</p>		<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or selected mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division.</p> <p><i>[Signature]</i> 01/23/2014 Date</p> <p>Rory McMinn Printed Name</p> <p>rmcminn@read-stevens.com E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>AUGUST 28, 2014 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>Certificate Number: 12797 SURVEY NO. 1392</p>
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**J&J Energy
Land Services, Inc.**

575-627-3477
Fax 866-912-8990

400 Penn Plaza, Ste. 290
P.O. Box 38
Roswell, New Mexico 88202

Prospect: North Lea

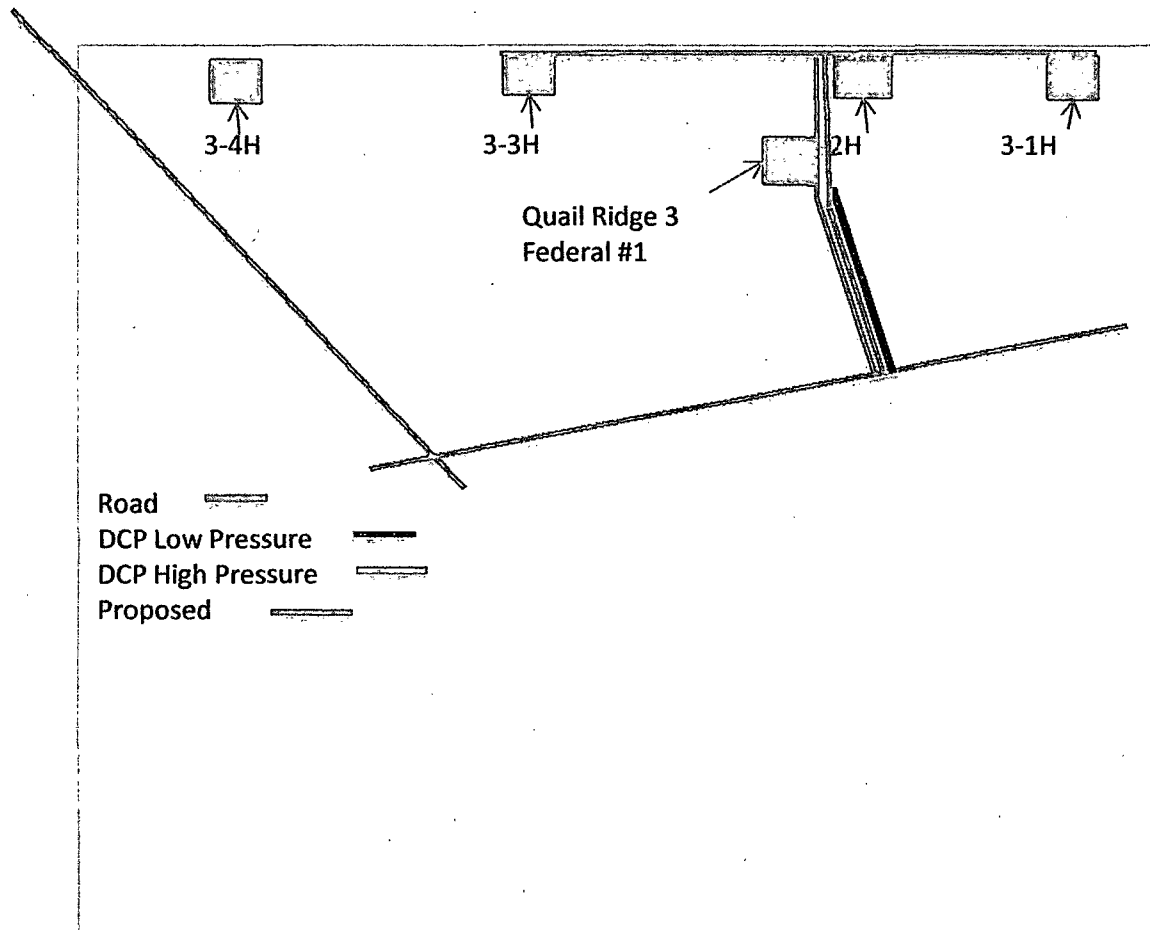
Township 20 South, Range 34 East, NMPM

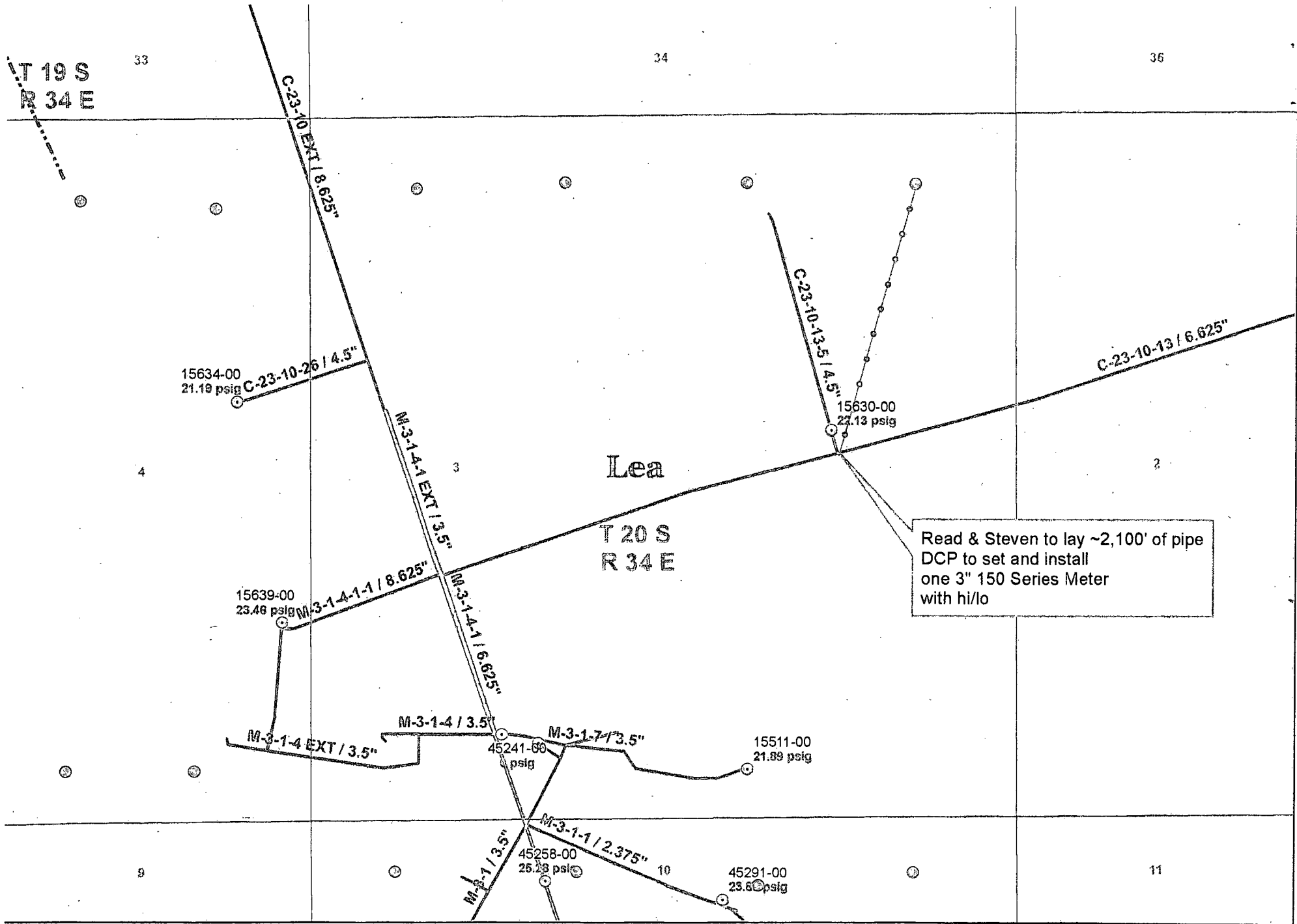
Section 3

ALL

Lea County, New Mexico

Containing 640.00 acres, more or less





Read & Steven to lay ~2,100' of pipe
DCP to set and install
one 3" 150 Series Meter
with hi/lo

BLM LEASE NUMBER: NM 84902

COMPANY NAME: Read and Stevens, Inc.

ASSOCIATED WELL NAME: North Lea 3 Fed Com #2H

BURIED PIPELINE STIPULATIONS

A copy of the application (Grant, APD, or Sundry Notice) and attachments, including conditions of approval, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.
6. The pipeline will be buried with a minimum cover of 36 inches between the top of the pipe and ground level.
7. The maximum allowable disturbance for construction in this right-of-way will be 15 feet:
 - Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed 20 feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)
 - Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed 20 feet. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)
 - The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)
8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.
9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.
10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.
11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.
12. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

- | | |
|--|--|
| <input type="checkbox"/> seed mixture 1 | <input type="checkbox"/> seed mixture 3 |
| <input type="checkbox"/> seed mixture 2 | <input type="checkbox"/> seed mixture 4 |
| <input checked="" type="checkbox"/> seed mixture 2/LPC | <input type="checkbox"/> Aplomado Falcon Mixture |

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

17. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes associated roads, pipeline corridor and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

18. Escape Ramps - The operator will construct and maintain pipeline/utility trenches that are not otherwise fenced, screened, or netted to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

- a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.
- b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

19. Special Stipulations:

Lesser Prairie-Chicken

Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration

other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

This authorization is subject to your Certificate of Participation and/or Certificate of Inclusion under the New Mexico Candidate Conservation Agreement. Because it involves surface disturbing activities covered under your Certificate, your Habitat Conservation Fund Account with the Center of Excellence for Hazardous Materials Management (CEHMM) will be debited according to Exhibit B Part 2 of the Certificate of Participation.

Dunes Sagebrush Lizard Trench Stipulation

- Pre-construction contact with a BLM wildlife biologist is required before any ground disturbing activities associated with the project occurs.
- Successful completion of the BLM Trench Stipulation Workshop is required for a non-agency person to be approved as a monitor.
- Any trench left open for (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, an agency approved monitor shall walk the entire length of the open trench and remove all trapped vertebrates. The bottom surface of the trench will be disturbed a minimum of 2 inches in order to arouse any buried vertebrates. All vertebrates will be released a minimum of 100 yards from the trench.
- For trenches left open for eight (8) hours or more the following requirements apply:
 - Earthen escape ramps and/or structures (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench. Metal structures will not be authorized. Options will be discussed in detail at the required Trench Stipulation Workshop.
 - One approved monitor shall be required to survey up to three miles of trench between the hours of 11 AM-2 PM. A daily report (consolidate if there is more than one monitor) on the vertebrates found and removed from the trench shall be provided to the BLM (email/fax is acceptable) the following morning.
 - Prior to backfilling of the trench all structures used as escape ramps will be removed and the bottom surface of the trench will be disturbed a minimum of 2 inches in order to arouse any buried vertebrates. All vertebrates will be released a minimum of 100 yards from the trench.
- This stipulation shall apply to the entire length of the project in the DSL habitat polygon regardless of land ownership or CCA/CCAA enrollment status.
- A project closeout will be required within three business days of the completion of the project.