

Form 3160-3  
(August 2007)

HOBBS OCD

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SECRETARY'S POTASH

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010


## APPLICATION FOR PERMIT TO DRILL OR REENTER

|  |  |   |  |
|--|--|---|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER   |  | 5. Lease Serial No.<br>SHL & BHL: NM-56264  |  |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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 and Stevens, Inc. (18917)   |  | 7. If Unit or CA Agreement, Name and No.  |  |
| 3a. Address 400 N. Pennsylvania Ave #1000<br>Roswell, NM 88201   |  | 8. Lease Name and Well No. (317199)<br>North Lea 10 Fed Com #1H                   |  |
| 3b. Phone No. (include area code)<br>575-622-3770  |  | 9. API Well No.<br>30-025-43679 (50461)   |  |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)*<br>At surface 200' FNL 575' FEL (A)<br>At proposed prod. zone 330' FSL 350' FEL (P)                                      |  | 10. Field and Pool, or Exploratory<br>Quail Ridge; Bone Spring, South             |  |
| 14. Distance in miles and direction from nearest town or post office*<br>26 miles WSW of Hobbs   |  | 11. Sec., T. R. M. or Blk. and Survey or Area<br>Sec. 10 T-20S R-34E              |  |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 200'   |  | 12. County or Parish<br>Lea   |  |
| 16. No. of acres in lease<br>480   |  | 13. State<br>NM   |  |
| 17. Spacing Unit dedicated to this well<br>160   |  | UNORTHODOX LOCATION   |  |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. See raduis maps attached.   |  | 19. Proposed Depth<br>10,874.50'TVD / 15,220'MD                                   |  |
| 20. BLM/BIA Bond No. on file<br>NM-2310  |  | 21. Elevations (Show whether DF, KDB, RT, GL, etc.)<br>GL - 3650.8' RKB - 3672.8' |  |
| 22. Approximate date work will start*<br>07/15/2017  |  | 23. Estimated duration<br>60 days until completion                                |  |

## 24. Attachments

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

- |  |   |
|--|---|
| 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

|   |                                     |                    |
|---|-------------------------------------|--------------------|
| 25. Signature  | Name (Printed/Typed)<br>Rory McMinn | Date<br>10/27/2016 |
| Title<br>Project Manager  |                                     |                    |
| Approved by (Signature) /s/Cody Layton  | Name (Printed/Typed)                | Date FEB 24 2017   |
| Title<br>FIELD MANAGER  | Office<br>CARLSBAD FIELD OFFICE     |                    |

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.

APPROVAL FOR TWO YEARS

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.

(Continued on page 2)

\*(Instructions on page 2)

Capitan Controlled Water Basin

Approval Subject to General Requirements  
& Special Stipulations AttachedSEE ATTACHED FOR  
CONDITIONS OF APPROVALKer  
07/10/17