

OFFICIAL FILE COPY

30-025-31822

3160(067)
NM-56264

Rwm 11-23-92

CERTIFIED--RETURN RECEIPT REQUESTED
P 864 872 933

DEC 7 1992

for Cone
11/23/92

Read & Stevens, Inc.
Attention: George R. Smith
P.O. Box 1518
Roswell, NM 88202

RE: North Lea Federal Well No. 10
NM-56264
660' FNL & 990' FEL, Sec. 10, T20S, R34E
Lea County, New Mexico

North Lea Federal Well No. 11
NM-56264
1650' FNL & 990' FWL, Sec. 10, T20S, R34E
Lea County, New Mexico

Dear Mr. Smith:

On September 24, 1992, Read & Stevens, Inc. filed Applications for Permit to Drill (APDs) at the above referenced locations. I am pleased to approve your APDs at the present locations. Your copies of the APDs, with attached stipulations, are enclosed.

Through our analysis of the APDs, we have determined that the well sites are located a sufficient distance from the ore zones that potash resources should not be impacted.

If you need any additional information, please contact Tony Herrell in the Carlsbad Resource Area at (505) 887-6544.

Sincerely,

Larry L. Woodard
Larry L. Woodard
State Director

2 Enclosures

bcc:
NM(910, L. Woodard)
NM(920, R. Smith)
NM(060, L. Cone)
NM(060, A. Lopez)
NM(067, T. Herrell)

067:Jolsen:nm:10/15/92:A:\NLF1010u.AL

30-025-31822

Form 3160-3
(July 1989)
(formerly 9-331C)

OFFICE USE ONLY
OF COPIES REQUIRED
(Other instructions on reverse side)

BLM Roswell District
Modified Form No.
NMO60-3160-2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
 Read & Stevens, Inc.

3a. Area Code & Phone No.
 505/622-3770

3. ADDRESS OF OPERATOR
 P. O. Box 1518 Roswell, NM 88202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface: 660' FNL & 990' FEL Unit A
 At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 33 miles southwest of Hobbs, NM

16. NO. OF ACRES IN LEASE
 480

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
 6600'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3648' GL

22. APPROX. DATE WORK WILL START*
 May 14, 1993

5. LEASE DESIGNATION AND SERIAL NO.
 NM-56264

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 North Lea Federal

9. WELL NO.
 10

10. FIELD AND POOL, OR WILDCAT
 Quail Ridge Delaware

11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA
 Sec. 10-T20S-R34E

12. COUNTY OR PARISH
 Lea

13. STATE
 New Mexico

23. PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	J-55	STC	1600'	circ 1200 sx*
11"	8 5/8"	32.0#	S-80	LTC	5000'	Circ 1100 sx*
7 7/8"	5 1/2"	15.5#	J-55	STC	6600'	tie w/300 sx "H" back 200' into 8 5/8"

Mud Program:

0' - 1600':	Fresh water native mud:	Mud Wt. 8.4 ppg	Vis. 32	W/L Control: No W/L control
1600' - 5000':	Brine mud:	Mud Wt. 10 ppg	Vis. 28-32	W/L Control: No W/L control
5000' - 6600':	Cut brine mud w/starch:	Mud Wt. 8.8 ppg	Vis. 32-40	W/L Control: W/L control 15cc

1600' - 6600': Gel & lost circulation material will be added as needed.

BOP Program:
 A 10" 3000 psi wp Shaffer Series 900 BOP will installed on the 13 3/8" casing. Casing and BOP will be tested before drilling out with 11". BOP will used as a 2000 psi wp system and will be tested daily.

- * 13 3/8": Circulate 1000 sx lite, tail in with 200 sx C w/2% CaCl
- * 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 neat. Cement to surface.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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. Agent for:
 Read & Stevens, Inc. Sept. 21, 1992

SIGNED: _____ TITLE: _____ DATE: _____

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:
 APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS

*See Instructions On Reverse Side

OIL CONSERVATION DIVISION

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

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

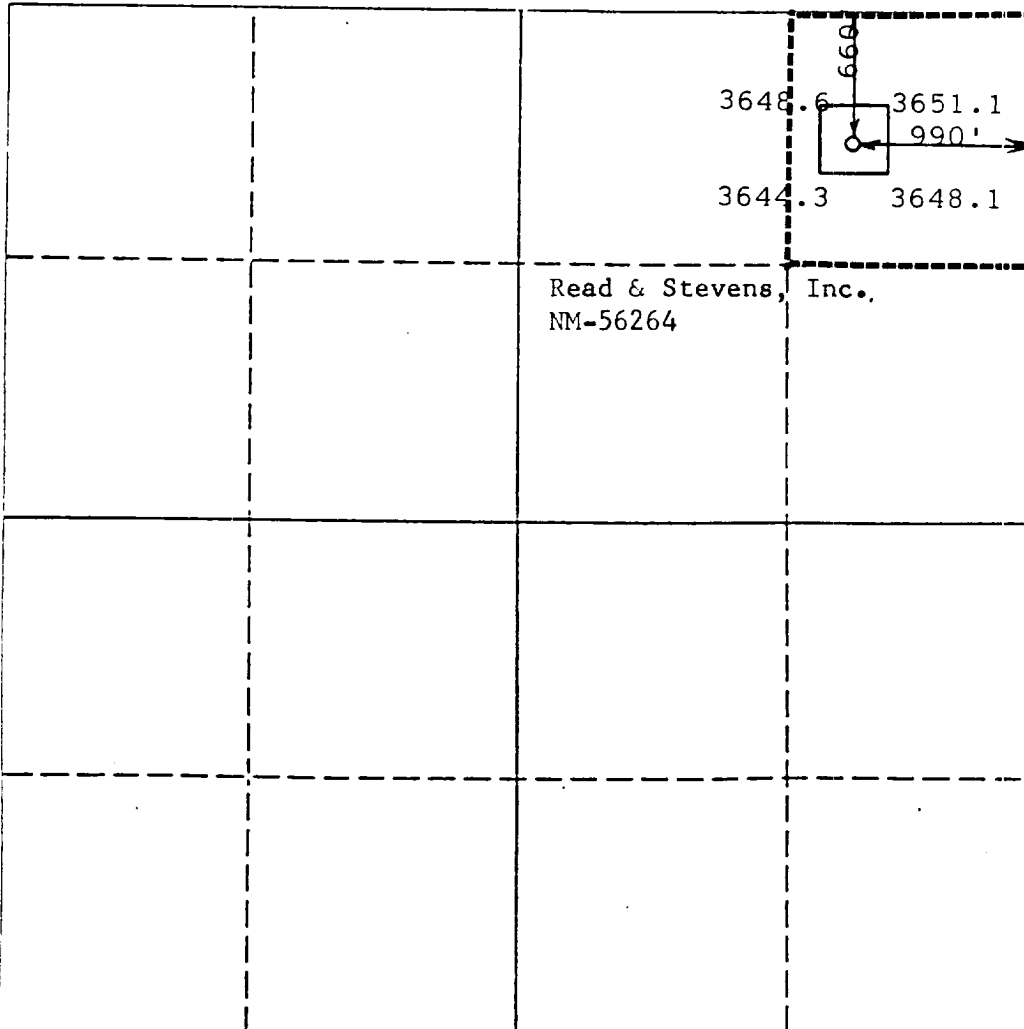
All Distances must be from the outer boundaries of the section

Operator Read & Stevens, Inc.			Lease North Lea Federal			Well No. 10		
Unit Letter A	Section 10	Township 20 South	Range 34 East	County NM/M Lea				
Actual Footage Location of Well:								
660 feet from the North line and			990 feet from the East line					
Ground level Elev. 3648	Producing Formation Delaware		Pool Quail Ridge Delaware			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 well 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 interests, has been approved by the Division.



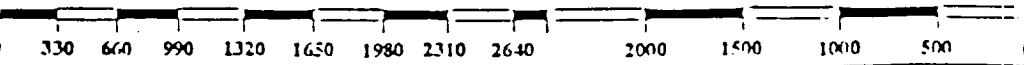
OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____
 Printed Name
George R. Smith
 Position
Agent for:
 Company
Read & Stevens, Inc.
 Date
September 21, 1992

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
August 26, 1992
 Signature & Seal of Professional Surveyor

P. R. PATTON
 P.R. BAE...
 Certificate No. **8112**



APPLICATION FOR DRILLING

READ & STEVENS, INC.
North Lea Federal, Well No. 10
660' FNL & 990' FEL, Sec. 10-T20S-R34E
Lea County, New Mexico
Lease No.: NM-56264
(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	1570'	Queen	3690'
Top of Salt	1720'	Seven Rivers	3870'
Base of Salt	3170'	Delaware	5620'
Yates	3415'	T.D.	6600'

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 5620'

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 5000':

G/R, 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 = 3000 psi with temperature of 110°.

10. H₂S: None expected. None in previously drilled wells.

10. Anticipated starting date: May 14, 1993.

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 ROB WELL, NEW MEXICO 88202-1498
505/623-5070 ROB WELL, NM
505/746-2719 ARTESIA, NM

RIG #3

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

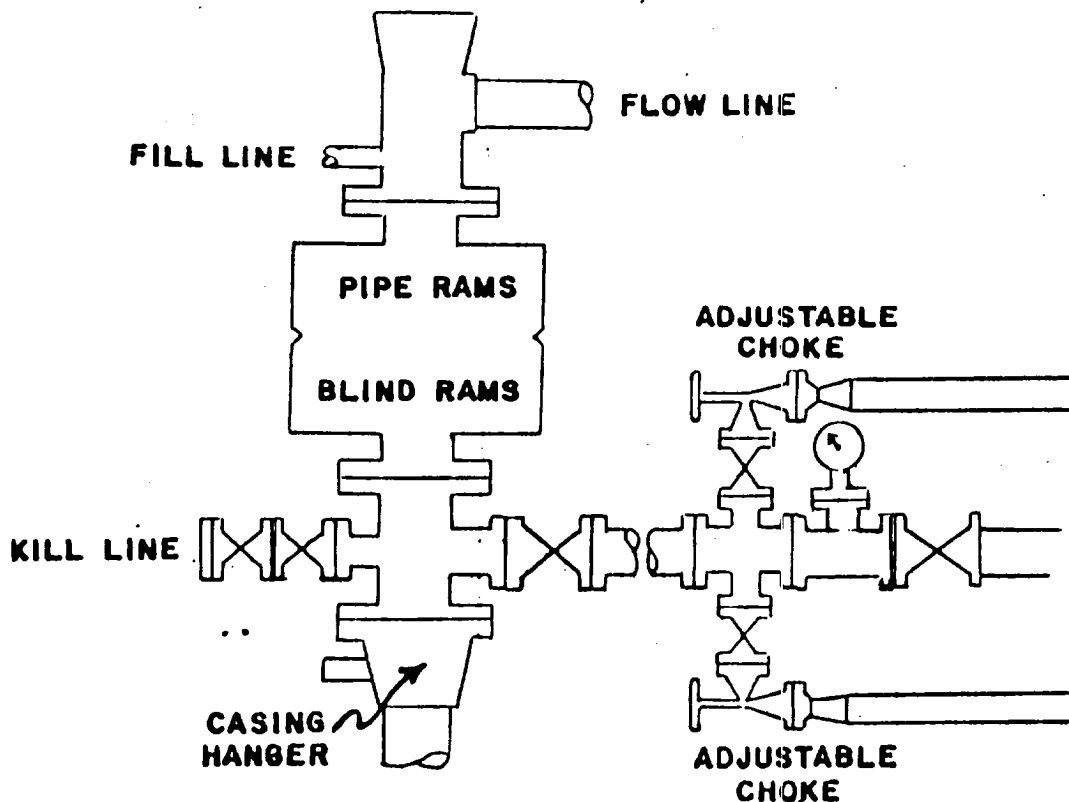


EXHIBIT "E"
READ & STEVENS, INC.
North Lea Federal, Well No. 10
BOP Specifications