

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
Permit 1377

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address READ & STEVENS INC PO Box 1518 Roswell, NM 88202		OGRID Number 18917
		API Number 30-015-33586
Property Code 34221	Property Name SARAGOSSA 10 STATE	Well No. 002

Surface Location

UL or Lot B	Section 10	Township 23S	Range 26E	Lot Idn B	Feet From 330	N/S Line N	Feet From 2310	E/W Line E	County Eddy
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Proposed Pools

HAPPY VALLEY;DELAWARE 29665

Work Type New Well	Well Type OIL	Cable/Rotary	Lease Type State	Ground Level Elevation 3297
Multiple N	Proposed Depth 3200	Formation Delaware	Contractor	Spud Date 10/01/2004

Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	650	600	0
Prod	7.875	5.5	15.5	3200	400	550

Casing/Cement Program: Additional Comments

Proposed Delaware test to be drilled with fluids sufficient to control sub surface pressures. This APD is also a request for a drilling pit permit for this well. Depth to groundwater is 247 feet, and the distance to the nearest water well is greater than 1,000 feet. A single liner of 12 mil thickness will be used for the pit. The pit is not located in, or adjacent to, a watercourse, lakebed, sinkhole, or playa lake. The pit will be constructed, operated, and closed according to NMOCD guidelines. It will be fenced to prevent access by livestock.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	3000	6000	Shaffer

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

Electronically Signed By: John Maxey

Title: Operations Mgr

Date: 08/18/2004

Phone: 505-622-3770

OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 08/27/2004

Expiration Date: 08/27/2005

Conditions of Approval:

There are conditions. See Attached.