

Form 3160-3
(August 2007)

RECEIVED
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NMOC DARTS

N.M. Oil Cons. Div-Dist. 2

1901 W Grand Avenue

Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DO NOT use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

5. Lease Serial No. NMNM110344
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. FEDERAL L 1
9. API Well No. 30-005-60150-00-S1
10. Field and Pool, or Exploratory SWD-MONTOYA
11. County or Parish, and State CHAVES COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator READ & STEVENS INCORPORATED Contact: DAVID LUNA E-Mail: dluna@read-stevens.com	
3a. Address P. O. BOX 1518 ROSWELL, NM 88202	3b. Phone No. (include area code) Ph: 575-622-3770 Ext: 305
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 21 T6S R27E NWNE 660FNL 1980FEL	

12. CHECK 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall 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 Proposes To Abandon This Well As Follows:

- (1) Place A CIBP @ 6,200' W/100' Of Cement.
- (2) Perforate 4-1/2" Casing @ 3,620' & Squeeze With Sufficient Cement (+/- 40 Sx.) To Have A 120' Solid Cement Plug From 3,620' To 3,500'. WOC. Tag.
- (3) Perforate 4-1/2" Casing @ 1,425' & Squeeze With Sufficient Cement (+/- 55 Sx.) To Have A 150' Solid Cement Plug From 1,425' To 1,275' Across 8-5/8" Surface Casing Shoe. WOC. Tag.
- (4) Perforate 4-1/2" Casing @ 60' & Squeeze With Sufficient Cement (+/- 20 Sx.) To Have A 60' Solid Cement Plug From 60' To Surface.
- (5) Install Dry Hole Marker. Reclaim Surface Per BLM Recommendations.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #89600 verified by the BLM Well Information System
For READ & STEVENS INCORPORATED, sent to the Roswell
Committed to AFMS for processing by DAVID GLASS on 07/15/2010 (10DG0139SE)**

Name (Printed/Typed) DAVID LUNA	Title ENGINEER
Signature (Electronic Submission)	Date 07/15/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DAVID R GLASS	Title PETROLEUM ENGINEER	Date 08/10/2010
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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 Roswell

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.

CONDITIONS OF APPROVAL

APPROVED FOR 90 DAY MONTH PERIOD
ENDING NOV 08 2010

BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

8/26/2010

Revisions to Operator-Submitted EC Data for Sundry Notice #89600

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	ABD NOI	ABD NOI
Lease:	NMNM0310633	NMNM110344
Agreement:		
Operator:	READ & STEVENS P. O. BOX 1518 ROSWELL, NM 88202 Ph: 575-622-3770	READ & STEVENS INCORPORATED P. O. BOX 1518 ROSWELL, NM 88202
Admin Contact:	DAVID LUNA ENGINEER E-Mail: dluna@read-stevens.com Ph: 575-622-3770 Ext: 305	DAVID LUNA ENGINEER E-Mail: dluna@read-stevens.com Ph: 575-622-3770 Ext: 305
Tech Contact:	DAVID LUNA ENGINEER E-Mail: dluna@read-stevens.com Ph: 575-622-3770 Ext: 305	DAVID LUNA ENGINEER E-Mail: dluna@read-stevens.com Ph: 575-622-3770 Ext: 305
Location:		
State:	NM	NM
County:	CHAVES	CHAVES
Field/Pool:	HAYSTACK CISCO	SWD-MONTOYA
Well/Facility:	FEDERAL L 1 Sec 21 T6S R27E 660FNL 1980FEL	FEDERAL L 1 Sec 21 T6S R27E NWNE 660FNL 1980FEL

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(575) 627-0272

Permanent Abandonment of Federal Wells Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. **Plugging operations** shall commence within **ninety (90)** days from the approval date of this Notice of Intent to Abandon. **If you are unable to plug the well by the 90th day provide the BLM Roswell Field Office, prior to the 90th day, with the reason for not meeting the deadline and a date when the BLM Roswell Field Office can expect the well to be plugged. Failure to do so will result in enforcement action.**

2. **Notification:** Contact the BLM Roswell Field Office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, during office hours call (575) 627-0205 or after office hours call (575) 420-2832. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9090 feet; a 3M system for a well not deeper than 13636 feet; and a 5M system for a well not deeper than 22727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at a rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either class "C" for up to 7500 feet of depth, mixed at 14.8 lbs./gal with 6.3 gallons of fresh water per sack or class "H" for deeper than 7500 feet plugs, mixed at 16.4 lbs./gal with 4.3 gallons of fresh water per sack.

6. **Dry Hole Marker:** All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10 feet in length, 4 feet above the ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).

7. **Subsequent Plugging Reporting:** Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to the BLM Roswell Field Office. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

Following the submittal and approval of the Subsequent Report of Abandonment, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.