

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 1335

### APPLICATION FOR PERMIT TO DRILL

|   |                               |                            |
|---|-------------------------------|----------------------------|
| Operator Name and Address<br>READ & STEVENS INC<br>PO Box 1518<br>Roswell, NM 88202 |                               | OGRID Number<br>18917      |
|   |                               | API Number<br>30-015-33570 |
| Property Code<br>9547   | Property Name<br>MARBOB STATE | Well No.<br>002            |

### Surface Location

|                |               |                 |              |              |                  |               |                  |               |                |
|----------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|----------------|
| UL or Lot<br>P | Section<br>19 | Township<br>19S | Range<br>29E | Lot Idn<br>P | Feet From<br>660 | N/S Line<br>S | Feet From<br>660 | E/W Line<br>E | County<br>Eddy |
|----------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|----------------|

### Proposed Pools

|                                  |
|----------------------------------|
| PARKWAY;MORROW, WEST (GAS) 82600 |
|----------------------------------|

|                       |                         |                      |                     |                                |
|-----------------------|-------------------------|----------------------|---------------------|--------------------------------|
| Work Type<br>New Well | Well Type<br>OIL        | Cable/Rotary         | Lease Type<br>State | Ground Level Elevation<br>3318 |
| Multiple<br>N         | Proposed Depth<br>12000 | Formation<br>Chester | Contractor          | Spud Date<br>08/30/2004        |

### Proposed Casing and Cement Program

|      |           |             |                  |               |                 |               |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
| Surf | 17.25     | 13.375      | 48               | 325           | 420             | 0             |
| Int1 | 11        | 8.625       | 32               | 3200          | 800             | 0             |
| Prod | 7.875     | 5.5         | 17               | 12000         | 1000            | 3100          |

### Casing/Cement Program: Additional Comments

|   |
|---|
| Read & Stevens Inc. proposes to drill and test the Morrow and intermediate formations. If commercial, production casing will be run and cemented and the well perforated and stimulated as needed. No H2S is anticipated. MUD PROGRAM: 0-400' FW/Spud Mud; 400-3200' Brine Water; 3200-10000 Cut Brine; 10000-12000' Cut Brine Mud. BOPE PROGRAM: A 5000# Double Ram BOPE will be installed and tested daily. |
|---|

### Proposed Blowout Prevention Program

|            |                  |               |              |
|------------|------------------|---------------|--------------|
| Type       | Working Pressure | Test Pressure | Manufacturer |
| Annular    | 5000             | 10000         | Shaffer      |
| Double Ram | 5000             | 10000         | 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: 08/09/2004

Phone: 505-622-3770

### OIL CONSERVATION DIVISION

Electronically Approved By: Bryan Arrant

Title: Geologist

Approval Date: 08/23/2004

Expiration Date: 08/23/2005

Conditions of Approval:

There are conditions. See Attached.