

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

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address READ & STEVENS INC PO BOX 1518 ROSWELL, NM 88201		2. OGRID Number 18917
		3. API Number 30-015-34761
4. Property Code 34885	5. Property Name BANDIT STATE	6. Well No. 007

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	10	23S	26E	L	2310	S	330	W	EDDY

8. Pool Information

HAPPY VALLEY,DELAWARE	29665
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3324
14. Multiple N	15. Proposed Depth 3200	16. Formation Delaware	17. Contractor	18. Spud Date 5/15/2006
Depth to Ground water 101		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 4000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	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.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	6000	Shaffer

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by John Maxey Title: Operations Mgr Email Address: read@lookingglass.net Date: 4/4/2006	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 4/4/2006	Expiration Date: 4/4/2007
	Conditions of Approval Attached	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
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Santa Fe, NM 87505

Form C-102
 Permit 26613

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34761	2. Pool Code 29665	3. Pool Name HAPPY VALLEY,DELAWARE
4. Property Code 34885	5. Property Name BANDIT STATE	6. Well No. 007
7. OGRID No. 18917	8. Operator Name READ & STEVENS INC	9. Elevation 3324

10. Surface Location

UL - Lot L	Section 10	Township 23S	Range 26E	Lot Idn	Feet From 2310	N/S Line S	Feet From 330	E/W Line W	County EDDY
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>E-Signed By: John Maxey Title: Operations Mgr Date: 4/4/2006</p>		
	<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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 belief.</i></p> <p>Surveyed By: Gary Eidson Date of Survey: 3/17/2006 Certificate Number: 12641</p>		

Permit Comments

Operator: READ & STEVENS INC , 18917

Well: BANDIT STATE #007

API: 30-015-34761

Created By	Comment	Comment Date
JCMAXEYJR	Depth to ground water is over 100 feet per State Engineer website search.	4/4/2006
JCMAXEYJR	H2S contingency plan will be submitted separately.	4/4/2006

Permit Conditions of Approval

Operator: READ & STEVENS INC , 18917

Well: BANDIT STATE #007

API: 30-015-34761

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	As noted in application, operator is to drill surface hole with "fresh water mud".
BArrant	H2S well contingency plan to be submitted before well is spudded.
BArrant	Operator to submit detailed mud and cement program before well is spuuded.