

| | | | | | |
|--------------|----------|---------------|-------------------|-----|-----------------------|
| DATE: 6/8/09 | SUSPENSE | ENGINEER: WJS | LOGGED IN: 6/8/09 | DHC | PP NO. PWTJ0916973950 |
|--------------|----------|---------------|-------------------|-----|-----------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

30-025-35847

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

DAVID LUNA

Print or Type Name

Signature

Title

Date

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 87401

District II
1301 W. Grand Avenue, Artesia, NM 87401

District III
1000 Rio Vista Road, Aztec, NM 87410

District IV
1220 S. St. Francis Drive, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
X Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator: Read & Stevens, Inc.

Address: P. O. Box 1518, Roswell, NM 88202-1518

Lease: Klein 5

Well No.: 1

Unit Letter I, Section 5, Township 20S, Range 36E

County: Lea

OGRID No.: 18917 Property Code: 029494 API No.: 30-025-35847 Lease Type: Federal State X Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|---|-------------------|---------------------------------|
| Pool Name | with deer Strawn OIL | | North Osuda Devonian OIL |
| Pool Code | | | 97155 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 9,668' - 9,723' | | Perf: 10,656' - 80' |
| Method of Production (Flowing or Artificial Lift) | Pumping Unit | | Pumping Unit |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 35.5 API | | 40.6 API |
| Producing, Shut-In or New Zone | New Zone | | Shut In |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Swab Test Date: 3/4/09 Rates: 12/20/3 | Date: Rates: | Date: 11/11/08 Rates: 3/0/15 |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil Gas 75% 100% | Oil Gas % % | Oil Gas 25% 0% |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes X No
Yes No

Are all produced fluids from all commingled zones compatible with each other?

Yes X No

Will commingling decrease the value of production?

Yes No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application?

Yes No X

NMOC Reference Case No. applicable to this well:

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE

David Luna

TITLE: Petroleum Engineer

DATE: May 22, 2009

TYPE OR PRINT NAME: David Luna

TELEPHONE NO. (575) 622-3770 ext. 213

E-MAIL ADDRESS: dluna@read-stevens.com

PAG-4200

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94
Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P. O. Box 2088

Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease - 4 copies
Fog Lease - 3 copies

☐ AMENDED REPORT

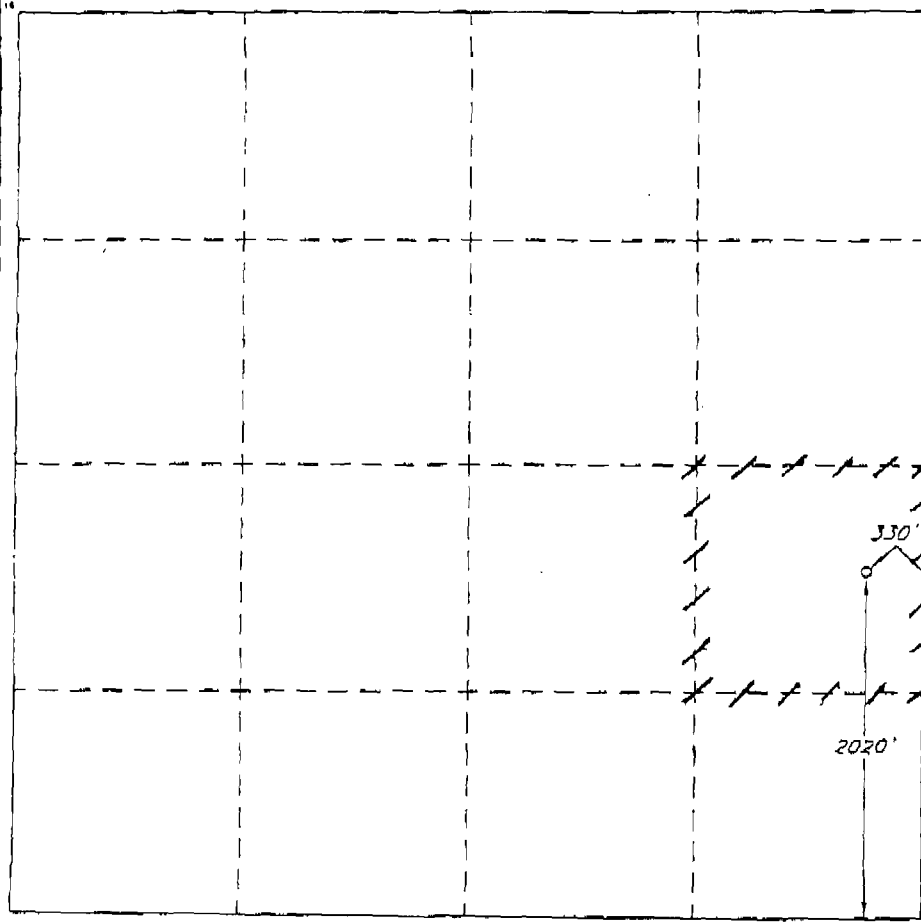

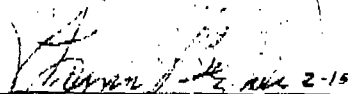
DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | | | | |
|---|--------------|---|----------------------------|-----------------------------------|------------------------|---------------------------|-----------------------|------------------------|---------------|
| 1 API Number 30-025-35847 | | 2 Pool Code 97155 | | 3 Pool Name Wildcat; Devoutian | | | | 4 Well Number S. 1 | |
| 5 Property Code 29494 | | 6 Property Name KLEIN '5' | | | | 7 Well Number 1 | | | |
| 8 OGRID No. 018917 | | 9 Operator Name READ & STEVENS, INC. | | | | 10 Elevation 3632' | | | |
| 11 SURFACE LOCATION | | | | | | | | | |
| UL or lot no. 1 | Section 5 | Township 20 SOUTH | Range 36 EAST, N.M.P.M. | Lot Ida | Feet from the 2020' | North/South line SOUTH | Feet from the 330' | East/West line EAST | County LEA |
| 12 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE | | | | | | | | | |
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
| 13 Dedicated Acres 40 | | | | | | | | | |
| 14 Joint or Infill | | 15 Consolidation Code | | 16 Order No. | | | | | |

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT 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 John C. Masey, Jr. |
| | Title Operations Manager |
| | Date 2-22-02 |
| | 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 belief. |
| | Date of Survey FEBRUARY 13, 2002 |
| | Signature and Seal of Professional Surveyor  Certificate No. V. L. BEZNER R.P.S. #7920 |
| | JOB # 80429 / 71 SE / J.C.P. |

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

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 96257

RECEIVED
MAY 26 2009
HOBBSOCD

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|--------------------------------------|
| 1. API Number 30-025-35847 | 2. Pool Code 97155 | 3. Pool Name North Osudo Devonian |
| 4. Property Code 29494 | 5. Property Name KLEIN 5 | 6. Well No. 001 |
| 7. OGRID No. 18917 | 8. Operator Name READ & STEVENS INC | 9. Elevation 3632 |

10. Surface Location

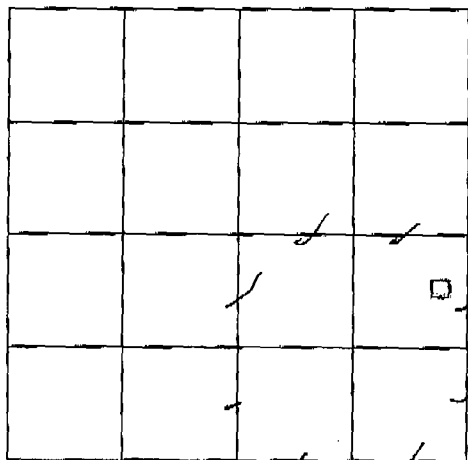
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| 1 | 5 | 20S | 36E | | 2020 | S | 330 | E | LEA |

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 XXX 40 | 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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By:

Title: Petroleum Engineer

Date: May 22, 2009

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 belief.

Surveyed By: V. L. Bezner

Date of Survey: 2/13/2002

Certificate Number: 7920

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



MEMO

DATE:

6/16/09

TO:

Will Jones

FROM:

Donna Mull

| | |
|---|---|
| <input checked="" type="checkbox"/> For Your Files | <input type="checkbox"/> Prepare a Reply for My Signature |
| <input type="checkbox"/> For Your Review and Return | <input checked="" type="checkbox"/> For Your Information |
| <input checked="" type="checkbox"/> For Your Handling | <input checked="" type="checkbox"/> For Your Approval |
| <input type="checkbox"/> As Per Your Request | <input type="checkbox"/> For Your Signature |
| <input checked="" type="checkbox"/> Please Advise | <input checked="" type="checkbox"/> For Your Attention |

7 pgs

Will,

I talked to Kelly with
Read & Stevens this morning.
They sent these forms to us
but forgot to send original to you.
Here is a fax copy. Please
let me know when you get
this & how soon the order
will be approved. Thanks Donna



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



6/2/09

Oil Conservation Division
1220 S. Francis Drive
Santa Fe, NM 87505

RE: Proposed:

MC _____
DHC X _____
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Read & Stevens Inc. Klein 5 [#] 1-I 5-20s-36e
Operator Lease & Well No. Unit S-T-R API # 30-025-35847

and my recommendations are as follows:

OK

Yours very truly,

A handwritten signature in dark ink, appearing to read "Mark Fesmire".

Geologist

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

* Phone: (505) 393-6161 * Fax (505) 392-0720 * <http://www.emnrd.state.nm.us>



| | | | | | | | |
|--|-----|--|-----|--|-------|--|-----|
| | 3 1 | | 3 2 | | 3 3 | | 3 4 |
| | | | | | | | |
| | 6 | | 5 | | 4 | | 3 |
| | | | X | | | | |
| | 7 | | 8 | | 9 | | 1 0 |
| | | | | | | | |
| | 1 8 | | 1 7 | | 1 6 | | 1 5 |
| | | | | | | | |
| | | | | | 20-36 | | |
| | 1 9 | | 2 0 | | 2 1 | | 2 2 |
| | | | | | | | |

Strawn

