

0928

Lara

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

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1301 W. Grand Avenue

Artesia, NM 88210

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-045254
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Read & Stevens, Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 1518 Roswell, NM 88202	3b. Phone No. (include area code) 505/622-3770	8. Lease Name and Well No. Lotsa Luck 29 Federal Com., Well No. 3
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1980' FNL & 1980' FEL At proposed prod. zone same (G)		9. API Well No. 30-015-33742
14. Distance in miles and direction from nearest town or post office* 13 road miles NE of Artesia, NM		10. Field and Pool, or Exploratory Crow Flats Morrow
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 960	11. Sec., T., R., M., or Blk. and Survey or Area Sec. 29 T16S-R27E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3,050'	19. Proposed Depth 9,000'	12. County or Parish Eddy
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3502' GL	22. Approximate date work will start* October 1, 2004	13. State NM
23. Estimated duration 4 weeks		
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 9/10/04
Title Agent for: Read & Stevens, Inc.		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date NOV 16 2004
Title ACTING FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval 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.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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.

*(Instructions on reverse)

Lease Responsibility Statement: Read & Stevens, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

Acquiesced Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED*George R. Smith*
George R. Smith, agent

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Read & Stevens, Inc Telephone: (505) 622-3770 e-mail address: _____

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

Facility or well name: Lotsa Luck 29 Federal, Well No. 3 API #: _____ U/L or Qtr/Qtr SW4NE4 Sec 29 T16S R27E

County: Eddy Latitude N 32°53'44" Longitude W 104°17'54" NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐
Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume 10,000 bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not. _____

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points)

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points)

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

(0 points)

Ranking Score (Total Points)

10

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and

end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: September 10, 2004

Printed Name/Title Agent for Read & Stevens, Inc.

Signature Georgel Smith

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: DEC 1 2004 Field Sep 10

Printed Name/Title _____

Signature [Signature]

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Form C-102

Energy, Minerals, and Natural Resources Department

Revised August 15, 2000

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 75720	³ Pool Name Crow Flats Morrow
⁴ Property Code	⁵ Property Name LOTS A LUCK "29" FEDERAL COM	⁶ Well Number 3
⁷ OGRID No. 18917	⁸ Operator Name READ & STEVENS, INC.	⁹ Elevation 3502'

¹⁰ Surface Location

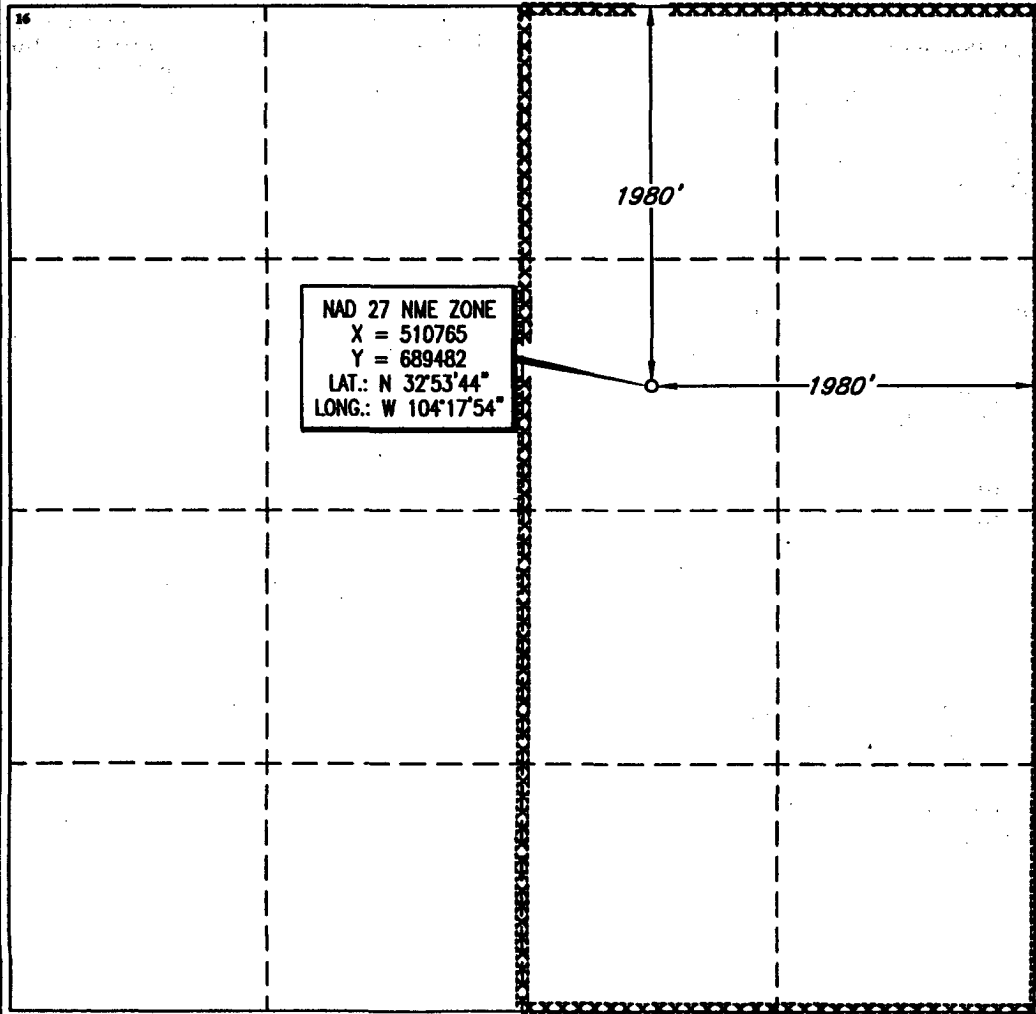
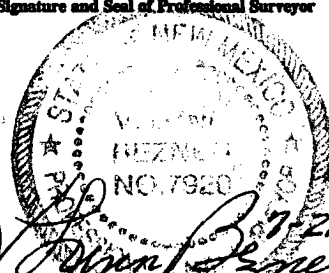
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	29	16 SOUTH	27 EAST, N.M.P.M.		1980'	NORTH	1980'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code Com	¹⁵ 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

<div><p>¹⁶</p></div>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>George R. Smith</i> Signature</p> <p>George R. Smith agent for: Printed Name</p> <p>Read & Stevens, Inc. Title</p> <p>September 10, 2004 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JULY 15, 2004 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p> V. L. BEZNER R.P.S. #7920 Certificate Number</p> <p>JOB #96253 / 100 NE / E.U.O.</p>

APPLICATION FOR DRILLING
 READ & STEVENS, INC.
 Lotsa Luck 29 Federal Com., Well No. 3
 1980' FNL & 1980' FEL, Sec. 29-T16S-R27E
 Eddy County, New Mexico
 Lease No.: NM-045254
 (Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Read & Stevens, Inc. submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

San Andres	1,260'	Strawn	8,006'
Glorieta	2,690'	Morrow	8,564'
Abo	4,717'	T.D.	9,000'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water in the Triassic between 80' - 230'.
 Oil: Possible in the San Andres & Premier below 1,260'.
 Gas: In the Morrow below 8,564'.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8 "	24.0#	J-55	ST&C	1,350'	Circ. 800 sx lite + 200 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	ST&C	6,000'	
7 7/8"	5 1/2"	17.0#	N-80	LT&C	9,000'	400 sx Super "C" modified TOC 7,500'

5. Proposed Control Equipment: A 10" 3000 psi wp Shaffer Type "E" BOP will be installed on the 9 5/8" casing. Casing and BOP will be tested as per Onshore Oil & Gas Order No. 3 before drilling out with 7 7/8". See Exhibit "E".

6. MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 1,350': Fresh water mud:	8.4 - 8.8 ppg	29	No W/L control
1,350' - 4,700': Fresh water/gel mud	8.4 - 8.6 ppg	29	No W/L control
4,700' - 8,000': Cut Brine mud:	8.6 - 9.1 ppg	29	No W/L control
8,000' - 9,000': Salt gel:	9.5 - 10.0 ppg	30 - 34	W/L control 10 cc +/-

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.
8. Testing, Logging, and Coring Program:
 Drill Stem Tests: None planned.
 Logging: T.D -Int. Casing: GR/ND, DLL, MSFL. LDT
 T.D. to surface: G/R, CNL
 Coring: None planned.
9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated Surface Pressure = 1980 psi (evac. hole) and BHP of 3860 psi (evac) with temperature of 150°.

Read & Stevens, Inc.
Lotsa Luck 29 Federal Com., Well No. 3
Page 2

10. H₂S: None expected. None encountered in previously drilled wells.

11. Anticipated starting date: October 1, 2004.

Anticipated completion of drilling operations: Approx. 4 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

READ & STEVENS, INC.

Lotsa Luck 29 Federal Com., Well No. 3
1980' FNL & 1980' FEL, Sec. 29-T16S-R27E
Eddy County, New Mexico
Lease No.: NM-045254
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM topo map showing the location of the proposed well as staked. The well site location is approximately 13 road miles east of Artesia, NM. Traveling east of Artesia on U.S. Hwy 82 there will be approximately 7 miles of existing paved road and 5.5 miles of gravel oil field roads
- B. Directions: Travel east of U.S. Hwy 285 in Artesia on U.S. Hwy 82 for 5 miles to Karr Rd., a paved County Rd. Turn north on Karr Rd. for 1.9 miles to Dog Canyon road. Continue east for 1.7 miles on Dog Canyon and then turn north for .5 mile to a fork in the road. Turn right (east) and then north for 2 miles, passing Lotsa Luck 28 Fed. #2 well site on the west. Continue north to an east/west road, then turn west for .4 mile to a ripped caliche road that runs southwest for .4 mile to a P/A Oxy well site. The proposed access road starts on the west side of the well site and will run southwest for approximately 2700 feet to the SE corner of the proposed well pad.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed new access road will be approximately 2700 feet long. The existing ripped access road will be repaired and .5 mile of the existing road south of the Lotsa Luck 28 Fed. #2 will be bladed with caliche. The proposed and existing roads are color coded on Exhibits "A".
- B. Construction: The proposed and existing access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: Several turnouts on the existing and proposed new access road will be required; increasing the width to 20 feet for passing..
- D. Culverts: None.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off lease right of way: None required .

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

READ & STEVENS, INC.

Lotsa Luck 29 Federal Com., Well No. 3

Page 2

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

- A. Read & Stevens, Inc. has production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or from the closest pit or source available. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

READ & STEVENS, INC.

Lotsa Luck 29 Federal Com., Well No. 3

Page 3

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged, 500' X 500'.
- B. Mat Size: 255' X 140', plus 120' X 120' reserve pits on the east.
- C. Cut & Fill: The location will require a 1.5-foot cut on the south with fill to the north.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road are located on a relatively level terrain but starts a 2% slope to the west 500- 600 feet west of the location. The location has an elevation of 3502' GL.
- B. Soil: The topsoil at the well site is a tan loam with some surface scatter of gypsum rock and some exposed bedrock outcrops. The soil is part of the Reeves-Gypsum land complex.
- C. Flora and Fauna: The location has a fair to poor grass cover of grama, three awn, sacaton, tobosa and muhly along with plants of mesquite, yucca, broomweed, creosote bush, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, antelope, deer, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None except intermittent running draws when it rains.
- E. Residences and Other Structures: None in the immediate vicinity.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access road is on Federal surface and minerals.

READ & STEVENS, INC.

Lotsa Luck 29 Federal Com., Well No. 3

Page 4

11. OTHER INFORMATION: cont.

- H. There is no evidence of archaeological, historical or cultural sites in the staked area. Archaeological Survey Consultants, P. O. Box 2295, Roswell, NM 88202 is conducting an archaeological survey and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

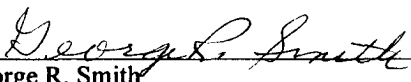
- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

John Maxey
READ & STEVENS, INC.
P. O. Box 1518
Roswell, NM 88202
Office Phone: (505) 622-3770 (ext 224)

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Read & Stevens, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

September 9, 2004


George R. Smith
Agent for: Read & Stevens, Inc.

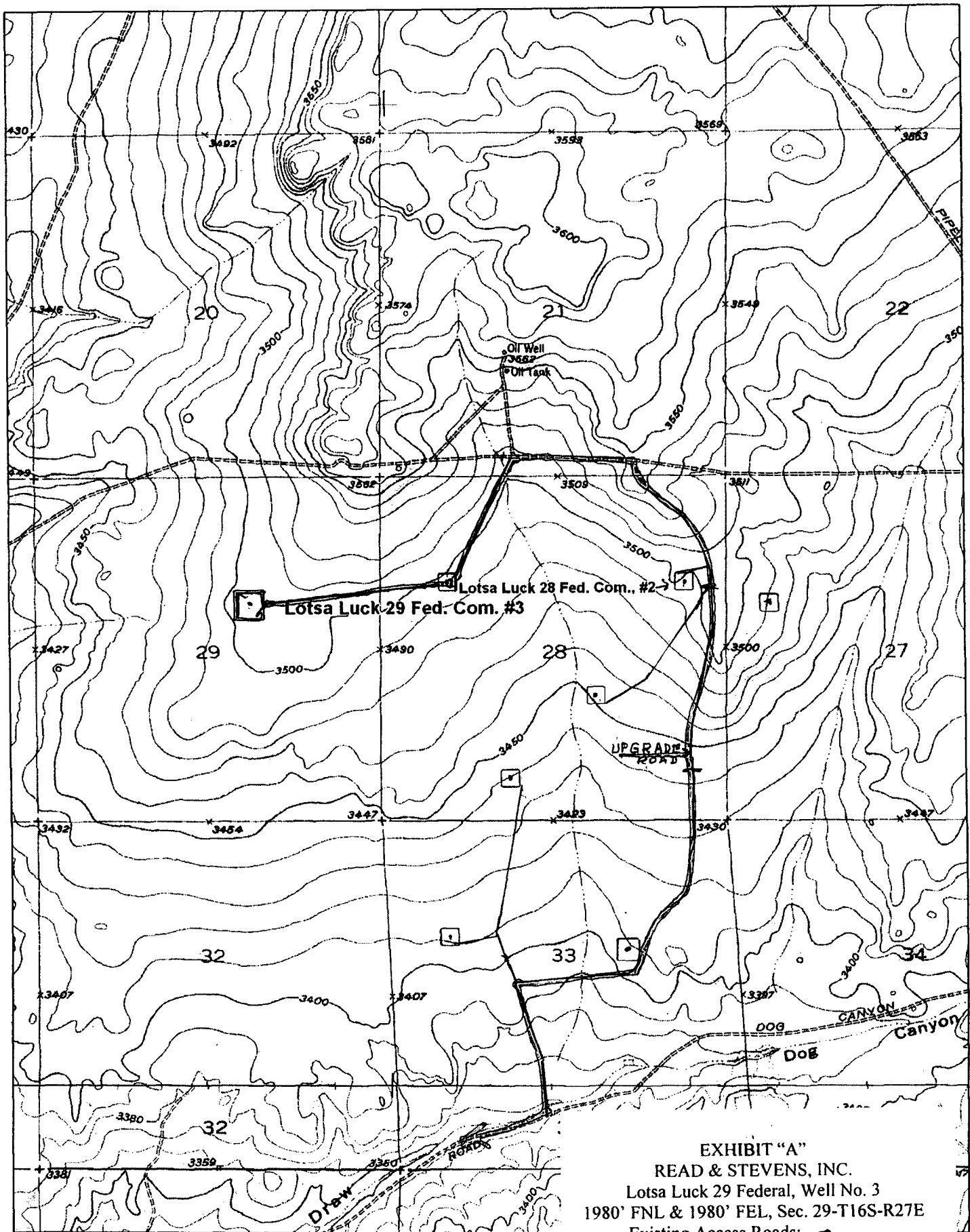




EXHIBIT "A"
 READ & STEVENS, INC.
 Lotsa Luck 29 Federal, Well No. 3
 1980' FNL & 1980' FEL, Sec. 29-T16S-R27E
 Existing Access Roads: 
 Proposed Access Road: 

DeLORME

© 2002 DeLorme. 3-D TopoQuads ©. Data copyright of content owner.
 www.delorme.com



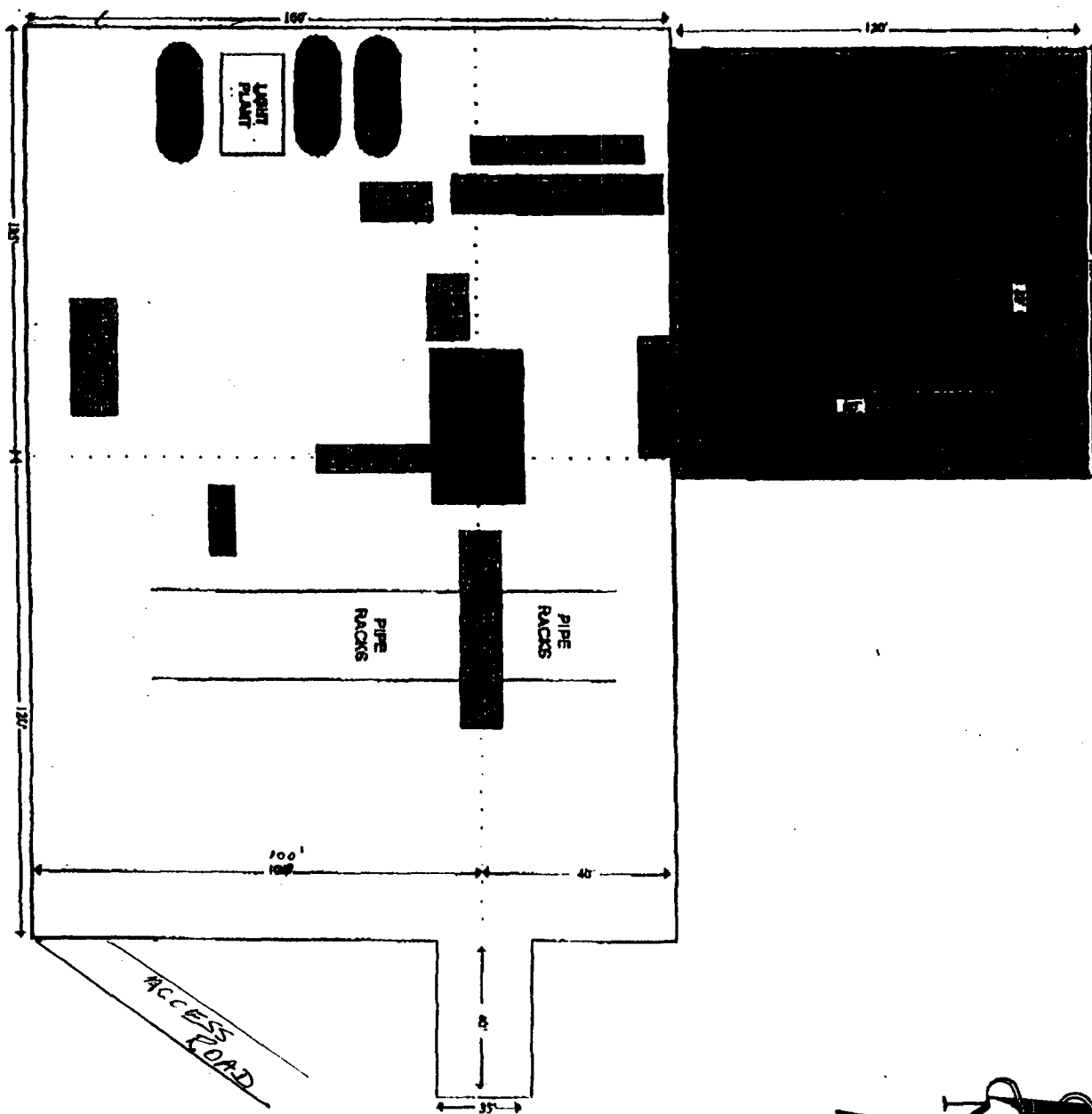


EXHIBIT "D"
 READ & STEVENS, INC.
 Lotsa Luck 29 Federal Com., Well No. 3
 Pad & Pit Layout

RIG #

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

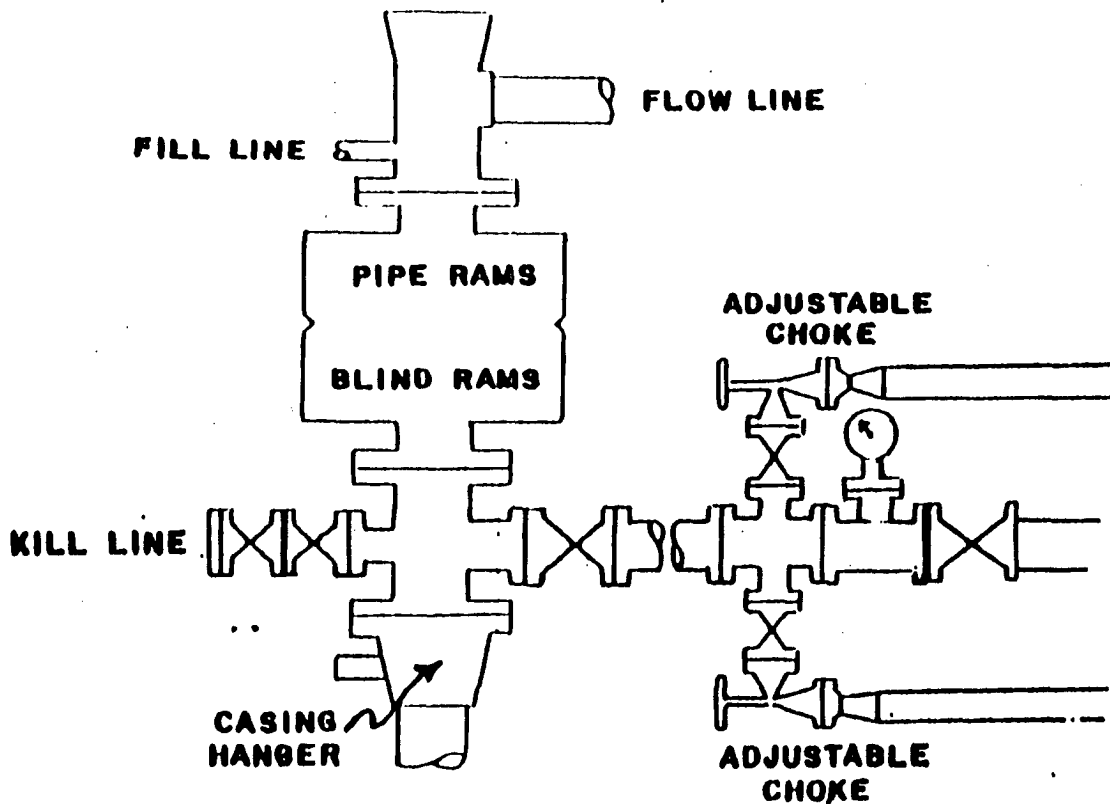


EXHIBIT "E"
READ & STEVENS, INC.
Lotsa Luck 29 Federal Com., Well No. 3
BOP Specifications