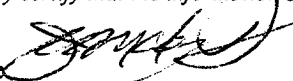


Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505		State of New Mexico Energy, Minerals and Natural Resources  Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505		Form C-105 Revised June 10, 2003	
				WELL API NO. <b>30-015-33586</b>	
				5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
				State Oil & Gas Lease No. <b>K-4538</b>	
WELL COMPLETION OR RECOMPLETION REPORT AND LOG					
1a. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____				7. Lease Name or Unit Agreement Name	
b. Type of Completion: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. <input type="checkbox"/> WELL OVER BACK RESVR. <input type="checkbox"/> OTHER				8. Well No. <b>2</b>	
2. Name of Operator <b>Read &amp; Stevens, Inc.</b>				9. Pool name or Wildcat <b>Happy Valley Delaware</b>	
3. Address of Operator <b>P. O. Box 1518 Roswell, NM 88203</b>					
4. Well Location Unit Letter <b>B</b> <b>330</b> Feet From The <b>North</b> Line and <b>2310</b> Feet From The <b>East</b> Line Section <b>10</b> Township <b>23S</b> Range <b>26E</b> NMPM <b>Eddy</b> County					
10. Date Spudded <b>10/10/04</b>		11. Date T.D. Reached <b>10/21/04</b>		12. Date Compl. (Ready to Prod.) <b>11/20/04</b>	
13. Elevations (DF& RKB, RT, GR, etc.) <b>3,297' GL</b>		14. Elev. Casinghead			
15. Total Depth <b>3,200'</b>		16. Plug Back T.D. <b>3,134'</b>		17. If Multiple Compl. How Many Zones?	
18. Intervals Drilled By <b>A11</b>		19. Producing Interval(s), of this completion - Top, Bottom, Name <b>2,674'-2,684' Delaware</b>			
20. Was Directional Survey Made <b>No</b>		21. Type Electric and Other Logs Run <b>GR, CBL, VDL GR-DLL/CNL-LDT</b>			
22. Was Well Cored <b>No</b>		23. CASING RECORD (Report all strings set in well)			
CASING SIZE		WEIGHT LB./FT.		DEPTH SET	
HOLE SIZE		CEMENTING RECORD		AMOUNT PULLED	
<b>8 5/8"</b>		<b>24#</b>		<b>662'</b>	
<b>12 1/4"</b>		<b>350 sx</b>		<b>Circ to surface</b>	
<b>5 1/2"</b>		<b>15.5#</b>		<b>3,196'</b>	
<b>7 7/8"</b>		<b>1,250 sx</b>		<b>Circ to surface</b>	
24. LINER RECORD					
25. TUBING RECORD					
SIZE		TOP		BOTTOM	
SACKS CEMENT		SCREEN		SIZE	
DEPTH SET		PACKER SET		<b>2 7/8"</b>	
<b>2,751'</b>					
26. Perforation record (interval, size, and number) <b>2,674'-2,684'</b> <b>4 spf Total holes 40</b>					
27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.					
DEPTH INTERVAL		AMOUNT AND KIND MATERIAL USED			
<b>2,674'-2,684'</b>		<b>Acidize 500 gal 7 1/2% NEFe</b>			
		<b>Frac stimulate 40,400# sand</b>			
		<b>contained in 30# x-linked gel</b>			
28. PRODUCTION					
Date First Production <b>11/20/04</b>		Production Method (Flowing, gas lift, pumping - Size and type pump) <b>Pumping</b>		Well Status (Prod. or Shut-in) <b>Producing</b>	
Date of Test <b>11/23/04</b>		Hours Tested <b>24</b>		Choke Size	
Prod'n For Test Period		Oil - Bbl <b>45</b>		Gas - MCF <b>TSTM</b>	
Water - Bbl <b>182</b>		Gas - Oil Ratio <b>-</b>			
Flow Tubing Press.		Casing Pressure		Calculated 24-Hour Rate	
Oil - Bbl <b>45</b>		Gas - MCF <b>TSTM</b>		Water - Bbl <b>182</b>	
Oil Gravity - API - (Corr.) <b>41.9</b>					
29. Disposition of Gas (Sold, used for fuel, vented, etc.) <b>None</b>				Test Witnessed By <b>Will Palmer</b>	
30. List Attachments <b>Deviation Survey. Logs previously sent.</b>					
31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief					
Signature 		Printed Name <b>John C. Maxey, Jr</b>		Title <b>Operations Manager</b>	
E-mail Address		Date <b>11-23-04</b>			

# INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn. "B"
T. Salt	T. Strawn	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Atoka	T. Pictured Cliffs	T. Penn. "D"
T. Yates	T. Miss	T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian	T. Menefee	T. Madison
T. Queen	T. Silurian	T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya	T. Mancos	T. McCracken
T. San Andres	T. Simpson	T. Gallup	T. Ignacio Otzte
T. Glorieta	T. McKee	Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger	T. Dakota	T.
T. Blinbry	T. Gr. Wash	T. Morrison	T.
T. Tubb	T. Delaware Sand <b>1860</b>	T. Todilto	T.
T. Drinkard	T. Bone Springs	T. Entrada	T.
T. Abo	T.	T. Wingate	T.
T. Wolfcamp	T.	T. Chinle	T.
T. Penn	T.	T. Permian	T.
T. Cisco (Bough C)	T.	T. Penn "A"	T.

## OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....  
No. 2, from.....to.....  
No. 3, from.....to.....  
No. 4, from.....to.....

## IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....  
 No. 2, from.....to.....feet.....  
 No. 3, from.....to.....feet.....

## LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology
2674	2684	10	Sandstone

OPERATOR: READ & STEVENS  
WELL/LEASE: SARAGOSA 10 #2  
COUNTY: EDDY, NM

054-0050

RECEIVED NOV 16 2004

STATE OF NEW MEXICO  
DEVIATION REPORT

381	1
662	1 1/4
907	3 1/4
970	3 3/4
1,034	4 3/4
1,085	4 3/4
1,113	4 1/2
1,145	4 3/4
1,176	4 1/2
1,239	4 1/2
1,302	4 1/4
1,365	4 1/2
1,429	4 1/2
1,491	4
1,554	3 1/2
1,617	3
1,709	2 1/2
1,805	2
1,930	1 1/2
2,087	1 3/4
2,216	1 3/4
2,311	1
2,466	3/4
2,593	1 1/4
2,782	1 1/4
3,006	1 1/4
3,160	3/4

By: *Steve Moore*

STATE OF TEXAS  
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me on November 15th, 2004, by  
Steve Moore on behalf of Patterson-UTI Drilling Company LP, LLLP.

*J Robertson*

My Commission Expires: 8/23/2007

