NM OIL CONS. COMMISSION
Drawer DD
Artesia, NM 88210

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-005-61179

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

C/SF

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-068043

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

RECEIVED

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

7. UNIT AGREEMENT NAME:

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME: Harris Federal

OCT 28 1981

2. NAME OF OPERATOR: Read & Stevens, Inc.

9. WELL NO.: 7

O. C. D.
ARTESIA, OFFICE

3. ADDRESS OF OPERATOR: P. O. Box 1518 Roswell, New Mexico 88201

10. FIELD AND POOL, OR WILDCAT: Undesignated Diamond Mound

RECEIVED
OCT 13 1981
OIL & GAS
U.S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FNL and 1980' FEL
At proposed prod. zone: Same

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 34, T15S-R27E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 10 miles east of Lake Arthur, New Mexico

12. COUNTY OR PARISH: Chaves

13. STATE: New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1980'	2520	320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
7,000'	9100'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3482 GR

22. APPROX. DATE WORK WILL START*: November 1, 1981

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.7#	400'	400 Sx Class "C" Circulate
11"	8 5/8"	24.0#	1700'	500 Sx "H" + 200 Sx "C" Circulate
7 7/8"	4 1/2"	10.5, 11.6#	9100'	500 Sx Class "C"

Mud Program:

0' - 400' Spud mud with magcobar gel and lime. If seepage is noted, add lost circulation material. If circulation is lost, dry drill to 400' and set surface casing.

400' - 5,200' Fresh water and native mud. Mud wt. 8.4#, Vis. 30-32, WL no control.

5,200' - 8,000' Magcogel and oil type drilling fluid. Mud wt. 8.5# - 8.8#, Vis. 30-32, 3-4% oil, WL no control.

8,000' - 9,100' Fresh water, low solids spersene mud system with Magcogel and Magco CMC. Mud wt. 9.0-9.5#, Vis. 40-45, WL 10 or below, PH. 9-9.5. Circulate portion of reserve pit when mudding up at 8,000'.

BOP Program: At 1700', install and test to 3,000#, pipe rams, blind rams (middle) bag-type preventer and choke manifold. BOP accumulator volume will be sufficient to operate the bag preventer and blind rams with a snap-action through the the close, open close sequence.

GAS NOT DEDICATED.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [signature] TITLE Agent for: Read & Stevens, Inc. DATE 10/12/81

(This space for Federal or State office use)

PERMIT NO. APPROVED APPROVAL DATE

APPROVED BY TITLE DATE

CONDITIONS OF APPROVAL, IF ANY:

OCT 27 1981
James A. Gillham
JAMES A. GILLHAM
DISTRICT SUPERVISOR

Posted ID-1
API + ML Book
10-30-81

*See Instructions On Reverse Side

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 8750

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
Read & Stevens, Inc.	Harris Federal	#7

Unit Letter	Section	Township	Range	County
G	34	15 South	27 East	Chaves

Actual Footage Location of Well:
1980 feet from the North line and 1980 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3482	Atoka	Undesig. Diamond Mound	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

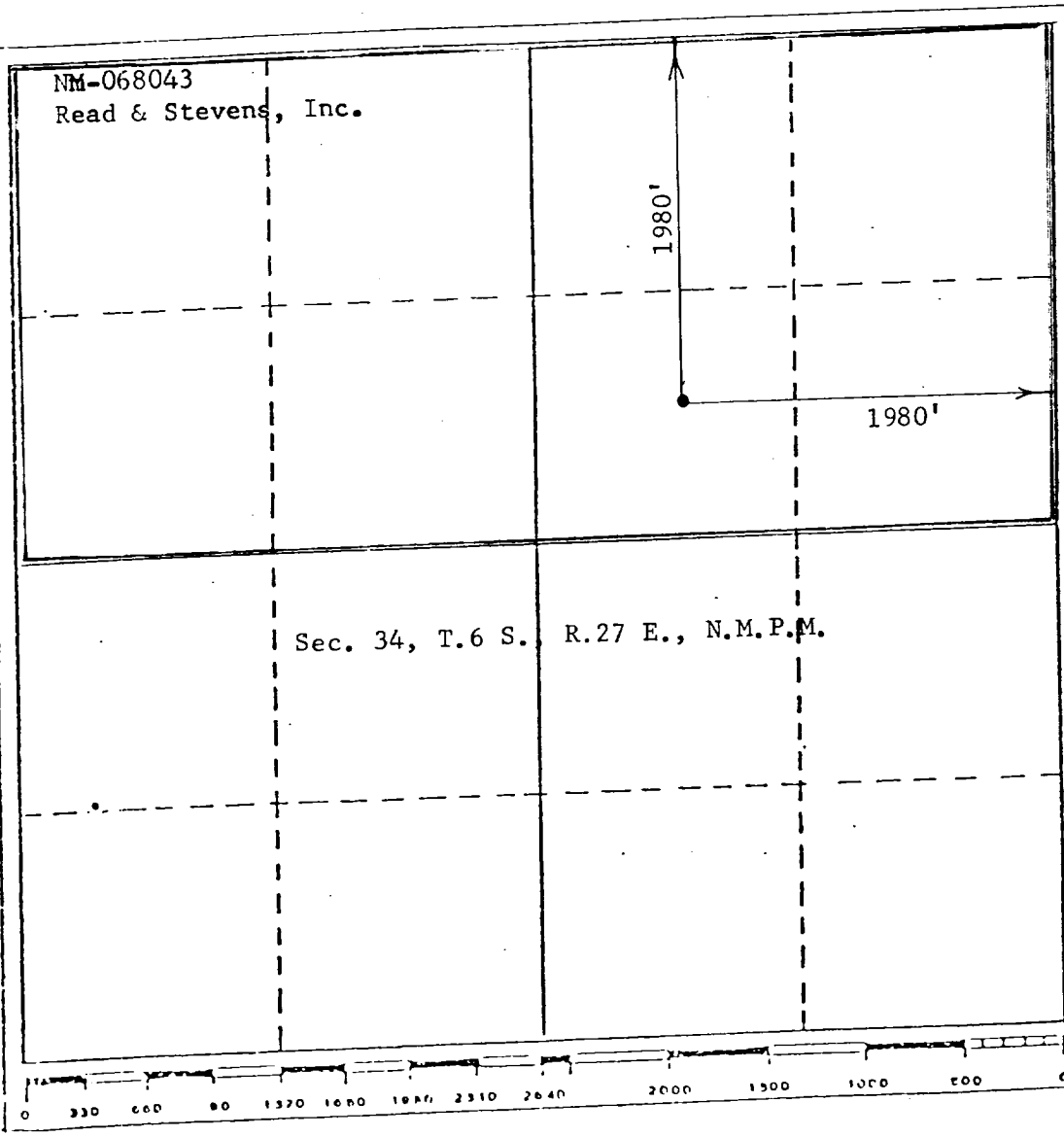
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

George R. Smith

Name: George R. Smith

Position: Agent for:

Company: Read & Stevens, Inc.

Date: October 13, 1981

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 knowledge and belief.

Date Surveyed: Sept. 21, 1981

Registered Professional Engineer and/or Land Surveyor

John D. Jaquess, P.E.& L.S.

Certificate No. 6290

JOHN D. JAQUESS NEW MEXICO 6290 REGISTERED PROFESSIONAL ENGINEER AND LAND SURVEYOR

APPLICATION FOR DRILLING

READ & STEVENS, INC.
Harris Federal, Well No. 7
1980' FNL & 1980' FEL, Sec. 34, T15S-R27E
Chaves County, New Mexico
Lease No.: NM-068043
(Development Well)

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Read & Stevens, Inc. submits the following items of pertinent information in accordance with USGS 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:

Queen	860'	Cisco	7088'
San Andres	1500'	Canyon	7460'
Glorieta	2672'	Strawn	8086'
Tubb	4294'	Atoka	8500'
Abo	5068'	Mississippi	8790'
Wolfcamp	6239'	Chester	8898'
		Total depth	9100'

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

   Water: Surface water at between 100' to 300'.

   Oil: San Andres at approximately 1500'.

   Gas: Atoka at approximately 8700'.

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: See Form 9-331C, and Exhibit "E".

6. Mud Program: See Form 9-331C.

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: One possible in each of the following:

Strawn	8086' - 8186'
Atoka	8650' - 8750'

   Logging:

Gamma Ray:	Surface to T.D.
FDC/CNL:	Int. Csg. to T.D.
Dual Ind. Laterolog:	Int. Csg. to T.D.

   Coring: None

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.

10. Anticipated starting date: January 15, 1982.
    Anticipated completion of drilling operations: Approx. 35 days.

MULTI-P T SURFACE USE AND OPERATIONS P

READ & STEVENS, INC.
Harris Federal, Well No. 7
1980' FNL & 1980' FEL, Sec. 34, T15S-R27E
Chaves County, New Mexico
Lease No.: NM-068043
(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 after completion of the operation so that a complete appraisal can be made of the enviornmental effects associated with the operations.

1. EXISTING ROADS:

A. Exhibit "A" is a portion of a New Mexico State Highway map showing the well as staked. The well site location is approximately 10 miles east of Lake Arthur, New Mexico. A portion of the 10 miles is paved and the remainder is a county maintained gravel road.

B. Directions: Travel south from Roswell on Alternate Highway 285 to Lake Arthur, New Mexico. Turn left (east) onto county road 507. There is an old white service station on the right of the highway at the turnoff. The county road is paved for 1.5 miles, then is a maintained gravel road. Continue east past the pavement for .5 mile then turn southeast for a mile crossing the Pecos River bridge. Turn left (east) after crossing the bridge at the fork in the road and continue east for 1.5 miles taking the right fork in the road. Travel east for approximately 4 miles to the point of origin of the proposed new access road that is flagged on the fence on the right hand side (south) of the county road. The new access road will start at this point and travel south for approximately 2000 feet to the proposed location.

2. PLANNED ACCESS ROAD:

A. Length and Width: The new access road will be 12 feet wide (20' ROW) and approximately 2,000 feet long, from the point of origin from the existing county road to the southeast corner of the drilling pad. The new access road is labeled and color coded red on Exhibit "A" and "B". The road has been staked and flagged.

B. Construction: The new road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.

C. Turnouts: There will be one turnout at the midpoint of the road, which will increase the road the road width to 20 feet for passing.

D. Culverts: None required.

E. Cuts and Fills: None required.

F. Gates, Cattleguards: One cattleguard will be required at the point of origin of the new access road where it leaves the county road and crosses the rancher's fence.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a one-mile radius are shown on Exhibits "B" and "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. There are production facilities at other locations on this lease. The producing wells are shown on Exhibit "C".

B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery 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. The water 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 road and the well site pad will be obtained from an existing pit located on Federal surface in the SE¼ of Sec. 24, T15S-R27E. The topsoil from the location will be stockpiled near the location for future rehabilitation use. No surface materials will be disturbed except for 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 separate disposal application will be submitted to the USGS 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 buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.

H. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.

9. WELLSITE 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.

B. Mat Size: 250' X 230'.

C. Cut and Fill: The location will require a very slight cut on the northeast and will be filled to the southwest side of the pad.

D. The surface will be topped with compacted caliche and the reserve pit will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations all equipment and other materials not needed for operations will be removed. Pits will be filled and location cleaned of all trash and junk to leave the wellsite in an aethetically pleasing a condition as possible.

B. Any unguarded pits containing fluids will be fenced until they are filled.

C. This location is on private surface and if the proposed well is non-productive and agreement has been made with the surface owner that all rehabilitation and/or vegetation requirements of the Bureau Land Management and the United States Geological Survey will be followed and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11. OTHER INFORMATION:

A. Topography: The land surface in the vicinity of the wellsite is gently sloping to the west/southwest from an elevation of 3482' at about two feet in six hundred feet.

B. Soil: The topsoil at the wellsite is a loamy clay underlain with gypsum with an occasional outcrop of gypsum.

C. Flora and Fauna: The vegetation consists of range grasses of Tabosa, Ring Muhly, Buffalo, Grama, along with Yucca, cacti, mesquite and snakeweed. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove, and quail.

D. Ponds and Streams: There are no rivers, streams or lakes in the area. There is a natural drainage pond, White Lake, approximately 3500' northeast of the wellsite.

11. OTHER INFORMATION: cont.....

E. Residences and other Structures: The Merritt ranch house and other buildings are located approximately 1200 feet southwest of the wellsite.

F. Land Use: Cattle grazing.

G. Surface Ownership: The proposed access road and well site is located on private surface and Federal minerals. An agreement has been made with the surface owner, Mr. Bill Merritt, P.O. Box 137, Lake Arthur, New Mexico, to compensate him monetarily for the surface damages and to rehabilitate and return the surface to its natural state in the event the well proves non-productive.

H. There is no evidence of any archaeological, historical or cultural sites in the area. An archaeological survey has been conducted by New Mexico Archaeological Services, Inc., P. O. Box 1341, Carlsbad, New Mexico 88220, and their report has been submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

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

Dan Lough
820 W. Gore
Lovington, New Mexico 88260
Office Phone: (505) 396-5391
Home Phone: (505) 396-4371

Joe Handley
P. O. Box 1135
Lovington, New Mexico 88260
Office Phone: (505) 396-5391
Home Phone: (505) 396-5449

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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 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.

October 13, 1981

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

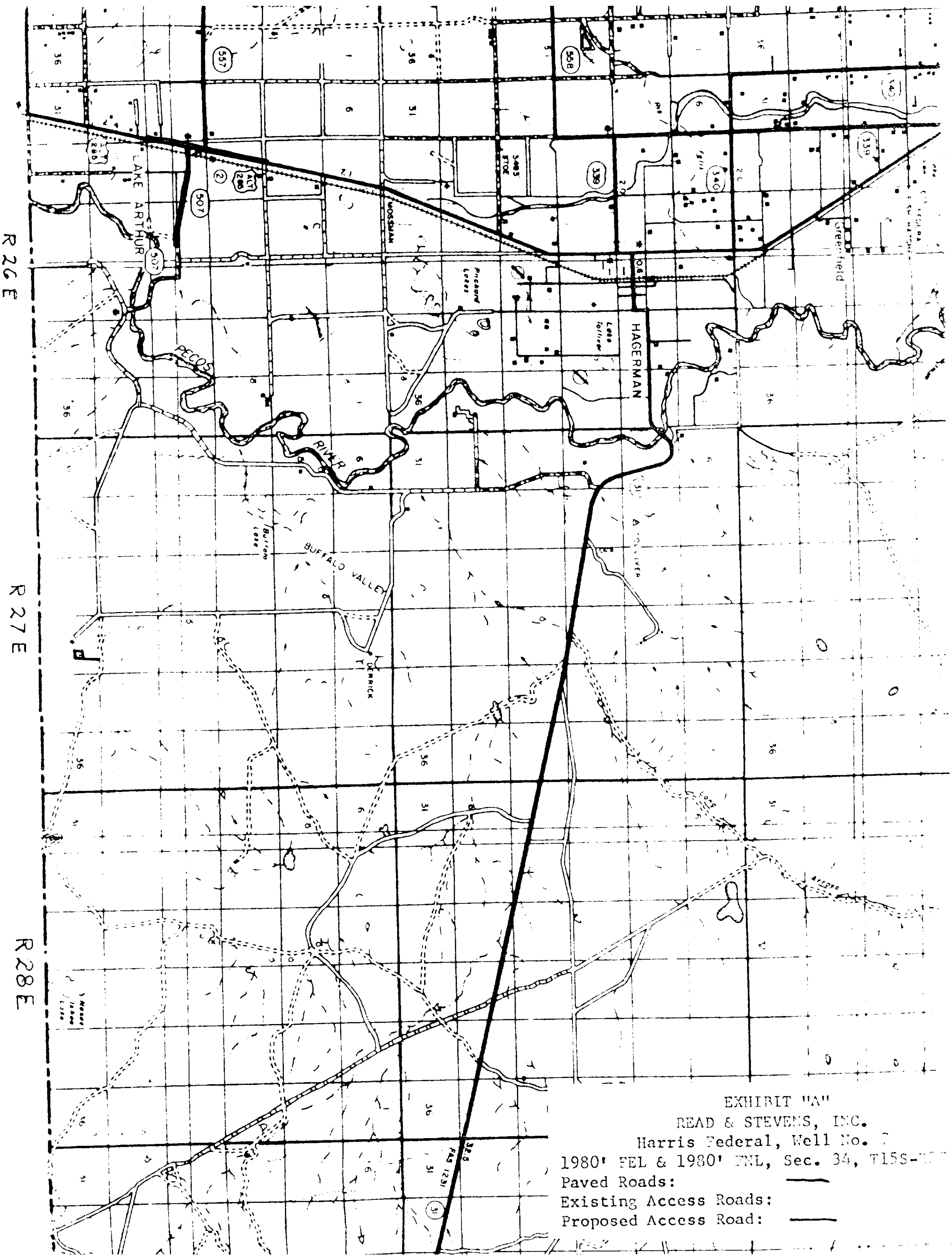
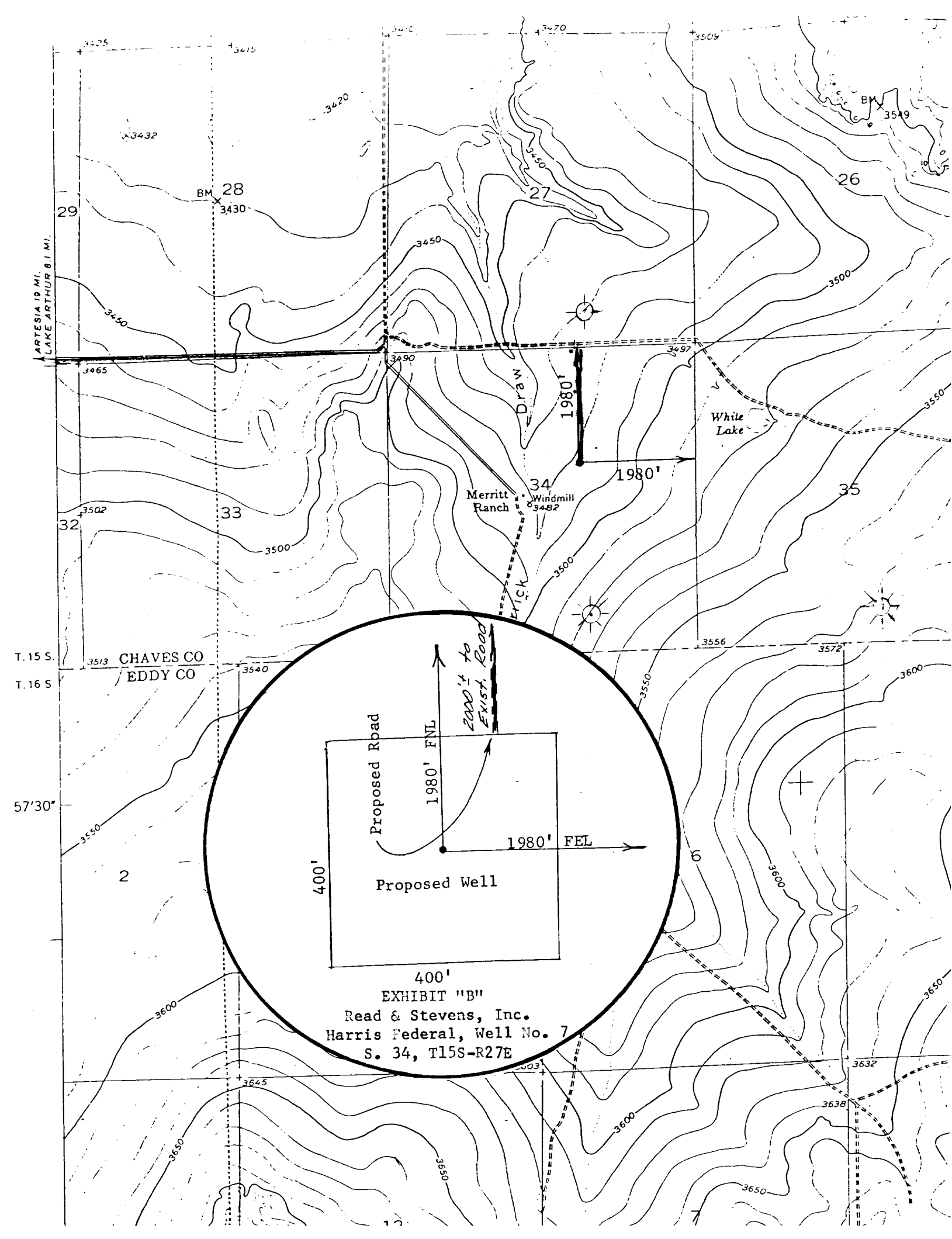


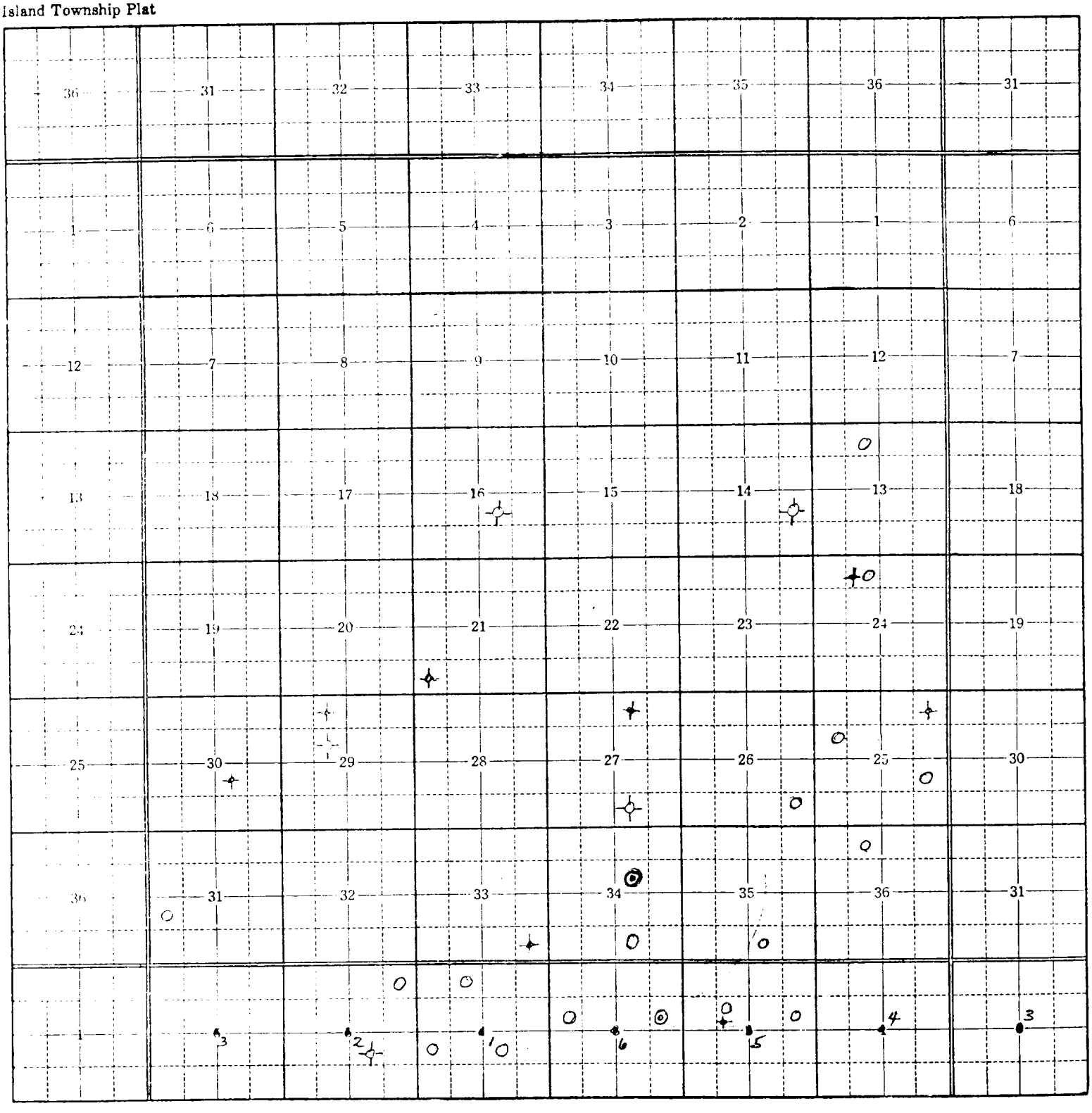
EXHIBIT "A"
READ & STEVENS, INC.
Harris Federal, Well No. 7
1980' FEL & 1980' FNL, Sec. 34, T15S-
Paved Roads:
Existing Access Roads:
Proposed Access Road:


ARTESIA 19 MI.
LAKE ARTHUR 8.1 MI.
BM 3430
28
29
27
26
34
35
33
32
Merritt Ranch
Windmill 3482
Draw
1980'
1980'
While Lake
Brick
T. 15 S.
T. 16 S.
CHAVES CO
EDDY CO
57'30"
2000'± to Exist. Road
Proposed Road
1980' FNL
1980' FEL
400'
Proposed Well
400'
EXHIBIT "B"
Read & Stevens, Inc.
Harris Federal, Well No. 7
S. 34, T15S-R27E

Billings Blue Print
Billings, Montana

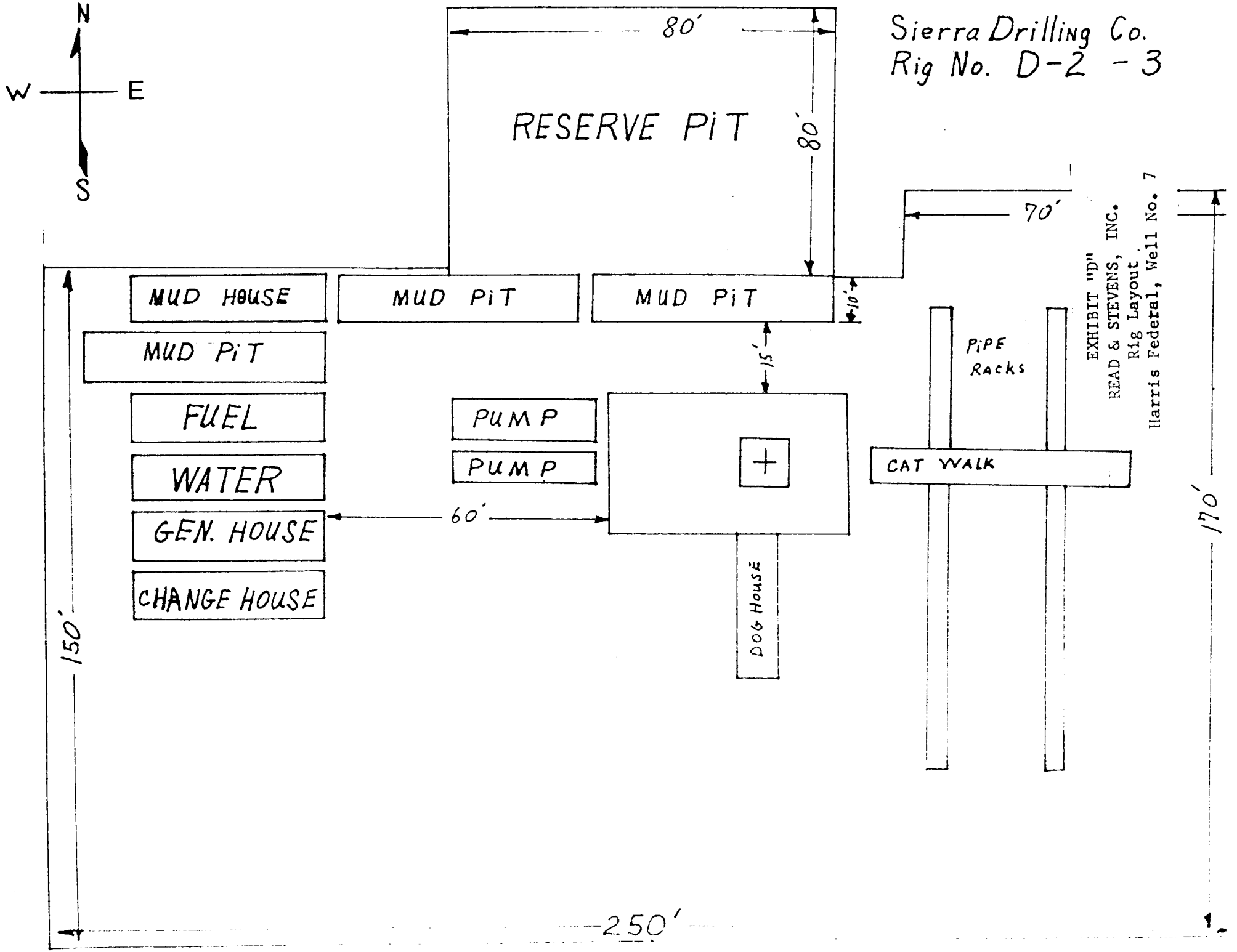
Township 15 S, Range 27 E, County Chaves, State New Mexico

Island Township Plat



Producing Gas Well
Producing Oil Well
Plugged & Abandoned
Proposed Location

EXHIBIT "C"
Read & Stevens, Inc.
Existing Wells
Harris Federal, Well No. 7


N
W
E
S
80'
RESERVE PIT
80'
Sierra Drilling Co.
Rig No. D-2 - 3
70'
MUD HOUSE
MUD PIT
MUD PIT
10'
MUD PIT
15'
PIPE Racks
EXHIBIT "D"
READ & STEVENS, INC.
Rig Layout
Harris Federal, Well No. 7
FUEL
PUMP
PUMP
CAT WALK
WATER
60'
GEN. HOUSE
CHANGE HOUSE
DOG HOUSE
150'
170'
250'

SIERRA DRILLING CO. Rig #3

GL to Floor 132"

GL to Bottom or Rotary 116"

This Stack is 110.5"

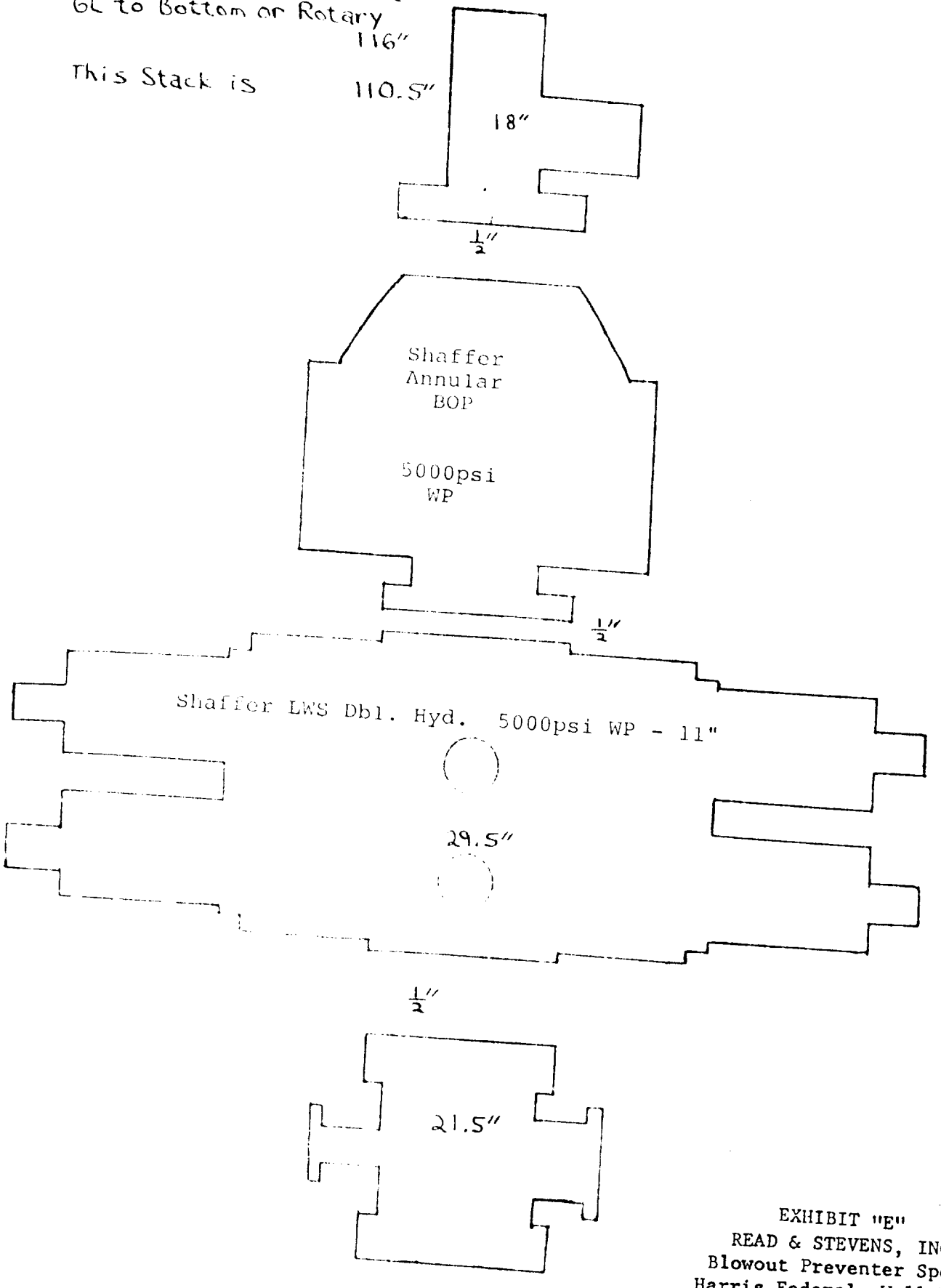


EXHIBIT "E"
READ & STEVENS, INC.
Blowout Preventer Spec.
Harris Federal, Well No. 7

F. One (1) Brandt Single Tandem (dual screen) Shale Shaker

G. Three (3) Mission Magnum 5"x6" centrifugal pumps powered by 60 HP electric motors

H. One (1) 500 BBL Water Tank with 2 - 2"x3" Mission Magnum centrifugal pumps - powered by 20 HP electric motors

I. One (1) 500 BBL Diesel Tank with 2 - 1"x1½" mission centrifugal pumps powered by 1 HP electric motors

J. One (1) 6" Mission Mud Hopper complete with mounting base, Venturi, Nozzel, butterfly valve and sack table

V B.O.P. Equipment

A. One (1) 11" 5000# W.P. Shaffer Annular B.O.P.

B. One (1) 11" 5000 # W.P. Shaffer Type "LWS" hydraulic operated double B.O.P.

C. One (1) 5000 # W.P. Choke and Kill Manifold - Shaffer Equipment for standard service

Note: Annular and Double Ram B.O.P.'s has internal H2S trim

D. One (1) 90-11S Melco Closing Unit - 90 Gallon complete with accumulators and remote control units

VI Drill Pipe