

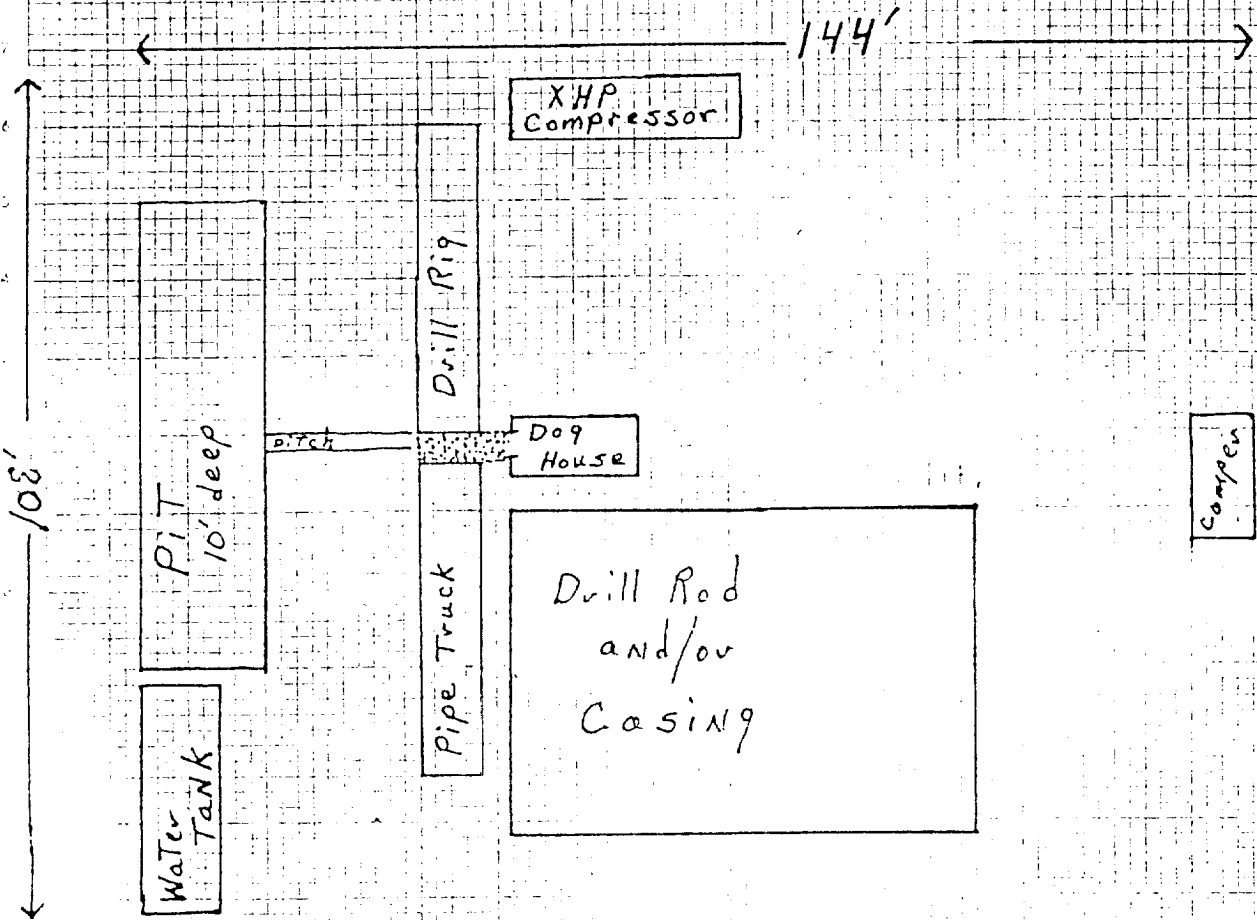
EAST

Preferred location size @ 150' x 150' minimum

Yucca Drilling Co., Inc.

North

South



SCALE: 1 square = 2'

EXHIBIT "D"
READ & STEVENS, INC.
South Lucky Lake Fed. Well No. 1
Rig Layout

West

Artesia NM 88210
UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN 1 JCATE*
(Other instructions on
reverse side)Form approved.
Budget Bureau No. 42-R1425.

30-005-61227

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Read & Stevens, Inc. ✓

3. ADDRESS OF OPERATOR

P. O. Box 1518 Roswell, New Mexico 88201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

330' FSL & 330' FWL

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15 miles north of Loco Hills, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drilg. unit line, if any)

330'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

None

16. NO. OF ACRES IN LEASE

240

19. PROPOSED DEPTH

1950'

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

3857 CR

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary (Air)

22. APPROX. DATE WORK WILL START*

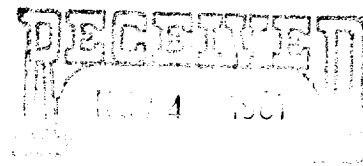
November 25, 1981

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
10-3/4"	8-5/8"	24#	250'	150 Sx "C" Circulated
7-7/8"	4-1/2"	9.5#	1950'	200 Sx "C" to base of salt

Propose to rotary air drill to approximately 1950' to test the Queen formation. If production is indicated, will set casing and attempt completion.



Filed 10-1
API + NL Book
11-20-81

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

Agent for:
TITLE Read & Stevens, Inc.

DATE November 3, 1981

(This space for Federal or State office use)

PERMIT NO.

APPROVED

APPROVAL DATE

APPROVED BY

CONDITIONS OF APPROVAL

NOV 16 1981

TITLE

DATE

JAMES A. GILLHAM
DISTRICT SUPERVISOR

*See Instructions On Reverse Side

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

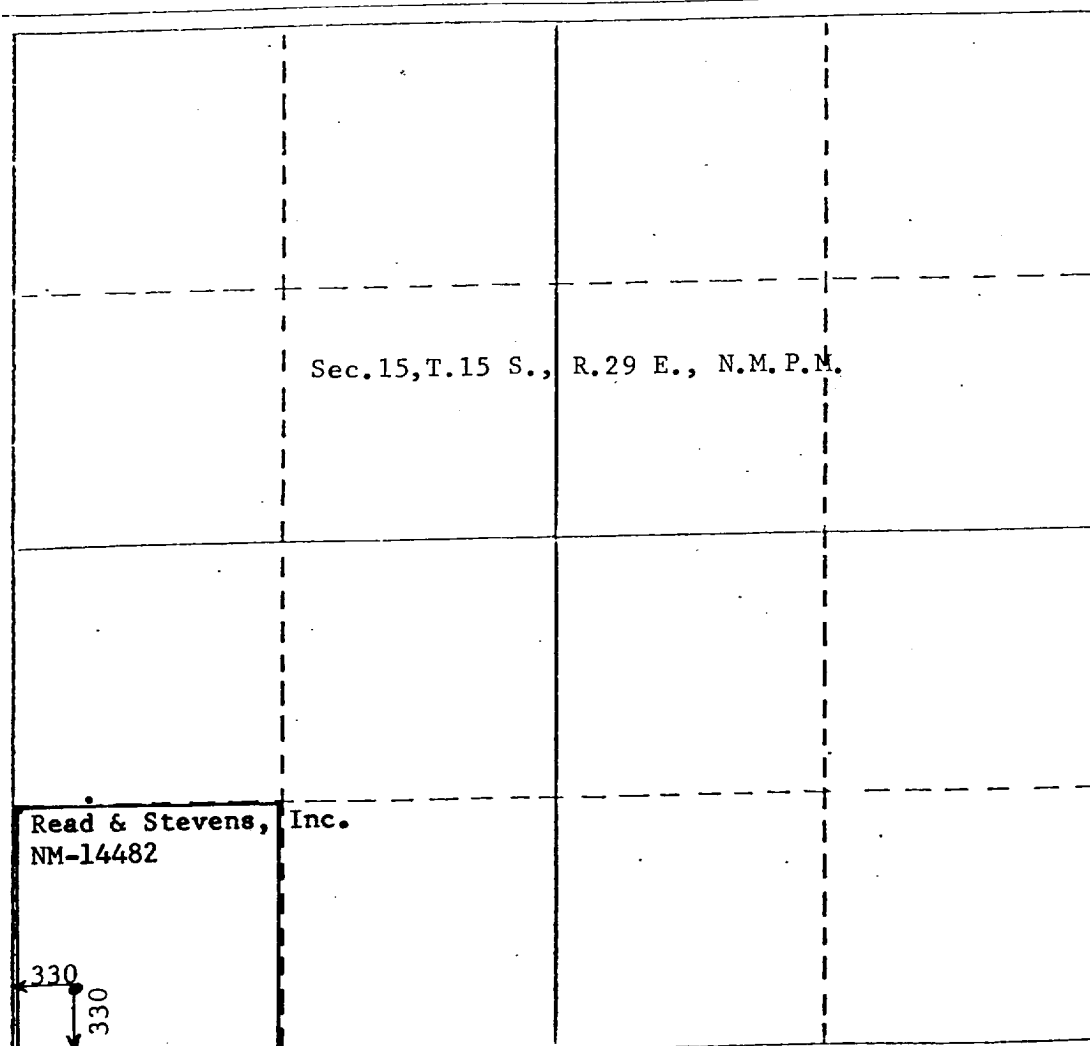
Operator Read & Stevens, Inc.		Lease South Lucky Lake Federal		Well No. 1
Unit Letter M	Section 15	Township 15 South	Range 29 East	County Chaves
Actual Footage Location of Well: 330 feet from the South line and 330 feet from the West line				
Ground Level Elev. 3857	Producing Formation Queen	Pool 6 Lucky Lake 6M		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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

November 3, 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.

JOHN D. JAQUESS
NEW MEXICO
Date Surveyed **October 17, 1981**
Registered Professional Engineer and of Land Surveyor
John D. Jaquess, P.E. & L.S.
Certificate No. **6290**

APPLICATION FOR DRILLING

READ & STEVENS, INC.
South Lucky Lake Federal, Well No. 1
330' FSL & 330' FWL, Sec. 15-T15S-R29E
Chaves County, New Mexico
Lease No.: NM-14482
(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:

Top of salt	280'	Seven Rivers	1250'
Bottom of salt	880'	Queen	1785'
Yates	1030'	T. D.	1950'

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

Water: Surface water at approximately 200 feet.

Oil: Queen at approximately 1850 feet.

Gas: None.

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

5. Pressure Control Equipment: This well is to be drilled with an Air Rotary rig. Since no gas is expected in this area a Dyer Diverter will be used for the BOP.

6. Mud Program: Mud will not be used since this is a rotary air drilling program.

7. Auxiliary Equipment: No special pressure equipment needed.

8. Testing, Logging and Coring Program:

Drill Stem Tests: None.

Logging: Gamma Ray: Surface to T. D.
FDC/CNL: Surface casing to T. D.
Dual Ind. Laterolog: Surface casing to T. D.

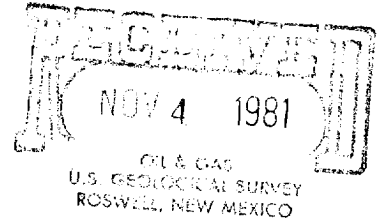
Coring: Will core from 1775' - 1795".

9. No abnormal pressures or temperatures are anticipated. The records of the offsetting wells do not indicate any problems at this depth.

10. Anticipated starting date: November 25, 1981.

Anticipated completion of drilling operations: Approximately 7 days.

READ & STEVENS, INC.
South Luck Lake Federal, Well No. 1
330' FSL & 330' FWL, Sec. 15-T15S-R29E
Chaves County, New Mexico
Lease No.: NM-14482
(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 environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a Chaves County Road Map showing the direction to the well as staked. The well is approximately 33 miles east of Hagerman, New Mexico and 15 miles north of Loco Hills, New Mexico. The 33 miles consists of approximately 28 miles of paved state and county roads, plus 5 miles of oilfield roads.
- B. Directions: Turn east at the Hagerman junction of Alternate Highway 285 and state road 31 and continue east/southeast on Highway 31 for approximately 23 miles, which will take you to the paved county road that goes south to Loco Hills. Turn south at this paved road, which has a McClellan Oil Corporation Sulimar Field sign at the turnoff. Continue south for approximately 5.8 miles to a dirt oilfield road that goes west just before crossing the Chaves County/Eddy County line. Travel west for approximately 2.1 mile and turn north at a Yates D-H sign. Continue north until reaching a Dalport Owen Federal tank battery on the right. Continue past the tank battery; crossing a cattleguard and passing two Dalport wells, the Todhunter Fed. # 3 and the Owen Federal #2. After passing the Owen Fed. # 2 the road crosses a pipeline ROW. The new access road will start on the east side of this ROW and continue north for approximately 500 feet and then turn northeast several hundred feet to the location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The new access road will be 12 feet wide (20' ROW) and approximately 600 feet long from the point of origin at the oilfield road to the southwest corner of the drilling pad. The new access road is labeled and color coded of 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 start of the new access road.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Cattleguard, Gates: None required.

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 no production facilities on this lease at the present time.
- B. If the well proves to be commercial, the necessary production facilities and tank battery will be installed on the on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill this well with a rotary AIR drilling rig which will not require water.

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 and minerals in the NW $\frac{1}{4}$, NW $\frac{1}{4}$ of Sec. 22-T15S-R29E. 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. If water is produced during the drilling operation (air drilled), it will be allowed to evaporate in the pits until dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the are if the pits are holding water.
- D. Water produced during operations will be collected in tanks until evaporated or 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 collected 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 removed from the well site or buried within 30 days after finishing drilling and/or completion operations.

8. ANCILIARY 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: 150' X 150'.

C. Cut & Fill: The location has a southwest slope of 10' in 300', which will require a cut of 1 - 2 feet from the northeast corner and filled to the southwest.

D. The surface will topped and compacted with caliche.

10. PLANS FOR RESTORATION OF THE SURFACE:

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

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

C. If the proposed well is non-productive, all rehabilitation and/or revegetation requirements and surface restoration will be in accordance with the requirements of the Bureau of Land Management and the United States Geological Survey, 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 sloping to the southwest 10' in 300' and is relatively smooth.

B. Soil: The topsoil at the wellsite is a sandy loam underlain with caliche, with considerable scatter of caliche rock on the surface.

C. Flora and Fauna: The grass cover is generally sparse consisting of bristlegass, dropseed, sand muhly and very little grama. Other plants consist of mesquite, yucca, snakeweed, tumbleweed, javelina and creosote bush. 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 streams or ponds in the area.

E. Residences and Other Structures: There are no residences or other structures in the area. There are three offsetting pumping wells and a tank battery within a half mile.

11. OTHER INFORMATION: cont.....

- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed access road and well site is located on Federal surface and minerals.
- 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 will be 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:

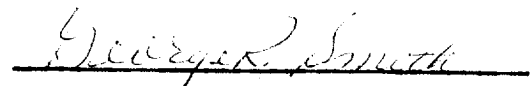
Dan Lough
830 W. Gore
Lovington, New Mexico 88260
Office Phone: (505) 396-5391
Home Phone: (505) 396-4371

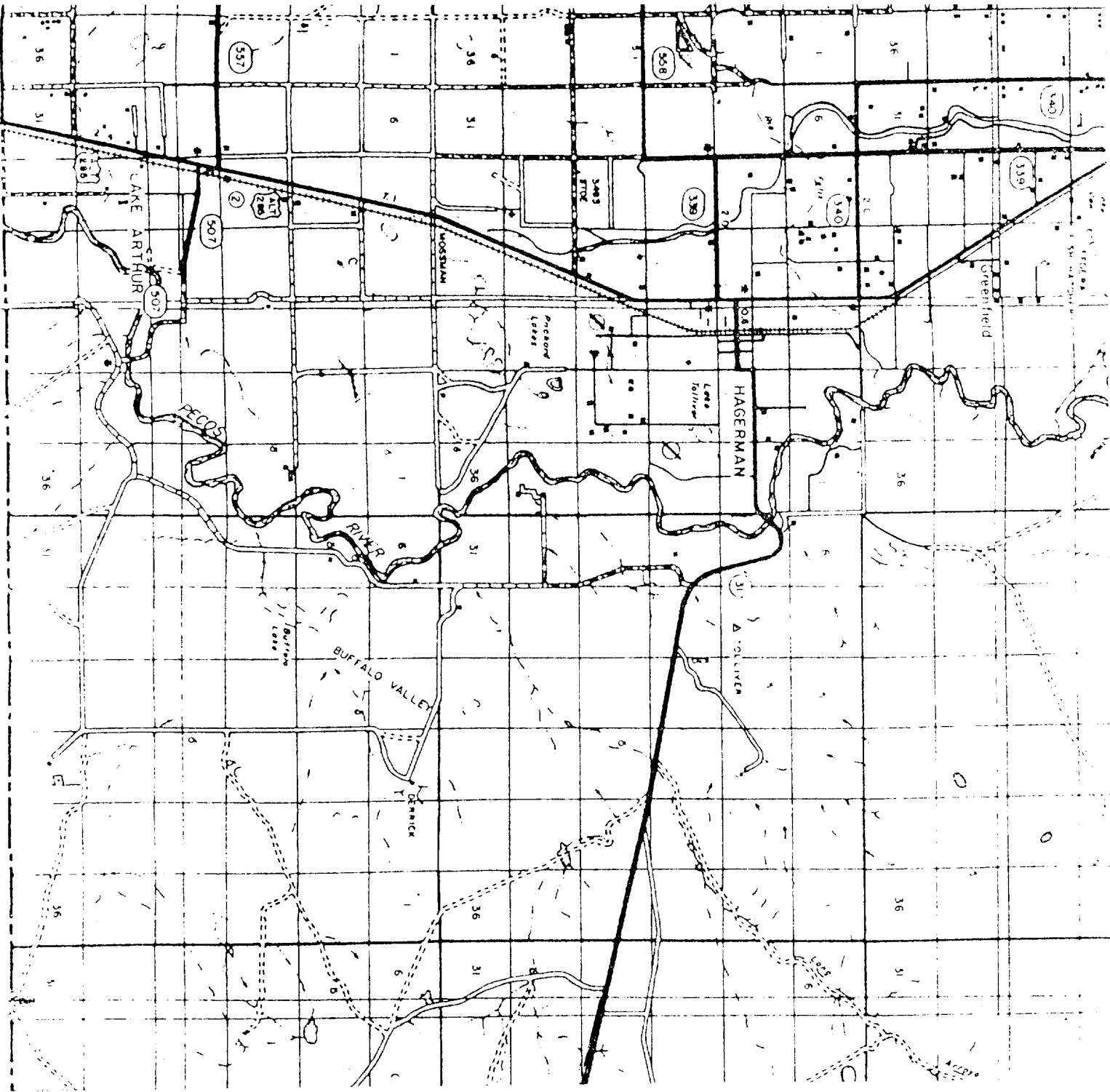
Joe Handley
P. O. Box 1135
Lovington, New Mexico 88260
Office Phone: (505) 396-5391
Home Phone: (505) 396-5449

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 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.

October 30, 1981


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

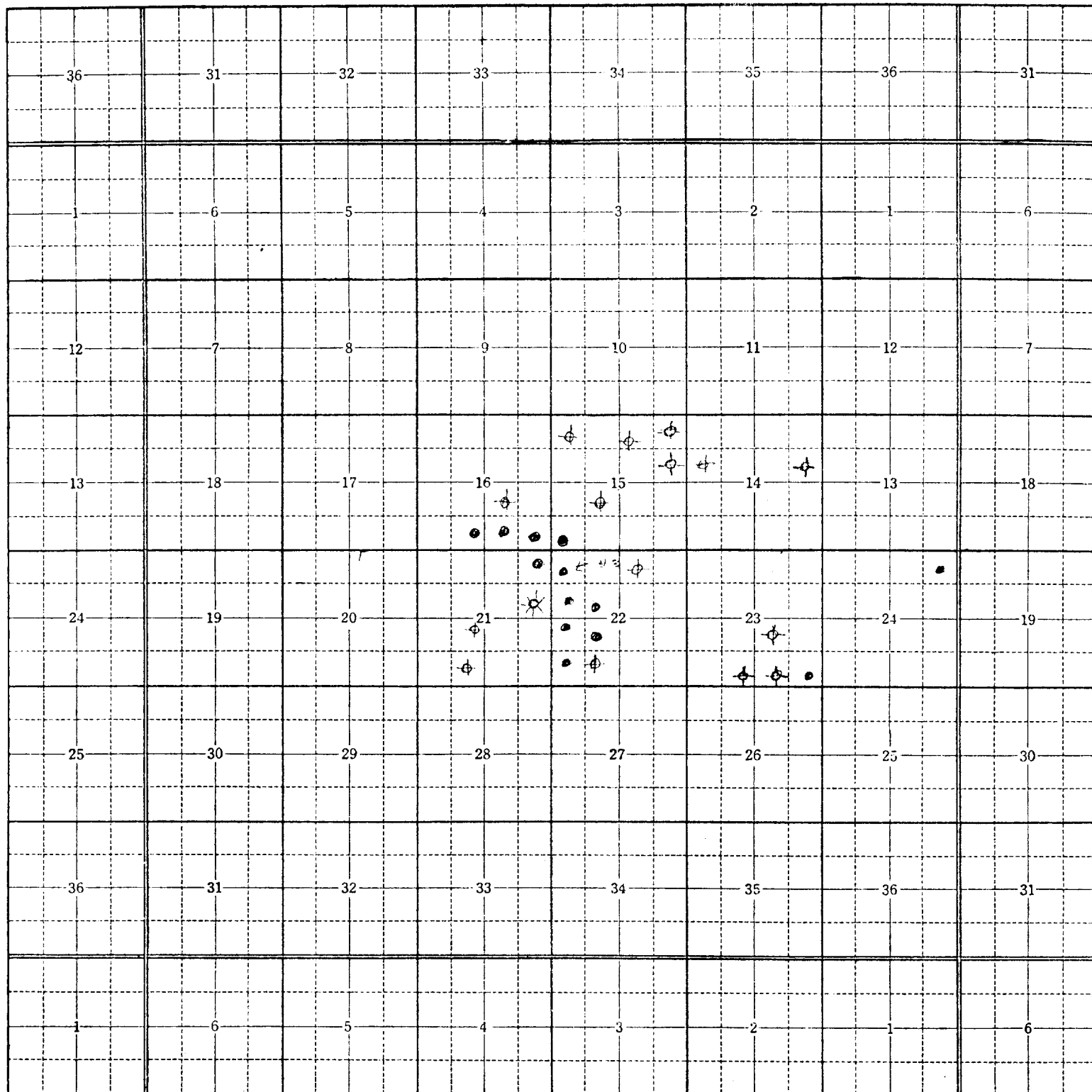


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L

Township 15 S., Range 29 E., County CHAFFS, State NEW MEXICO

Island Township Plat



- Producing Well
- ⊕ Abandoned Well
- Proposed Well

EXHIBIT "C"
READ & STEVENS, INC.
South Lucky Lake Federal, Well No. 1
330' FWL & 330' FSL, Sec. 15-T15S-R29E
Existing Wells