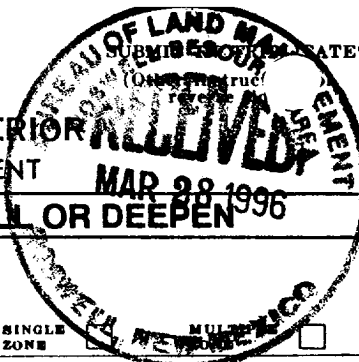


N. M. Oil Cons. Division

811 S. 1ST
ARTESIA, NM 88001
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



Form approved.
Budget Bureau No. 1004-01.16
Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER ☐

SINGLE
ZONE ☐

MULTIPLE
ZONES ☐

2. NAME OF OPERATOR

Read & Stevens, Inc.

18917

505/622-3770

3. ADDRESS AND TELEPHONE NO.

P. O. Box 1518

Roswell, NM 88202

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

At surface

990' FSL & 1980' FWL

At proposed prod. zone

Same

Unit N

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

12 miles E of Lake Arthur, NM

MAY - 8 1996

10. DISTANCE FROM PROPOSED*

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

990'

16. NO. OF ACRES IN LEASE

2520 N. DIV.

17. NO. OF ACRES ASSIGNED

320

18. DISTANCE FROM PROPOSED LOCATION*

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

2310'

19. PROPOSED DEPTH

9,100'

20. ROTARY OR CABLE TOOLS

Rotary

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

3492' GL

22. APPROX. DATE WORK WILL START*

May 1, 1996

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" J55	54.5#	375'	Circ. 300 sx
12 1/4"	8 5/8" J55	24.0#	1800'	Circ. 800 sx
7 7/8"	4 1/2" J55	11.6#	9100'	400 sx to cover pay

Mud Program:

	Mud Wt.	Vis.	W/L Control
0' - 375': Fresh water, gel & lime:	8.8- 9.2 ppg	32-40	No W/L cont.
375' - 1,800': Fresh water native mud:	8.5- 9.2 ppg	28-34	No W/L cont.
1,800' - 6,000': Cut Brine water:	8.8- 9.2 ppg	28-32	No W/L cont.
6,000' - 8,250': Cut Brine water:	9.0- 9.5 ppg	28-35	No W/L cont.
8,250' - 9,100': Cut brine and polymer:	9.0- 9.5 ppg	32-40	W/L cont. 5-10 cc.

BOP Program:

A 5000 psi wp 11" Schaffer Type LWS BOP, with a 5000 psi wp 11" GK Hydril, 5000 psi will be installed on the 13 3/8" casing. Casing and BOP will be tested before drilling out with the 12 1/4" bit. BOP will be tested daily as a 3,000 psi system. See exhibit "E".

Post ID-1
5-12-96
Newhoe & API

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Gorge L. Smith

Agent for:

TITLE Read & Stevens, Inc.

March 28, 1996

DATE

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

APPROVED BY

T. R. Keegan

TITLE

Area Manager

DATE

5/6/96

*See Instructions On Reverse Side