N. M. Oil Cons. Division

1 Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)
ARTESIA, NM 88210-2834

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-0486
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT AGREEMENT NAME: 76259
8. FARM OR LEASE NAME, WELL NO.: Nix Federal #9
9. API WELL NO.: 30-015-29251
10. FIELD AND POOL, OR WILDCAT: 24320 Fenton Delaware
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 28-T21S-R28E

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

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

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 & 990' FEL
At proposed prod. zone: Same Unit P

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 9 miles east of Carlsbad, NM

12. COUNTY OR PARISH: Eddy
13. STATE: New Mexico

15. 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: 2,360

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1044'

19. PROPOSED DEPTH: 2,900'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3175' GL

22. APPROX. DATE WORK WILL START*: November 15, 1996

23. PROPOSED CASING AND CEMENTING PROGRAM

CAPITAN CONTROLLED WATER BASIN

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" J-55	24.0#	400'	Circ. 250 sx "C" to surf.
7 7/8"	5 1/2" J-55	15.5#	2900'	Circ. 600 sx "C" to surf.

WITNESS

MUD PROGRAM:

	MUD WT.	VIS.	W/L Control
0' - 400': Fresh water spud mud:	8.7- 8.9 ppg	34-36	No W/L control.
400' - 2900': Brine mud:	10.0-10.2 ppg	28-30	W/L control 10cc.

BOP PROGRAM:

A 10" 3000 psi wp Schaffer Type E double hydraulic BOP will be installed on the 8 5/8" casing. Casing and BOP will be tested before drilling out with 7 7/8". The BOP will be used as a 2000 psi wp system and will be tested daily.

Posted ID-1 NL & API 11-1-96

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SEP 25 1996

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 _____ TITLE Agent for: Read & Stevens, Inc. DATE Sept. 25, 1996

(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 (ORIG. SGD.) TONY FERGUSON TITLE ADM. MINERALS DATE 10/24/96

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
30-015-29251	24320	Fenton;Delaware

⁴ Property Code	⁵ Property Name	⁶ Well Number
	NIX FEDERAL	9

⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
	READ & STEVENS, INC.	3175.

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
P	28	21-S	28-E		990	SOUTH	990	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

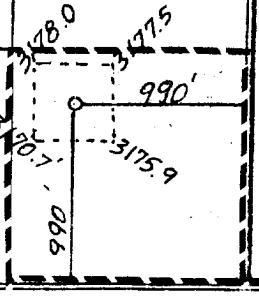
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

NM-0486
Bass Ent.



¹⁷ OPERATOR CERTIFICATION

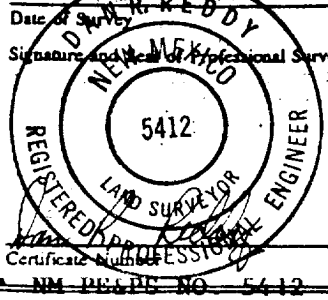
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature
George R. Smith, agent for:
Printed Name
Read & Stevens, Inc.
Title
September 24, 1996
Date

¹⁸ SURVEYOR CERTIFICATION

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.

SEPTEMBER 19, 1996
Date of Survey
Signature and Seal of Professional Surveyer:



Certificate Number
NM PE&PE NO. 5412

APPLICATION FOR DRILLING
READ & STEVENS, INC.
Nix Federal, Well No. 9
990' FSL & 990' FEL, Sec. 28-T21S-R28E
Eddy County, New Mexico
Lease No.: NM-0486
(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:

Top of salt	600'	Delaware	2,524'
Base of salt	948'	T.D.	2,900'
Capitan Reef	1,027'		

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 Delaware below 2500'.

   Gas: None expected.

4. Proposed Casing Program: See Form 3160-3.

5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".

6. Mud Program: See Form 3160-3.

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 unless warranted.
   Logging: T.D. to 2500': G/R, CNL-FDC, DLL, MSFL
   T.D. to surface: G/R, neutron
   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 BHP = 1450 psi (evac. hole) with temperature of 90Ø.

10. H_2S: A Drilling Operations Plan, Exhibit "F", is being submitted to cover this contingency.

11. Anticipated starting date: October 11, 1996.
    Anticipated completion of drilling operations: Approx. 2 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

READ & STEVENS, INC.
Nix Federal, Well No. 9
990' FSL & 990' FEL, Sec. 28-T21S-R28E
Eddy County, New Mexico
Lease No.: NM-0486
(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 environmental effects associated with the operations.

1. EXISTING ROADS:

A. Exhibit "A" is a portion of a USGS/BLM Topo map showing the location of the proposed well as staked. The well site location is approximately 11 road miles northeast of Carlsbad, New Mexico. Traveling east from Carlsbad there will be approximately 7.9 miles of U.S. Highway 62/180 and 3.5 miles of gravel ranch/oilfield road.

B. Directions: Travel east from Carlsbad, NM on U.S. Highway 62/180 for approximately 7.9 miles; turn south .5 mile east of MM 42 at a cattle guard with a Read & Stevens sign at the turn. Continue south for 1 mile, then turn east for .5 mile; then south to a power line road; turn left (east) for .5 mile on power line road. then south .3 mile to a Yates well; follow road around well site to the southeast for .7 mile to the proposed Nix Federal, Well No. 3 well site. Continue south for .25 mile; then west for .25 mile to the Nix Fed., Well No. 4 well site. The start of the proposed access road will be on the southwest corner of the well pad and will run south for 640' to the northeast corner of the proposed location.

2. PLANNED ACCESS ROAD:

A. Length and Width: The proposed access road will be constructed to a width of 12 feet and will be approximately 640 feet in length. The proposed access road is color coded red on Exhibit "B".

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

C. Turnouts: None required.

D. Culverts: None required.

E. Cuts and Fills: No cuts will be required.

F. Gates, Cattleguards: None required.

G. Off Lease R/W: The existing off lease R/W No. NM-93844 will cover the off lease portion of the existing access road on Federal surface back to US Highway 62/180.

3. LOCATION OF EXISTING WELLS:

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

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

A. There are oil production facilities on the lease at this time.

B. If the well proves to be commercial, the necessary production facilities, gas production-process equipment will be installed on the drilling pad, and a flow line consisting of a 200 wp 2" poly pipe will be run parallel to the proposed and existing access roads to the Nix Fed., Well No. 3 tank battery, 1980' FNL & 660' FWL Sec. 27-T21S-R28E.

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 access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche for surfacing the proposed access road and well site pad will be obtained from a pit on the location. 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 and wildlife 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 and will be removed for deposit in an approved sanitary land fill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.

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, 400' X 400'.

B. Mat Size: 200' X 300', plus 75' X 85' reserve pits on the south.

C. Cut & Fill: There will be a 1' cut on the north with fill to the south.

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 needed 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 a condition as possible.

B. Any unguarded pits containing fluids will be fenced and screened 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 work after abandonment.

11. OTHER INFORMATION:

A. Topography: The proposed well site and access road is located on a 1% southerly slope from an elevation of 3175'.

B. Soil: The topsoil at the well site has been moderately wind eroded and is a dark brown loamy fine sand with gravel scatter of the Cocique Loamy Sands soils series. This top soil overlays fractured caliche which is at a depth of about 36 inches.

C. Flora and Fauna: The vegetation cover is a fair grass cover of three-awn, bush muhly, fluff grass, bristlegrass, dropseed, grama and other miscellaneous native grasses along with plants of mesquite, yucca, broomweed, creosote bush, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.

D. Ponds and Streams: None in immediate area. The Pecos River is 6 miles SW.

E. Residences and Other Structures: None in the immediate area, except oil production facilities.

F. Land Use: Cattle grazing.

G. Surface Ownership: The proposed well site and access road are on Federal surface.

H. There is no evidence of archaeological, historical or cultural sites on the 400' X 400' area or proposed access road.. An archaeological survey is being conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, 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:

Carl Little
Read & Stevens, Inc.
P. O. Box 1719
Lovington, NM 88261
Roswell Office Phone: (505) 622-3770
Lovington Office Phone: (505) 392-8777
Cellular Phone: (505) 626-7421

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 20, 1996

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

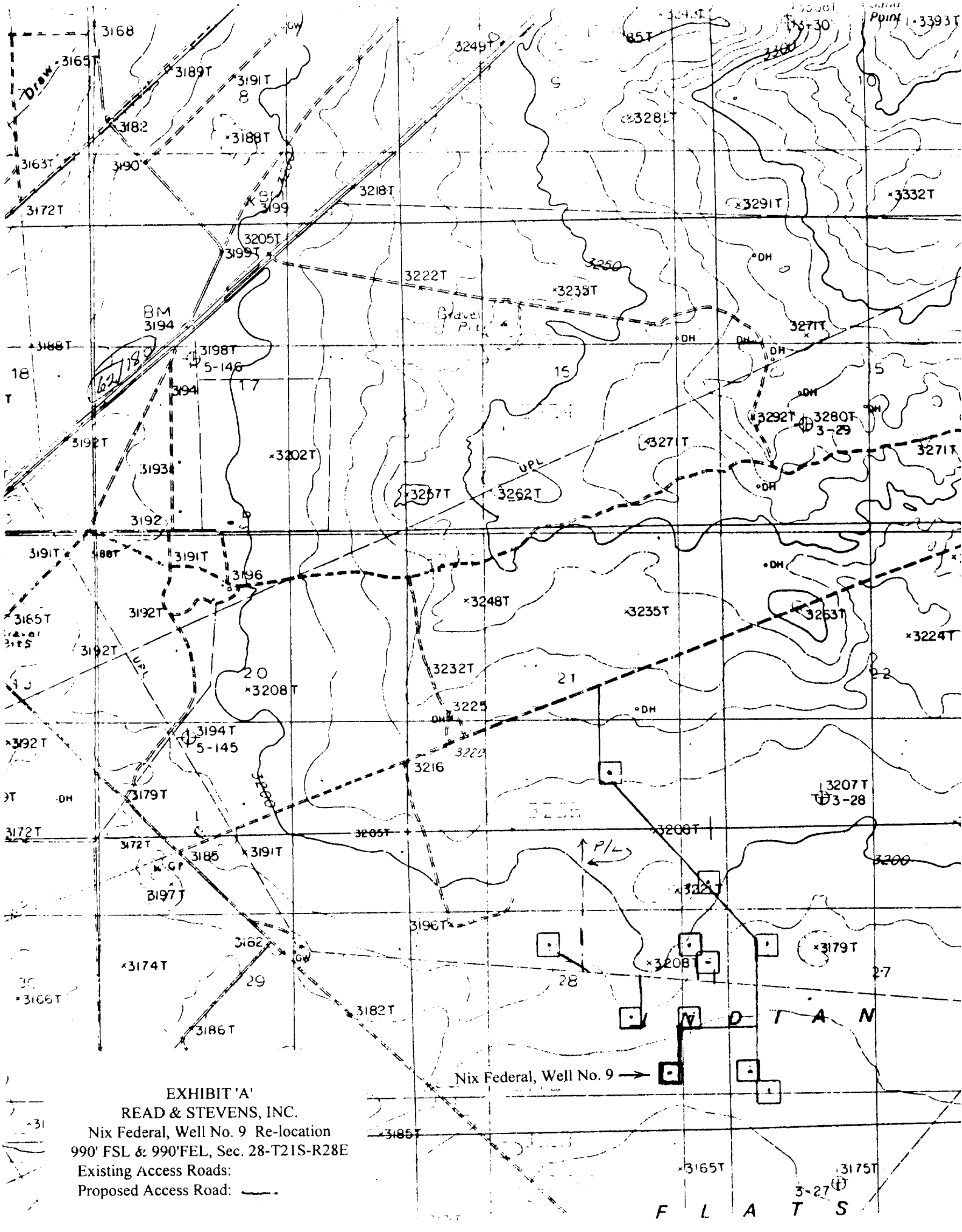


EXHIBIT 'A'
READ & STEVENS, INC.
Nix Federal, Well No. 9 Re-location
990' FSL & 990'FEL, Sec. 28-T21S-R28E
Existing Access Roads:
Proposed Access Road: ——.

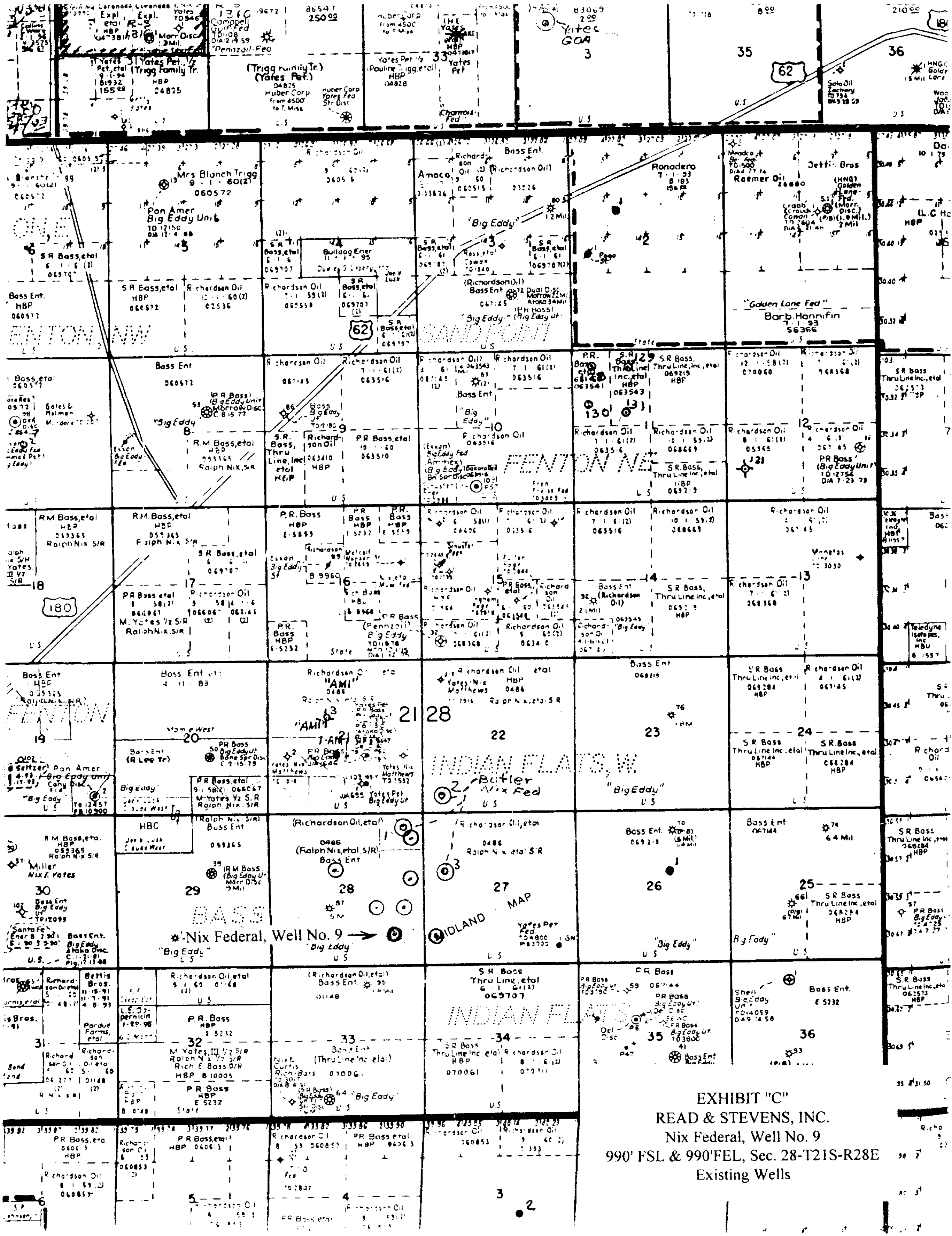


EXHIBIT "C"
READ & STEVENS, INC.
Nix Federal, Well No. 9
990' FSL & 990'FEL, Sec. 28-T21S-R28E
Existing Wells

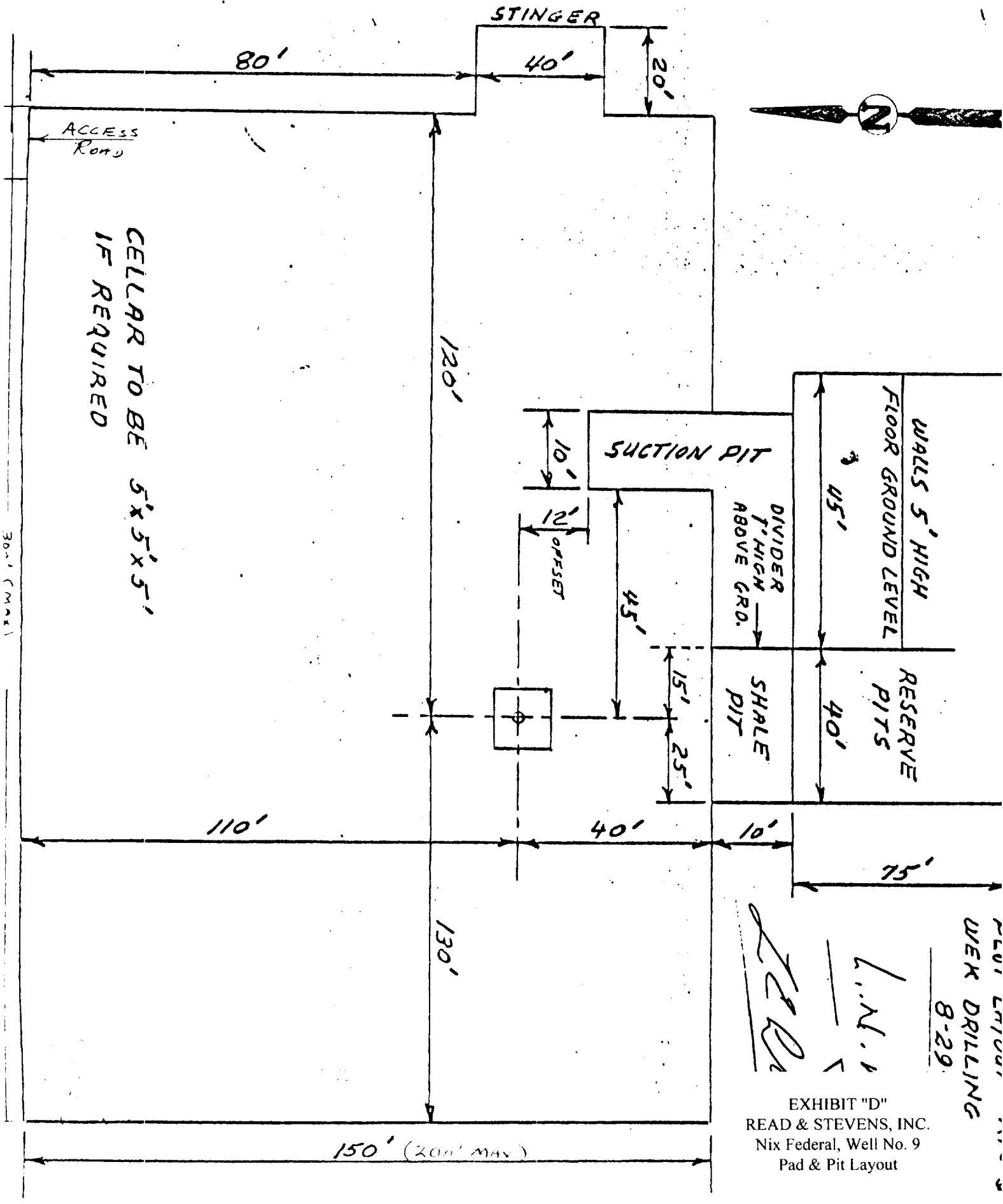


EXHIBIT "D"
READ & STEVENS, INC.
Nix Federal, Well No. 9
Pad & Pit Layout

KEN REYNOLDS—PRESIDENT
ARNIE NEWKIRK—VICE-PRESIDENT

WEK DRILLING CO., INC. — OIL WELL DRILLING CONTRACTORS

P. O. Box 1498 ROSWELL, NEW MEXICO 88202-1498
505/623-5070 ROSWELL, NM
505/746-3719 ARTESIA, NM

RIG #3

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

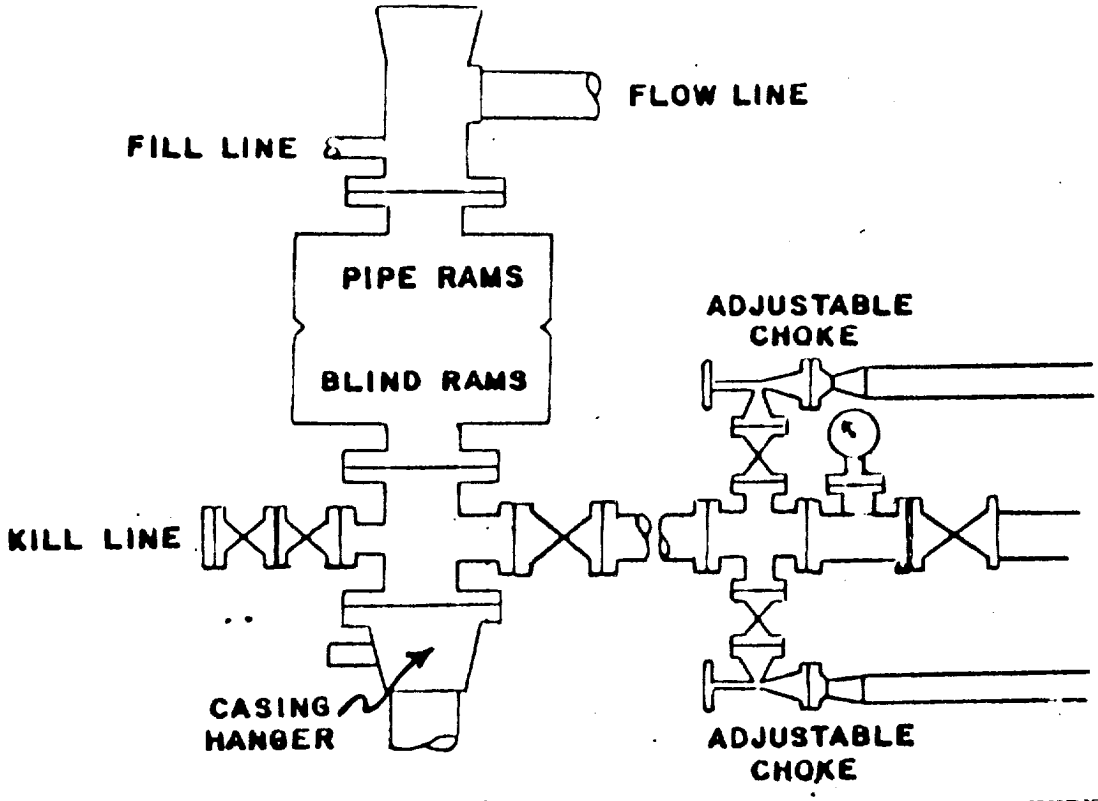


EXHIBIT "E"
READ & STEVENS, INC.
Nix Federal, Well No. 9
BOP Specifications

EXHIBIT "F"

READ & STEVENS, INC.

H_2S DRILLING OPERATIONS PLAN

For:
Nix Federal, Well No. 9
990' FSL & 990' FEL, Sec. 28-T21-R28E

I. HYDROGEN SULFIDE TRAINING

All key personnel whether regularly assigned, contracted or employed on an unscheduled basis will receive or represent that they have received training in accordance with the general training requirements outlined in the API RP49 for safe drilling of wells containing hydrogen sulfide, Section 2.

In addition, supervisory personnel will be trained in the following areas:

1. The corrective action and shut-in procedures when drilling or reworking a well, and blowout prevention in well control procedures.

2. The contents and requirements of the H_2S drilling operations plan.

II. H_2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500' above the first zone containing or reasonably expected to contain 100 ppm or more hydrogen sulfide.

1. Well Control Equipment:

   a. Flare line with a continuous pilot.
   b. Choke manifold with a minimum of one choke.
   c Blind rams and pipe rams to accommodate all drill pipe sizes with a properly sized closing unit.
   d. Auxiliary equipment to include and annular preventer and a rotating head.

2. Protective Equipment:

   a. Proper protective breathing apparatus shall be readily accessible to all essential personnel on the drill site

3. H_2S and Monitoring Equipment:

   a. Three portable H_2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens.

4. Visual Warning Systems:

   a. Wind direction indicators as shown on well site diagram.
   b. Caution/Danger signs shall be posted on roads providing direct access to location.

5. Mud Program:

    a. The mud program has been designed to minimize the volume of H_2S circulated to the surface. Proper mud weight and safe drilling practices will minimize hazards when penetrating H_2S bearing zones.

6. Communications:

    a. Radio communications are available in company vehicles and at the rig site.
    b. Land line "telephone" communications at field office.

7. Well Testing:

    a. Drillstem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. When drillstem testing intervals known to or reasonably expected to contain 100 ppm or more H_2S, the drillstem test will be conducted during daylight hours and formation fluids will not be flowed to the surface.