

N. M. ONSHORE OIL & GAS ORDER NO. 1
ARTESIA, NEW MEXICO

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

4812

546
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-81910
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Read & Stevens, Inc.		7. If Unit or CA Agreement, Name and No. 15/24
3a. Address P.O. Box 1518 Roswell, NM 88202		8. Lease Name and Well No. Crystal Federal, Well No. 1
3b. Phone No. (include area code) 505.622.3770		9. API Well No. 30-015-31807
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2375' FNL & 660' FEL At proposed prod. zone same Unit H		10. Field and Pool, or Exploratory Carlsbad, New Mexico, S
11. Sec., T., R., M., or Bk. and Survey or Area Sec. 4-T24S-R26E		12. County or Parish Eddy
13. State NM		
14. Distance in miles and direction from nearest town or post office* 12 miles SW of Carlsbad, NM	15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 318.08
17. Spacing Unit dedicated to this well 320 (160)	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2015'	19. Proposed Depth 12,000'
20. BLM/BIA Bond No. on file NM-2310	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3375' GL	22. Approximate date work will start* April 15, 2001
23. Estimated duration 4 weeks	24. Attachments Carlsbad Controlled Water Basin	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

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| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 3/6/01
Title Agent for: Read & Stevens, Inc.		
Approved by (Signature) /s/ LESLIE A. THEISS	Name (Printed/Typed) /s/ LESLIE A. THEISS	Date MAY 30 2001
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

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, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)

Lease Responsibility Statement: Read & Stevens, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

George R. Smith
George R. Smith, agent

Non - Standard Location

RECEIVED
MAR 08 2001
BLM
ROSWELL, NM

File - 2 January 2001