

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address READ & STEVENS INC PO BOX 1518 ROSWELL, NM 88201		2. OGRID Number 18917
		3. API Number 30-05-27947
4. Property Code 34809	5. Property Name CAPROCK 12 STATE COM	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	12	12S	31E	F	1980	N	1980	W	CHAVES

8. Pool Information

CAPROCK,MORROW, WEST (GAS)	73780
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4432
14. Multiple N	15. Proposed Depth 11300	16. Formation Mississippi Limestone	17. Contractor	18. Spud Date 7/1/2006
Depth to Ground water 126		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 7000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	375	400	0
Int1	11	8.625	32	3600	900	0
Prod	7.875	5.5	17	11300	1300	3400

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	Unknown
DoubleRam	5000	5000	Unknown

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCB guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCB-approved plan <input type="checkbox"/>.	OIL CONSERVATION DIVISION	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 5/9/2006	Expiration Date: 5/9/2007
	Conditions of Approval Attached	
Printed Name: Electronically filed by John Maxey Title: Operations Mgr Email Address: read@lookingglass.net Date: 5/8/2006 Phone: 505-622-3770		

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102
 Permit 29368

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-05-27947	2. Pool Code 73780	3. Pool Name CAPROCK;MORROW, WEST (GAS)
4. Property Code 34809	5. Property Name CAPROCK 12 STATE COM	6. Well No. 002
7. OGRID No. 18917	8. Operator Name READ & STEVENS INC	9. Elevation 4432

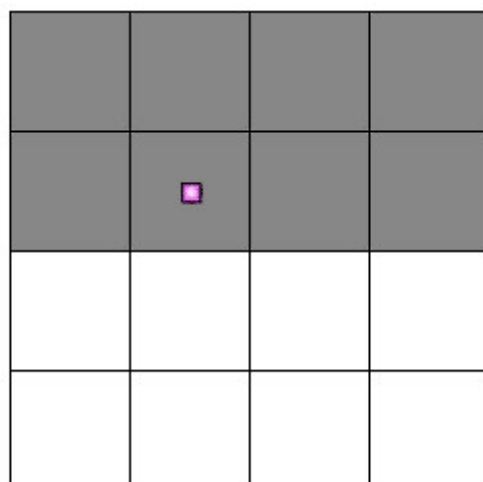
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	12	12S	31E		1980	N	1980	W	CHAVES

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: John Maxey
 Title: Operations Mgr
 Date: 5/8/2006

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.

Surveyed By: Gary Eidson
 Date of Survey: 4/28/2006
 Certificate Number: 12641

Permit Comments

Operator: READ & STEVENS INC , 18917
Well: CAPROCK 12 STATE COM #002
API: 30-05-27947

Created By	Comment	Comment Date
JCMAXEYJR	Water well information per State Engineers web site.	5/8/2006

Permit Conditions of Approval

Operator: READ & STEVENS INC , 18917
Well: CAPROCK 12 STATE COM #002
API: 30-05-27947

OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
pkautz	Prior to any pit construction notify Gary Wink at 505-393-6161 ext 114