State of New Mexico

Form C-101 Permit 122103

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

APPLICATION FOR PE	ERMIT TO DRILL	RE-ENTER.	DEEPEN, P	PLUGBACK.	OR ADD A ZONE
THE PROPERTY OF THE PROPERTY O	TUILL I O DIGILL			TO OPILOTE.	OIL LIDE II LOIL

READ &	Name and Address STEVENS INC	2. OGRID Number 18917 3. API Number 30-05-29163		
V/	. Box 1518 II, NM 88202			
4. Property Code 38374	5. Property Name LEE 35	6. Well No. 001		

7. Surface Location

UL - Lo	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	35	118	31E	K	1980	S	1980	W	CHAVES

8. Pool Information

TV-DENIN (CLAS)	06560
IV, FENN (GAS)	80300

Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lesse Type Private	13. Ground Level Elevation 4443			
14. Multiple N	15. Proposed Depth 11800	16. Formation Morrow	17. Contractor	18. Spud Date 12/30/2010			
Depth to Ground	water	Distance from nearest fr	esh water well	Distance to nearest surface water			
Pit: Liner: Synthetic Closed Loop Syste	mils thick	Clay Pit Volume:	bbls Drilling Method: Fresh Water X Brine Diesel/Oil-based Gas/Air				

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	12.25	8.625	32	3700	1100	0
Prod	7.875	5.5	17	11800	1300	3400

Casing/Cement Program: Additional Comments

Proposed Blowout Prevention Program

Туре	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	Shafer
Annular	5000	5000	Shafer

I hereby certify that the information giv of my knowledge and belief. I further certify that the drilling pit	en above is true and complete to the best will be constructed according to	OIL CONSERVATION DIVISION				
NMOCD guidelines , a general per OCD-approved plan .		Approved By: Paul Kautz				
Printed Name: Electronically file	ed by David Luna	Title: Geologist				
Title: Petroleum Engineer		Approved Date: 11/23/2010	Expiration Date: 11/23/2012			
Email Address: dluna@read-stev	rens.com	14.07 - 10 page 27 (2.00)				
Date: 11/4/2010	Phone: 575-622-3770	Conditions of Approval Attac	hed			

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

State of New Mexico

Form C-102 Permit 122103

Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code	3. Pool Name			
30-05-29163	86560	TV;PENN (GAS)			
4. Property Code	5. Property Nam	e 6. Wett No.			
38374	LEE 35	001			
7. OGRID No.	8. Operator Nam	e 9. Elevation			
18917	READ & STEVEN	S INC 4443			

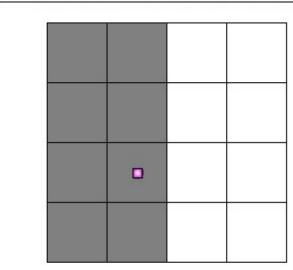
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	35	11S	31E	*******	1980	S	1980	W	CHAVES

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Town	nship	Range	Lot	Idn	Feet From	N/S L	ine	Feet From	E/W Line	County
0.000	cated Acres		13. J	oint 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: David Luna Title: Petroleum Engineer Date: 11/4/2010

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: Ronald Eidson Date of Survey: 10/27/2010 Certificate Number: 3239

Permit Comments

Operator: READ & STEVENS INC, 18917

Well: LEE 35 #001 API: 30-05-29163

Created By	Comment	Comment Date
dluna	C144CLEZ & H2S plan will be submitted to the appropriate OCD office.	11/4/2010
pkautz	LAND P/P	11/5/2010
DMULL	OCD Hobbs office has received form C-144CLEZ. OCD Permit Number P1-02835.	11/23/2010

Permit Conditions of Approval

Operator: READ & STEVENS INC , 18917 Well: LEE 35 #001

API: 30-05-29163

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string