

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOC
New Mexico
Oil Conservation
Division
ARTESIA DISTRICT

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

FEB 02 2017

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM0115465A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well

☒ Gas Well

☐ Other

2. Name of Operator
READ & STEVENS, INC.

3a. Address
P. O. Box 1518, Roswell, NM 88202

3b. Phone No. (include area code)
575-622-3770

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
TOLES FEDERAL #1

9. API Well No.
30-005-60782

10. Field and Pool or Exploratory Area
DIAMOND MOUND-MORROW

11. County or Parish, State
CHAVES CO., NM

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SEC 34, T15S-R27E
660' FSL & 1980' FEL

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Downhole
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

R & S, Inc. plans to commingle in the Diamond Mound; Upper Penn, Strawn, Atoka and Morrow gas pools.

Please see the attached Administrative Order DHC-4800 regarding the downhole commingling on the Toles Federal #1. This Order was approved by the Oil Conservation Division on November 21, 2016. Also attached is the Frac recommendation.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED
2017 JAN 27 A 10:33
BUREAU OF LAND MGMT.
ROSWELL OFFICE

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Rory McMinn

Title President

Signature

Date 01/20/2017

Approved by

L OR STATE OFFICE USE

JAN 30 2017

Title
Office

Conditions of approval that the applicant must agree to before the application is processed.

Title 18 U.S.C. 1001

fictitious or fraudulent

(Instructions on page 2)

Submit Gas Capture Plan to NMOCD
Submit C-102 for Atoka formation

It shall be a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statement or report, or to furnish any false, fictitious or fraudulent information, as to any matter within its jurisdiction.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order DHC-4800

Order Date: November 21, 2016

Application Reference Number: pMAM1632046320

Read and Stevens Inc.
P.O. Box 1518
Roswell, NM 88202

Attention: Mr. Matt Murphy

Toles Federal Well No. 1
API No. 30-005-60782
Unit O, Section 34, Township 15 South, Range 27 East, NMPM
Chaves County, New Mexico

Pool	DIAMOND MOUND; STRAWN (G)	Gas	(96984)
Names:	DIAMOND MOUND; UPPER PENN. (G)	Gas	(97223)
	DIAMOND MOUND; MORROW (GAS) ✓	Gas	(76079)
	DIAMOND MOUND; ATOKA (GAS)	Gas	(76060)

Reference is made to your recent application for an exception to Division Rule 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appears that the subject well qualifies for approval for such exception pursuant to the provisions of Division Rule 19.15.12.11A. NMAC, and since reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division Rule 19.15.12.11A. (6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

As per the application, the assignment of allowable and allocation of production from the subject well for the Diamond Mound; Morrow (Gas) and Diamond Mound; Atoka (Gas) shall be based on estimated ultimate recovery of the two pools. Further, the Diamond Mound; Morrow (Gas) and Diamond Mound; Atoka (Gas) pools cumulative oil and gas have been incorrectly assigned to only the Diamond Mound; Morrow (Gas). Based on estimated ultimate recovery analysis, a portion of the Diamond Mound; Atoka, Gas (Gas) Pool has contributed the total oil and gas production. The

Administrative Order DHC-4800
Read and Stevens Inc.
November 21, 2016
Page 2 of 2

assignment allowable and allocation of oil and gas production for these two pools shall be based on well log analysis.

The assignment of allowable and allocation of production from the subject well for the Diamond Mound; Upper Penn (Gas) and shall be based on historical production and well log analysis. The assignment of allowable and allocation for the Diamond Mound; Strawn (Gas) shall be based strictly on well log analysis.

Assignment of allowable and allocation of production from the well shall be as follows:

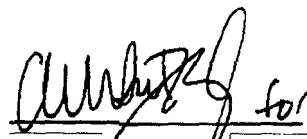
DIAMOND MOUND; UPPER PENN. (G) Pool	Pct Oil: 48	Pct Gas: 48
DIAMOND MOUND; STRAWN (G) Pool	Pct Oil: 1	Pct Gas: 1
DIAMOND MOUND; ATOKA (GAS) Pool	Pct Oil: 20	Pct Gas: 20
DIAMOND MOUND; MORROW (GAS)	Pct Oil: 31	Pct Gas: 31

It is also understood that you have given due notice of this application, as defined in Division Rule 19.15.4.12A. (6) NMAC, to all owners of interest due to uncommon ownership of the zones to be commingled.

REMARKS: The operator shall notify the Artesia District office prior to implementation of the commingling operations.

This Order is subject to like approval from the Bureau of Land Management.

Pursuant to Division Rule 19.15.12.11B. NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



David R. Catanach
Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Roswell
Well File – 30-005-60782

District I1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720**District II**811 S. First St., 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
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011

Permit 227736

NM OIL CONSERVATION

ARTESIA DISTRICT

FEB 02 2017

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code 97223	3. Pool Name DIAMOND MOUND; UPPER PENN. (G)
4. Property Code 9576	5. Property Name TOLES FEDERAL	6. Well No. 001
7. OCRID No. 18917	8. Operator Name READ & STEVENS INC	9. Elevation 3518


10. Surface Location

UL - Lot	Section 34	Township 15S	Range 27E	Lot Idn	Feet From 660	N/S Line S	Feet From 1980	E/W Line E	County CHAVES
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11. Bottom Hole Location if Different From Surface

UL - Lot O	Section 34	Township 15S	Range 27E	Lot Idn	Feet From 660	N/S Line S	Feet From 1980	E/W Line E	County CHAVES
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

	<p align="center">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: <i>Rory McMinin</i> Title: <i>Pres.</i> Date: <i>11-11-2016</i></p>
	<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: John West Date of Survey: 8/23/1980 Certificate Number: 676</p>

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Form C-102
August 1, 2011

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NM OIL CONSERVATION

ARTESIA, NM 88210

FEB 18 2017

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code 96984	3. Pool Name DIAMOND MOUND; STRAWN (G)
4. Property Code 9576	5. Property Name TOLES FEDERAL	6. Well No. 001
7. OGRID No. 18917	8. Operator Name READ & STEVENS INC	9. Elevation 3518

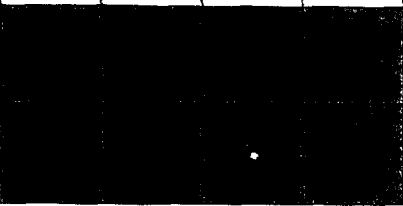
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UL - Lot O	Section 34	Township 15S	Range 27E	Lot Idn	Feet From 660	N/S Line S	Feet From 1980	E/W Line E	County CHAVES
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11. Bottom Hole Location if Different From Surface

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.				

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Form C-102
August 1, 2011

Permit 227736

NM OIL CONSERVATION
ARTESIA DISTRICT

FEB 02 2017

RECEIVED**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number	2. Pool Code 76079	3. Pool Name DIAMOND MOUND;MORROW (GAS)
4. Property Code 9576	5. Property Name TOLES FEDERAL	6. Well No. 001
7. OGRID No. 18917	8. Operator Name READ & STEVENS INC	9. Elevation 3518

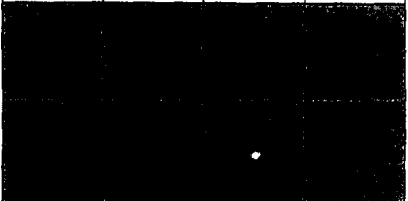
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