

N.M. Oil Cons. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

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

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. NMNM-90876
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 type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Read & Stevens, Inc. 18917		7. If Unit or CA Agreement, Name and No. 32391
3a. Address P.O. Box 1518 Roswell, NM 88202		8. Lease Name and Well No. West Haystack Unit Federal #1
3b. Phone No. (include area code) 505/622-3770		9. API Well No. 30-005-63568
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface 1980' FSL & 1980' FWL At proposed prod. zone same (11)		10. Field and Pool, or Exploratory Undesignated Montoya
14. Distance in miles and direction from nearest town or post office* 45 road miles NE of Roswell, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 18-T6S-R27E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1980'	16. No. of Acres in lease 317.7	12. County or Parish Chaves
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 6,200'	13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3882' GL	22. Approximate date work will start* May 25, 2003	17. Spacing Unit dedicated to this well 315.76
20. BLM/BIA Bond No. on file NM-2310		23. Estimated duration 4 weeks

24. Attachments

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 5/6/03
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Agent for: Read & Stevens, Inc.

Approved by (Signature) <i>LARRY D. BRAY</i>	Name (Printed/Typed) LARRY D. BRAY	Date MAY 16 2003
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

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.

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.

George R. Smith
George R. Smith, agent

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name Undesignated Montoya
Property Code	Property Name WEST HAYSTACK UNIT 18 FEDERAL COM.	Well Number 1
OGRID No.	Operator Name Read & Stevens, INC.	Elevation 3882'

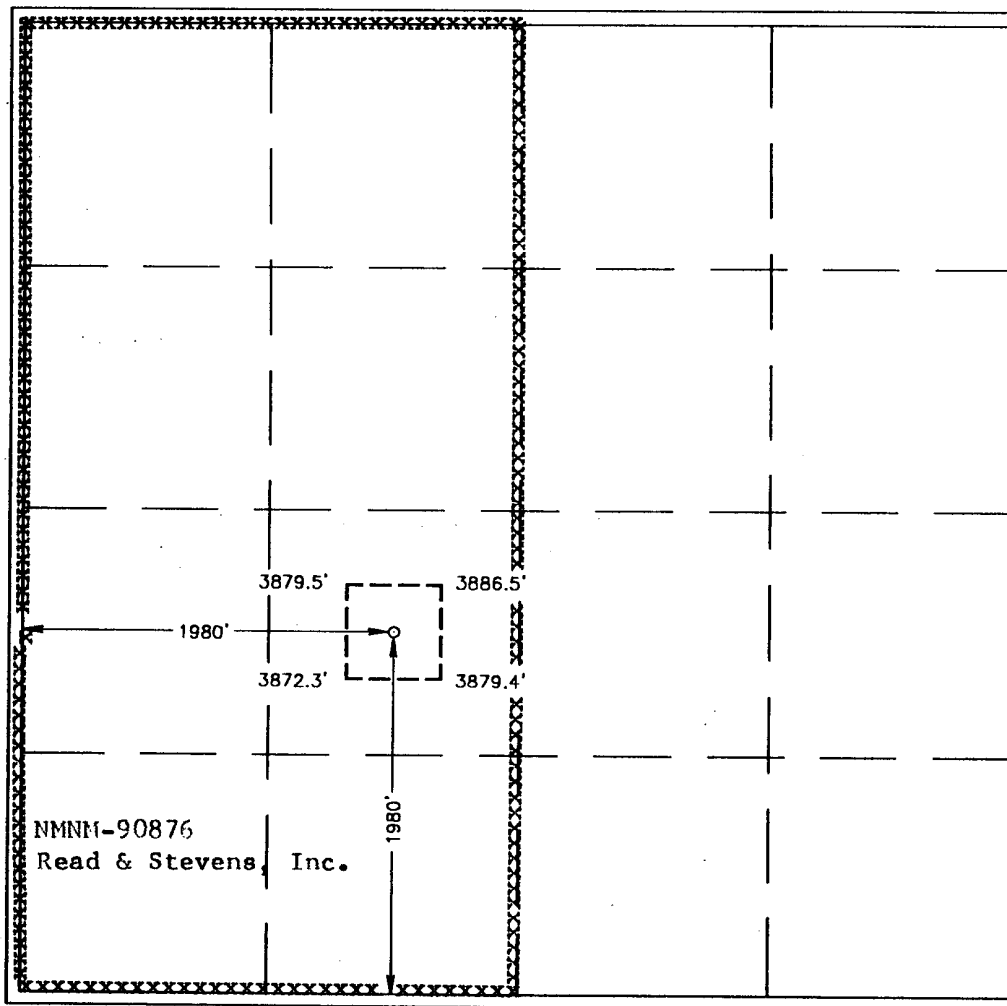
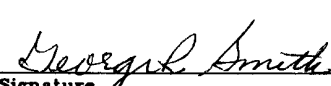
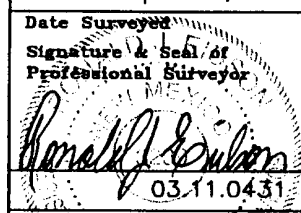
Surface Location

UL or lot No. K	Section 18	Township 6S	Range 27-E	Lot Idn	Feet from the 1980'	North/South line SOUTH	Feet from the 1980'	East/West line WEST	County Chaves
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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
Dedicated Acres 315.76	Joint or Infill	Consolidation Code Comm.	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 the 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 May 6, 2003 Date
	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. April 23, 2003 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. RONALD J. KIDSON 3239 GARY KIDSON 12641

APPLICATION FOR DRILLING
 READ & STEVENS, INC.
 West Haystack Unit 18 Federal Com., Well No. 1
 1980' FSL & 1980' FWL, Sec. 18-T6S-R27E
 Chaves County, New Mexico
 Lease No.: NMNM-90876
 (Exploratory 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:

Queen	540'	Wolfcamp	4,950'
San Andres	970'	Cisco	5,560'
Glorieta	2,150'	Mississippi	6,080'
Abo	4,240'	Montoya	6,150'
		T.D	6,200'

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: None expected.

Gas: In the Montoya below 6,150'.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8 "	32.0#	J-55	ST&C	1,100'	Circ. 650 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	ST&C	6,200'	Tie Back 850 sx "C"

5. Proposed Control Equipment: A 10" 3000 psi wp Shaffer Type "E" BOP will be installed on the 8 5/8" casing and will be operated as 2 M system. Casing and BOP will be tested as per Onshore Oil & Gas Order No. 2 before drilling out with 7 7/8". See Exhibit "E".

MUD PROGRAM:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 1,450': Fresh water mud:	8.4 ppg	30	No W/L control
1,450' - 6,000': Cut Brine	9.0 ppg	30	No W/L control
6,000' - 6,200': Cut Brine mud:	9.0 ppg	32	W/L control 10 cc +/-

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 planned.

Logging: T.D -Int. Casing: GR/ND, DLL, MSFL. LDT

T.D. to surface: G/R, CNL

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 Surface Pressure = 1364 psi (evac. hole) and BHP of 2728 psi (evac) with temperature of 122°.

Read & Stevens, Inc.
West Haystack Unit 18 Federal Com., Well No. 1
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10. H₂S: None expected. None encountered in previously drilled wells.

11. Anticipated starting date: May 20, 2003.
Anticipated completion of drilling operations: Approx. 4 weeks.

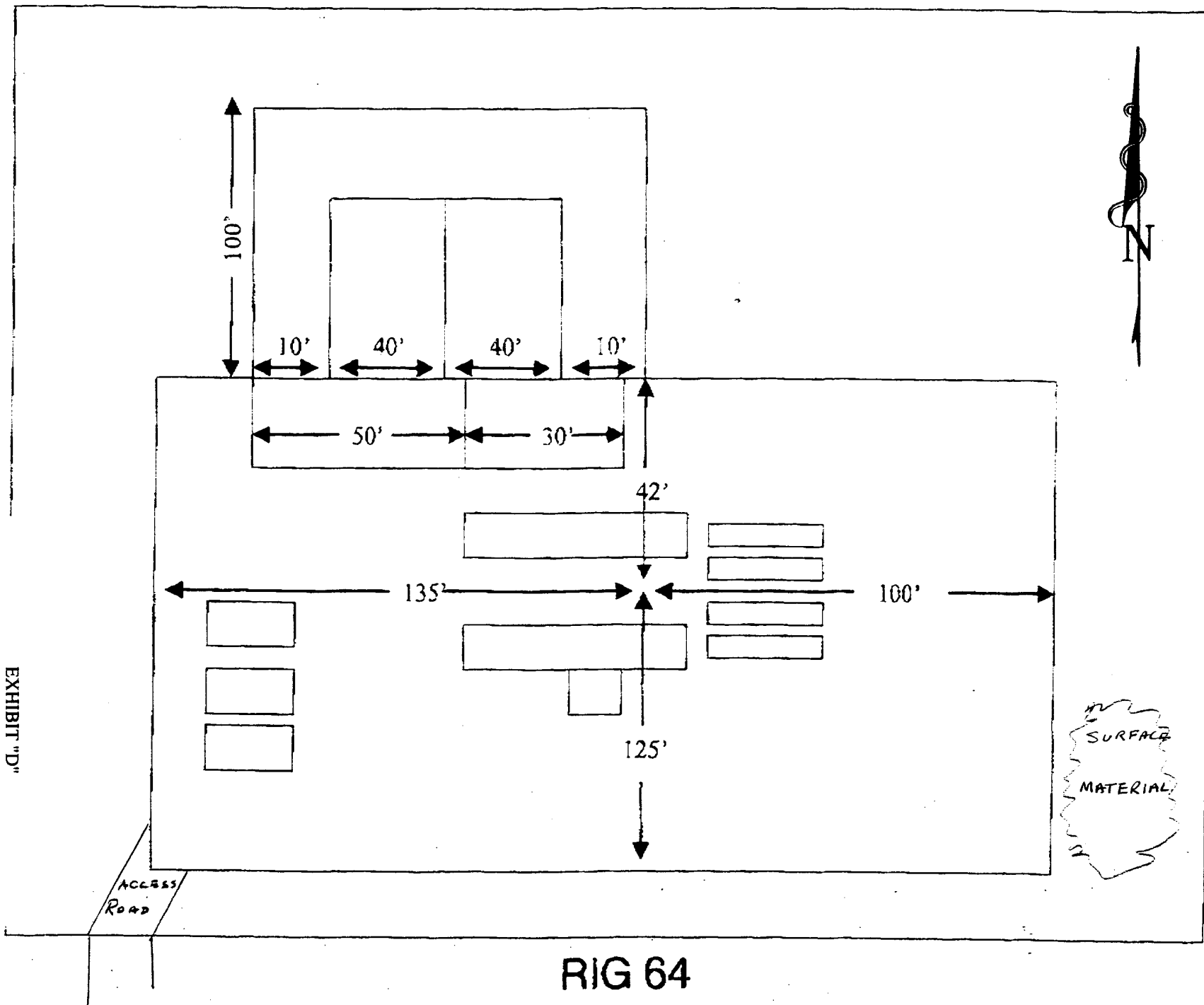


EXHIBIT "D"

READ & STEVENS, INC.

West Haystack Unit 18 Federal Com., Well No. 1
Pad & Pit Layout

RIG 64

RIG #

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

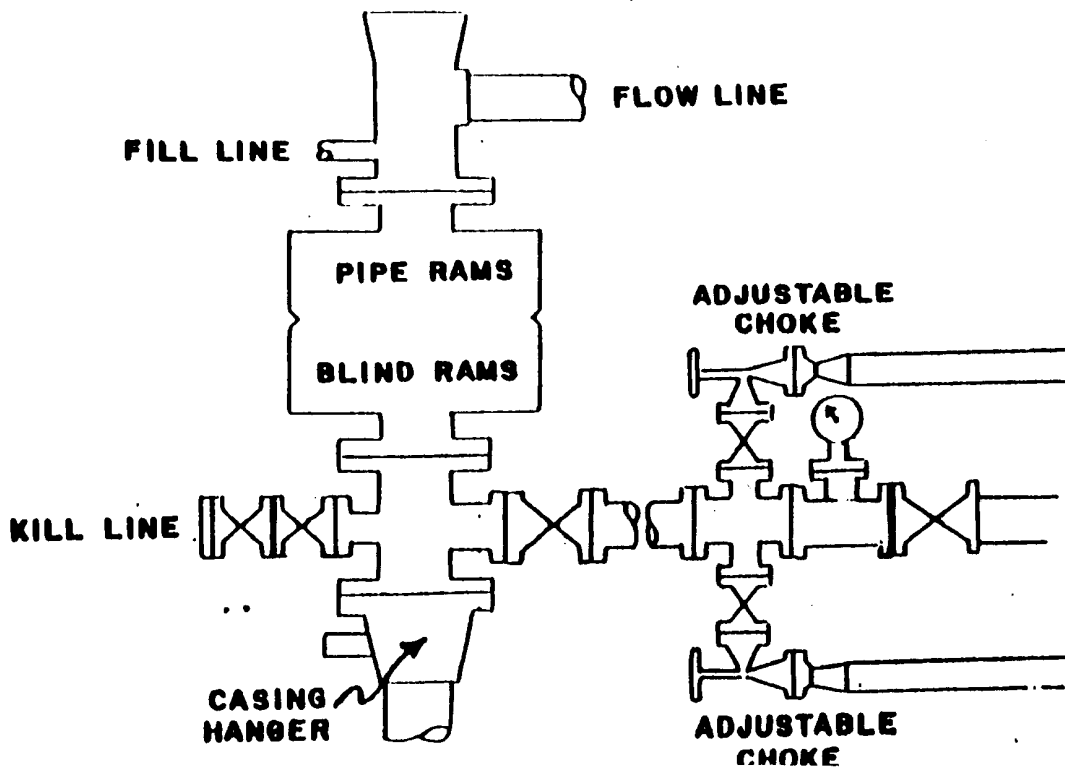


EXHIBIT "E"
READ & STEVENS, INC.
West Haystack Unit 18 Federal Com., Well No. 1
BOP Specifications