Form 9-331 C
(May 1963)

SUBMIT IN LICATE* (Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

NM OIL CONS COMMISSION
Drawer DD
Artesia, NM 88210

30-005-61165

C/SF

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-14471

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Leah Federal

2. NAME OF OPERATOR: Read & Stevens, Inc. ✓

9. WELL NO.: 1

3. ADDRESS OF OPERATOR: P. O. Box 1518 Roswell, New Mexico 88201

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O. C. D.
ARTESIA, OFFICE

10. FIELD AND POOL, OR WILDCAT: Wildcat Los Medanos

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1980' FWL and 1980' FSL
At proposed prod. zone: Same

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 27, T6S-R27E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 43 miles Northeast of Roswell, NM 88201

12. COUNTY OR PARISH: Chaves

13. STATE: New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1980'

16. NO. OF ACRES IN LEASE: 160

17. NO. OF ACRES ASSIGNED TO THIS WELL: ~~160~~ 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: N/A

19. PROPOSED DEPTH: 1400'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4122 GR

22. APPROX. DATE WORK WILL START*: October 25, 1981

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"	24#	100'	50 Sx Circulate to surface
7 7/8"	4 1/2"	9.5#	1400'	400 Sx circulate to surface

Propose to drill with an air rotary rig to approximately 1400 feet to test the San Andres formation. If production is indicated, will set casing and attempt completion.

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U.S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

Postal ID-1
API + NL Book
10-30-81

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Dudley Smith TITLE Agent for: Read & Stevens, Inc. DATE 10/20/81

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY (Orig. Sgd.) GEORGE H. STEWART TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED
OCT 28 1981
FOR
JAMES A. GILLHAM
DISTRICT SUPERVISOR

*See Instructions On Reverse Side

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
Read & Stevens, Inc.	Leah Federal	#1

Unit Letter	Section	Township	Range	County
K	27	6 South	27 East	Chaves

Actual Footage Location of Well:
1980 feet from the South line and 1980 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
4122	San Andres	~~Undesignated~~ Undesignated	~~160~~ 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

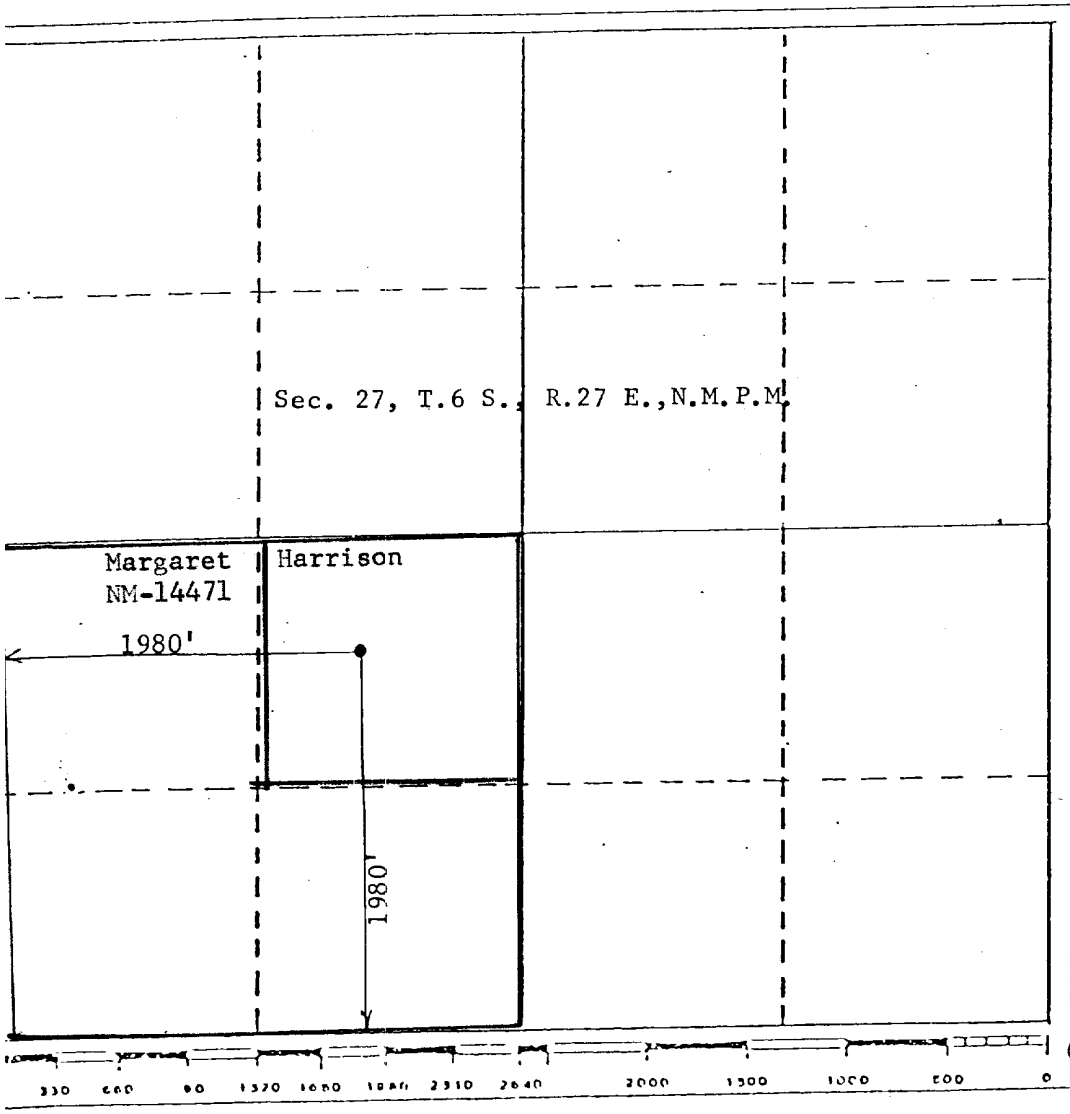
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

George R. Smith

Name: George R. Smith

Position: Agent for:

Company: Read & Stevens, Inc.

Date: October 2, 1981

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 knowledge and belief.

Date Surveyed: September 23, 1981

Registered Professional Engineer and/or Land Surveyor: John D. Jaquess, P.E. & L.S.

Certificate No. 6290

JOHN D. JAQUESS NEW MEXICO 6290 REGISTERED LAND SURVEYOR

APPLICATION FOR DRILLING

READ & STEVENS, INC.
Leah Federal, Well No. 1
1980' FWL & 1980' FSL, Sec. 27, T6S-R27E
Chaves County, New Mexico
Lease No.: NM-14471
(Exploratory Well)

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Read & Stevens, Inc. submits the following items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Permian with quaternary alluvium and other surficial deposits.

2. The estimated tops of geologic markers are as follows:

Yates	431'
Queen	1011'
San Andres	1345'

3. The estimated depth at which anticipated water, oil, or gas formations are expected to be encountered:

   Water: Surface water between 100 to 300 feet.

   Oil: San Andres approximately 1345'.

   Gas: None expected.

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: This is a shallow well to be drilled with a rotary AIR drilling rig. A Dyer Diverter will be used for the BOP.

6. Mud Program: Mud will not be used since this is a rotary air drilling program.

7. Auxiliary Equipment: No special pressure equipment needed.

8. Testing, Logging and Coring Program:

   Drill Stem Tests: None

   Logging: The cuttings will be evaluated first to determine whether to run the standard logs. If logs are run they will be:

Compensated Neutrom Formation Density	Surface to T.D.
Dual Induction Laterolog	Int. Csg. to T.D.

   Coring: None.

9. No abnormal pressures or temperatures are anticipated at this depth.

10. Anticipated starting date: October 25, 1981.
    Anticipated completion of drilling operations: Approximately 7 days.

MULTI-POINT SURFACE USE AND OPERATION PLAN

READ & STEVENS, INC.
Leah Federal, Well No. 1
1980' FWL & 1980' FSL, Sec. 27, T6S-R27E
Chaves County, New Mexico
Lease No.: NM-14471
(Exploratory Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS:

   A. Exhibit "A" is a portion of a New Mexico State Highway map showing the direction to the well as staked. The well is approximately 43 miles northeast of Roswell, New Mexico. The 43 miles consists of 26 miles of U. S. Highway 70, 12 miles of county maintained dirt road and 5 miles of ranch/oil field road.

   B. Directions: Travel northeast of Roswell on U. S. Highway 70, 26 miles from the the U. S. Highway 285/70 overpass, north of Roswell. Turn north .3 mile past highway marker 363 onto the County Road 1D, passing a Mid-America Pipeline System pump station on your right as you turn onto the county road. Travel north on the county road for 12 miles crossing nine cattleguards. At the ninth cattleguard turn left (west) after crossing. Continue west 2 miles turning left (south) in front of the South Van Eaton ranch house and circle around the house and cattle pens turning west to cross a cattleguard. After crossing the cattleguard turn left (south) for a mile and turn back west for a mileto a fork in the road. Take the south fork for another mile crossing a cattleguard at a fence corner. Continue past the cattleguard south, for approximately 700 feet to the start of the new access road. This will be approximately 200 feet north of the Rudolph water tank, and will connect up with an existing ranch road just east of the fence. The ranch access road will pass within 250 feet of the drillsite.

2. PLANNED ACCESS ROAD:

   A. Length and Width: The new access road will be 12 feet wide (20' ROW) and approximately 3,000 feet long from the point of origin on the existing access road near the tank to the southwest corner of the drillsite. At the rancher's request, the exicting two-track ranch road will not be bladed or widened, and will be used as is except for about 300-400 feet as it leaves the tank and goes east up the hill. This portion will be bladed from the tank to the top of the hill. The new access road is labeled and color coded red on Eshibit "A" and "B", and has been staked and flagged.

   B. Construction: The new road will be constructed by grading and compacting with the surface material for approximately 400 feet.

   C. Turnouts: There will be a turnout at the point of origin of the new access road and possibly one at the top of the hill and one at the drillsite.

2. PLANNED ACCESS ROAD: cont.....

D. Culverts: There may be a need for one culvert near the top of the hill as per the rancher's request.

E. Cuts and Fills: None required.

F. Gates, Cattleguards: One gate will be required at the point of origin near the water tank.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a one to two mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. There are no production facilities on this lease at the present time.

B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery will be installed on the drilling pad.

4. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill this well with rotary AIR drilling rig which will not require water.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. The existing surface material will be used for surfacing the new access road and the drill site pad. A minimum of dirt work and surface damage is being done at the rancher's request since this will be on private surface and will be small drilling rig. Top soil from the location will be stockpiled near the location for future rehabilitation use. No surface materials will be disturbed except for those necessary for actual grading and leveling of drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. If water is produced during the drilling operation (air drilled), it will be allowed to evaporate in the pits until dry.

C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area if the pits are holding water.

D. Water produced during operations will be collected in tanks until evaporated or hauled to an approved disposal system, or separate disposal application will be submitted to the USGS for approval.

E. Oil produced during operations will be collected in tanks until sold.

7. METHODS OF HANDLING WASTE DISPOSAL: cont.....

F. Current laws and regulations pertaining to the disposal of human waste will be complied with.

G. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.

H. All trash and debris will be removed from the well site or buried within 30 days after finishing drilling and/or completion operations.

8. ANCILIARY FACILITIES:

A. None required.

9. WELLSITE LAYOUT:

A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pit, and major rig components. The pad and pit area has been staked and flagged.

B. Mat Size: 150' X 150'.

C. Cut and Fill: The location relatively flat and will not require any cutting and filling.

D. The surface will topped and compacted with the existing surface and pit materials. The pit will not be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations all equipment and other material not used for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in an aesthetically pleasing a condition as possible.

B. Any unguarded pits containing fluids will be fenced until filled.

C. If the proposed well is non-productive, all rehabilitation and/or revegetation requirements and surface restoration will be in accordance with the agreement with the surface owner. Pits will be filled and location will be cleaned. The pit area, well pad, and all unneeded access road will be ripped to promote revegetation. Rehabilitation should be accomplished within 90 days after abandonment.

11. OTHER INFORMATION:

A. Topography: The land surface in the vicinity of the wellsite is sloping slightly to the southwest and is approximately 1200 feet east of a rocky ridge that drops off 40 to 50 feet.

B. Soil: The topsoil at the wellsite is sandy loam with some caliche and limestone rock.

11. OTHER INFORMATION: cont....

C. Flora and Fauna: The vegetative cover is generally sparse and consists of Mesquite, yucca, cacti, skunk brush and perenial native grasses of grama, dropseed, and threeawn. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove, quail and occasional antelope.

D. Ponds and Streams: There are no streams in the area, but there is a manmade pond (tank) 2500 feet to the northwest.

E. Residences and Other Structures: There are no residences or other structures.

F. Land Use: Cattle grazing.

G. Surface Ownership: The proposed location and access road is on fee surface owned by the Harold Smith, Inc. ranch. The minerals are Federal.

H. There is no evidence of any archaeological, historical or cultural sites in the area. An archaeological survey has been conducted by New Mexico Archaeological Services, Inc., P. O. Bos 1341, Carlsbad, New Mexico 88220, and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

Dan Lough
830 W. Gore
Lovington, New Mexico 88260
Office Phone: (505) 396-5391
Home Phone: (505) 396-4371

Joe Handley
P. O. Box 1135
Lovington, New Mexico 88260
Office Phone; (505) 396-5391
Home Phone: (505) 396-5449

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge true and correct; and, that the work associated with the operations proposed herein will be performed by Read & Stevens, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

October 1, 1981

George R. Smith
Agent for:
Read & Stevens, Inc.

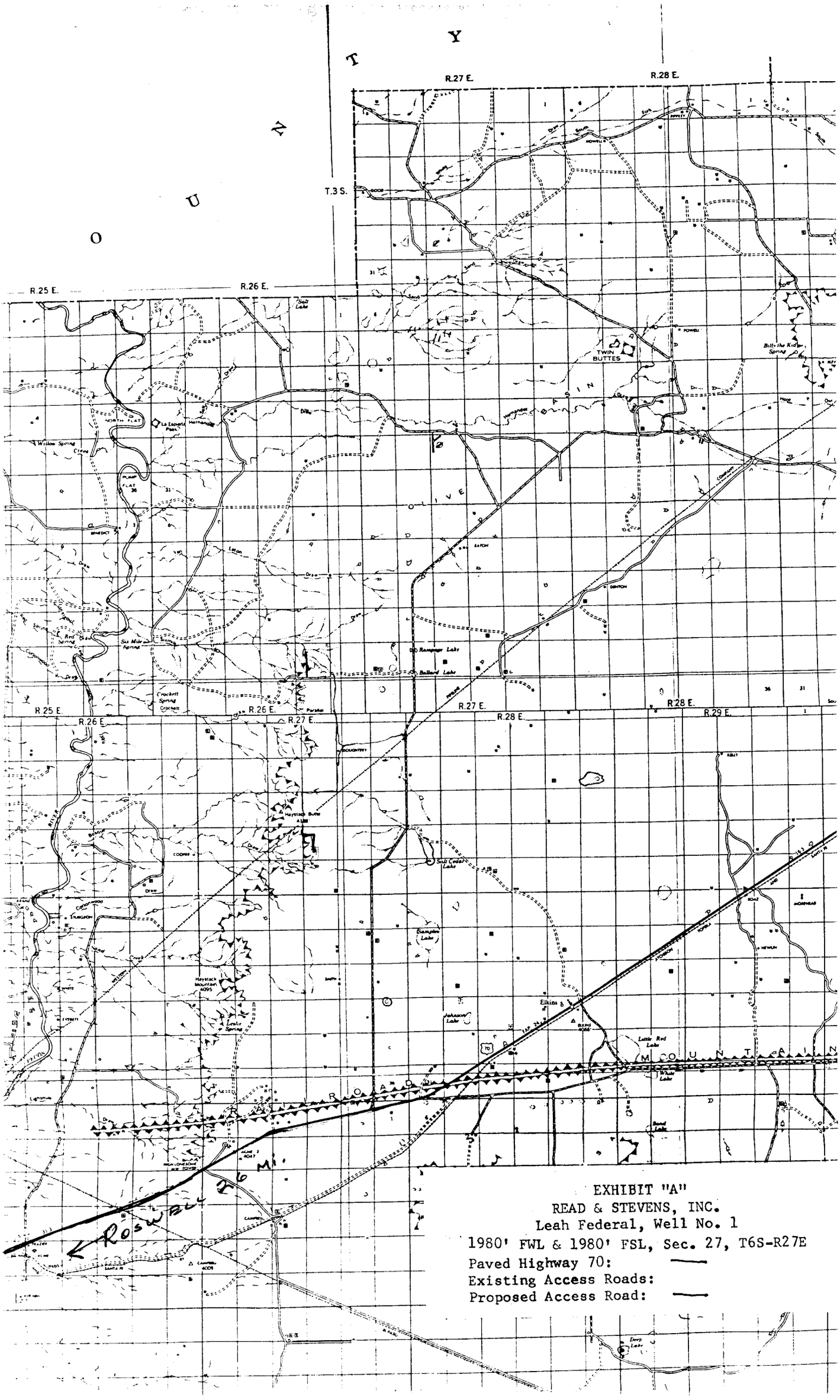


EXHIBIT "A"
READ & STEVENS, INC.
Leah Federal, Well No. 1
1980' FWL & 1980' FSL, Sec. 27, T6S-R27E
Paved Highway 70: ——
Existing Access Roads:
Proposed Access Road: ——

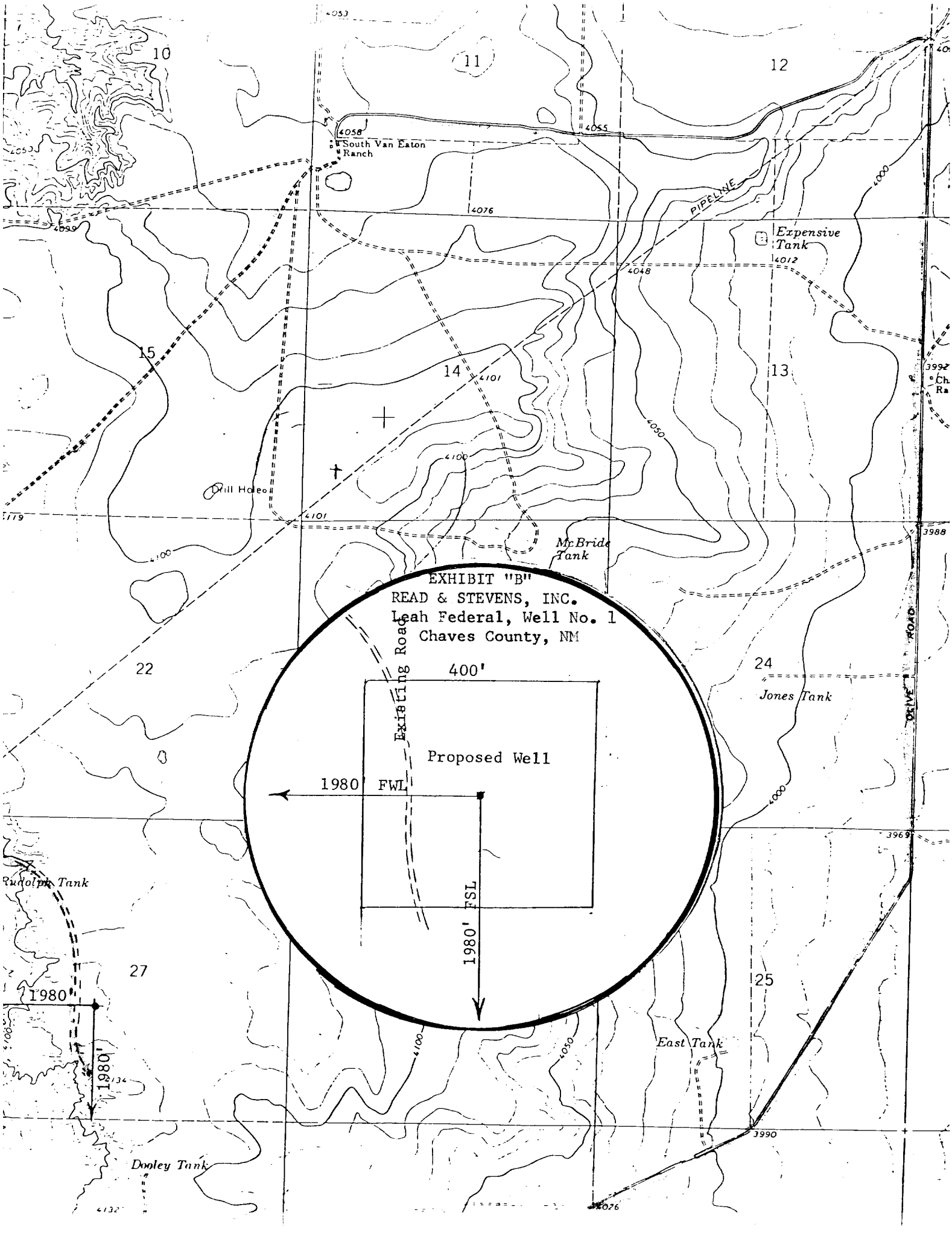


EXHIBIT "B"
READ & STEVENS, INC.
Leah Federal, Well No. 1
Chaves County, NM
400'
Existing Road
Proposed Well
1980' FWL
1980' FSL
1980'
1980'
10
11
12
13
14
15
22
24
25
27
South Van Eaton Ranch
Expensive Tank
PIPELINE
Drill Holes
McBride Tank
Jones Tank
Rudolph Tank
East Tank
Dooley Tank
ROAD
DRIVE

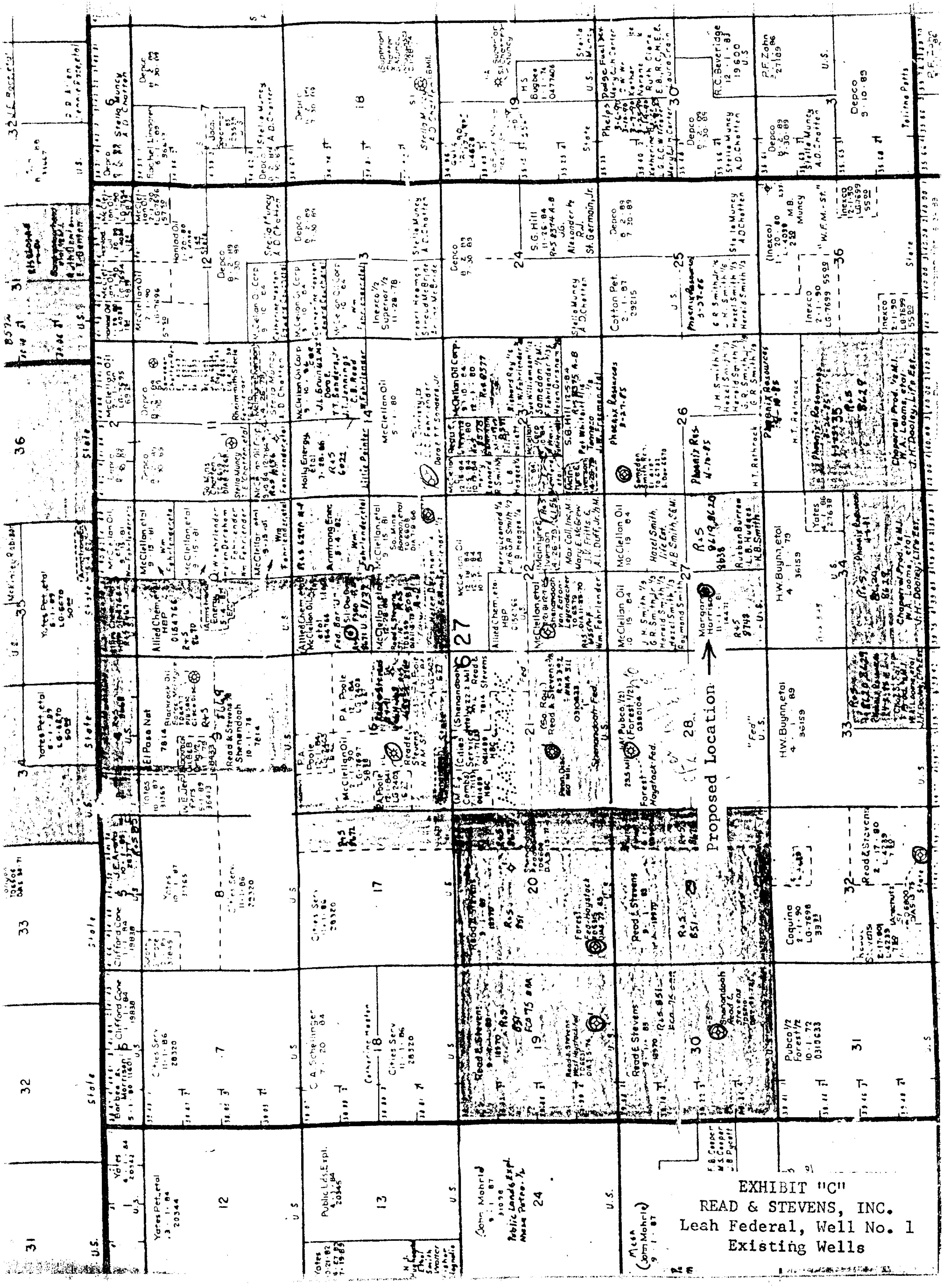


EXHIBIT "C"
READ & STEVENS, INC.
Leah Federal, Well No. 1
Existing Wells

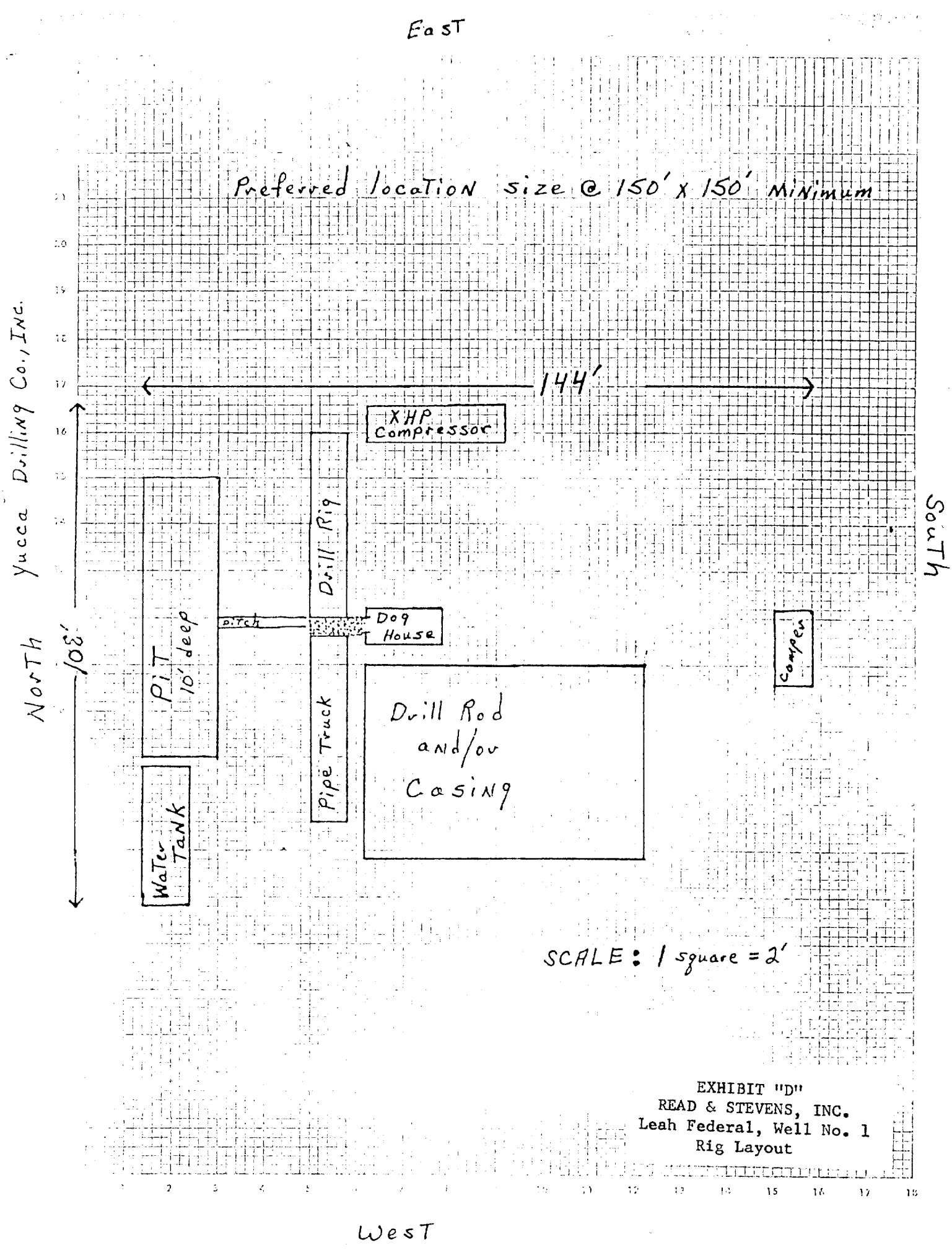


EXHIBIT "D"
READ & STEVENS, INC.
Leah Federal, Well No. 1
Rig Layout