

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**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.**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No NMNM54432
2. Name of Operator READ & STEVENS INCORPORATED E-Mail: dluna@read-stevens.com		6. If Indian, Allottee or Tribe Name
3a. Address P O BOX 1518 ROSWELL, NM 88202	3b. Phone No (include area code) Ph: 575-622-3770 Ext: 213 Fx: 575-622-8643	7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 3 T20S R34E NESE 1650FSL 330FEL Unit I		8. Well Name and No MARK FEDERAL 8
		9. API Well No 30-025-32158-00-S1
		10. Field and Pool, or Exploratory QUAIL RIDGE
		11. County or Parish, and State LEA COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input checked="" type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Other
	<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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Ran mechanical integrity test on casing on 3/12/2008. Test passed and was witnessed by Pat McKelvey at BLM. We are requesting a 1 year TA status extension.

We are requesting a TA extension because the well will eventually be used in a waterflood as a producer or injector. We are participating in a waterflood that offsets this lease. This flood has performed at or above its expectations. We are currently doing the engineering work necessary to start a waterflood on this field.

RECEIVED**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**AUG 12 2008
HOBBS OCD

14. I hereby certify that the foregoing is true and correct	
Electronic Submission #61551 verified by the BLM Well Information System For READ & STEVENS INCORPORATED, sent to the Hobbs Committed to AFMSS for processing by KURT SIMMONS on 07/21/2008 (08KMS0956SE)	
Name (Printed/Typed) DAVID LUNA	Title ENGINEER
Signature (Electronic Submission)	Date 07/18/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>DUNCAN WHITLOCK</u>	Title <u>LEAD PET</u>	Date <u>08/09/2008</u>
Conditions of approval, if any, are attached. Approval of this notice 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		Office <u>Hobbs</u>

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

Approved with the following Conditions of Approval.

Well leaked 50 psi in 30 minutes on the last MIT. This well is in the Secretary's Potash Area.

1. Repair leak in casing within 30 days of approval
2. Call for witness of new MIT after repairs are complete.
3. The TA will be approved one time only for 6 months so as to give you time to submit the documentation on the water flood
4. Submit time frame which flood will be activated and this well will be placed back online or plans to P&A well will be submitted.