

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM 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** AUG 18 2008

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM101115
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 5 T20S R34E NWNW 660FNL 660FWL		8. Well Name and No HIGHWAY 5 FEDERAL 01
		9. API Well No. 30025-39120
		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 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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Drilling Operations
	<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 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.)

This is in response to our previous Sundry submitted July 28th and to our conversation to the Carlsbad BLM office July 31st.

**Concerning Extending Lease:**

1. Read & Stevens, showing good faith or intent, will plan to spud and set conductor pipe on August 30th with a Rat Hole Machine.
2. This will extend our lease, per State BLM office, for an additional 90 days.
3. We have already built the location.
4. Our timing dilemma is caused by the severe casing shortage. We have to order from foreign mills utilizing international letters of credit. Delivery to Houston is 90 to 110 days from next week.

**RECEIVED**  
AUG 19 2008  
**HOBBS OCD**

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #61947 verified by the BLM Well Information System For READ & STEVENS INCORPORATED, sent to the Hobbs Committed to AFMSS for processing by KURT SIMMONS on 08/05/2008 (08KMS1008SE)	
Name (Printed/Typed) DAVID LUNA	Title ENGINEER
Signature (Electronic Submission)	Date 08/01/2008

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <u>DON PETERSON</u>	Title <u>ACTING FIELD MANAGER</u>	Date <u>08/15/2008</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 \*\***

**Additional data for EC transaction #61947 that would not fit on the form**

**32. Additional remarks, continued**

Then we have to work rig schedule to get on our location after we know pipe will be here. There is uncertainty in timing beyond our control.

5. If our industry was not in the midst of this casing dilemma, we would have spud the well by now.

Concerning Casing Setting Depth from COA in APD:

1. We've drilled over 40 wells since 1990 through the reef section within 2 miles of our proposed location.

2. We have extensive geology and have not encountered any reef porosity below 5,000'.

3. 5,200' has worked on every well we've drilled in the area, and on wells drilled as immediate offsets to the proposed location.

4. Due to the serious casing shortage, high collapse 8 5/8" is no longer available.

5. We are working with foreign mills to get N80 API casing that has a maximum setting depth of 5,200'. This is our only option at present for 8 5/8" that can be set below 5,000'.

6. Geology does not support 5,500' setting depth and this depth is beyond maximum setting depth of available casing.

*Casing N-80 32# 3TC  
specifications provided  
by operator.*

**Highway 5 Federal Com 1  
Read & Stevens Inc.  
August 14, 2008  
Conditions of Approval**

- 1. API number required (indicates NMOCD approval).**
- 2. Conductor pipe to be set prior to lease expiring on August 31, 2008. Notify BLM at 575-393-3612 prior to setting conductor pipe.**
- 3. If number 2 is met, the lease will be extended to November 29, 2008.**
- 4. Approval is given to set the intermediate casing at 5200' as per original APD.**
- 5. N-80 32# STC casing approved for intermediate casing.**

**WWI 081408**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD - Hobbs

FORM 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.**

5. Lease Serial No.  
NMNM101115

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

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

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.  
HIGHWAY 5 FEDERAL 01

2. Name of Operator

Contact: DAVID LUNA

READ & STEVENS INCORPORATED E-Mail: dluna@read-stevens.com

9. API Well No.

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

10. Field and Pool, or Exploratory  
QUAIL RIDGE

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 5 T20S R34E NWNW 660FNL 660FWL

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 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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Drilling Operations
	<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 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.)

Read & Stevens, Inc. will show drilling intent by rigging up spudding machine on August 31, 2008 and running conductor on September 1, 2008. This task needs to be performed on these dates in order to hold the lease.

A drilling rig is not used because of casing availability for this well. Once casing is available then drilling will continue.

Please respond as soon as possible to the above actions.

RECEIVED

AUG 21 2008

HOBBS OCD

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #61764 verified by the BLM Well Information System For READ & STEVENS INCORPORATED, sent to the Hobbs Committed to AFMSS for processing by KURT SIMMONS on 07/29/2008 (08KMS0996SE)	
Name (Printed/Typed) DAVID LUNA	Title ENGINEER
Signature (Electronic Submission)	Date 07/28/2008

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By	WESLEY INGRAM Title PETROLEUM ENGINEER	2008 Date 08/14/2008
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 Hobbs

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 \*\*

KZ