

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB NO 1004-0135
Expires: July 31, 2010

EC

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. NMNM105221
2. Name of Operator READ & STEVENS		6. If Indian, Allottee or Tribe Name
3a. Address P. O. BOX 1518 ROSWELL, NM 88202-1518		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 575-622-3770 Ext: 213		8. Well Name and No. COYOTE 10 FEDERAL 01
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 10 T20S R34E NESW 1980FSL 1980FWL		9. API Well No. 30-025-30352
		10. Field and Pool, or Exploratory LEA, DELAWARE NE
		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 checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recomplete 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 recompletion 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. respectfully request to reenter to the Lea Bone Spring.

Procedure:

Hole Size 7 7/8"

1. Squeeze off Delaware perfs @ 5660-90'.
2. Drill w/cut brine (9.7# & 120,000 ppm chlorides)
3. Drill out cement (6,150'), FC (6,287'), and FS (6,322').
4. Drill out 200' cmt plug at 7,877-8,077'.
5. Drill through Bone Spring and clean out to 11,000' (or TOC).
6. Run OH log if necessary.

SEE ATTACHED FOR
CONDITIONS OF APPROVALRECEIVED
OCT 08 2009
HOBBS

14. I hereby certify that the foregoing is true and correct. Electronic Submission #75007 verified by the BLM Well Information System For READ & STEVENS, sent to the Hobbs	
Name (Printed/Typed) DAVID LUNA	Title PETROLEUM ENGINEER
Signature (Electronic Submission)	Date 09/30/2009
THIS SPACE FOR FEDERAL OR STATE OFFICE USE	
Approved By	Title PETROLEUM ENGINEER
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.	Date OCT 2 2009
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.	Office

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

Additional data for EC transaction #75007 that would not fit on the form

32. Additional remarks, continued

7. Install Liner: 4" 11.6# L-80, Ultra Flush Joint.
 - a. 3.476" I.D., 9170 psi Yield, 8800 psi Collapse
 - b. DRM in Midland has liner
8. Land at 11,100'. Hanger and packer at 4,900'.
 - a. Weatherford to furnish hanger equipment
 - b. Halliburton to cement entire Liner (cmt from 4,900' to 11,100')
- c. Lead: 535 sxs EconoCem-H, 11.9#/gal, 2.48 ft 3/sxs, 236 bbls
- d. Tail: 350 sxs VersaCem PBSH2, 13.2#/gal, 1.64 ft 3/sxs, 101 bbls.
9. Run Bond Log.
10. Perf Bone Spring w/3 1/8" guns: 10,845-75', 1 spf, 120 deg, 31 shots.
11. Acidize w/ 1,000 gal.
12. Frac w/165000# sand.
11. Install pumping equipment (tankage, pump jack, tbg, rods, pump).

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READ & STEVENS, INC

Bone Springs ReEntry

API NUMBER: 30-025-30352 **LSE #:** NM105221
WELL NAME: Coyote 10 Federal #1
FIELD NAME: Lea Bone Springs
LOCATION: Lea County, New Mexico Sec. 10 T20S-R34E, 1980 FSL, 1980 FWL
TD: 13,590' **PBTD:** 6150'
Hole Size: 7 7/8"
ELEVATIONS: GL 3634', KB 3651.5' (17.5')
CSG: 13 3/8" 68# J55 @ 1623', 8 5/8" 32# J55 @ 5110', 5 1/2" 17# N-80 @ 6322'
(DV @ 4999', TOC @ 1400')
PERFS: Delaware: 5660-90 (31 holes)
Wellbore: Exhibit A: Current Exhibit B: Proposed

CONTACT LIST

Operator: Read & Stevens, Inc. 575 622-3770 8-5 M-F Office
400 Penn Plaza, Suite 1000 Roswell, NM 88201 575 622-8643 fax
Company Rep: Will Palmer 390-2424
Joe Tovar 390-2425
Engineer: David Luna 622-3770, ext.213 626-9395 cellular

Procedure:

1. Squeeze off Delaware perms @ 5660-90.
2. Drill with Cut Brine (9.7# & 120,000 ppm chlorides)
3. Drill out cement (6150'), FC (6287'), and FS (6322').
4. Drill out 200' cement plug at 7877-8077.
5. Drill through Bone Springs and clean out to 11100' (or top of cement).
6. Run OH logs (if necessary).
7. Install Liner: **4" 11.6# L-80, Ultra Flush Joint**
 - a. 3.476" I.D., 9170 psi Yield, 8800 psi Collapse
 - b. DRM in Midland has Liner
8. Land at 11100'. Hanger and packer at 4900'.
 - a. Weatherford to furnish hanger equipment
 - b. Halliburton to cement entire Liner (cement from 4900' to 11100')
 - c. Lead: 535 sks EconoCem-H, 11.9#/gal, 2.48 ft3/sk, 236 bbls
 - d. Tail: 350 sks VersaCem PBSH2, 13.2#/gal, 1.64 ft3/sk, 101 bbls
9. Run Bond Log.
10. Perf Bone Springs w/ 3 1/8" guns: **10845-75, 1 spf, 120 deg, 31 shots.**
11. Acidize with 1000 gallons.
12. Frac: 165000# sand
13. Install Pumping equipment (tankage, pump jack, tubing, rods, pump)

Directions to Well:

From Hobbs take 62/180 toward Carlsbad to MM 78 1/4. South at Read & Stevens sign for 1/4 mile. Right at "Y". Continue 1/2 mile south. E 1/4 mile. South 1 mile. E 1/2 mile. North 1/2 mile to location.

Read Stevens, Inc.

Coyote 10 Federal #1

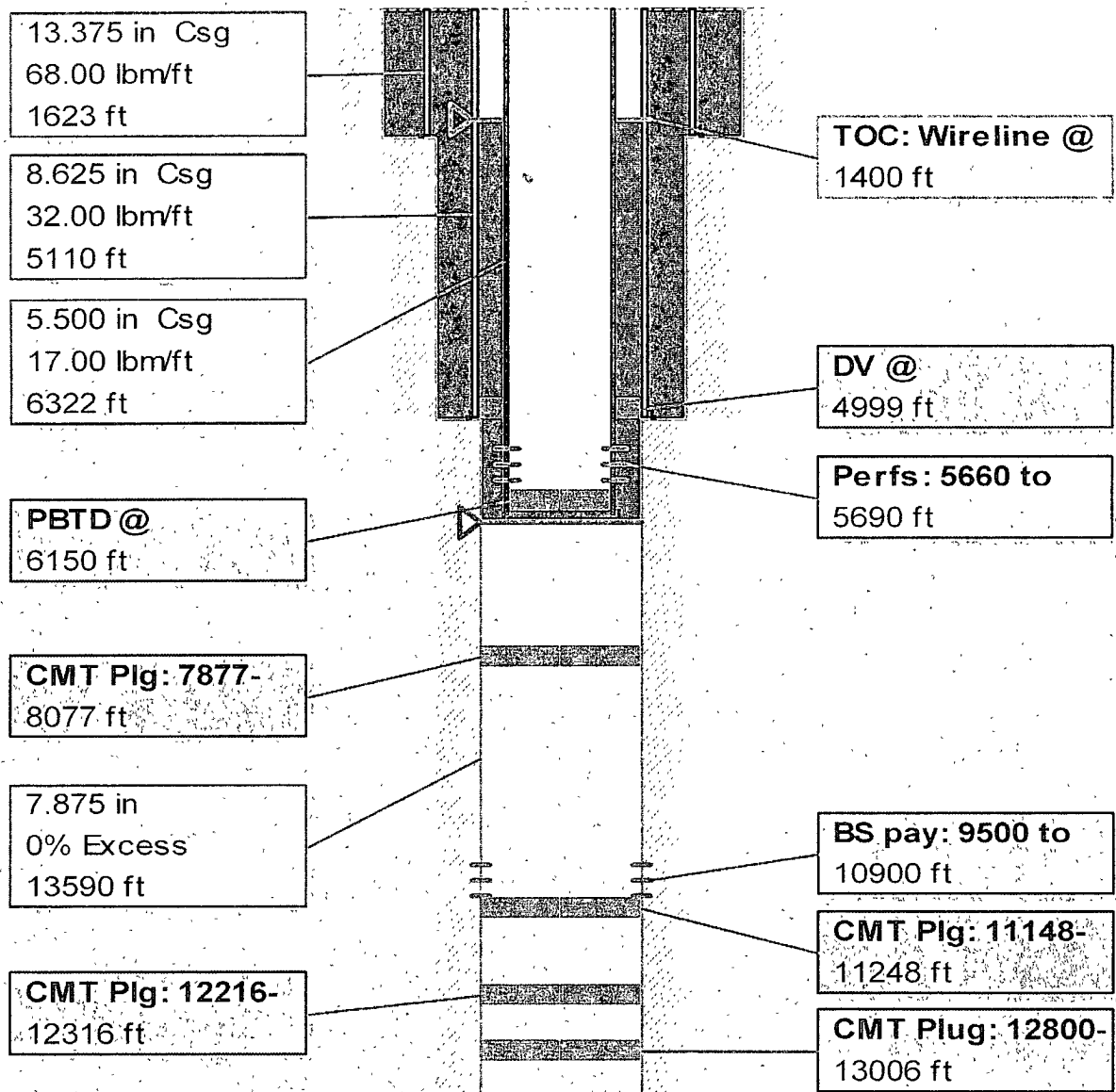
1980FSL, 1980FWL, S10, T20S, R34E

API: 30-025-30352, Lease NM-105221

G.L.: 3634', KB 3651.5'

Previously: Snow Oil Gas, Inc. (Union "A" Fed #2)

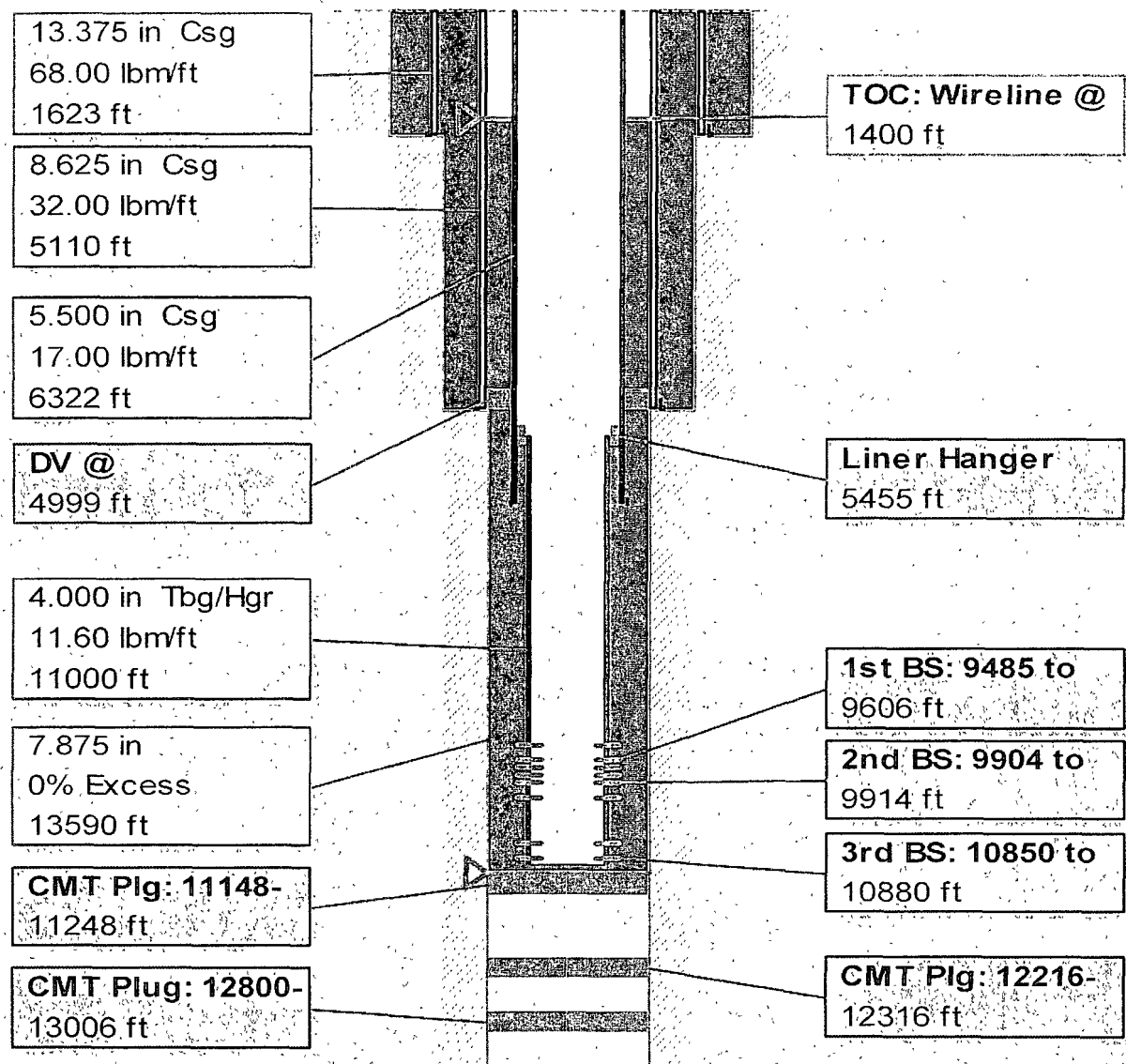
Exhibit A: Current Wellbore



i-Handbook*

- *a mark of Schlumberger

Read Stevens, Inc.
 Coyote 10 Federal #1
 1980FSL, 1980FWL, S10, T20S, R34E
 API: 30-025-30352, Lease NM-105221
 G.L.: 3634', KB 3651.5'
 Squeeze Delaware,
 Install 4" 11.6# L-80 Ultra Flush Joint Liner
 Complete Bone Springs
 Exhibit B: Proposed Wellbore



i-Handbook* - *a mark of Schlumberger

**Coyote 10 Federal 01
30-025-30352
Read & Stevens
October 2, 2009
Conditions of Approval**

- 1. Surface disturbance beyond the existing pad must have prior approval.**
- 2. Closed loop system required.**
- 3. Operator to have H2S monitoring equipment on location as H2S has been reported.**
- 4. Minimum of 5M BOP required and is to be tested prior to squeezing Delaware perforations.**
- 5. Squeezed perforations are to be pressure tested prior to drilling any plugs.**
- 6. Liner to be pressure tested per Onshore Order 2.III.B.1.h.**
- 7. Cement on liner to come to top of liner – Operator shall provide method of verification.**

WWI 100209