

RECEIVED

OCD Hobbs

FORM APPROVED
OMB No 1004-0136
Expires July 31, 2010UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SECRETARY'S POTASH

HOBBSOCD

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM06570
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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 Contact: DAVID LUNA E-Mail: dluna@read-stevens.com		7. If Unit or CA Agreement, Name and No.
3a. Address P. O. BOX 1518 ROSWELL, NM 88202-1518		8. Lease Name and Well No. <9544> LAURIE D FEDERAL 2
3b. Phone No. (include area code) Ph: 575-622-3770 Ext: 213 Fx: 575-622-8643		9. API Well No. 30-025-39822
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface Lot A 754' 873' 660' ENL 660' FEL 32.57847 N Lat, 103.54115 W Lon Unit A At proposed prod. zone Lot A 754' 873' 660' ENL 660' FEL 32.57847 N Lat, 103.54115 W Lon		10. Field and Pool, or Exploratory LEA, YATES <37620>
14. Distance in miles and direction from nearest town or post office* 25 MILES SE OF HOBBS, NM. SOUTH AT MM78.		11. Sec., T., R., M., or Blk. and Survey or Area Sec 15 T20S R34E Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in Lease 320.00	12. County or Parish LEA COUNTY
17. Spacing Unit dedicated to this well 40.00	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 330'	13. State NM
19. Proposed Depth 3760 MD 3760 TVD	20. BLM/BIA Bond No. on file 2310	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 3644 GL	22. Approximate date work will start 04/15/2010	23. Estimated duration 1 1/2 MONTHS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) DAVID LUNA Ph: 575-622-3770 Ext: 213	Date 03/04/2010
Title PETROLEUM ENGINEER		
Approved by (Signature) /s/ Linda S.C. Rundell	Name (Printed/Typed)	Date JUN 28 2010
Title STATE DIRECTOR		
Office NM STATE OFFICE		

Application approval does not warrant or certify 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.

APPROVAL FOR TWO YEARS

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.

Additional Operator Remarks (see next page)

Electronic Submission #82244 verified by the BLM Well Information System
For READ & STEVENS, sent to the HobbsApproval Subject to General Requirements
& Special Stipulations AttachedSEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

RECEIVED

JUL 08 2010

DISTRICT I
1625 N. FRENCH DR., HOBBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

HOBBBSOCD Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Revised October 12, 2005
Submitted to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

1660 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

DISTRICT IV
1660 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

APT Number	Pool Code 37620	Lea, Yates	Pool Name
Property Code 9544	Property Name LAURIE D FEDERAL		Well Number 2
OGRID No. 18917	Operator Name READ & STEVENS, INC.		Elevation 3643'

Surface Location

UL or lot No	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	15	20-S	34-E		754	NORTH	873	EAST	IFA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40		Joint or Infill		Consolidation Code		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

<p>Lease: NM-06570 East 1/2 320 acres</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p><i>David Luna</i> 4/29/10 Signature Date</p> <p>David Luna Printed Name</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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</p> <p>APRIL 20, 2010 Date Surveyed</p> <p><i>Ronald J. Eidson</i> Signature & Seal of Professional Surveyor</p> <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>

GEOID TIC COORDINATE'S
NAD 27 NM
SURFACE LOCATION
Y - 571970 4 N
X - 743810 2 I
LAT = 32 578207' N
LONG = 103 541839' W

Drilling Plan
 Laurie D Fed #2
 754' FNL & 873' FEL
 Sec 15 -T20S - R34E, Lea Co., NM
 API: 30-025-?
 Lease Number: NM-06570
 Field/Pool: Lea, Yates

Tops:

Formation	Depth below Ground level (ft)
DTW (Exhibit "F")	300+
Rustler	1650
TOS	1870
BOS	3250
Yates	3500
TD	3760

Pay info: Yates (Oil), 3500', Pressure=1400 psi, Temp=115 deg F

Potential Hazards/Abnormal Conditions: None expected (None in previously drilled wells). If Loss-circulation zone, or over pressured zone, is encountered, approved LCM and mud additives will be mixed in mud to control losses.

Casing Program: *See CDA*

Depth (ft)	Hole Size (in)	Casing Size/Wt/Grade/Thds	Coll	Burst	Tens	Cement
0'-500': <i>1620</i>	12 1/4	8 5/8 24# J-55, STC (new)	5.3	2.5	30	300 sx Class H (1.36 yield), 4 sx CACL, TOC=Surf.
0'-3760':	7 7/8"	5 1/2 15.5# J-55, LTC (new)	2.1	1.9	4.1	1 st stg: 150sx H (1.37 yield), 2 nd stg: 600 sx 50/50 poz (2.42 yield) w/ 6% FL-20, 1/4# cf (14.4#), TOC=Surf.

Mud Program:

Depth (ft)	Mud Type	Weight (ppg)	Vis (scc)	Fluid Loss (cc)
0-500: <i>1620</i>	Fresh	8.5	35	NC
<i>1620</i> 500-3400	Brine	10.0	28	NC
3400-3760	Brine	10.0	30-34	10-15

BOP Equipment: Exhibit "E"

BOPE to be installed on 8 5/8" casing, rated to 3,000 psi working pressure, and pressure tested prior to drilling out of casing shoe per BLM.

No Testing or Coring.
 Logging: Schlumberger PEX-HRLA

Other Information:
 Read & Stevens Drilling & Completion Procedure (includes wellbore schematic): Exhibit "G"

*See
CDA*

READ & STEVENS, INC
Drilling and Completion Prognosis

API NUMBER: 30-025-?
WELL NAME: Laurie D Federal #2
FIELD/POOL: Lea, Yates
POOL CODE:
LEASE CODE: NM-06570
LOCATION: Lea County, New Mexico
Sec. 15 T20S-R34E, 660 FN&EL
TD: 3760'

RECEIVED

JUL 08 2011

HOBBSOCD

CONTRACTOR:

GEOLOGICAL INFORMATION

MUD LOGGER: Start at 500'. Catch 10' samples

ELEVATIONS: GL 3644' KB ?? (?) 1620'

CSG: 8 5/8' 24# J-55 STC@ 500', 5 1/2' 15.5# J-55 LTC@ 3700' (40' of 20" conductor)

MUD: Brine

HOLE & CASING DESIGN:

0'-500' 1620'	12 1/4" hole	8 5/8" csg	8.6# Fresh Water (Native Mud)	34 vis
500'-3760'	7 7/8" hole	5 1/2" csg	10.1# Brine	29 vis

CEMENT DESIGN:

8 5/8" csg.	100% Excess	100sks	Econo Cem-HLC	Lead
		200 sks	Hal Cem-C	Tail
5 1/2" csg.	50% Excess	150 sks	Hal Cem-C	1 st stage
		600 sks	Econo Cem-C	2 nd stage

FORMATION	DEPTH	SUBSEA	REMARKS
------------------	--------------	---------------	----------------

Rustler	1650'		
Cherry Canyon	3500'		

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
Geologist:	Bill Bradshaw	575 626-3436 cellular
	jesusfrk@read-stevens.com	Ext. 323 Office
		575 625-1259 home
Engineer:	David Luna	575 626-9395 cellular
	dluna@read-stevens.com	Ext. 213 Office
		575 625-0666 home
Drilling Consultant:	Bud Thorp	575 691-8520 cellular
	budwjt@yahoo.com	575 392-7282 home
Cavaloz Drilling Rig #2:	Bob Wegner: Drilling Super, cell 370-0200 or 391-0699 Office	
	Dog House: 370-0202	
	Tool Pushers: Jacky Jamison 370-0212, Neiro 370-0213	

DST's: Bulldog Testers 575 390-3070 or Rig Testers 432-570-0421

Mudlogger: Selman & Associates 432 563-8851
Mud Co.: Newpark Drilling Fluids 432-697-8661
Dirt Contractor ? 575 677-2148

Electric Logs: Schlumberger. 622-9080. Pex-HRLA , possible MSCT (10 cores)

Directions to Well:

West of Hobbs on Hwy. 62/180. South on Marathon Road for 3.3 miles. West around 2 miles.
South at Read & Stevens sign. Follow to location.

Completion Procedure:

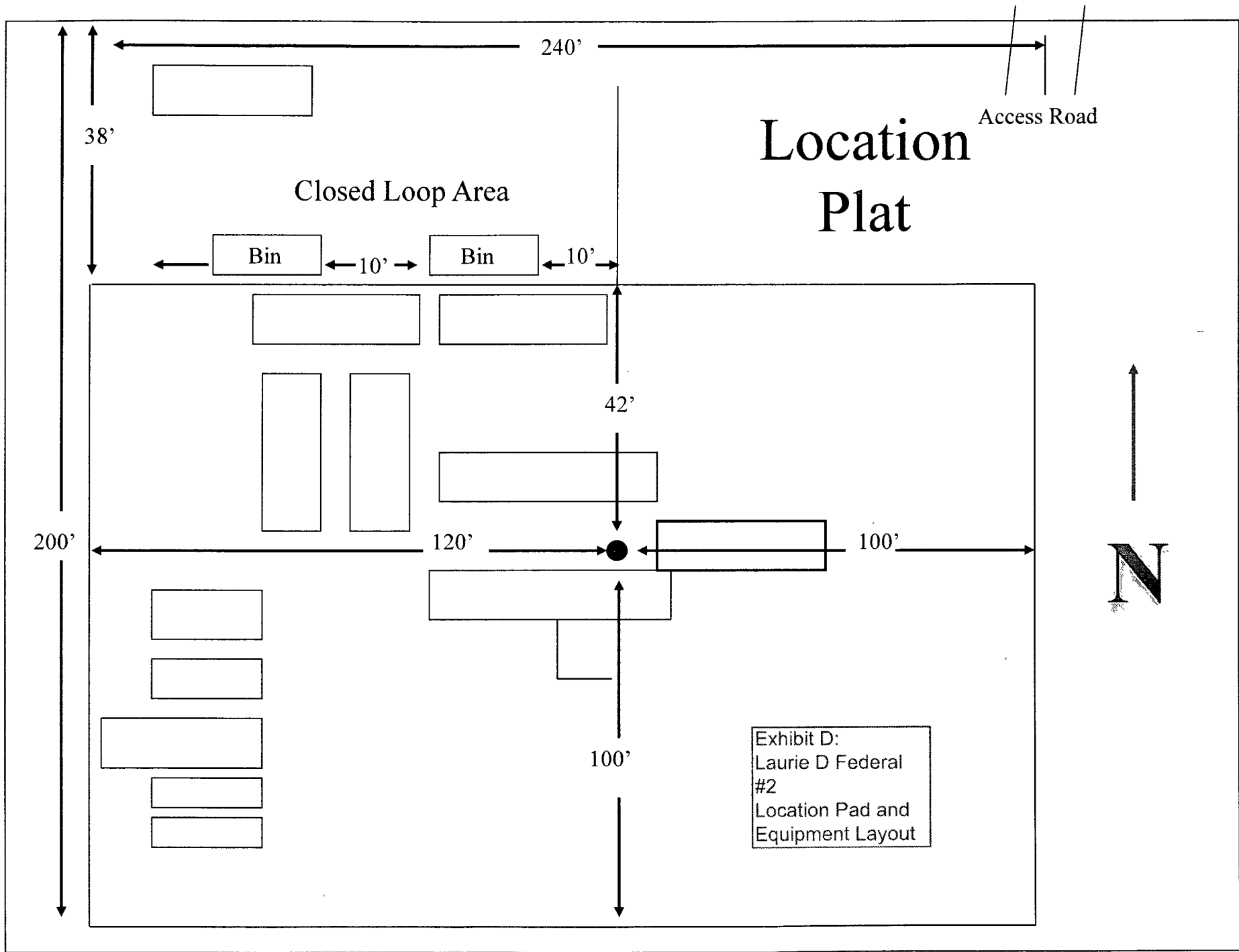
1. TIH w/ 4 3/4" bit and drill out DV at 3000'.
2. Clean out to 3700'. Displace hole w/ 2% KCL.
3. Run Bond Log w/ 1000 psi.
4. **Perf 3400-30. 60 Total holes . 4" casing guns at 2 spf, 120 phasing.**
5. Acidize: 1300 gals 15% NEFe HCl . Swab test.
6. Put on pump if swab test warrants.
7. Frac down casing: 18,000# 20/40, and 62000# 16/20 .
8. Put on pump.

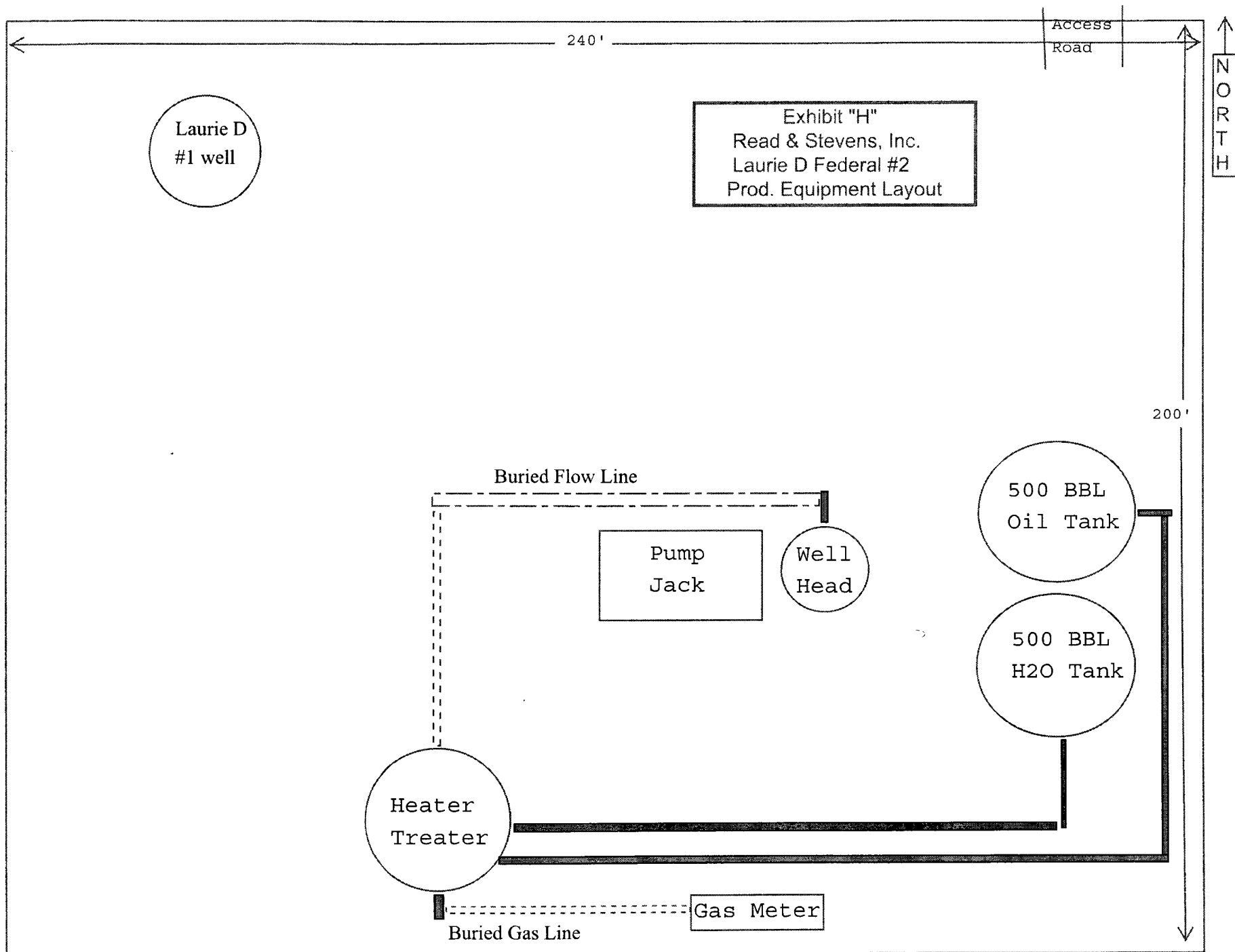
LOG (Mud & Electric) DISTRIBUTION
Bandit St. #8

FINAL **CBL**

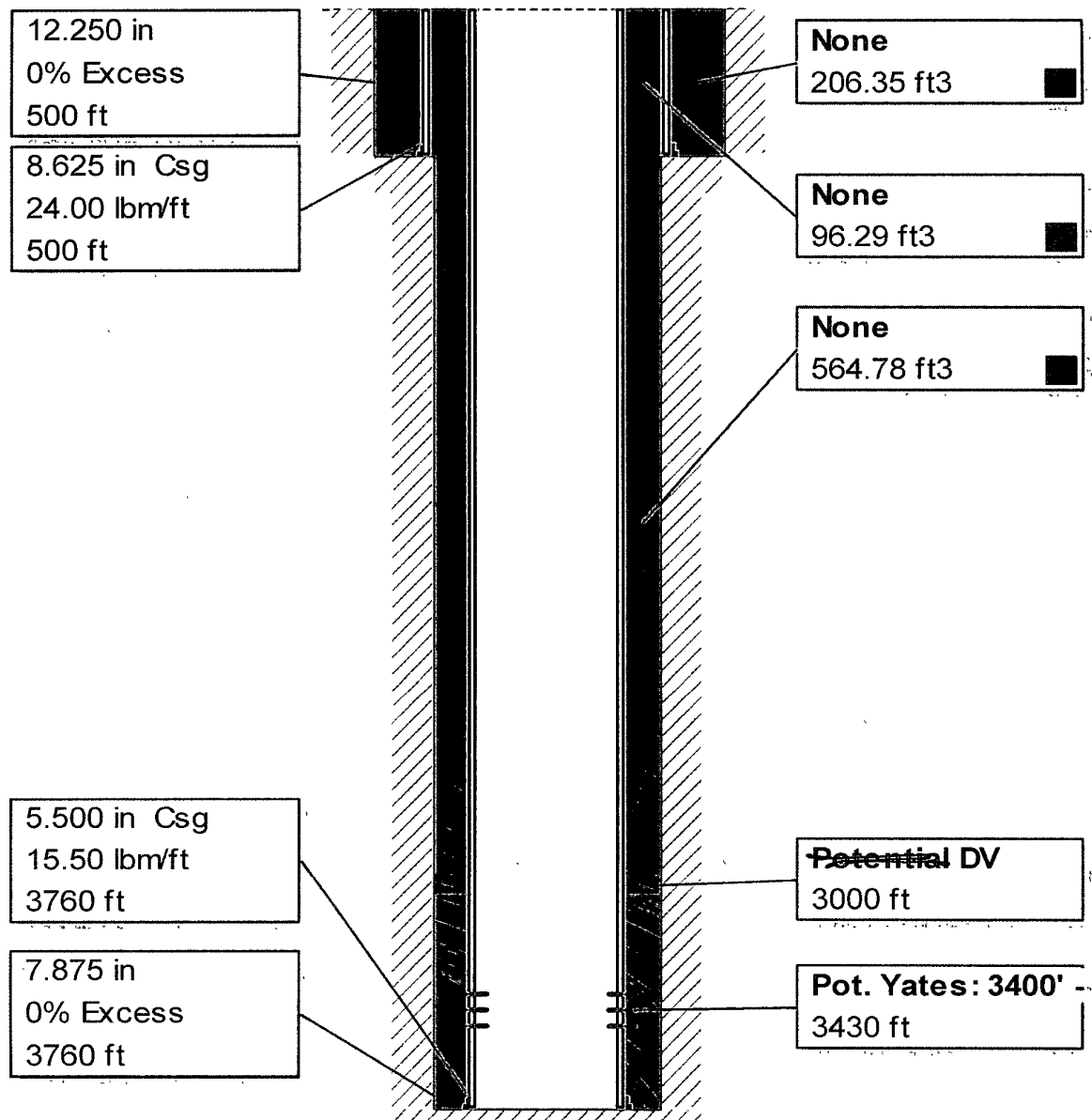
Read & Stevens, Inc.
Attn: Mary Talbert
400 N. Pennsylvania, Suite 1000
Roswell, NM 88201
575 622-3770 X323 Office
575 622-8643 Fax
Email: mtalbert@read-stevens.com

5 3
LAS File





Read Stevens, Inc.
Laurie D Federal #2
Sec. 15 T20S-R34E, 660 FNL and FEL
Pool: Lea, Yates
Lease: NM-06570 (320 acres, E 1/2 of 15)
API: 30-025-?,
Yates: 3400-3430, 2 spf, 60 shots, 120 deg



3k BOP & Manifold Schematic

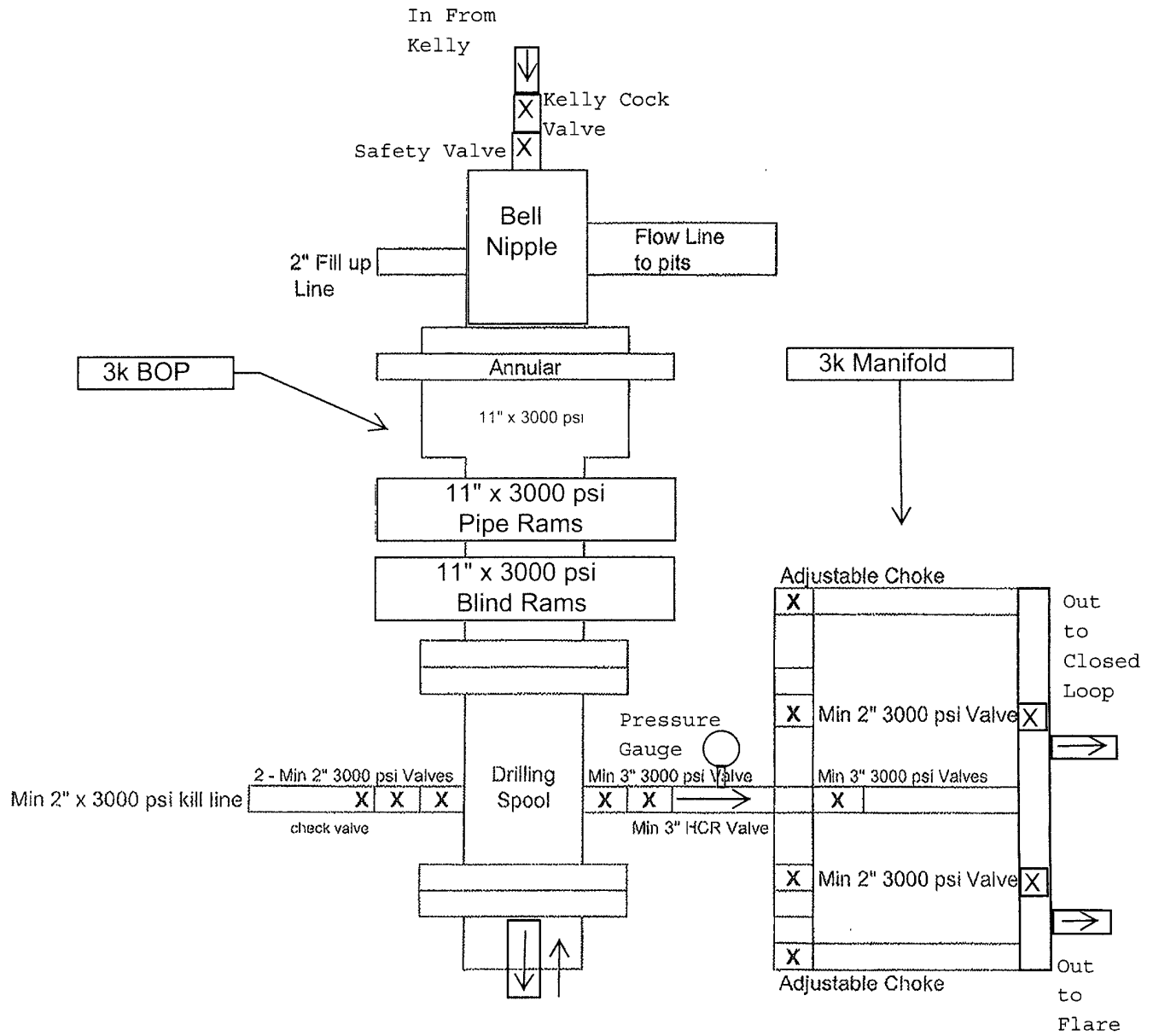


Exhibit "E"

Read & Stevens, Inc.

Laurie D Federal #2

BOP & Manifold Specifications