

UNITED STATES DEPT. OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTU. S. DEPT. OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
P. O. BOX 1100  
SUNSET, NEW MEXICO 88240  
SUBMIT IN TRIPLICATE  
(Other instructions on back)FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

## 1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

## b. TYPE OF WELL

OIL  
WELL ☒GAS  
WELL ☐OTHER ☐SINGLE  
ZONE ☐MULTIPLE  
ZONE ☐

## 2. NAME OF OPERATOR

Read &amp; Stevens, Inc.

505/622-3770

## 3. ADDRESS AND TELEPHONE NO.

P. O. Box 1518

Roswell, NM 88202

## 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At surface

990' FSL &amp; 990' FEL

At proposed prod. zone

Same

## 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

30 miles SW of Hobbs, NM

## 15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drlg. unit line, if any)

330'

## 16. NO. OF ACRES IN LEASE

120

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

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

N/A

## 19. PROPOSED DEPTH

10,400'

## 20. ROTARY OR CABLE TOOLS

Rotary

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

3664' GL

CAPITAN CONTROLLED WATER BASIN

## 22. APPROX. DATE WORK WILL START\*

August 1, 1998

## 23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" H40	48.0# LTC	450'	Circ. 4" x 4" "C" to surf.
11"	8 5/8" J55	32.0# LTC	4,250'	Tie back w/1000 sx "C"
7 7/8"	5 1/2" N-80	17.0# LTC	10,400'	Tie back w/1000 sx "C"

## Mud Program:

	Mud Wt.	Vis.	W/L Control
0' - 450': Fresh water native mud:	8.4 ppg	32	No W/L control
450' - 4,250': Brine mud:	10.0 ppg	28	No W/L control
4,250' - 10,400': Fresh water mud w/starch:	8.4 ppg	28	W/L control 15 cc

## BOP Program:

A 11" 5000 psi wp Shaffer Type LWS BOP, with a 5000 psi wp 11" GK Hydril, will be installed on the 13 3/8" casing. Casing and BOP will be tested before drilling out with 11". BOP will be tested daily as 3000 psi wp system.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHEDOPER. GRID NO. 18917  
PROPERTY NO. 21501  
POOL CODE 50460  
EFF. DATE 8-6-98  
API NO. 30-025-34481

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Georgio Smith

Agent for:

TITLE Read & Stevens, Inc.DATE July 10, 1998

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_

APPROVAL DATE \_\_\_\_\_

Application approval 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.  
CONDITIONS OF APPROVAL, IF ANY:

(ORIG. SGD.) ARMANDO A. LOPEZ

Acting

Assistant Field Office Manager,

Lands and Minerals

APPROVED BY \_\_\_\_\_

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

RECEIVED  
JUL 10 P 12:30  
BUREAU OF LAND MANAGEMENT  
KOSOVILLE OFFICE

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV  
P.O. Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-34481</b>	Pool Code <b>50460</b>	Pool Name <b>Quail Ridge Bone Spring So.</b>
Property Code <b>21501</b>	Property Name <b>PEARL "33" FEDERAL</b>	Well Number <b>2</b>
OGRID No. <b>18917</b>	Operator Name <b>READ &amp; STEVENS, INC.</b>	Elevation <b>3664</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	33	19 S	34 E		990	SOUTH	990	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>	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

<div>NM-94622 Read &amp; Stevens, Inc.</div>				
<div>3665.1' 3666.0' 3661.6' 3663.5' 990'</div>				<div><b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  <u>George R. Smith</u> Signature George R. Smith, agent for: Printed Name Read &amp; Stevens, Inc. Title July 10, 1998 Date</div>
<div>3665.1' 3666.0' 3661.6' 3663.5' 990'</div>				<div><b>SURVEYOR CERTIFICATION</b>  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.  JUNE 23, 1998 Date Surveyed Signature &amp; Seal of Professional Surveyor JLP W.O. Num. 98-190940 Certificate No. RONALD EIDSON, 3239 GARY S. EIDSON, 12841 MASON McDONALD, 12185</div>

APPLICATION FOR DRILLING  
READ & STEVENS, INC.  
Pearl 33 Federal, Well No: 2  
990' FSL & 990' FEL, Sec 33-T19S-R34E  
Lea County, New Mexico  
Lease No.: NM-94622  
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Read & Stevens, Inc. submits the following items of pertinent information in accordance with BLM requirements:

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

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

Rustler	1,500'	Queen	3,600'
Top of Salt	1,720'	Delaware	5,540'
Base of Salt	3,180'	Bone Spring	8,180'
Yates	3,406'	T.D.	10,400'

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

Water: Surface water in the Triassic between 80' - 230'.

Oil: Possible in the Delaware below 5540' and Bone Spring below 8,180'.

Gas: None expected.

4. Proposed Casing Program: See Form 3160-3.

5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".

6. Mud Program: See Form 3160-3.

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None unless warranted.

Logging: T.D. to 4250':

4250' to surface:

Coring: None planned.

G/R, CNL-FDC, DLL, MSFL

G/R, neutron

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated BHP = 4160 psi (evac. hole) with temperature of 165°.

10. H<sub>2</sub>S: None expected. None in previously drilled wells, but a Drilling Operations Plan, Exhibit "F", is being submitted to cover this contingency.

11. Anticipated starting date: August 1, 1998.

Anticipated completion of drilling operations: Approx. 3 weeks.

## **MULTI POINT SURFACE USE AND OPERATIONS PLAN**

**READ & STEVENS, INC.**  
Pearl 33 Federal, Well No. 2  
990' FSL & 990' FEL, Sec. 33-T19S-R34E  
Lea County, New Mexico  
Lease No.: NM-94622  
(Development 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 environmental effects associated with the operations.

### **1. EXISTING ROADS:**

- A. Exhibit "A" is a portion of a USGS/BLM Topo map showing the location of the proposed well as staked. The well site location is approximately 50 road miles northeast of Carlsbad, New Mexico or 30 road miles southwest of Hobbs, NM. Traveling east from Carlsbad there will be approximately 48 miles of paved highway and .3 miles of gravel ranch/oilfield road.
- B. Directions: Travel east from Carlsbad, NM on U.S. Highway 62/180 for approximately 42 miles; turn south .3 mile east of MM 78 at a cattle guard with a steel unlocked gate. Continue south for .2 mile to the start of the proposed access road on the east (left) The proposed access road will run northeast for approximately 1100 feet to the southwest corner of the proposed location..

### **2. PLANNED ACCESS ROAD:**

- A. Length and Width: The proposed of access road will be constructed to a width of 12 feet and will be approximately 1100 feet in length. The proposed access road is color coded red on Exhibit "A".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche and will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: Will require filling and compacting of 2 to 4 foot deflation basins and sand dunes.
- F. Gates, Cattle guards: None required.
- G. Off Lease R/W: None required on proposed or existing access roads.

### **3. LOCATION OF EXISTING WELLS:**

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

**4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;**

- A. There are oil production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas production-process equipment will be installed on the drilling pad. A 2" SDR poly pipe surface flow line will run parallel to the proposed and existing access road to the Pearl 33 Fed., Well No. 1 tank battery, 480' FSL & 2310' FWL, Sec. 33-T19S-R34E.

**5. LOCATION AND TYPE OF WATER SUPPLY:**

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing access roads.

**6. SOURCE OF CONSTRUCTION MATERIALS:**

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from an approved Federal pit in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 26-T19S-R34E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

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

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock and wildlife from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- 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 contained in trash bins to prevent scattering and will be removed for deposit in an approved sanitary land fill within 30 days after finishing of drilling and/or completion operations.

**8. ANCILLARY FACILITIES:**

- A. None required.

**9. WELL SITE LAYOUT:**

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged, 400' X 400'.
- B. Mat Size: 245' X 180', plus 100' X 75' reserve pits. The pits will be on the north.
- C. Cut & Fill: There will be a 1 foot cut on the north with fill to the south.
- D. The surface will be topped with compacted caliche and the reserve pits will 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 needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to work after abandonment.

**11. OTHER INFORMATION:**

- A. Topography: The proposed well site and access road is located in an area of sand dunes and deflation basins which is part of the Querecho Plains. The location has a southwesterly slope of .7% from an elevation of 3664' with an undulating surface of 2' to 4' sand dunes and basins.
- B. Soil: The topsoil at the well site is a light yellowish-brown fine sand of the Pyote and Dune Land Series.
- C. Flora and Fauna: The vegetation cover is a fair grass cover of three-awn, sand and spike dropseed, grama, bristle grass, blue stem and other miscellaneous native grasses along with plants of mesquite, yucca, shinnery oak brush, sage, sunflowers, broomweed, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in area.
- E. Residences and Other Structures: There is a ATT buried cable 500' feet north of the location and oil production facilities in the vicinity.
- F. Land Use: Cattle grazing.

**11. OTHER INFORMATION; cont.....**

- G.. Surface Ownership: The proposed well site and access road are on Federal surface.
- H. There is no evidence of archaeological, historical or cultural sites on the proposed 400' X 400 site and access road. An archaeological survey has been conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, and their report will be submitted to the appropriate government agencies.

**12. OPERATOR'S REPRESENTATIVE:**

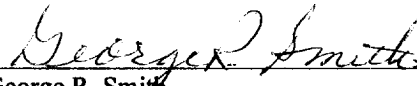
- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

John Maxey  
Read & Stevens, Inc.  
P.O. Box 1518  
Roswell, NM 88202  
Roswell Office Phone: (505) 622-3770

**13. CERTIFICATION:**

I hereby certify that I have inspected the proposed drill site 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. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

July 10 1998

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

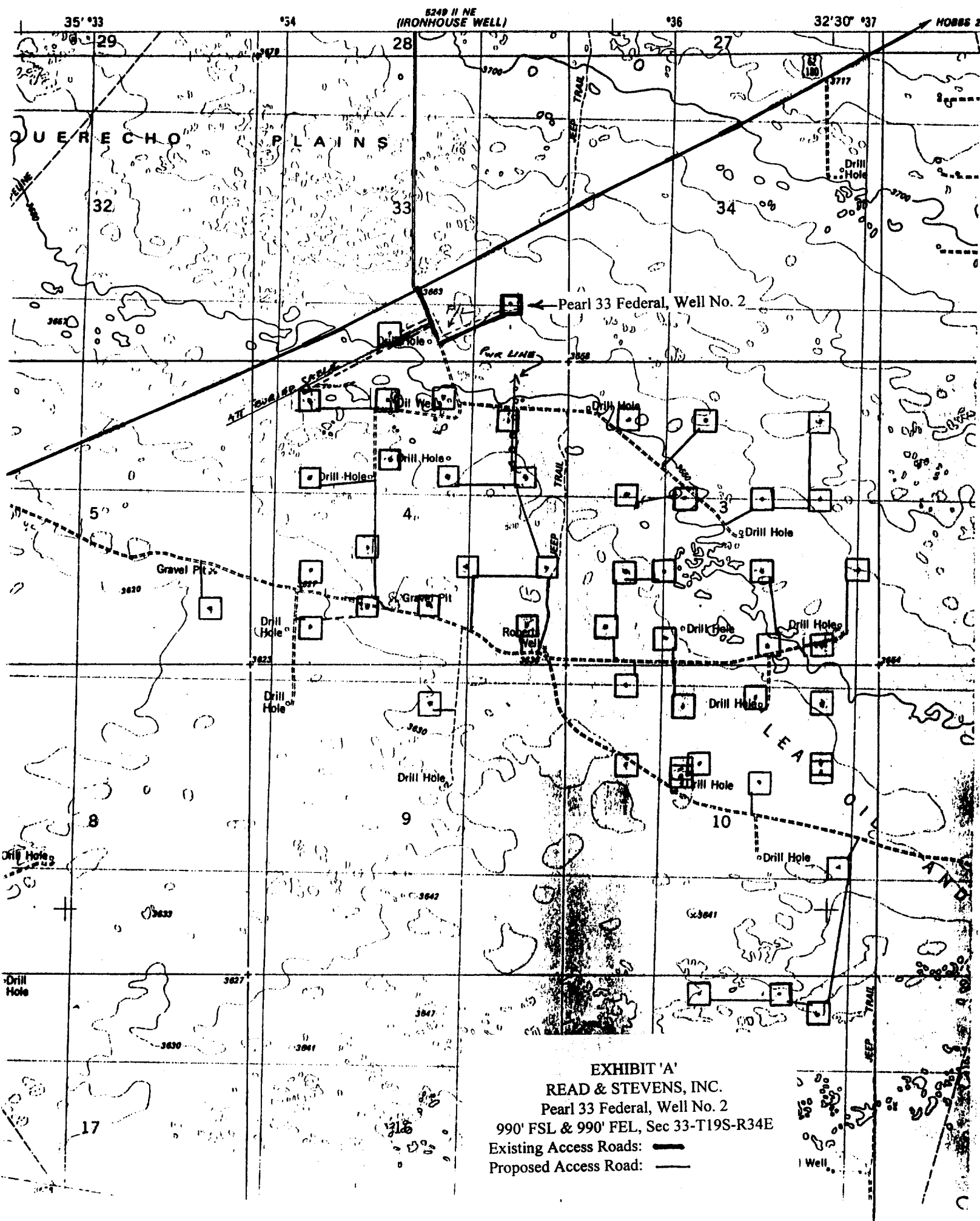




EXHIBIT "C"  
READ & STEVENS, INC.  
Pearl 33 Federal, Well No. 2  
990' FSL & 990' FEL, Sec 33-T19S-R34E  
Existing Wells

W E K R<sub>19</sub> #1

7/20/89

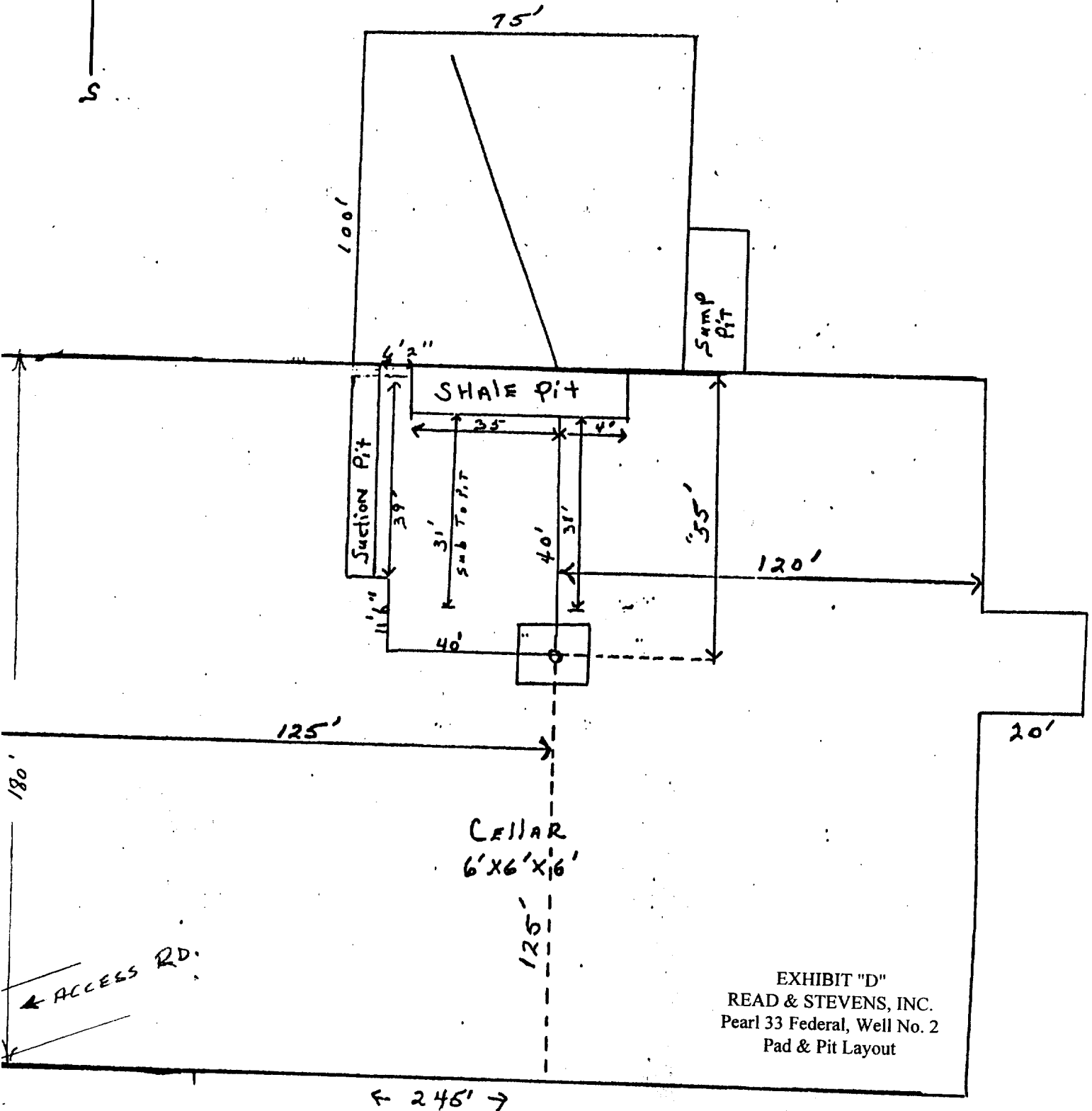
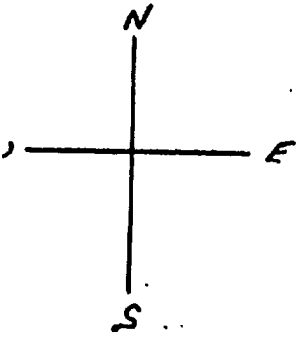


EXHIBIT "D"  
READ & STEVENS, INC.  
Pearl 33 Federal, Well No. 2  
Pad & Pit Layout



KEN REYNOLDS—PRESIDENT  
ARNIE NEWKIRK—VICE-PRESIDENT

DRILLING CO., INC. — OIL WELL DRILLING CONTRACTORS

P. O. BOX 1498 ROSWELL, NEW MEXICO 88202-1498  
505/623-8070 505/746-2719  
ROSWELL, NM ARTESIA, NM

RIG #1

BLOWOUT PREVENTOR ARRANGEMENT

11" SHAFFER TYPE LWS, 5000 psi WP  
11" GK HYDRIL, 5000 psi WP  
80 GALLON, 4 STATION PAYNE ACCUMULATOR  
3000 psi WP CHOKE MANIFOLD

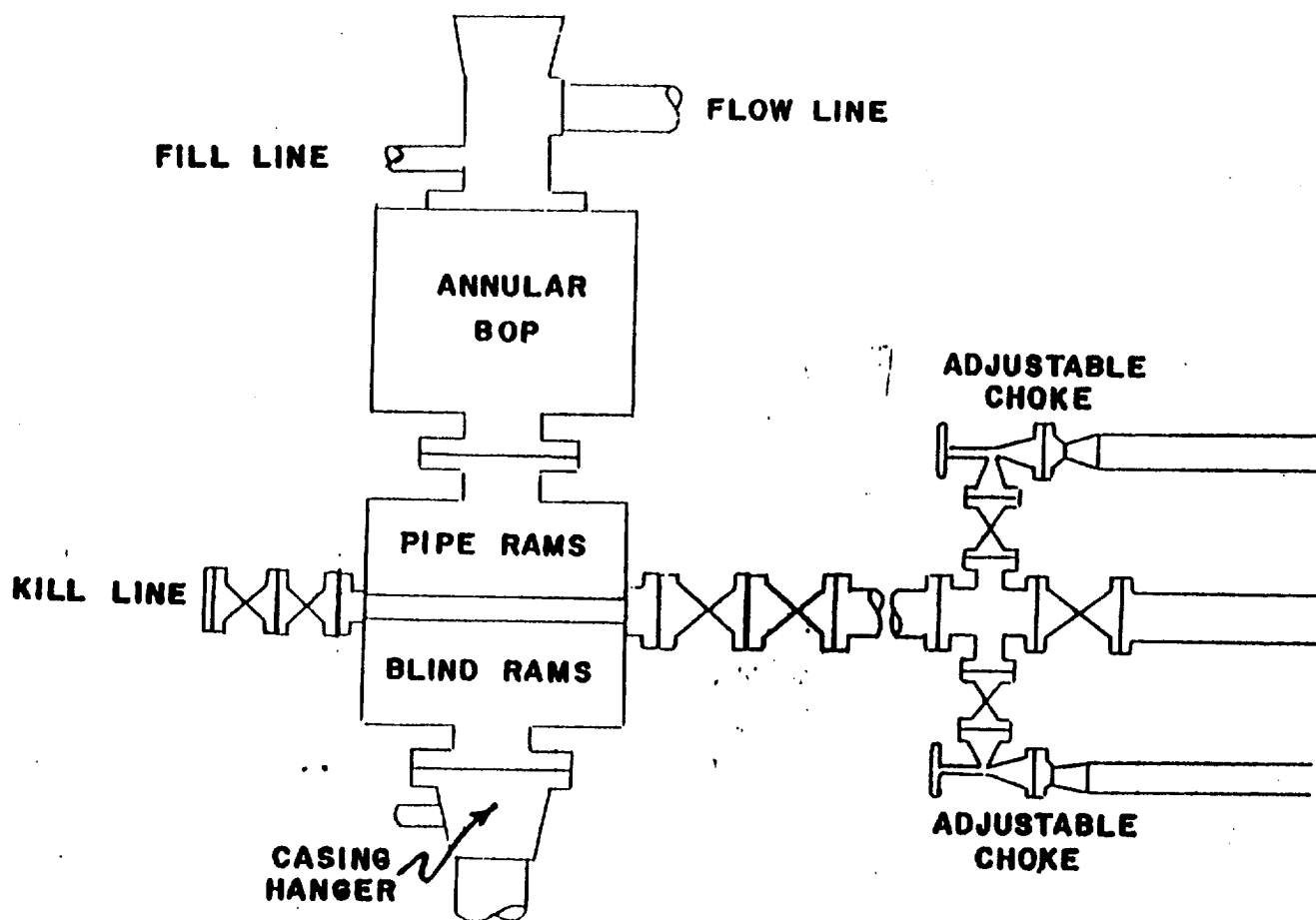


EXHIBIT "E"  
READ & STEVENS, INC.  
Pearl 33 Federal, Well No. 2  
BOP Specifications

## **EXHIBIT "F"**

### **READ & STEVENS, INC.**

### **H<sub>2</sub>S DRILLING OPERATIONS PLAN**

For:

Pearl 33 Federal, Well No. 2  
990' FSL & 990' FEL, Sec. 33-T19-R34E

#### **I. HYDROGEN SULFIDE TRAINING**

All key personnel whether regularly assigned, contracted or employed on an unscheduled basis will receive or represent that they have received training in accordance with the general training requirements outlined in the API RP49 for safe drilling of wells containing hydrogen sulfide, Section 2.

In addition, supervisory personnel will be trained in the following areas:

1. The corrective action and shut-in procedures when drilling or reworking a well, and blowout prevention in well control procedures.
2. The contents and requirements of the H<sub>2</sub>S drilling operations plan.

#### **II. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS**

Note: All H<sub>2</sub>S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500' above the first zone containing or reasonably expected to contain 100 ppm or more hydrogen sulfide.

1. Well Control Equipment:
  - a. Flare line with a continuous pilot.
  - b. Choke manifold with a minimum of one choke.
  - c. Blind rams and pipe rams to accommodate all drill pipe sizes with a properly sized closing unit.
  - d. Auxiliary equipment to include an annular preventer and a rotating head.
2. Protective Equipment:
  - a. Proper protective breathing apparatus shall be readily accessible to all essential personnel on the drill site
3. H<sub>2</sub>S and Monitoring Equipment:
  - a. Three portable H<sub>2</sub>S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens.
4. Visual Warning Systems:
  - a. Wind direction indicators as shown on well site diagram.
  - b. Caution/Danger signs shall be posted on roads providing direct access to location.

5. Mud Program:

- a. The mud program has been designed to minimize the volume of  $H_2S$  circulated to the surface. Proper mud weight and safe drilling practices will minimize hazards when penetrating  $H_2S$  bearing zones.

6. Communications:

- a. Radio communications are available in company vehicles and at the rig site.
- b. Land line "telephone" communications at field office.

7. Well Testing:

- a. Drillstem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. When drillstem testing intervals known to or reasonably expected to contain 100 ppm or more  $H_2S$ , the drillstem test will be conducted during daylight hours and formation fluids will not be flowed to the surface.