

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

5. LEASE DESIGNATION AND SERIAL NO.

NM-56264

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

North Lea Federal

9. WELL NO.

4

10. FIELD AND POOL, OR WILDCAT

Wildcat

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA

Sec. 10-R20S-T34E

12. COUNTY OR PARISH

Lea

13. STATE

New Mexico

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☐

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Read & Stevens, Inc.

3a. Area Code & Phone No.

505/622-3770

3. ADDRESS OF OPERATOR

P. O. Box 1518

Roswell, NM 88202

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

At surface

330' FNL & 990' FWL

At proposed prod. zone

Same

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

33 miles southwest 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

480

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.

1839'

19. PROPOSED DEPTH

6600'

20. ROTARY OR CABLE TOOLS

Rotary

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

3634' GL

Secretary's Potash

22. APPROX. DATE WORK WILL START*

August 5, 1991

23.

PROPOSED CASING AND CEMENTING PROGRAM

Capitan Controlled Water Basin

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.6#	J-55	STC	6600'	Circ 950 sx C
* 7 7/8"	5 1/2"	15.5#	J-55	STC	6600'	* Tieback 200sx H + 1000sx HL SEE STIP.

Mud Program:

0' - 1600': Fresh water spud mud:
1600' - 5400': Brine mud:
5400' - 6600': Brine mud:

Mud Wt.
8.4 ppg
10 ppg
10 ppg

Vis.
28-32
28-32
28-32

W/L Control
No W/L cont.
No W/L cont.
W/L cont. 15cc

BOP Program:

A 10" 3000 psi wp Shaffer Series 900 BOP will be installed on the 11 3/4" casing. Casing and BOP will be tested before drilling out with 7 7/8". BOP will be used as a 2000 psi wp system and will be tested daily. See exhibit "E".

* If drilling conditions dictate: will ream out to 11" for 8 5/8" (24 & 32#) casing. Will run with Two Stage DV tool cementing: Stage 1: 200 sx HL + 200 sx "C" Stage 2: 625 sx HL + 200 sx "C" to tie back 1400' in 13" THE SURFACE.
~~To be verified by a temperature survey log and~~ witnessed by BLM representative.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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

George J. Smith

Agent for:

TITLE Read & Stevens, Inc.

DATE July 12, 1991

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Orig. Approved by *George J. Smith*

Agent for *Read & Stevens, Inc.*

APPROVED BY

TITLE

DATE

8-12-91

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO

GENERAL REQUIREMENTS AND

SPECIAL STIPULATIONS

*See Instructions On Reverse Side

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Encl Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

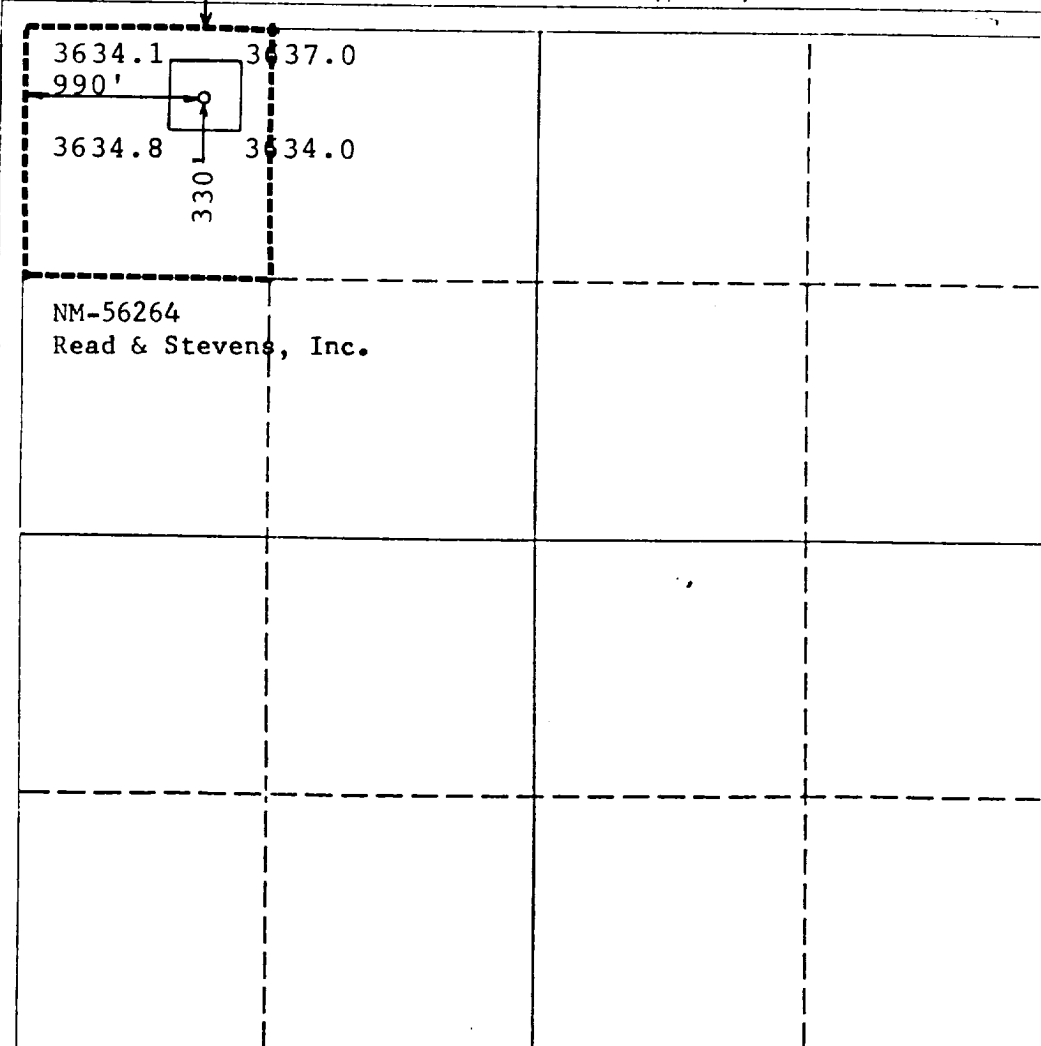
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Read & Stevens, Inc.			Lease North Lea Federal		Well No. 4
Unit Letter D	Section 10	Township 20 South	Range 34 East	County Lea	
Actual Footage Location of Well: 330 feet from the North line and 990 feet from the West line					
Ground level Elev. 3634	Producing Formation Delaware	Pool Undesignated		Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

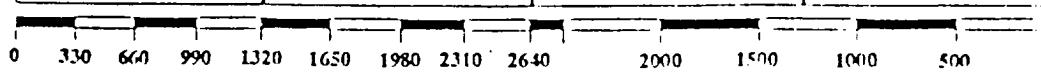
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
George R. Smith
Printed Name
George R. Smith
Position
Agent for:
Company
Read & Stevens, Inc.
Date
July 12, 1991

SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed
June 20, 1991
Signature & Seal of
Professional Surveyor
P.R. Patton
Certificate No. **8112**



APPLICATION FOR DRILLING

READ & STEVENS, INC.
North Lea Federal, Well No. 4
330' FNL & 990' FWL, Sec. 10-T20S-R34E
Lea County, New Mexico
Lease No.: NM-56264
(Exploratory 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	1550'	Seven Rivers	3850'
Top of Salt	1770'	Delaware	5600'
Base of Salt	3150'	T.D.	6600'
Yates	3395'		
Queen	3670'		

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 5600'

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 surface casing: G/R, CNL-FDC, DLL, MLL

Coring: None planned.
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.
10. Anticipated starting date: August 5, 1991.
Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

READ & STEVENS, INC.
North Lea Federal, Well No. 4
330' FNL & 990' FWL, Sec. 10-T20S-R34E
Lea County, New Mexico
(Exploratory 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 45 road miles northeast of Carlsbad, New Mexico or 34 road miles southwest of Hobbs, NM. Traveling east from Carlsbad there will be approximately 48 miles of paved highway and 3.3 miles of gravel ranch/oilfield roads.
- B. Directions: Travel east from Carlsbad, NM on U.S. Highway 62/180 for approximately 45 miles, turn south onto the paved Marathon road. Continue south for 3.1 miles, then turn west at the Read & Stevens, Inc. sign onto a caliche oilfield road. Follow road west .8 mile; .3 mile south; .6 mile northwest to the turnoff to the North Lea Fed. #3. Turn north (right) .7 mile (.4 mile past North Lea Fed. #3); then .5 mile west to the start of the proposed access road on the south. The proposed access road will be approximately 500' long running south to the southeast corner of the proposed drill site.

2. PLANNED ACCESS ROAD;

- A. Length and Width: The proposed access will be constructed to a width of 12 feet and will be approximately 500 feet in length. The proposed access road is flagged and is color coded red on Exhibit "B".
- 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.
- E. Cuts and Fills: None, except to level 1 to 3 foot sand dunes.
- F. Gates, Cattleguards: None required.
- G. Off Lease R/W: There is an existing off lease R/W No. NM-70565 that has been amended to cover all existing off lease roads on Federal surface back to the Marathon road. See Exhibit "B".

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 gas production facilities on the lease at this time at the North Lea Fed. #1, 2, & 3 well sites, in Sec. 10-T20S-R34E.
- B. If the well proves to be commercial, the necessary production facilities and tank battery will be installed on the drilling pad.

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 NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 8-T20S-R34E. The topsoil from the location will be stockpiled near the location for future rehabilitation use. No surface materials will be disturbed except 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 and screened with normal fencing and screening 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 buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.
- H. All trash and debris will be buried or removed from the well site within 30 days after finishing 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: 250' X 150', plus 85' X 75' reserve pits and 20' X 40' stinger, and will be located with the pits to the northeast so they will miss the Read & Stevens, Inc. gas pipeline that is presently inactive.
- C. Cut & Fill: There will be some leveling and filling of 2-4 foot sand dunes and adjacent deflation basins.
- 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 and screened until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management or the surface owner will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road is located in an area of level to undulating terrain of 2-4 foot sand dunes and deflation basins which is part of the Querecho Plains. The location has a very slight southwesterly slope of .5% from an elevation of 3635.6'.
- B. Soil: The topsoil at the well site is a light brown fine to course loamy sand of the Kermit Soils Series, with considerable gypsum content and some areas underlain with caliche.
- C. Flora and Fauna: The vegetation cover is a poor grass cover of three-awn, sand and spike dropseed, grama and other miscellaneous native grasses along with plants of mesquite, yucca, shinnery oak brush, sage, 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: None in the immediate area, except oil production facilities.
- F. Land Use: Cattle grazing.

11. OTHER INFORMATION; cont.....

- G. Surface Ownership: The proposed well site and access road is on Federal surface and minerals.
- H. There is no evidence of any archaeological, historical or cultural sites in the area. An archaeological survey has been conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, and their report has been 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:

Carl Little
Read & Stevens, Inc.
4129 N. Grimes
Hobbs, NM 88240
Office Phone: (505) 623-1996
Home Phone: (505) 392-8777

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 12, 1991



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

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U.S. DEPT. OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

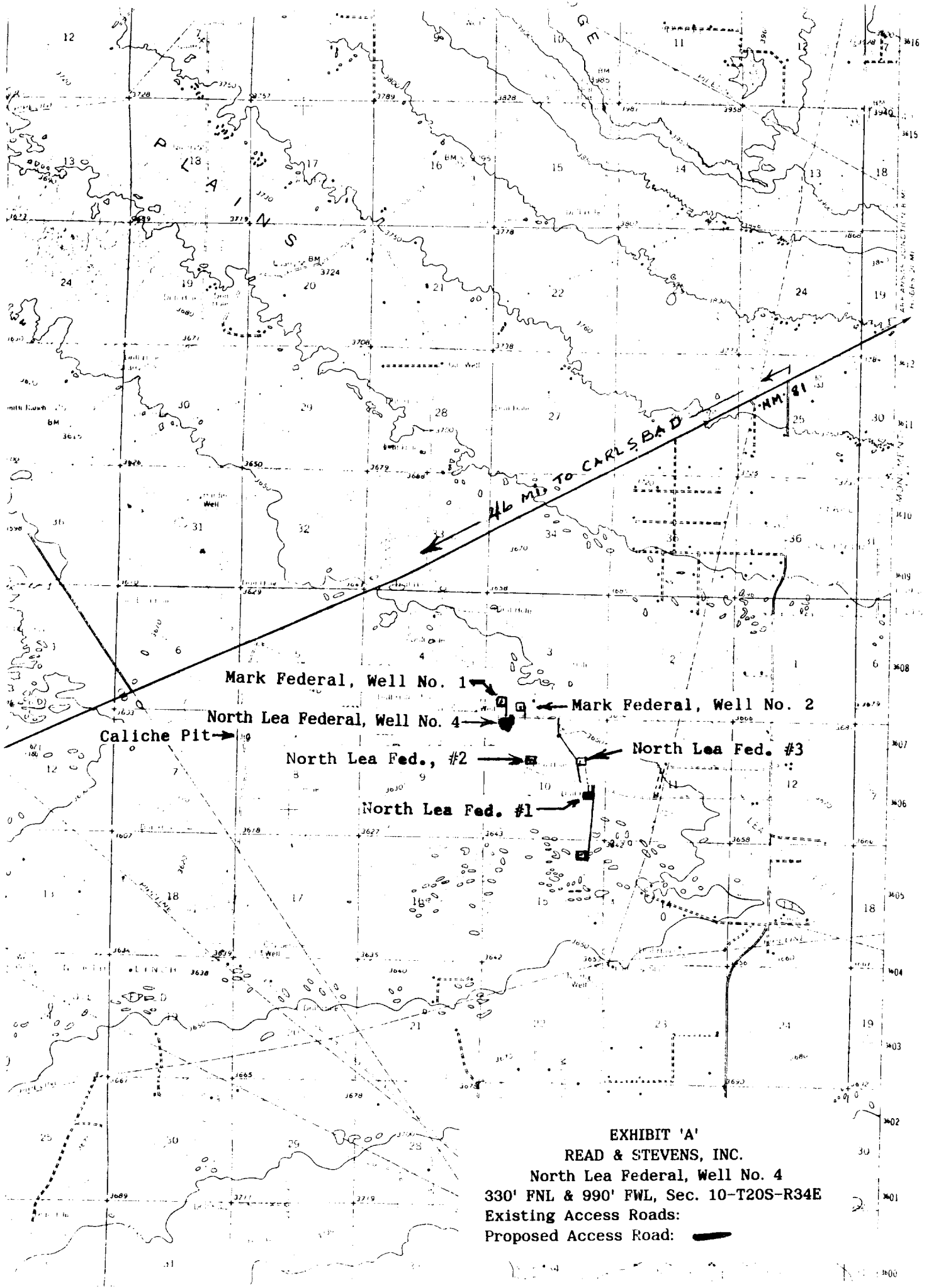
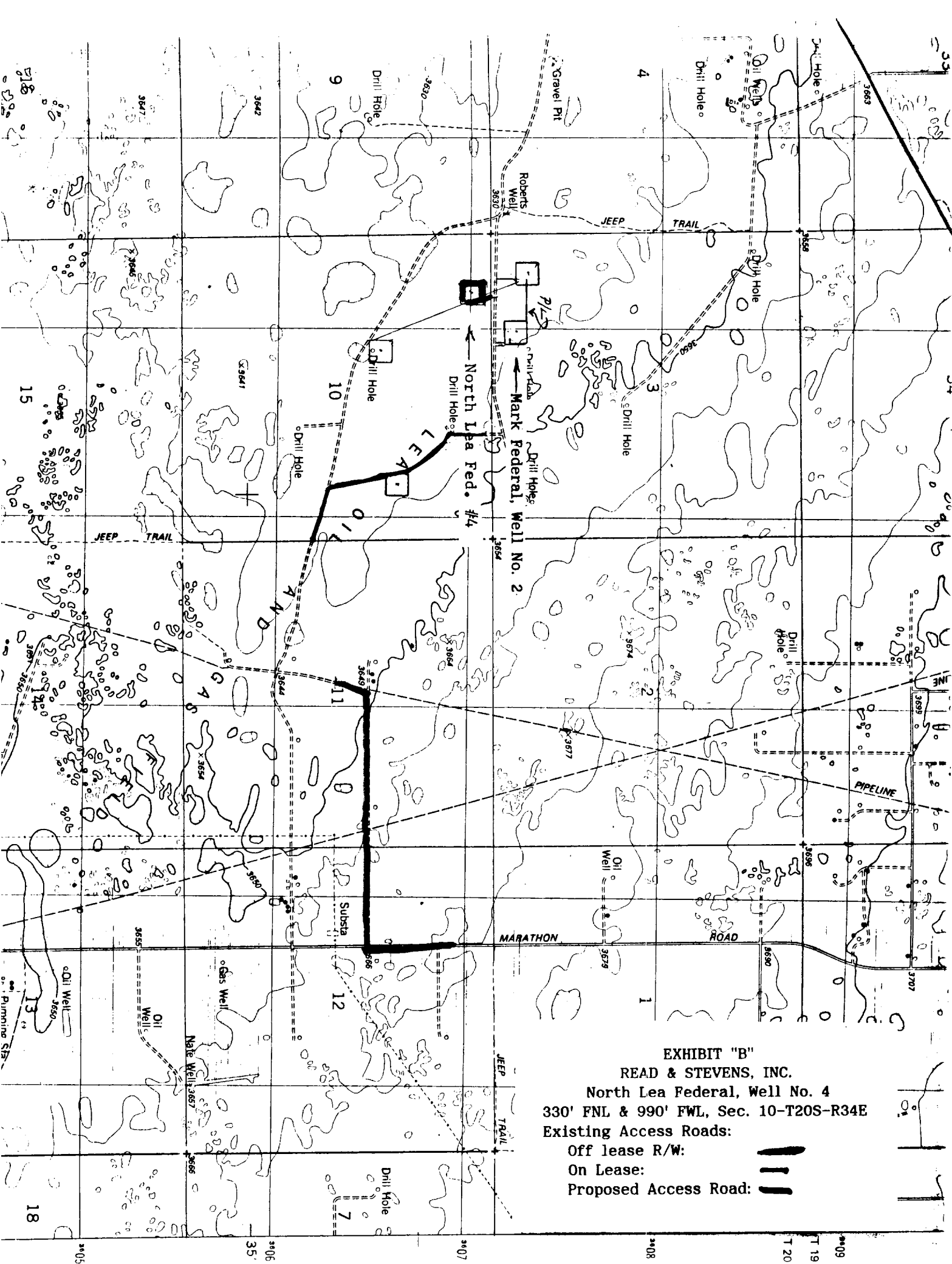


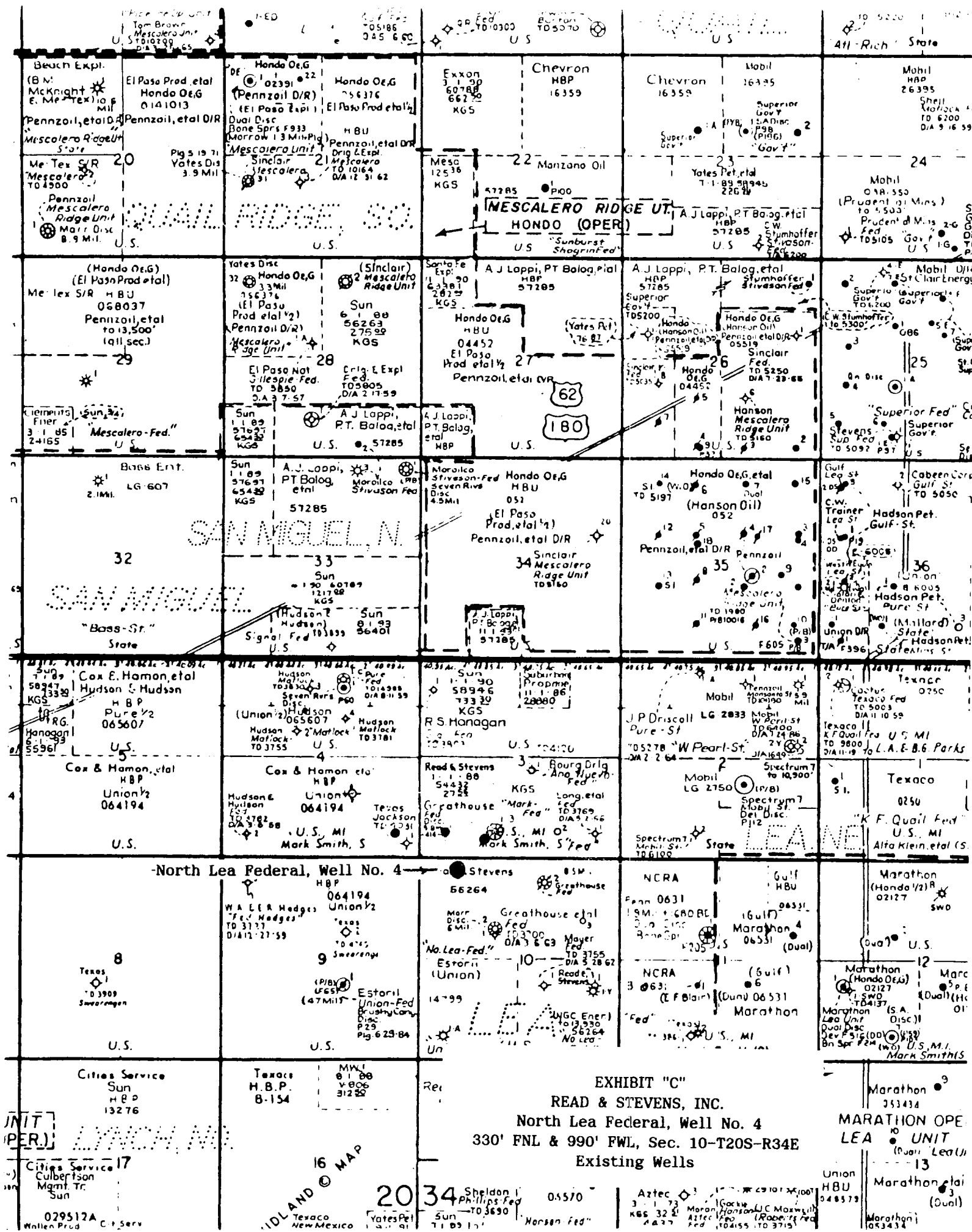
EXHIBIT 'A'
 READ & STEVENS, INC.
 North Lea Federal, Well No. 4
 330' FNL & 990' FWL, Sec. 10-T20S-R34E
 Existing Access Roads:
 Proposed Access Road:



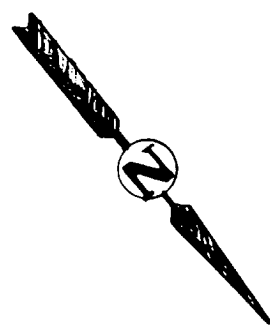
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COM
HOBBS OFFICE



STINGER



BURN PIT

CELLAR TO BE 5'x5'x5'
IF REQUIRED

SUCTION PIT

DIVIDER
1' HIGH
ABOVE GROUND

WALLS 5' HIGH
FLOOR GROUND LEVEL

RESERVE
PITS

SHALE
PIT

12' OFFSET

Access
Road

EXHIBIT "D"
READ & STEVENS, INC.
North Lea Federal, Well No. 4
Pad & Pit Layout

PLOT LAYOUT RIG 3
WEEK DRILLING
8-29-89



KEN REYNOLDS—PRESIDENT
ARNIE NEWKIRK—VICE-PRESIDENT

DRILLING CO., INC. — OIL WELL DRILLING CONTRACTORS

P. O. Box 1498 ROSWELL, NEW MEXICO 88202-1498
505/623-5070
ROSWELL, NM

505/746-2719
ARTESIA, NM

RIG #3

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

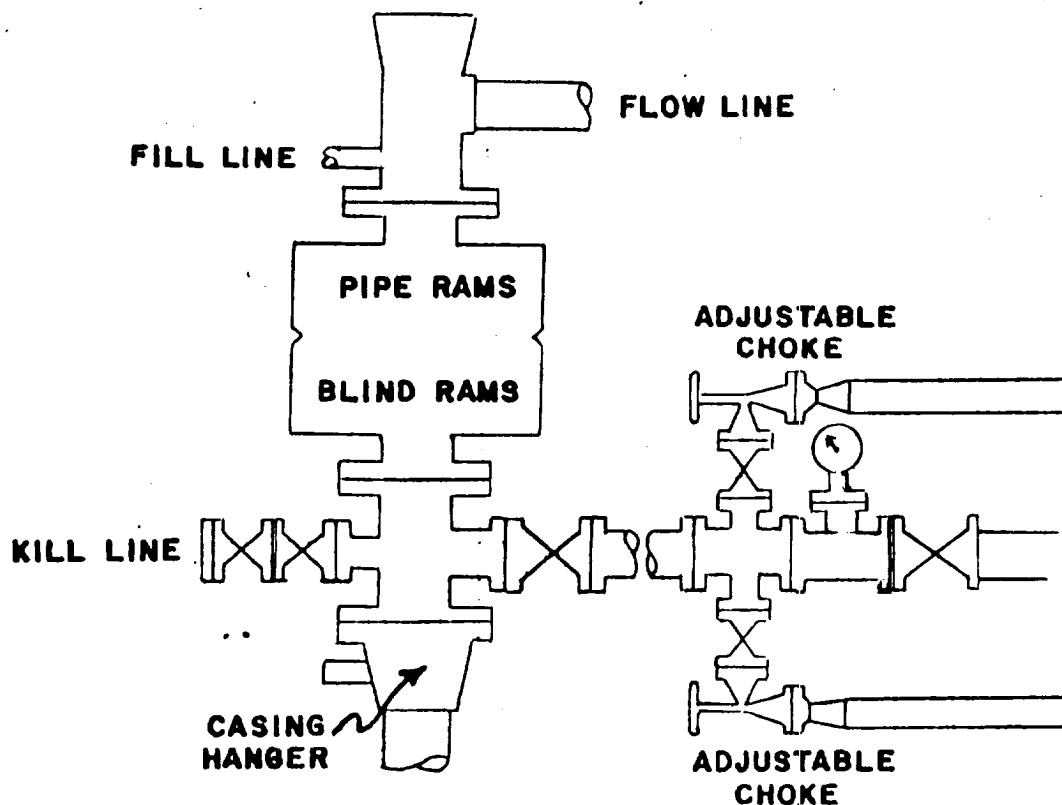


EXHIBIT "E"
READ & STEVENS, INC.
North Lea Federal, Well No. 4
BOP Specifications

12-1-71
11-2-71
10-3-71
9-4-71
8-5-71
7-6-71
6-7-71
5-8-71
4-9-71
3-10-71
2-11-71
1-12-71

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