Form 3160-3
(July 1989)
(formerly 9-331C)

CONTACT RECEIVING OFFICE FOR NUMBER OF COPIES REQUIRED

(Other instructions on reverse side)

30-025-31413

BLM Roswell District
Modified Form No.
NM060-3160-2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [X] 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: 660' FNL & 1980' FWL
At proposed prod. zone: Same

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.: 6

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

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): 660'

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.: 1044'

19. PROPOSED DEPTH: 6600'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3637' Secretary's Potash

22. APPROX. DATE WORK WILL START*: November 1, 1991

23. PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	47#	J-55	STC	1600'	Circ 950 sx C
* 7 7/8"	5 1/2"	15.5#	J-55	STC	6600'	Tieback 200sx H + 1000sx HL

WITNESS

SEE STIPS.

Mud Program:

		Mud Wt.	Vis.	W/L Control
0' - 1600':	Fresh water spud mud:	8.4 ppg	28-32	No W/L cont.
1600' - 5400':	Brine mud:	10 ppg	28-32	No W/L cont.
5400' - 6600':	Brine mud:	10 ppg	28-32	W/L cont. 15cc

BOP Program:

A 10" 3000 psi wp Shaffer Series 900 BOP will be installed on the 13 3/8" 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 35-4500' 8 5/8" (24 & 32#) casing, and run Two Stage DV tool cementing: Stage 1: 200 sx HL + 200 sx "C"
Stage 2: 625 sx HL + 300 sx "C" to circulate

To be witnessed by BLM representive.

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 Dwight Smith TITLE Agent for: Read & Stevens, Inc DATE Sept. 16, 1991

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 10-10-91

CONDITIONS OF APPROVAL, IF ANY:
APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

*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.

ubmit to Appropriate
District Office
tate Lease - 4 copies
ee Lease - 3 copies

DISTRICT I
O. Box 1980, Hobbs, NM 88240

DISTRICT II
O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
E gy, Minerals and Natural Resources Departme

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
Read & Stevens, Inc.	North Lea Federal	6

Unit Letter	Section	Township	Range	County
C	10	20 South	34 East NMPM	Lea

Actual Footage Location of Well:
660 feet from the North line and 1980 feet from the West line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
3640	Delaware	~~Undesignated~~ Wildcat	40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

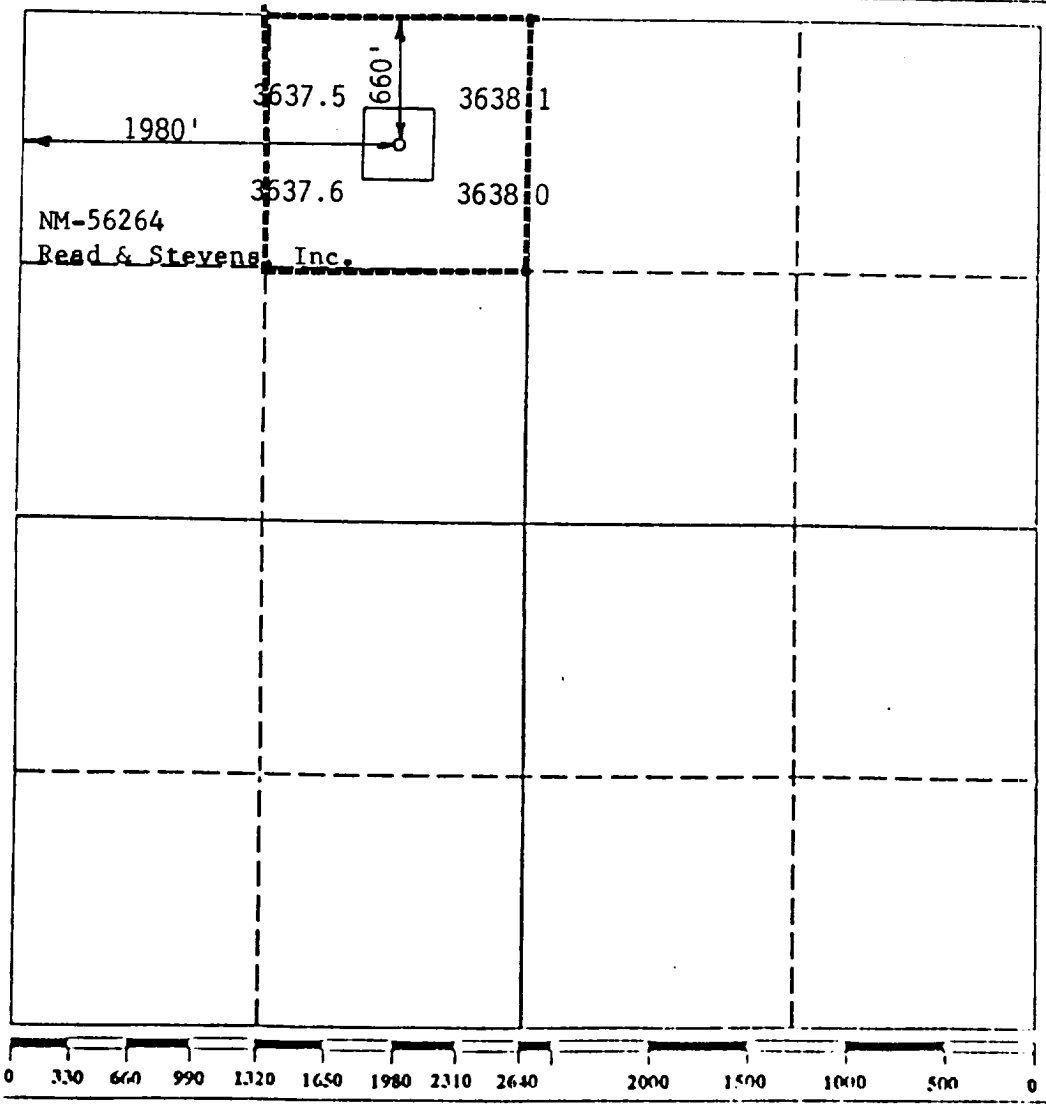
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, 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 communitization, 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 in true and complete to the best of my knowledge and belief.

Signature

Printed Name
George R. Smith

Position
Agent for:

Company
Read & Stevens, Inc.

Date
Sept. 22, 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 supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
September 12, 1991

Signature & Seal of Professional Surveyor
J. P. R. Patton

8112

REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No.
8112

APPLICATION FOR DRILLING

READ & STEVENS, INC.
North Lea Federal, Well No. 6
660' FNL & 1980' 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	1570'	Seven Rivers	3870'
Top of Salt	1720'	Delaware	5620'
Base of Salt	3170'	T.D.	6600'
Yates	3415'		
Queen	3690'		

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 5620'

   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:

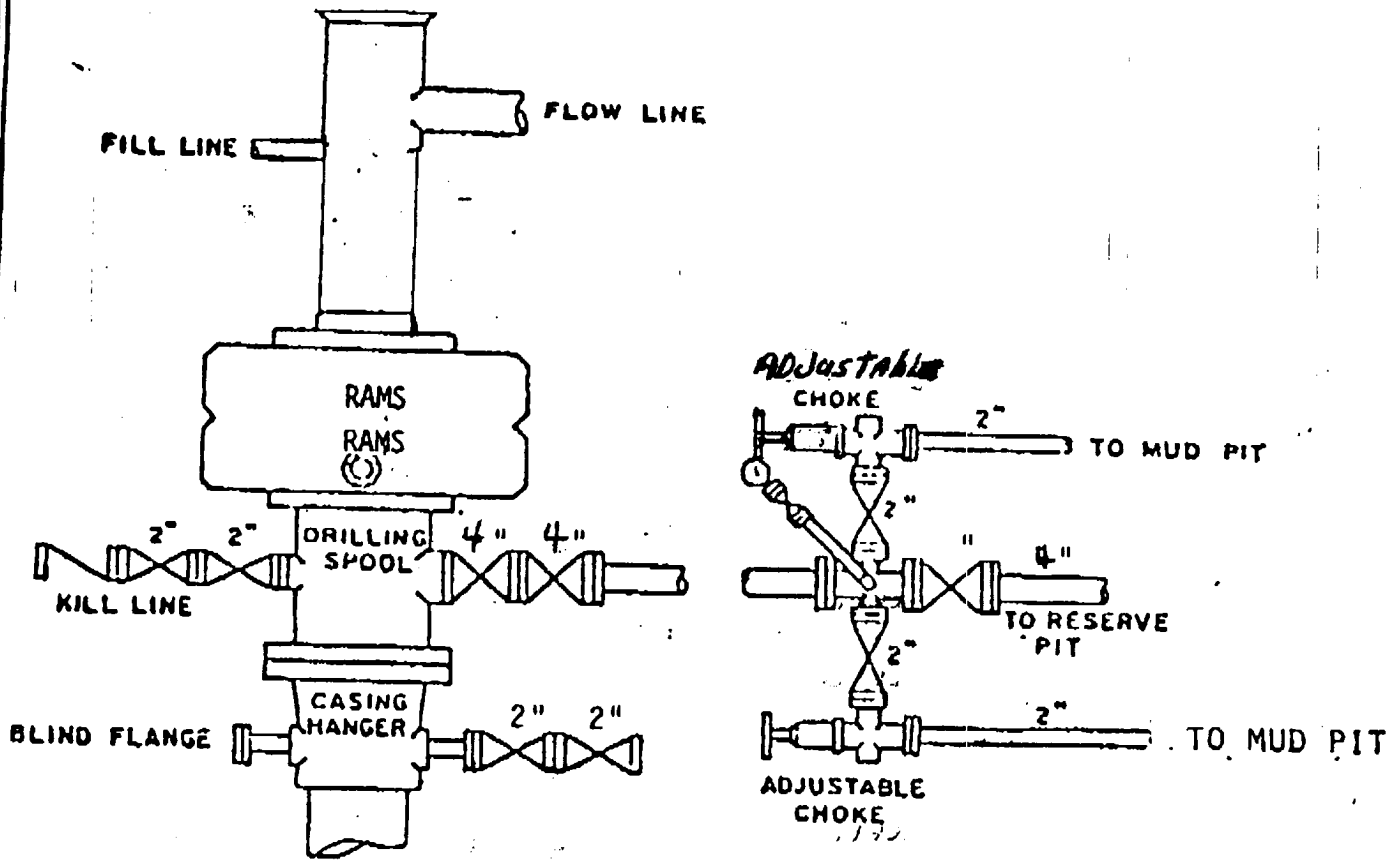
   Drill Stem Tests: None unless warranted.

   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: November 1, 1991.
    Anticipated completion of drilling operations: Approx. 3 weeks.



BOP STACK

3000 PSI WORKING PRESSURE

Will be used as a 2,000 psi wp system

EXHIBIT "E"
READ & STEVENS, INC.
North Lea Federal, Well No. 6
BOP Specifications

RIG # 4
JSM Drilling Co.
BOP ARRANGEMENT

[redacted]

[redacted]

Recd 12-16-91