

OPER. OGRID NO. 18912
PROPERTY NO. 16391
POOL CODE 32584
EFF. DATE 5/24/95
API NO. 30-025-32971

UNITED STATES
DEPARTMENT OF
BUREAU OF LAND

APPLICATION FOR PERMIT

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☐

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Read & 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' FNL & 660' FEL

At proposed prod. zone

Same

Unit A

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

30 miles SW of Hobbs, NM

10. 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

322.3

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.

990'

19. PROPOSED DEPTH

8,400'

20. ROTARY OR CABLE TOOLS

Rotary

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

3648' GL

Secretary's Potash

22. APPROX. DATE WORK WILL START*

June 15, 1995

23.

PROPOSED CASING AND CEMENTING PROGRAM

Capitan Controlled Water Basin

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" J-55	54.5#	1600'	Circ 1000 sx Lite + 200 "C"
11"	8 5/8" S-80	32.0#	5000'	Circ 1100 sx** see note
7 7/8"	5 1/2" N-80	17#	8400'	Tieback w/500 or 975 sx *

Mud Program:

0' - 1600': Fresh water native mud:
1600' - 5000': Brine mud:
5000' - 8400': Cut brine mud w/starch:

Mud Wt.

8.4 ppg
10 ppg
8.8 ppg

Vis.

32
28-32
32-40

W/L Control

No W/L control
No W/L control
W/L control 15cc

BOP Program:

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

* NOTE: If severe lost circulation is not encountered, hole will be reduced at 5000' to 7 7/8" and drill ahead WITHOUT setting the 8 5/8" casing.

** 8 5/8": Cement with DV tool in two stages starting at 3800':

1st stage: Lead 200 sx lite, tail in w/200 sx "C".

2nd stage: Lead 500 sx lite cement, tail w/200 sx "C". Cement to surface.

Approval Subject to
General Requirements and
Special Stipulations
Attached

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 George J. Smith

Agent for:
TITLE Read & Stevens, Inc.

March 27, 1995

DATE

(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:

APPROVED BY George J. Luce TITLE Assoc. STATE Director DATE 5-17-95

*See Instructions On Reverse Side

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1967-1968
C. J. F. HIGGS
OFFICE

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-32971	Pool Code 37584	Pool Name NE Lea Delaware
Property Code 16391	Property Name HUDSON FEDERAL	Well Number 2
OGRID No. 18917	Operator Name READ & STEVENS INC.	Elevation 3648

Surface Location

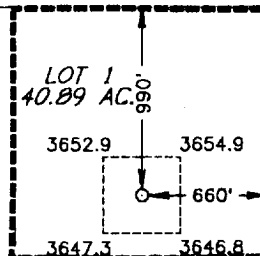
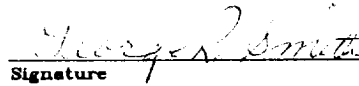
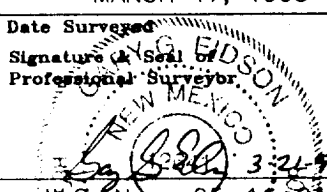
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	4	20 S	34 E		990	NORTH	660	EAST	LEA

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	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

LOT 4 40.21 AC.	LOT 3 40.44 AC.	LOT 2 40.66 AC.	LOT 1 40.89 AC. 	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature George R. Smith, agent Printed Name for: Read & Stevens, Inc. Title March 27, 1995 Date
		LC-065067 Edward R. Hudson Trust, etal		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 belief. MARCH 17, 1995 Date Surveyed Signature of Seal of Professional Surveyor  W.D. NUM. 95-1J-0417 Certificate No. JOHN W. WEST 676 RONALD J. EIDSON 3239 GARY EIDSON 12641

See Amended Plat

APPLICATION FOR DRILLING
READ & STEVENS, INC.
Hudson Federal, Well No. 2
990' FNL & 660' FEL, Sec. 4-T20S-R34E
Lea County, New Mexico
Lease No.: LC-065607
(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'	Bone Spring	8,200'
Top of Salt	1,720'	T.D.	8,400'
Base of Salt	3,100'		
Yates	3,350'		
Queen	3,620'		
Delaware	5,500'		

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 5500'.

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 5000':

G/R, CNL-FDC, DLL, MSFL

T.D. to surface:

G/R, neutron

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. Estimated BHP = 3300 psi (evac. hole) with temperature of 140°.

10. H₂S: 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: June 15, 1995.

Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

READ & STEVENS, INC.
Hudson Federal. Well No. 2
990' FNL & 660' FEL. Sec. 4-T20S-R34E
Lea County, New Mexico
Lease No.: LC-065607
(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 51 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 .6 mile 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 Read & Stevens, Inc. sign, crossing a cattle guard with a steel unlocked gate. Continue south for .4 mile, then turn east for .2 mile to the start of the access road on the right (south) that goes to the Hudson Fed., Well No. 1. The proposed location is approximately 250 feet southeast of this junction.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be constructed to a width of 12 feet and will be approximately 25 feet in length. The proposed access road 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 required.
- E. Cuts and Fills: Will require leveling of 3 to 5 foot sand dunes and deflation basins.
- F. Gates, Cattleguards: None required.
- G. Off Lease R/W: The existing off lease R/W No. NM-70565, as amended, covers the off lease portion of the existing access road on Federal surface in Section 33-T19S-R34E.

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 no 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 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 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 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: 200' X 300', plus 75' X 100' reserve pits.
- C. Cut & Fill: There will be a leveling of 3 to 5 foot sand dunes and 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 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 slight southwesterly slope of .5% from an elevation of 3641'.
- B. Soil: The topsoil at the well site is a light yellowish-brown fine of the Pyote soils and Dune land Series.
- C. Flora and Fauna: The vegetation cover is a poor grass cover of three-awn, sand and spike dropseed, bluestem, grama 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: 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 are on Federal surface.
- H. There is no visible evidence of archaeological, historical or cultural sites on the 400' X 400' area. An archaeological survey is being 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:

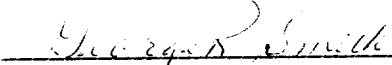
- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

Carl Little
Read & Stevens, Inc.
4810 Alabama
Hobbs, NM 88240
Office Phone: (505) 622-3770
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.

March 24, 1995



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

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1960
OFFICE



KEN REYNOLDS—PRESIDENT
ARNIE NEWKIRK—VICE-PRESIDENT

DRILLING CO., INC. — OIL WELL DRILLING CONTRACTORS

P. O. BOX 1498 ROSWELL, NEW MEXICO 88202-1498
505/623-6070 505/746-2718
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

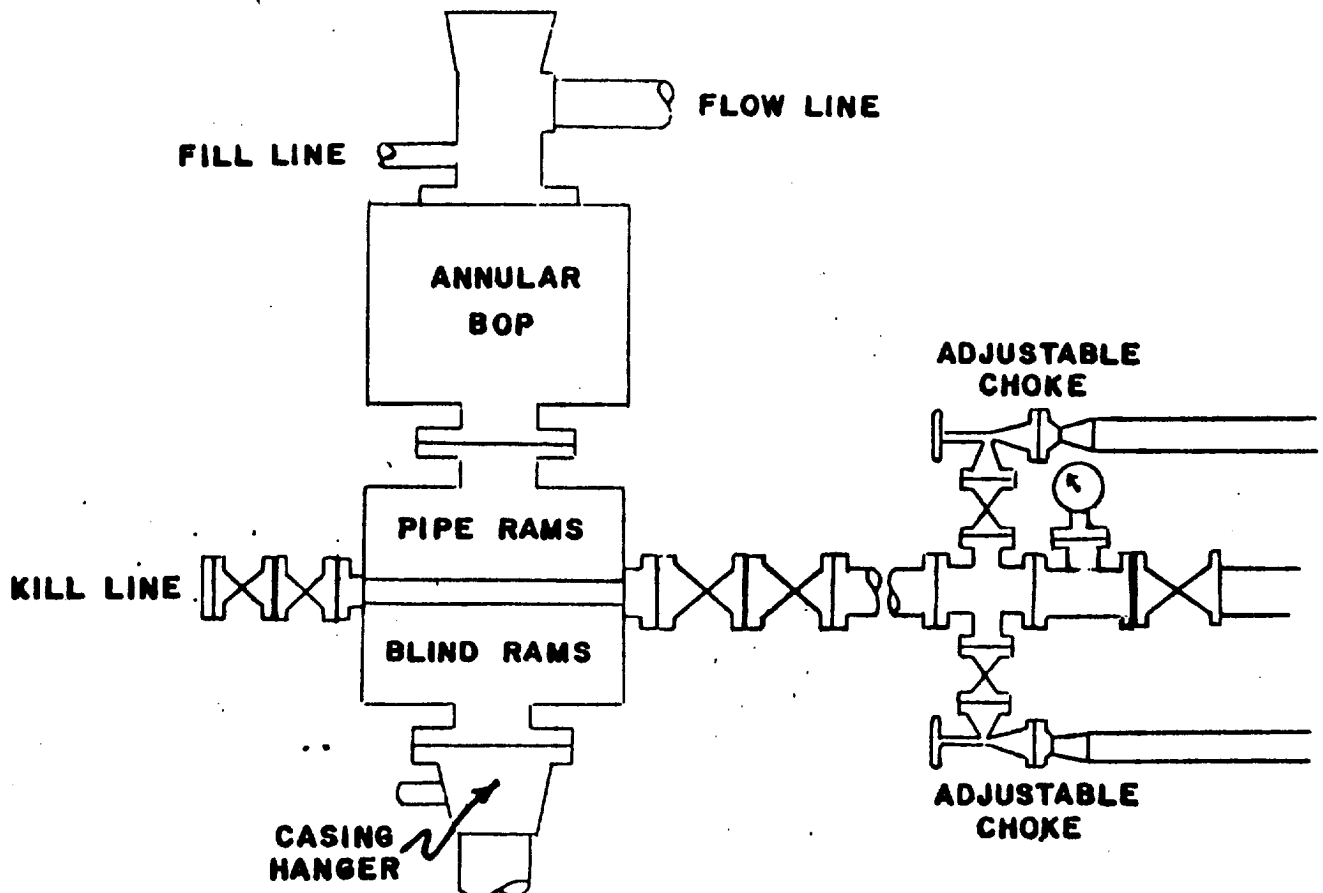


EXHIBIT "E"
READ & STEVENS, INC.
Hudson Federal, Well No. 2
BOP Specifications

12/19/96
12/19/96
12/19/96