Form 3160-3 (December 1990)		PROPERTY N EI (POOL CODE_ L/ EFF. DATE	3758	ATE on	 Form approved. Budget Bureau No. 10 Expires: December 33 5. LEASE DEBIGNATION AND BE L C - 064194 6. IF INDIAN, ALLOTTED OR TRI 	1, 1991 BIAL NO.
1a. TYPE OF WORK				<u>3374 <u>GC</u></u>	•	
D. TIPE OF WELL	DRILL 🛛	DEEPEN	IEB V IU	an ap	7. UNIT AGREEMENT NAME	
OIL WELL	GAS OTHER				8. FARM OR LEASE NAME, WELL NO.	
2. NAME OF OPERATOR					Truman Federal	L
Read & St 3. ADDRESS AND TREPHONEN	evens. Inc.		505/622-3770		9. API WELL NO.	
		Descusi	NM 00000		3 10. FIBLD, AND POOL, OR WILD	
P. O. BOX 4. LOCATION OF WELL	(Report location clearly and		NM 88202 State requirements.*)	NE Lea	
At surface	1980' FSL & 198	80' FWL			AND SURVEY OF AREA	aware
At proposed prod.	sone	· 1	. 11/		AND SURVEY OR AREA	
14 DISTANCE IN MILE	Same		<u>1.7 K</u>		Sec. 4-T20S-R3	
	SW of Hobbs, NI				12. COUNTY OR PARINE 18. C	
10. DISTANCE FROM PROLOCATION TO NEAR	OPUSED*		NO. OF ACRES IN LEAS		OF ACRES ASSIGNED	Mexico
PROPERTY OR LEAR		60'			HIS WELL 40	
18. DISTANCE FROM PE TO NEAREST WELL	BOFOSED LOCATION®	1	PROPOSED DEPTH		RY OR CABLE TOOLS	
OR APPLIED FOR, ON	THIS LEASE, FT.	683'	8,400'	Ro	tary	
21. BLEVATIONS (SHOW	whether Dr. R1, GR. ecc.)	3634' GL			22. APPROX. DATE WORK WIL May 1, 1996	L START"
23.	<u> </u>	PROPOSED CASING A	ND CEMENTING PRO	GRAM	ecretary's Potash	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	BETTING DEPTH		QUANTITY OF CEMENT	
17 1/2"	13 3/8"J-55	54.5#	1600'		1000 sx Lite =	200 "
11"	<u>8 5/8"S-80</u>	32.0#	5000'		1100 sx **See M	
7 778"	5 1/2"N-80	17.0#	8400'		ack w/500 or 975	
Mud Program:	1 1		Mud Wt.	Vis.	W/L Control	
	: Fresh water nativ		8.4 ppg	32	No W/L control	
1600' - 5000' 5000' - 8400'			10.0 ppg	28-32		
5000 - 8400	: Fresh water mud w	W/starch:	8.8 ppg	32-40	No W/L control	
3/8" casing. a 3000 psi wu * NOTE: If su drill ahead w ** 8 5/8": Ist stage	Casing and BOP will p system.	be tested befor on is not encou 8 5/8" casing. in two stages s tail in w/200 s	re drilling out ntered, hole wi starting at 380 sx "C".	with 11". 11 be reduc 0':	l, will installed on th BOP will be tested da bed at 5000' to 7 7/8" face.	aily as
					d new productive zone. If proposal i	s to drill or
deepen directionally, give p	ertinent data on subsurface location					
84. BIGNED <u>200</u>	i Equix for		gent for: ead & Steve	ens, Inc	February 7	', 1990
(This space for Fe	ederal or State office use)				APPROVAL SUBJECT	<u>10</u>
PERMIT NO.			APPROVAL DATE		GENERAL REQUIREME	
Application approval do CONDITIONS OF APPROV	es not warrant or certify that the appl	licant holds legal or equitable	title to those rights in the se	abject lease which w	vould entitie me applicant to contract of	S signs thereor
approved by 5/1-	RANK Splend	• AIM THE 17	CTN 57	ATE Dire	CTOL 3-28-96	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and sellfully 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.

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P.O. Box 1960, Hobbs, NM 66241-1980

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

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

DISTRICT IV P.O. BOX 2088, SANTA PE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

□ AMENDED REPORT

Pool Code **API** Number Pool Name NE LEG 37584 ろた-アスち・ろくらンは Quail Ridge Delaware **Property** Code **Property Name** Well Number 17316 TRUMAN FEDERAL 3 OGRID No. **Operator** Name Elevation 15917 READ & STEVENS, INC. 3634 Surface Location UL or lot No. Section Feet from the North/South line Township Range Lot Idn Feet from the East/West line County Κ 4 20 S 34 E 1980 SOUTH WEST 1980 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 LOT 3 LOT 2 LOT 1 **OPERATOR CERTIFICATION** I hereby pertify the the information ntained herein is true and complete to the best of my knowledge and belief. Lic-2 40.21 AC. 40.66 AC. 40.89 AC. 40.44 AC. Signature George R. Smith, agent for Printed Name Read & Stevens, Inc. Title February 7, 1996 Date SURVEYOR CERTIFICATION LC-064194 I hereby certify that the well location shown E. R. Hudson Trust, etal on this plat was plotted from field notes of 3638.8 _____3633.2 actual surveys made by me or under my supervison, and that the same is true and -1980 correct to the best of my belief. 3633.1 3631.3 JANUARY 25, 1996 Date Surveyed SJA Signature a) Seal of Protentional Burneyor 980 30-96 ₩O. \$6-1€=\$0109 ím. Corrifianto No. JOHN W MEST BONALD 2 ELD 676 Think 3239 -FIDSON 12641

APPLICATION FOR DRILLING READ & STEVENS, INC. Truman Federal, Well No. 3 1980' FSL & 1980' FWL, Sec. 4-T20S-R34E Lea County, New Mexico Lease No.: LC-064194 (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	1.600'	Bone Spring	8,200'
Top of Salt	1,720'	T.D.	8,400'
Tansill	3,183'		
Yates	3,406'		
Seven Rivers	3,758'		
Delaware	5,540'		

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 6000'.

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 5100':	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 this contingency.
- 11. Anticipated starting date: May 1, 1996. Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

READ & STEVENS, INC. Truman Federal, Well No. 3 1980' FSL & 1980' FWL, Sec. 4-T20S-R34E Lea County, New Mexico Lease No.: LC-064194 (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 .9 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 .3 mile, then turn west for .3 mile; then south for .2 mile to the start of the proposed access road at the south side of an old dry hole drill site. The proposed access road will run south for approximately 1200 feet to the southeast corner of the proposed well site.

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 1200 feet in length. The proposed access road is color coded in 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: There will be some 2 3 foot cuts of 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 will cover this well.
- 3. LOCATION OF EXISTING WELLS:
 - A. Existing wells within a two mile radius are shown on Exhibit "C".

Read & Stevens, Inc. Truman Federal, Well No. 3 Page 2

- 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;
 - A. Read & Stevens, Inc. has oil production facilities on the lease at the Truman Federal, Well No. 1 and No. 2.
 - B. If the well proves to be commercial, the necessary production facilities,gas production-process equipment will be installed on the drilling pad, with a 2" SDR 11 poly pipe surface flow line run east to the Truman Fed., No. 2 and then to the Truman Fed., No. 1 well site.
- 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:
 - Caliche for repairing and surfacing the existing access road and well site pad will be obtained from an approved Federal pit in the SW¼SW¼ 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.

Read & Stevens, Inc. Truman Federal, Well No. 3 Page 3

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 3 5 foot cuts in the sand dunes that surround to well site and will be leveled with more filling to the southwest.
- 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 surface owner 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 overall southwesterly slope of .67% from an elevation of 3636'.
- B. Soil: The topsoil at the well site is a light yellowish-brown fine sand of the Kermit 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 area except oil production facilities.
- F. Land Use: Cattle grazing.

Read & Stevens, Inc. Truman Federal, Well No. 3 Page 4

11. OTHER INFORMATION; cont.....

- G. Surface Ownership: The proposed well site and part of the access road are on private surface owned by Ken Smith, P.O. Box 764, Carlsbad, NM 88220.
- H. There was no evidence of archaeological, historical or cultural sites on the proposed access road or 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.

February 6, 1996

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



WEK DRILLING CO., INC. - DIL WELL DRILLING CONTRACTORS

P. D. 80X 1498 ROSWELL, NEW MEXICO 00302-1498 505/623-5070 506/746-2719 Roswell, NM Artesia, NM

RIG # I

BLOWOUT PREVENTOR ARRANGEMENT

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





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