

N.M. Oil Cons. DIV-Dist. 2  
UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
1301 W. Grand Avenue  
Artesia, NM 88210

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-58803	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Elk Oil Company		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. Box 310 Roswell, NM 88202		8. Lease Name and Well No. Cobra Federal Com., Well No. 1	
3b. Phone No. (include area code) (505) 623-3190		9. API Well No. 30-005-63642	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 990' FNL & 1650' FEL At proposed prod. zone same		10. Field and Pool, or Exploratory WCSilure-Devenier	
14. Distance in miles and direction from nearest town or post office* 22 miles east of Roswell, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 19-T11S-R27E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'		12. County or Parish Chaves	13. State NM
16. No. of Acres in lease 620.56		17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 600'		20. BLM/BIA Bond No. on file NM-1892	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3671 GL		22. Approximate date work will start* February 10, 2004	
		23. Estimated duration 3 - 4 weeks	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification.   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 1/23/04
Title Agent for Elk Oil Company		
Approved by (Signature) <i>John G. Simitz</i>	Name (Printed/Typed) JOHN G. SIMITZ	FEB 09 2004
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

\*(Instructions on reverse)

RECEIVED  
FEB 10 2004  
OCD-ARTESIA

## District I

1625 N. French Dr., Hobbs, NM 88240

## District II

1301 W. Grand Avenue, Artesia, NM 88210

## District III

1000 Rio Brazos Rd., Aztec, NM 87410

## District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number		* Pool Code	* Pool Name Undesignated
* Property Code	Cobra Fed Comm		* Property Name
* OGRID No. 7147	Elk Oil Company		* Operator Name
			* Well Number 1
			* Elevation 3671

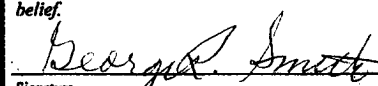
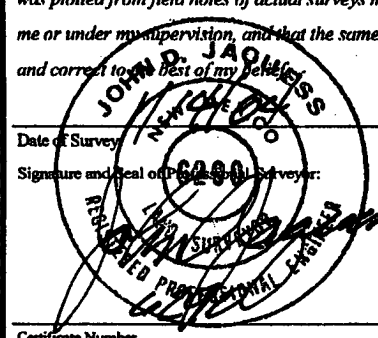
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	19	11S	27E		990	North	1650	East	Chaves

<sup>11</sup> 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 320	" Joint or Infill	" Consolidation Code COM		" 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

16					<sup>17</sup> 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, agent for Printed Name Elk Oil Company Title and E-mail Address January 23, 2004 Date
					<sup>18</sup> 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.  Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

**APPLICATION FOR DRILLING**  
**ELK OIL CO.**  
Cobra Federal Com., Well No. 1  
990' FNL & 1650' FEL, Sec. 19-T11S-R27E  
Chaves County, New Mexico  
Lease No.: NM-58803  
(Exploratory Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, ELK OIL CO. 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:

San Andres	1,120'	Wolfcamp	5,390'
Glorieta	2,300'	Cisco Penn	5,900'
Tubb	3,790'	Silurica	6,240'
Abo	4,550'	T.D.	6,800'

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

Water: Surface water in the Triassic between 150' - 200'.  
Oil: All potential zones.  
Gas: All potential zones.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8 "	24.0#	J-55	ST&C	0' - 1,075'	Circ. 700 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	LT&C	0' - 4,000'	
7 7/8"	5 1/2"	17.0#	N-80	LT&C	4,000' - 6,800'	600 sx "C"

5. Proposed Control Equipment: See Exhibit "E":

BOP Program:

A 10" 3000 psi wp Shaffer, Type E, double ram BOP, will be installed on the 8 5/8" casing and used as a 2000 psi wp system. Casing and BOP will be tested to 1500 psi as per Onshore Oil & Gas Order No. 2 before drilling out with 7 7/8.

6. Mud Program:

	MUD WEIGHT	VIS.	W/L CONTROL
0' - 1,075': Fresh water Gel, Paper, LCM:	9.8 - 10.0 ppg	28 - 30	No W/L control
1,075' - 4,500': Use 10# brine mud to top of Abo	9.8 - 10.0 ppg	28 - 30	No W/L control
4,500' - 6,800': Brine mud w/6 % diesel:	10.0 - 10.2 ppg	50 - 70	W/L control <6cc

7. Auxiliary Equipment: Blowout Preventer, Kelly cock,

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None planned.

Logging: T.D. to 1075': Schlumberger Platform Express: 3 Detector Litho Density. GR/Neutron,  
Azimuthal Laterlog, Micro-CFL  
1075' to surface: GR/Neutron

Coring: None planned.

**ELK OIL CO.**

Cobra Federal Com., Well No. 1

Page 2

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 surface pressure = 1496 psi (evac. hole) with BH temperature of 128°.
10. H<sub>2</sub>S: None expected. None in previously drilled wells.
11. Anticipated starting date: February 9, 2004.  
Anticipated completion of drilling operations: Approx. 3 – 4 weeks.

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

### **ELK OIL COMPANY**

Cobra Federal Com., Well No. 1  
990' FNL & 1650' FEL, Sec. 19-T11S-R27E  
Chaves County, New Mexico  
Lease No.: NM-58803  
(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 BLM Surface Management Quad map showing the location of the proposed well as staked. The well site location is approximately 24 road miles east of Roswell, NM. Traveling east of Roswell on U.S. Highway 380 there will be 17 miles of paved road and 4.8 miles of gravel county road "Aleut", then 2 miles of ranch/oilfield road.
- B. Directions: Travel east of Roswell, NM on U. S. Highway #380 for 17 miles to the County Road Aleut turnoff .7 mile past MM 172. Turn south on gravel county road for approximately 4.8 to a Cooper Cattle Co., Rock House Ranch sign. Turn right at this road junction, the county road on the left continues southeast to the ranch. Continue west for 2 miles the start of the proposed access road on the south side of the road. The proposed access road will run south for 1000 feet, then west for 1700 feet to the southeast corner of the proposed well site.

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

- A. Length and Width: The proposed access road to be rebuilt will be approximately 2700 feet in length, 12 feet wide (24' Max.). The proposed and existing roads are color coded on Exhibit "A".
- B. Construction: The new access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: There will be at least one possibly two turnouts, increasing the width to 20 feet for passing.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: One required.
- G. Off Lease ROW: No Federal off lease ROW is required, however, fee surface ROW for 2.5 miles of existing and new roads plus the location is covered with agreements with the surface owners. See Self Certification Statements attached.

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

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

**ELK OIL COMPANY**

Cobra Federal Com., Well No. 1

Page 2

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

- A. Elk Oil Company has no production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities and gas production-process equipment and tank battery, if required, will be installed on the drilling pad. The gas purchaser will run the gas lines to the 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 and proposed access roads

**6. SOURCE OF CONSTRUCTION MATERIALS:**

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from a pit on the location, if available, or from a state pit in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ , Sec. 27-T11S-R27E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access roads.

**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 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 by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

**8. ANCILLARY FACILITIES:**

- A. None required.

**ELK OIL COMPANY**

Cobra Federal Com., Well No. 1

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**9. WELL SITE LAYOUT:**

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The original pad and pit area was staked and flagged, 500' X 500' for archaeological clearance.
- B. Mat Size: 260' X 200', plus 125' X 125' reserve pits on the north.
- C. Cut & Fill: None.
- 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 required 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 be worked.

**11. OTHER INFORMATION:**

- A. Topography: The well site and access road are located in an area that has a northwest facing slope that drains toward the Pecos River. There is an overall .5% slope to the southwest from an elevation of 3671' GL.
- B. Soil: The topsoil at the well site is a light brown colored loam with gypsum and gypsum rock underlying the surface soil. The soil is of the Reeves Holloman Assn. land complex series.
- C. Flora and Fauna: The vegetation cover is a fair grass cover of threeawn, black grama, gyp grama, tobosa and burro grass along with plants of javalina, creosote bush, mesquite, broomweed, yucca, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, antelope, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the immediate vicinity.
- E. Residences and Other Structures: None in the immediate vicinity except an oilfield tank battery over 1.5 miles to the east.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access road is on fee surface and Federal minerals. See Attachments 1-1 for surface agreements for roads and location for owners David R. Sorenson and David Carpenter, L. A. Ranch Partnership.
- H. There is no evidence of any archaeological, historical or cultural sites in the area. Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202 is conducting an archaeological survey and their report was submitted to the appropriate government agencies.

**12. OPERATOR'S REPRESENTATIVE:**

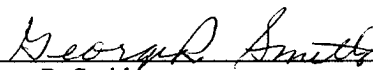
- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

Rocky Ray  
ELK OIL COMPANY  
P. O. Box 730  
Roswell, NM 88202  
Office Phone: (505) 622-3200  
Cell Phone: (505) 420-6371

**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 Elk Oil Company 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.

January 23, 2004

  
\_\_\_\_\_  
George R. Smith  
Agent for: Elk Oil Company



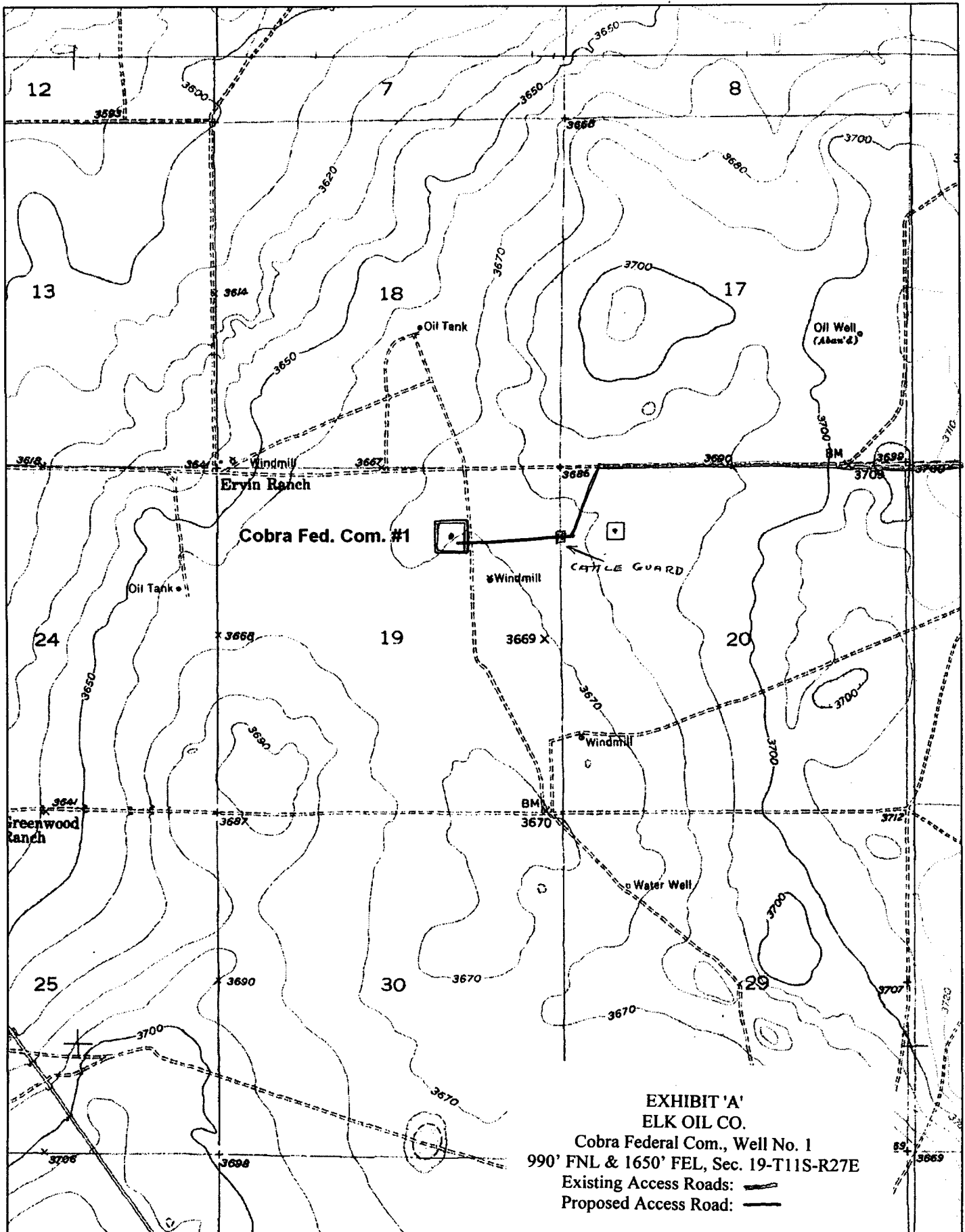
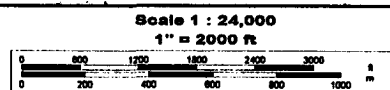


EXHIBIT 'A'  
 ELK OIL CO.  
 Cobra Federal Com., Well No. 1  
 990' FNL & 1650' FEL, Sec. 19-T11S-R27E  
 Existing Access Roads:   
 Proposed Access Road:



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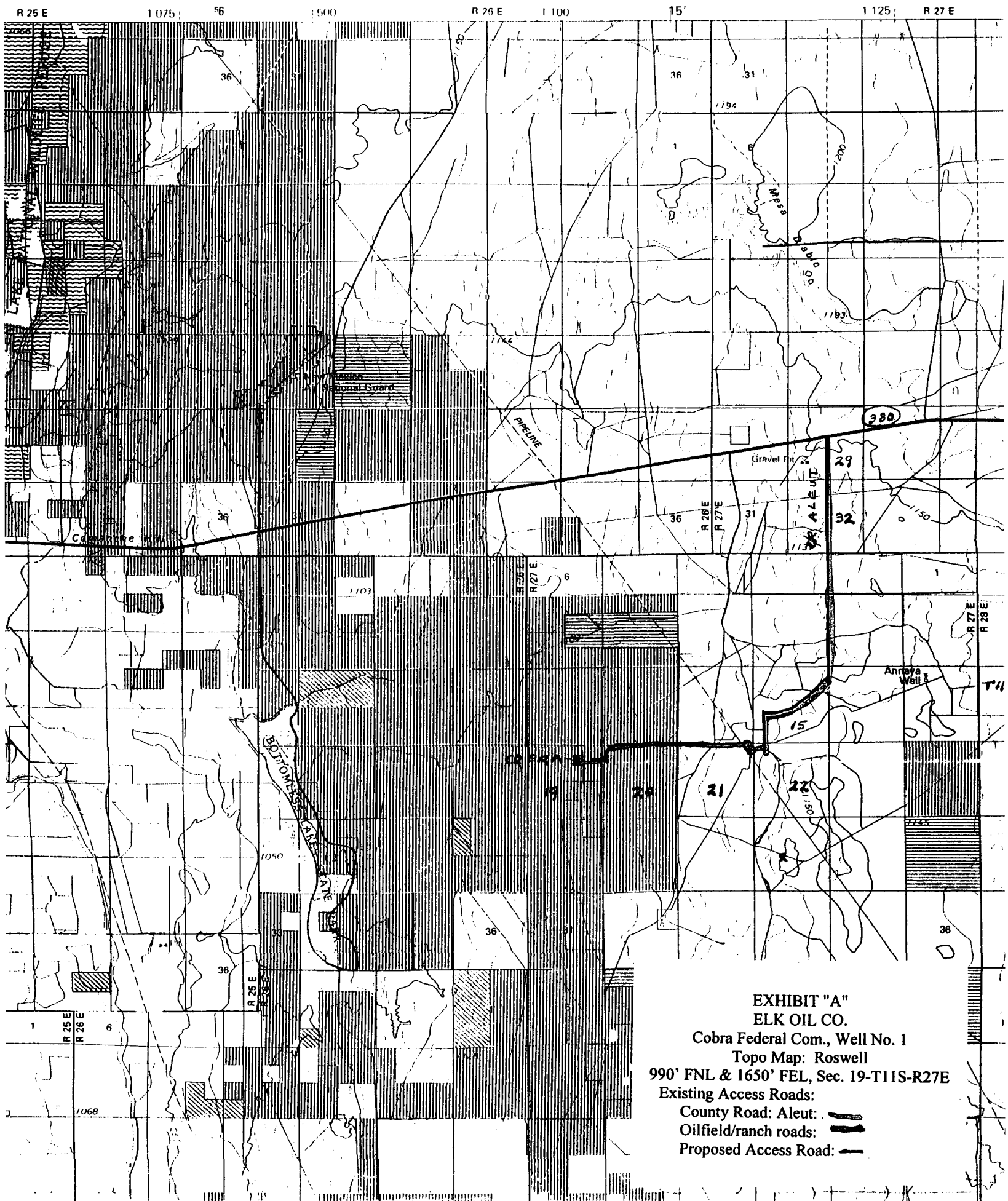





EXHIBIT "A"  
ELK OIL CO.  
Cobra Federal Com., Well No. 1  
Topo Map: Roswell  
990' FNL & 1650' FEL, Sec. 19-T11S-R27E  
Existing Access Roads:  
County Road: Aleut:   
Oilfield/ranch roads:   
Proposed Access Road: 

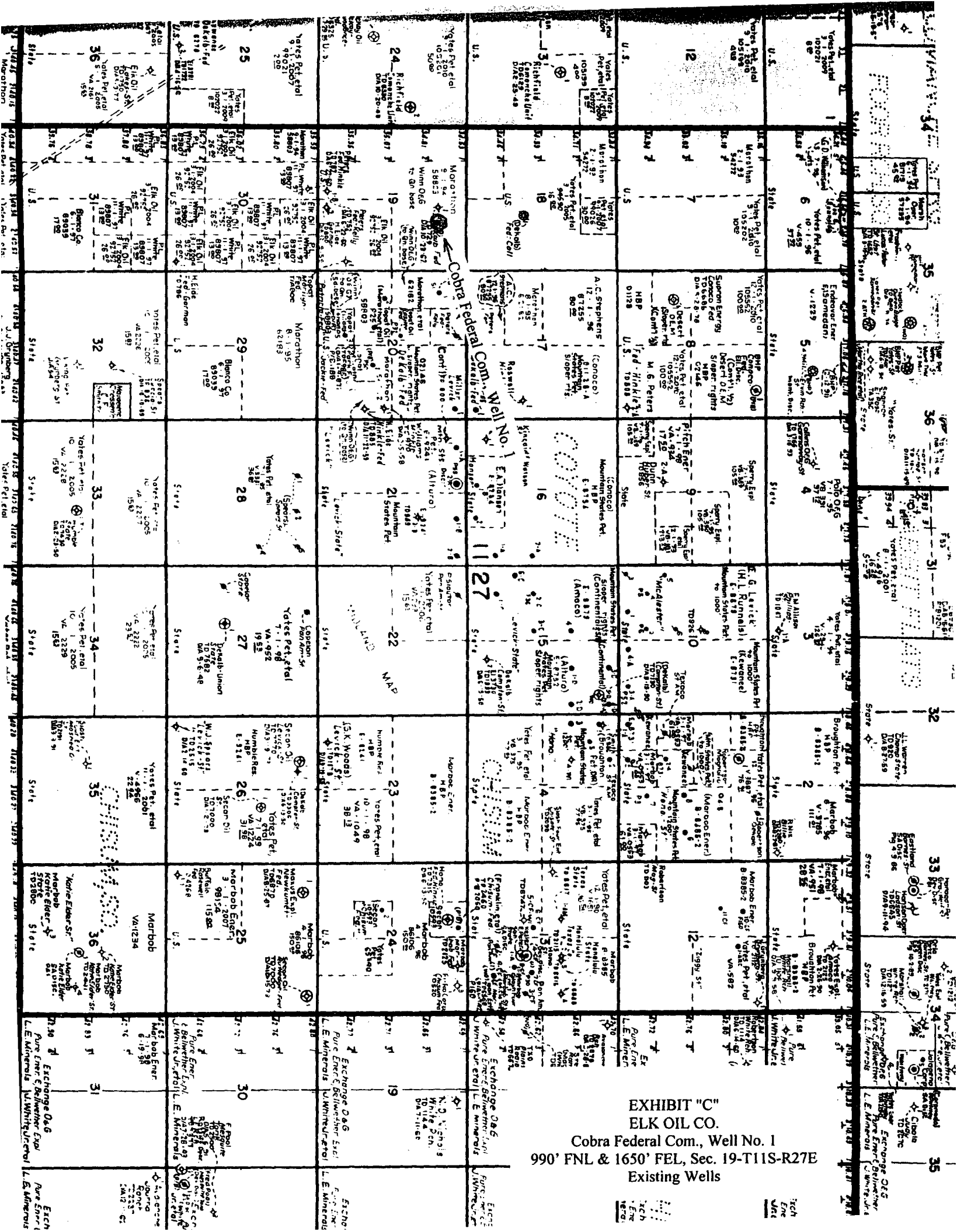


EXHIBIT "C"  
ELK OIL CO.

Cobra Federal Com., Well No. 1  
990' FNL & 1650' FEL, Sec. 19-T11S-R27E  
Existing Wells

## RIG 478

EXHIBIT "E"  
ELK OIL CO.  
Cobra Federal Com., Well No. 1  
BOP Specifications

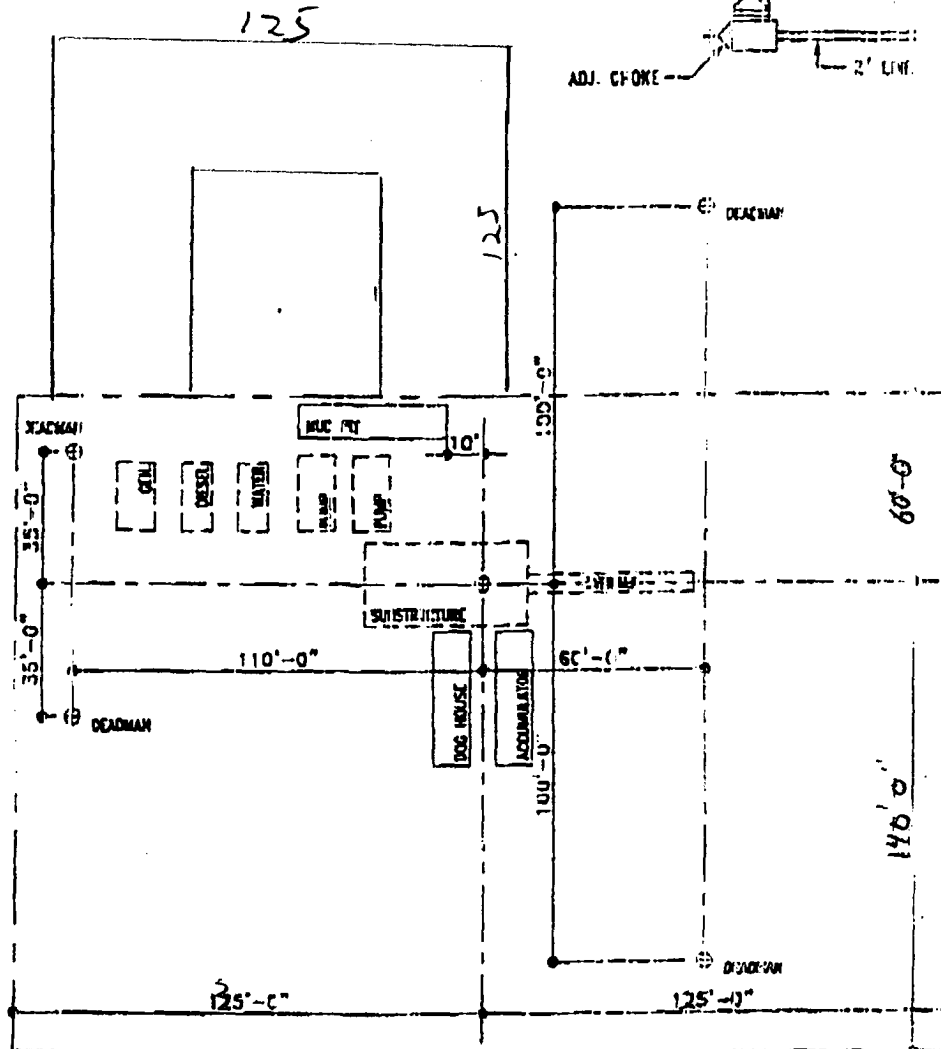
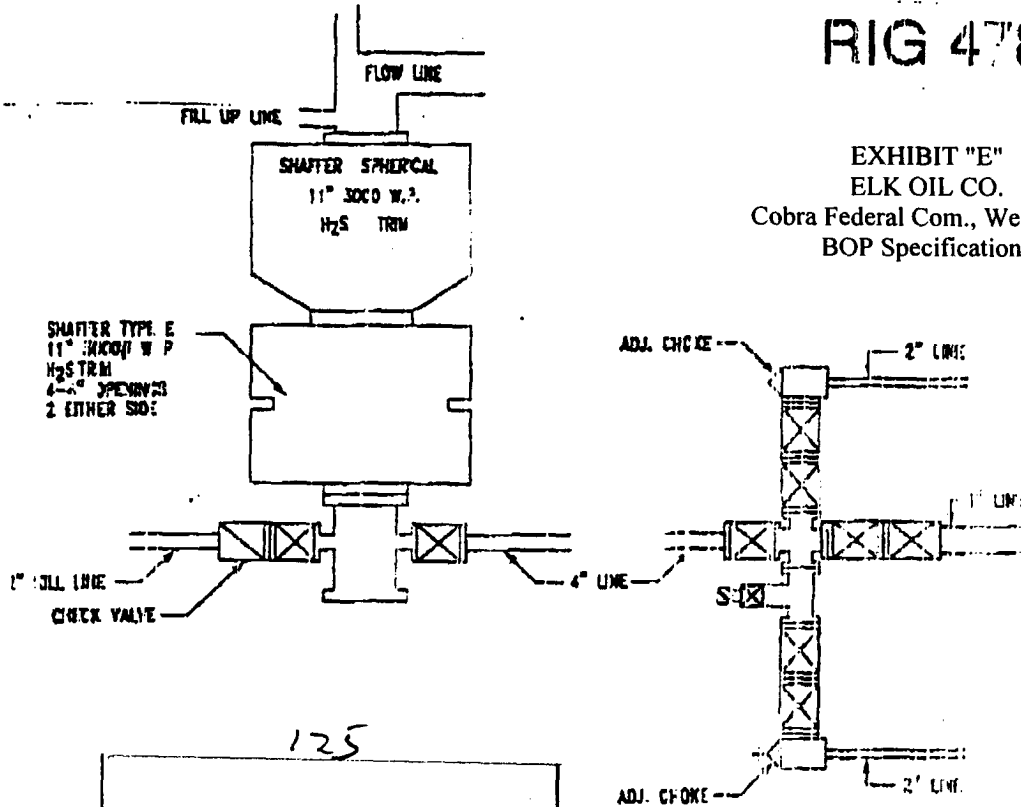


EXHIBIT "D"  
ELK OIL CO.  
Cobra Federal Com., Well No. 1  
Pad & Pit Layout

United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Roswell Resource Area  
P.O. Drawer 1857  
Roswell, New Mexico 88202-1857

Statement Accepting Responsibility for Operations

Operator name: *ELK OIL COMPANY*  
Street or box: *Post Office Box 310*  
City, State : *Roswell, New Mexico*  
Zip code, : *88202-0310*

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: *NM-58803*

Legal Description of land: *NE $\frac{1}{4}$  Section 19, Township 11 South, Range 27 East*

Formation(s) (if applicable): *Silurian-Ordovician*

Bond Coverage:(State if individually bonded or another's bond)

BLM Bond File No.: *NM-1892*

Authorized Signature:

  
*Joseph J. Kelly*

Title: *President*

Date: *January 21, 2004*

**SELF-CERTIFICATION STATEMENT  
FROM LESSEE/OPERATOR**

**SURFACE OWNER IDENTIFICATION**

Federal or Indian Lease No. NM-58803

I hereby certify to the Authorized Officer of the Bureau of Land Management that I have reached one of the following agreements with the Surface Owner; or after failure of my good-faith effort to come to an agreement of any kind with the Surface Owner, have provided a bond and will provide evidence of service of such bond to the Surface Owner:

- 1) X I have a signed access agreement to enter the leased lands;
- 2) \_\_\_\_\_ I have a signed waiver from the surface owner;
- 3) X I have entered into an agreement regarding compensation to the surface owner for damages for loss of crops and tangible improvements.
- 4) \_\_\_\_\_ because I have been unable to reach either 1), 2), or 3) with the surface owner, I have obtained a bond to cover loss of crops and damages to tangible improvements and served the surface owner with a copy of the bond.

Surface owner information: (if available after diligent effort)

Surface Owner Name: David J. Sorenson

Surface Owner Address: Post Office Box 1453  
Roswell, New Mexico 88202-1453

Surface Owner Phone Number: \_\_\_\_\_

Signed this 21st -- day of January -, 2004.

ELK OIL COMPANY

(Name of lessee/operator)

Joseph J. Kelly, President

I (Surface Owner) accept X do not accept \_\_\_\_\_ the lessee or operator=s Surface Owner Agreement under 1, 2, or 3 above.

Signed this 22<sup>nd</sup> - day of January -, 2004.

David J. Sorenson  
(Signature of Surface Owner if an agreement has been reached)

Attachment 1-1

**SELF-CERTIFICATION STATEMENT  
FROM LESSEE/OPERATOR**

**SURFACE OWNER IDENTIFICATION**

Federal or Indian Lease No. NM-58803

I hereby certify to the Authorized Officer of the Bureau of Land Management that I have reached one of the following agreements with the Surface Owner; or after failure of my good-faith effort to come to an agreement of any kind with the Surface Owner, have provided a bond and will provide evidence of service of such bond to the Surface Owner:

- 1)   X   I have a signed access agreement to enter the leased lands;
- 2)        I have a signed waiver from the surface owner;
- 3)   X   I have entered into an agreement regarding compensation to the surface owner for damages for loss of crops and tangible improvements.
- 4)        because I have been unable to reach either 1), 2), or 3) with the surface owner, I have obtained a bond to cover loss of crops and damages to tangible improvements and served the surface owner with a copy of the bond.

Surface owner information: (if available after diligent effort)

Surface Owner Name: L.A. Ranch Partnership  
Attention: David Carpenter  
Surface Owner Address: HC12, Box 1209  
Roswell, New Mexico 88201  
Surface Owner Phone Number:                     

Signed this 21st -- day of January -, 2004.

ELK OIL COMPANY  
(Name of lessee/operator)

Joseph J. Kelly, President

I (Surface Owner) accept   X   do not accept        the lessee or operator=s Surface Owner Agreement under 1, 2, or ~~3~~ above.

Signed this 21 -- day of Jan -, 2004

David Carpenter  
(Signature of Surface Owner if an agreement has been reached)

Attachment 1-1