

HOBBS OCD

ATS-11-962

DEC 06 2011

Form 3160-3
(April 2004)

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Split Estate

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☒ DRILL ☐ REENTER			5. Lease Serial No. NM-04597 116167		
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone			6. If Indian, Allottee or Tribe Name		
2. Name of Operator Seely Oil Company			7. If Unit or CA Agreement, Name and No. NM 111801X EK Penrose Sand		
3a. Address 815 W. 10th St. Ft. Worth, TX 76102			8. Lease Name and Well No. Federal "T", Well No. 20		
3b. Phone No. (include area code) 817-332-1377			9. API Well No. 30-025-41041		
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 660' FSL & 660' FEL Unit P At proposed prod. zone same			10. Field and Pool, or Exploratory E-K Delaware		
14. Distance in miles and direction from nearest town or post office* 52 miles SE of Artesia or 30 mile NW of Hobbs, NM			11. Sec., T. R. M. or Blk. and Survey or Area Sec. 19-T18S-R34E		
15. 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 1080	17. Spacing Unit dedicated to this well 40		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 4,250'		19. Proposed Depth 6,100'	20. BLM/BIA Bond No. on file NM-1816		
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4004' GL		22. Approximate date work will start* 10/17/2011	23. Estimated duration 3-5 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 08/29/2011
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Title
POA agent for Seely Oil Company

Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed Typed) Don Peterson	Date DEC - 2 2011
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Title
FIELD MANAGEROffice
CARLSBAD FIELD OFFICEApplication 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.

APPROVAL FOR TWO YEARS

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 page 2)

Lea County Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVALKZ
03/05/13
APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

MAR 06 2013

APPLICATION FOR DRILLING

HOBBS OCD

SEELY OIL COMPANY
Federal "T", Well No. 20
660' FSL & 660' FEL-Sec. 19-T18S-R34E
Lea County, New Mexico
Lease No.: NM-04591
(Development Well)

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In conjunction with Form 3160-3, Application for Permit to Drill subject well, Seely Oil Company submits the following items of pertinent information in accordance with BLM requirements:

- The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
- The estimated tops of geologic markers are as follows:

Rustler	1,725'	Penrose	4,700'
Top of Salt	1,890'	San Andres	5,040'
Base of Salt	3,070'	Delaware	5,430'
Yates	3,230'	T.D.	6,100'
7-Rivers	3,708'		
Queen	4,435'		

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

Water: Surface water between 50' - 230'.
Oil: Possible in the Queen below 4,435' and Delaware below 5,430'.
Gas: None expected.

4. Proposed New Casing Program:

See COA

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	COLLAPSE DESIGN FACTOR	BURST DESIGN FACTOR	TENSION DESIGN FACTOR
12 1/4"	8 5/8"	24.0#	J-55	ST&C	1,750' 1,850'	1.71	3.68	5.81
7 7/8"	5 1/2"	15.5#	J-55	LT&C	6,100'	1.63	1.60	2.09

5. Cement Program

CASING	DEPTH	QUANTITY OF CEMENT	TOC	YEILD
8 5/8"	1,750'	Lead=600 sx (35/65) Poz (Fly Ash):CL. C cmt +5% bwow Sodium Chloride + 0.25 lbs/sack Cello Flake+= 0.2% bwoc FL-52 +0.01 gps FP-6L+6% bwoc Bentonite +97.3% fresh water		1.90
		Tail= 200 sx CL "C" + 1% bwow Calcium Chloride + 56.2 % Fresh water 100 % excess	surface	1.33
5 1/2"	6,100'	Lead=310 sx 65% Howco Lite Premium Plus, 35% Poz A & 6% gek		1.85
		Tail=430 sx (50/50) Cl "C"/Poz + .75% CFR dispersant & 6lbm/sk salt 40 % excess	1600'	1.23
			See COA	

BOP DIAGRAM 3000# SYSTEM

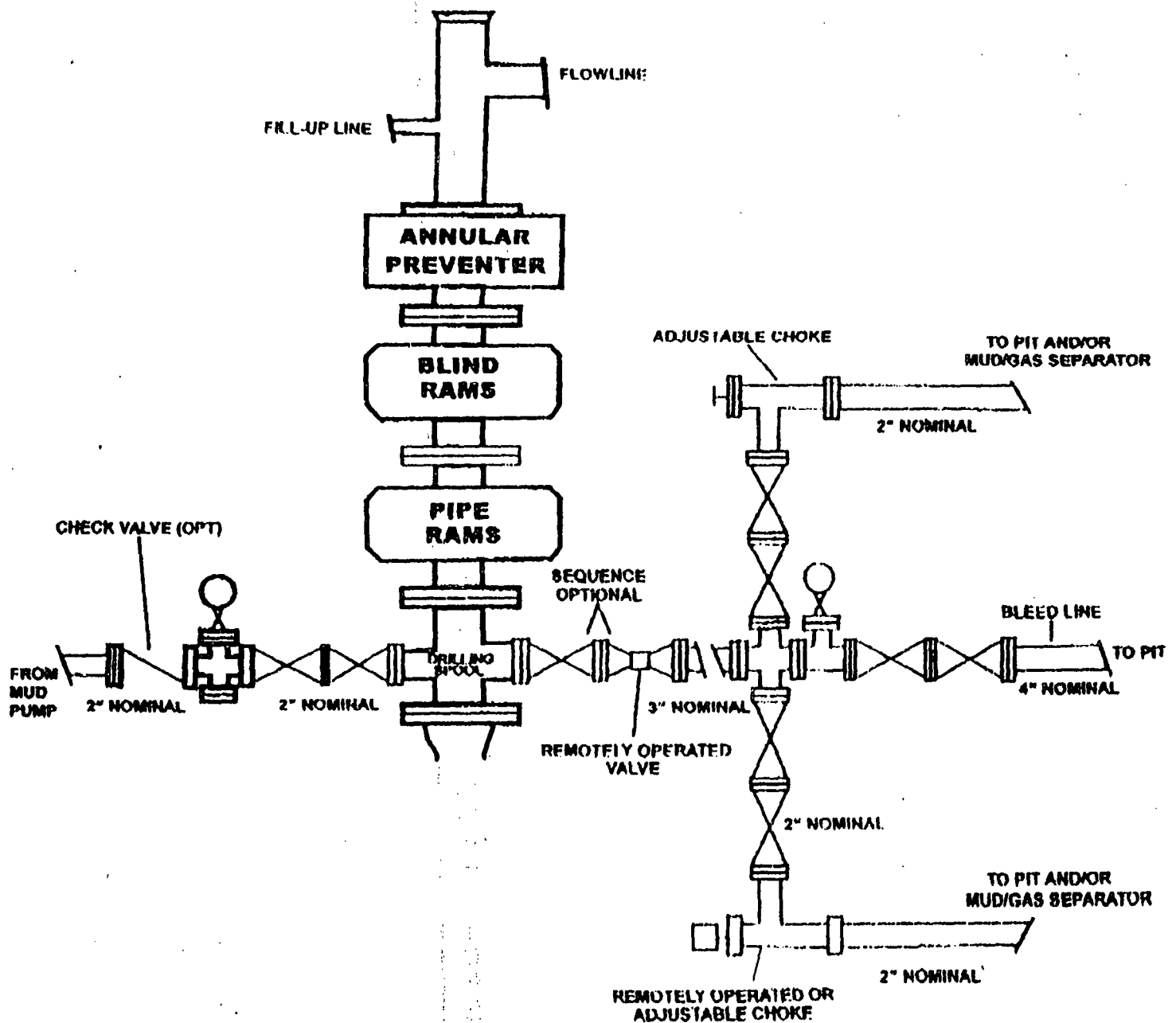
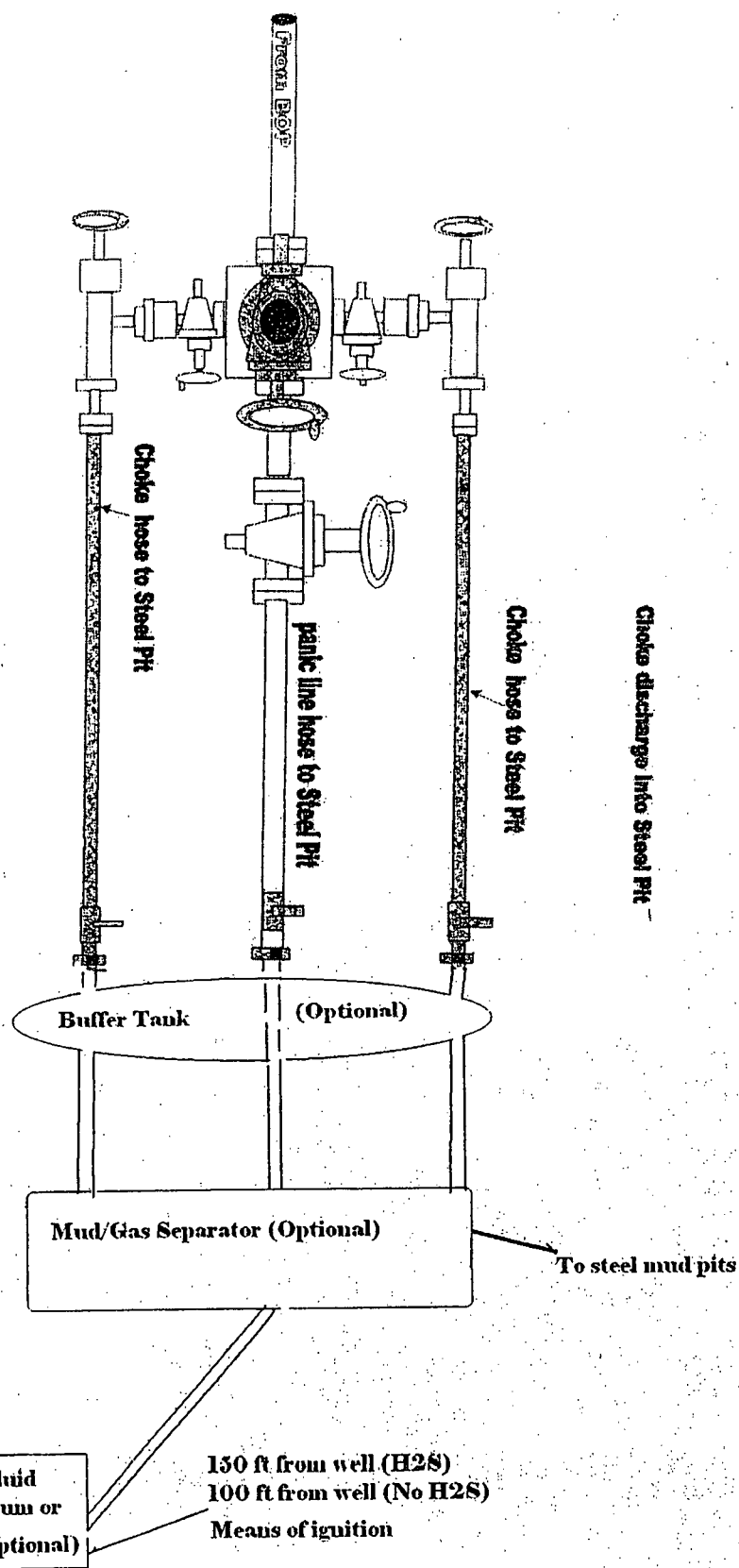
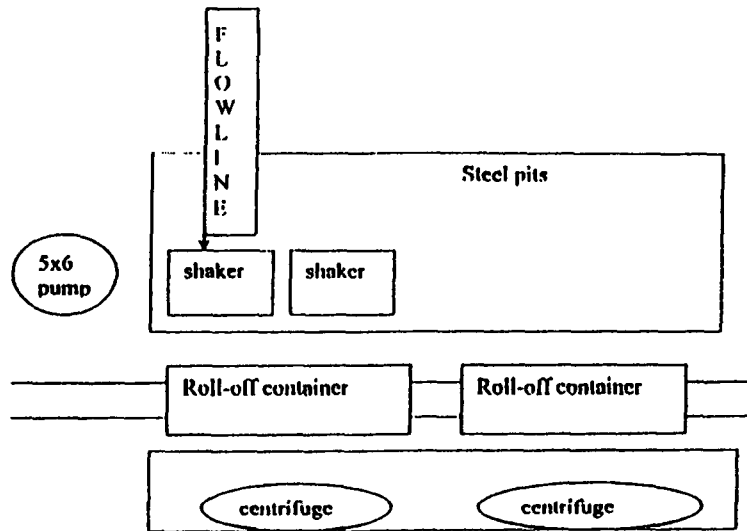


EXHIBIT "E"
SEELY OIL COMPANY
Federal "T", Well No. 20
BOP Specifications

3000# & 2000# BOP manifold system
(Suggested configuration)





This will be maintained by 24 hour solids control personnel that stay on location.

TOMMY WILSON



**CLOSED LOOP
SPECIALTY**

Office: 575.746.1689

Cell: 575.748.6367

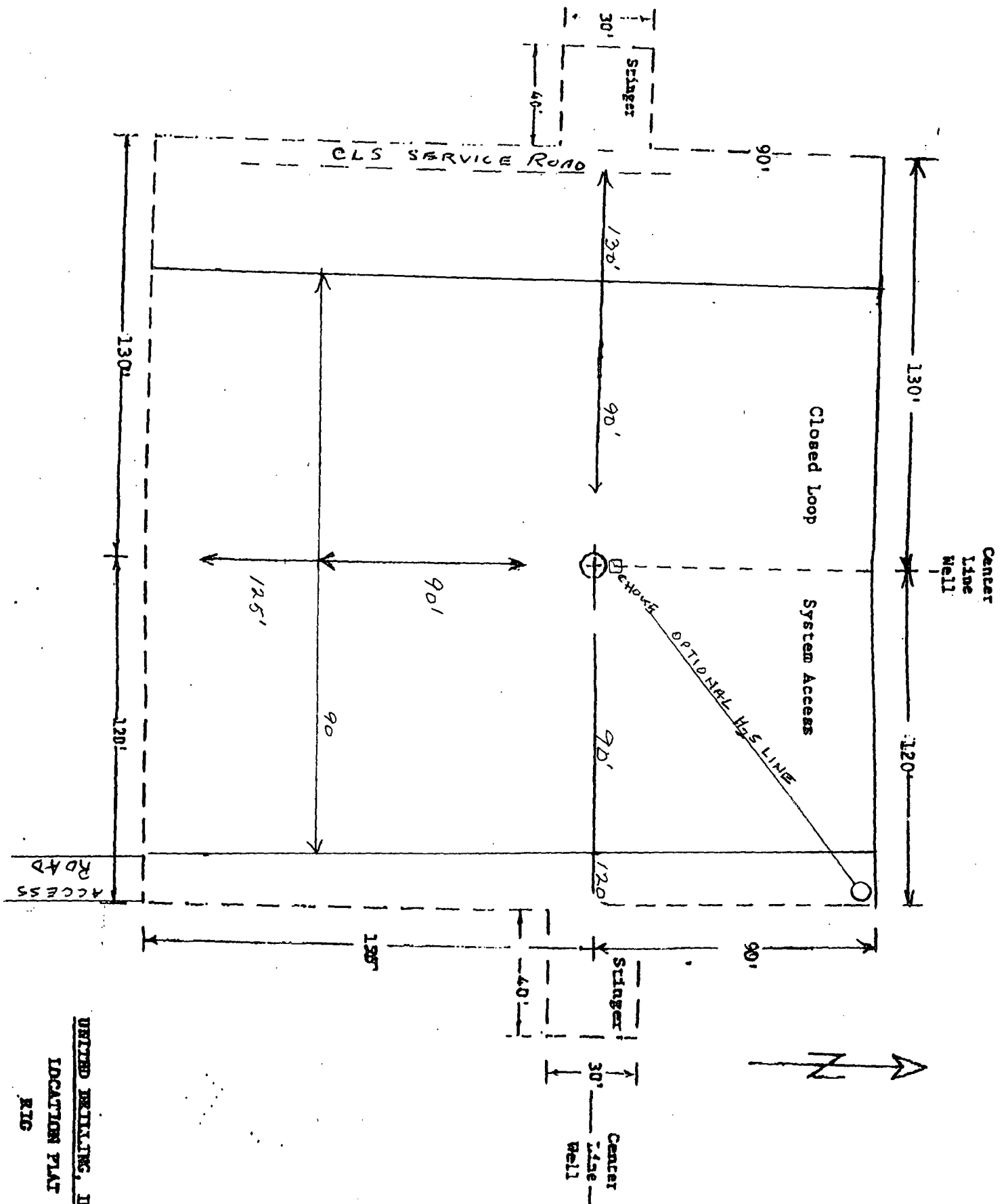
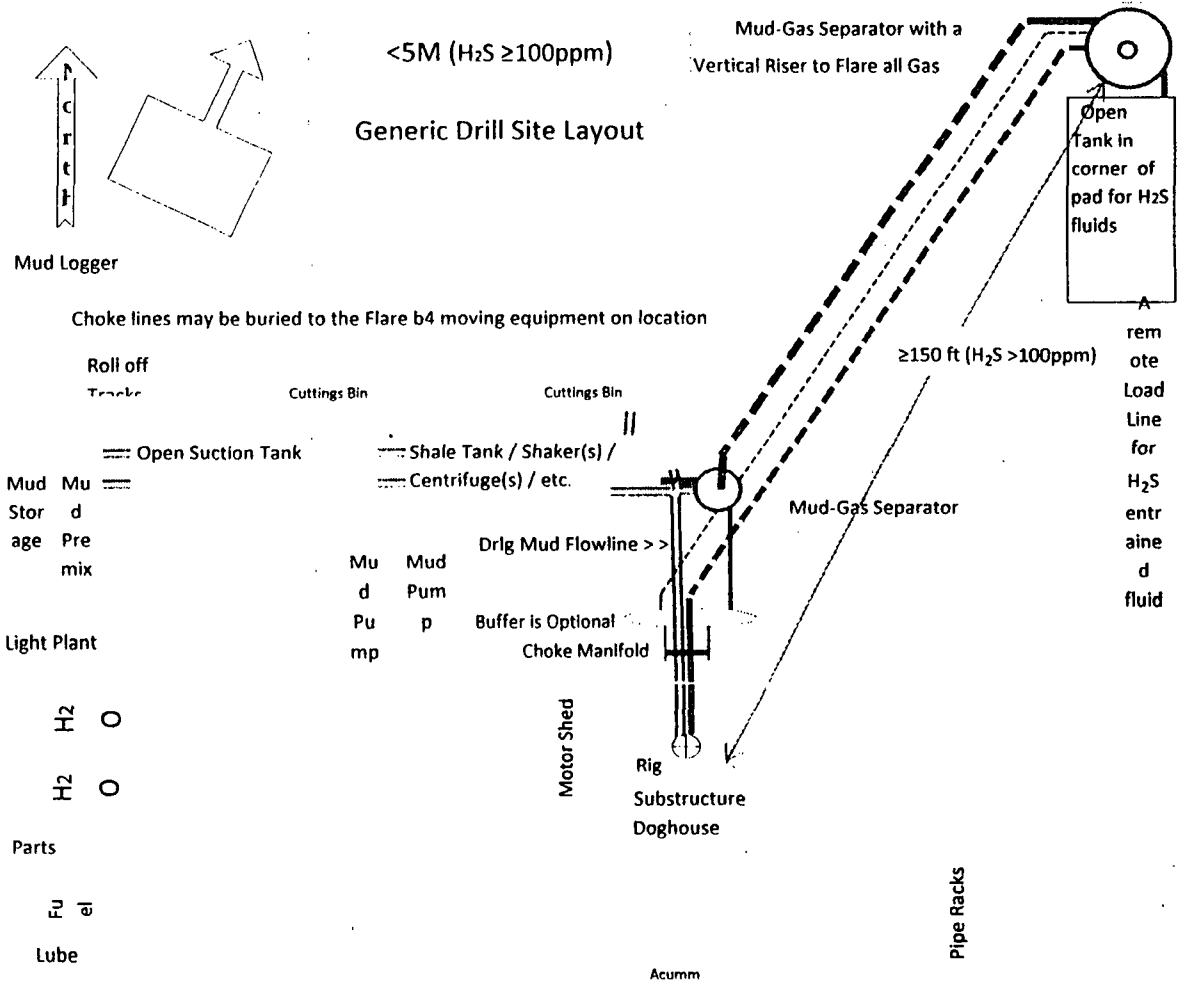
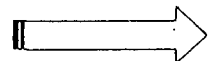


EXHIBIT "D"
 SEELY OIL COMPANY
 Federal "T", Well No. 20
 Pad & Closed Loop Layout

For a vertical gas vent or flare to be 150ft from the wellbore, the well needs to be centered in a square 250ft min on a side. To be 100ft from the wellbore, the well needs to be centered in a square 150ft min on a side.



Preplanning reasonable accommodations to achieve necessary and useable "Closed Loop" drillsite features is challenging. Specific considerations must be custom fitted to each wellsite. This generic plat was prepared to emphasize desired APD planning elements for lower pressure wells with the potential for H₂S gas. As a minimum the plat should include: a north arrow, prevailing wind direction, access road, a mud-gas separator, and steel tank location or blowdown pit for overpressured fluids. Include truck routing for removal of cuttings bins. Consider an overpressured situation, with the BOPE being closed. Show the choke manifold and a piping system for venting overpressured fluid through a gas/liquid separator to burn gas and flow liquids into the steel tank. Also consider the need for fluid/gas separation during normal drilling with fluid discharged to mud tanks and H₂S gas from the flowline venting to the flare.



	E-K PENROSE SAND UNIT #201	F	B-25-18S-33E	B	30-025-01646	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	1946210	1946230	
	E-K PENROSE SAND UNIT #202	F	B-30-18S-34E	B	30-025-02373	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	1946310	1946330	
	E-K PENROSE SAND UNIT #203	F	F-30-18S-34E	F	30-025-02374	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	1946310	1946330	
	E-K PENROSE SAND UNIT #205	F	C-30-18S-34E	C	30-025-02375	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	1946310	1946330	
	E-K PENROSE SAND UNIT #206	F	G-25-18S-33E	G	30-025-31049	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	1946510	1946530	
	E-K PENROSE SAND UNIT #210	F	F-29-18S-34E	F	30-025-35753	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2831234	2831235	
	E-K PENROSE SAND UNIT #401	F	K-30-18S-34E	K	30-025-27759	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			
	E-K PENROSE SAND UNIT #501	F	O-19-18S-34E	O	30-025-27434	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2449310	2449330	
	E-K PENROSE SAND UNIT #701	F	I-30-18S-34E	D	30-025-37572	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			
	E-K PENROSE SAND UNIT #802	P	N-20-18S-34E	N	30-025-24939	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			6/1/2011
	E-K PENROSE SAND UNIT #901	P	L-20-18S-34E	L	30-025-34880	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2825456	2825941	6/1/2011
22434	E-K QUEEN UNIT #010	F	I-13-18S-33E	I	30-025-35000	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2822623	
	E-K QUEEN UNIT #013	F	G-24-18S-33E	G	30-025-01632	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	10/1995			
	E-K QUEEN UNIT #019	F	J-24-18S-33E	J	30-025-01634	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2251830	
	E-K QUEEN UNIT #024	F	4-19-18S-34E	M	30-025-02347	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			
	E-K QUEEN UNIT #026	F	K-24-18S-33E	K	30-025-01635	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	11/2003			
	E-K QUEEN UNIT #028	F	A-13-18S-33E	A	30-025-34324	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2822623	
	E-K QUEEN UNIT #029	F	H-13-18S-33E	H	30-025-34325	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2822623	
	E-K QUEEN UNIT #032	F	K-18-18S-34E	K	30-025-02333	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	11/2003			
	E-K QUEEN UNIT #041	F	2-18-18S-34E	E	30-025-02340	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			
	E-K QUEEN UNIT #066	F	C-19-18S-34E	C	30-025-02349	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			
	E-K QUEEN UNIT #067	F	2-19-18S-34E	E	30-025-02350	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			
	E-K QUEEN UNIT #068	F	H-24-18S-33E	H	30-025-01643	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			
	E-K QUEEN UNIT #111	F	J-13-18S-33E	J	30-025-36368	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2822623	
	E-K QUEEN UNIT #210	F	G-13-18S-33E	G	30-025-29604	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2822623	
	E-K QUEEN UNIT #611	F	I-24-18S-33E	I	30-025-01644	I	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009			
	E-K QUEEN UNIT #613	F	L-13-18S-33E	L	30-025-01609	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2251830	
	E-K QUEEN UNIT #618	F	D-13-18S-33E	D	30-025-29437	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2822623	
	E-K QUEEN UNIT #619	F	N-13-18S-33E		30-025-37587	O	19950	E-K;YATES-SEVEN RIVERS-QUEEN	5/2009	2251810	2822623	