

N.M. Oil Cons. Division

1625 N. French Dr.

Hobbs, NM 88240

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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. LC-063645
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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 Seely Oil Company		7. If Unit or CA Agreement, Name and No.
3a. Address 815 W. 10th St. Ft. Worth, TX 76102		8. Lease Name and Well No. E-K Queen Unit, Well No. 111
3b. Phone No. (include area code) (817) 332-1377		9. API Well No. 30-025-36368
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1800' FSL & 2340' FEL At proposed prod. zone same		10. Field and Pool, or Exploratory EK, Yates, 7 Rivers, Queen
14. Distance in miles and direction from nearest town or post office* 30 miles to Hobbs, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 13-T18S-R33E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2310'	16. No. of Acres in lease 1074.69	12. County or Parish 1234 Lea
17. Spacing Unit dedicated to this well 40	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 376'	13. State NM
19. Proposed Depth 4,600'	20. BLM/BIA Bond No. on file MM-1816	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3923' GL	22. Approximate date work will start* June 16, 2003	23. Estimated duration 3 weeks

24. Attachments

Capitan Controlled Water Basin

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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
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 04/23/03
Title Agent for Seely Oil Company		
Approved by (Signature) <i>/S/ JOE G. LARA</i>	Name (Printed/Typed) <i>/S/ JOE G. LARA</i>	Date AUG 11 2003
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

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.

APPROVAL FOR 1 YEAR

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)

Lease Responsibility Statement: Seely Oil Company accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof.

George R. Smith, agent

DECLARED WATER BASIN
CEMENT BEHIND THE 8 5/8"
CASING MUST BE CIRCULATED

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
SPECIAL STIPULATIONS
ATTACHED

OPER. OGRID NO. 2049
PROPERTY NO. 22434
POOL CODE 1950
EFF. DATE 8-13-03
API NO. 30-025-36368

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPPLICATE - Other Instructions on reverse side

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Seely Oil Co.

3a. Address
815 W. 10th Ft. Worth, TX 76102

3b. Phone No. (include area code)
817/332-1377

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)
1650' FSL & 2160' FEL, Sec. 13-T18S-R33E

5. Lease Serial No.

LC-063645

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

E-K, Queen Unit 1

8. Well Name and No.

E-K Queen Unit, Well No. 111

9. API Well No.

30-025-36368

10. Field and Pool, or Exploratory Area

E-K, Yates, Queen

11. County or Parish, State

Lea

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Seely Oil Co. moved the above captioned well from the original location of 1800' FSL & 2310' FEL, Sec. 13-T18S-R33E to 1650' FSL & 2160' FEL because of archaeological problems. Archaeological Survey Consultants, P.O. Box 2285 Roswell, NM 88202, conducted a survey and their report will be submitted to the appropriate government agencies.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

George R. Smith

Title agent for Seely Oil Co.

Signature

George R. Smith

Date June 26, 2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

/s/ JOE G. LARA

Name

(Printed/Typed)

/s/ JOE G. LARA FIELD MANAGER

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject land, which would entitle the applicant to conduct operations thereon.

Office

CARLSBAD FIELD OFFICE

Date

AUG 11 2003

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.

(Continued on next page)

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36368	Pool Code 19950	Pool Name E-K Yates, 7 Rivers, Queen
Property Code 22434	Property Name E-K QUEEN UNIT	Well Number 111
OGRID No. 20497	Operator Name SEELY OIL COMPANY	Elevation 3959'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	13	18 S	33 E		1650'	SOUTH	2160'	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 40	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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>George R. Smith</u> Signature George R. Smith, agent for Printed Name Seely Oil Co. Title June 26, 2003 Date
	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. JUNE 10 2003 Date Surveyed Signature & Seal of Professional Surveyor W.O. No. 3356 Certificate No. Gary L. Jones 7977 JLP BASIN SURVEYS

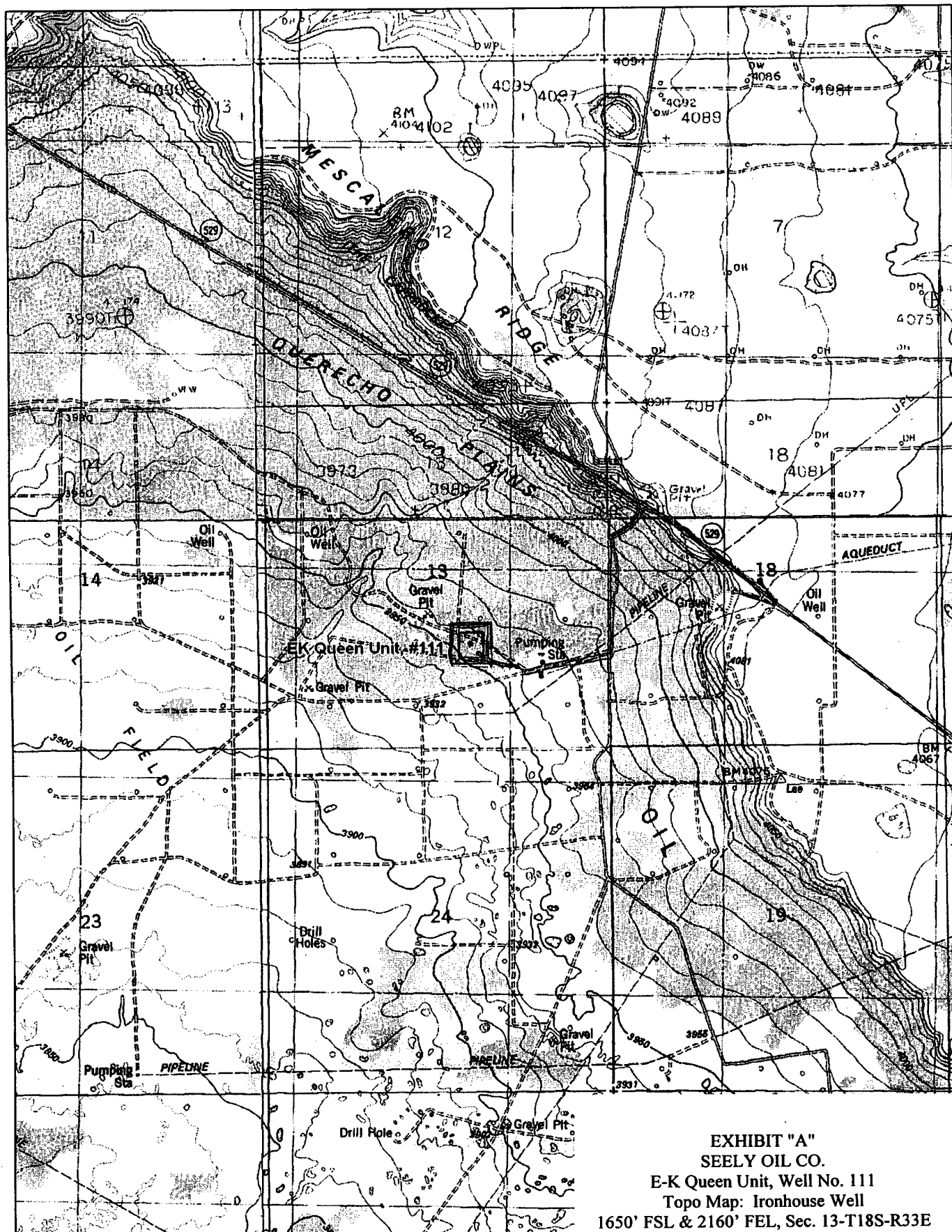


EXHIBIT "A"
 SEELY OIL CO.
 E-K Queen Unit, Well No. 111
 Topo Map: Ironhouse Well
 1650' FSL & 2160' FEL, Sec. 13-T18S-R33E
 Existing Access Roads: —
 Proposed Access Road: —

DELOORME

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 www.delorme.com



APPLICATION FOR DRILLING
SEELY OIL COMPANY.
E-K Queen Unit, Well No. 111
1800' FSL & 2310' FEL, Sec. 13-T18S-R33E
Lea County, New Mexico
Lease No.: LC-063645
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Seely 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:

Rustler	1,730'	7-Rivers	3,660'
Top of Salt	1,850'	Queen	4,350'
Base of Salt	3,000'	T.D	4,600'
Yates	3,150'		

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 Queen below 4,350'.
Gas: None expected.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8 "	24.0#	J-55	ST&C	1,750'	Circ. 580 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	ST&C	4,600'	200 sx H/Lite + 450 sx H/Pozmix

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

BOP Program:

A 10" 3000 psi wp Cameron Space Saver, 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 as described in Onshore Order No. 2 before drilling out with 7 7/8". Request waiver to test to a maximum of 1000 psi wp, which is the maximum expected surface pressure.

6. **Mud Program:**

		MUD WEIGHT	VIS.	W/L CONTROL
0' - 1750':	Fresh water mud	9.3 ppg	33	No W/L control
1750' - 4100':	Brine mud:	10.0 ppg	32	No W/L control
4100' - 4600':	Cut Brine mud w/gel:	8.8 ppg	32	W/L control 15 cc+/-

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock,.

8. **Testing, Logging, and Coring Program:**

Drill Stem Tests: None unless warranted.
Logging: T.D. to 1750': G/R-Density Neutron, Dual Induction Log
1750' to surface: G/R, Neutron
Coring: None planned unless warranted.

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 = 1012 psi (part. evac. hole) with BH temperature of 106°.
10. H₂S: None expected. None in previously drilled wells.
11. Anticipated starting date: June 16, 2003.
Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

SEELY OIL CO.

E-K Queen Unit, Well No. 111
1800' FSL & 2310' FEL, Sec. 13-T18S-R33E
Lea County, New Mexico
Lease No.: NM-063645
(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 southeast of Artesia, New Mexico or 30 road miles northwest of Hobbs, NM. Traveling east from Artesia there will be approximately 50 miles of paved highway and .9 mile of gravel oilfield road.
- B. Directions: Travel east from Artesia, NM on U.S. Highway 82 for approximately 34 miles; turn southeast on NM Highway 529 for approximately 16.8 miles. Turn south .8 mile east of MM 16 at a cattle guard onto an oil field road with Oryx and Baber signs. Continue south for .5 mile on an oilfield road to a road on the west going to the Seely water flood tank battery. Turn west .3 mile, passing the tank battery, to a two track road on the north. Take the north fork for .2 mile to the proposed well site of the E-K Queen Unit, Well No. 111. The proposed access road will turn off the two track in order to access the southeast corner of the proposed well pad.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The access road will be constructed to a width of 12 feet and will be approximately 1000 feet in length. The proposed access road is color coded red on Exhibit "A".
- B. Construction: The proposed and existing two track access road will be constructed by grading and topping with compacted caliche and will be properly drained.
- C. Turnouts: One turnout, increasing the width to 20 feet for passing, will be required.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off Lease R/W: None required.

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 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 flow line will be installed on the drilling pad. A 2", 125 PSI PVC surface flow line will be run parallel to the existing road, on the south side, to the tank battery 1200 feet southeast of the drill site located in the SE4SE4 Sec. 13-T18S-T33E.

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 or by surface fast line.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained on location, if available, or from a Federal pit in the SW¼NW¼ of Section 18-T18S-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 landfill 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.
- B. Mat Size: 145' X 220', plus 60' X 100' reserve pits. The pits will be on the north.
- C. Cut & Fill: A cut of 2.5 – 3 foot on the north with fill to the south.
- 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 work after abandonment.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road is located in the Querecho Plains on the southwest slope of the Mescalero Ridge (Caprock). The location has a southwesterly slope of 2.5% from an elevation of 3961'.
- B. Soil: The topsoil at the well site is a gypsum lime calcareous soil with scatter of gyp rock. The Midessa and Wink fine sandy loam, normally on the surface, has apparently blown away exposing the underlying lime rock and soil.
- C. Flora and Fauna: The vegetation cover is a poor to fair grass cover of three-awn, bluestem, dropseed, fluff grass, and other miscellaneous native grasses along with plants of mesquite, yucca, sage, broomweed, four-wing salt bush, cacti and miscellaneous weeds and wildflowers. The wildlife consists of antelope, 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: The water flood and oil tank battery for the unit water flood is 1200 feet southeast of the location..
- F. Land Use: Cattle grazing.

SEELY OIL CO.

E-K Queen Unit, Well No. 111

Page 4

11. OTHER INFORMATION: cont.....

- G. Surface Ownership: The proposed well site and access road are on Federal surface.
- H. There is no evidence of archaeological, historical or cultural sites on the well site. Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202 are conducting an archaeological survey and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

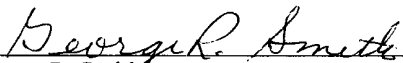
- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

David Henderson
SEELY OIL CO.
815 W. 10th St.
Ft. Worth, TX 76102
Office Phone: (817) 332-1377

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 Seely Oil Co. 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.

April 23, 2003


George R. Smith
Agent for: Seely Oil Co.

PLAT FOR PIT LOCATION FOR ARTESIA FISHING TOOL
Rigs #1 & #2; L & H DRILLING #2 and LARUE
DRILLING #2

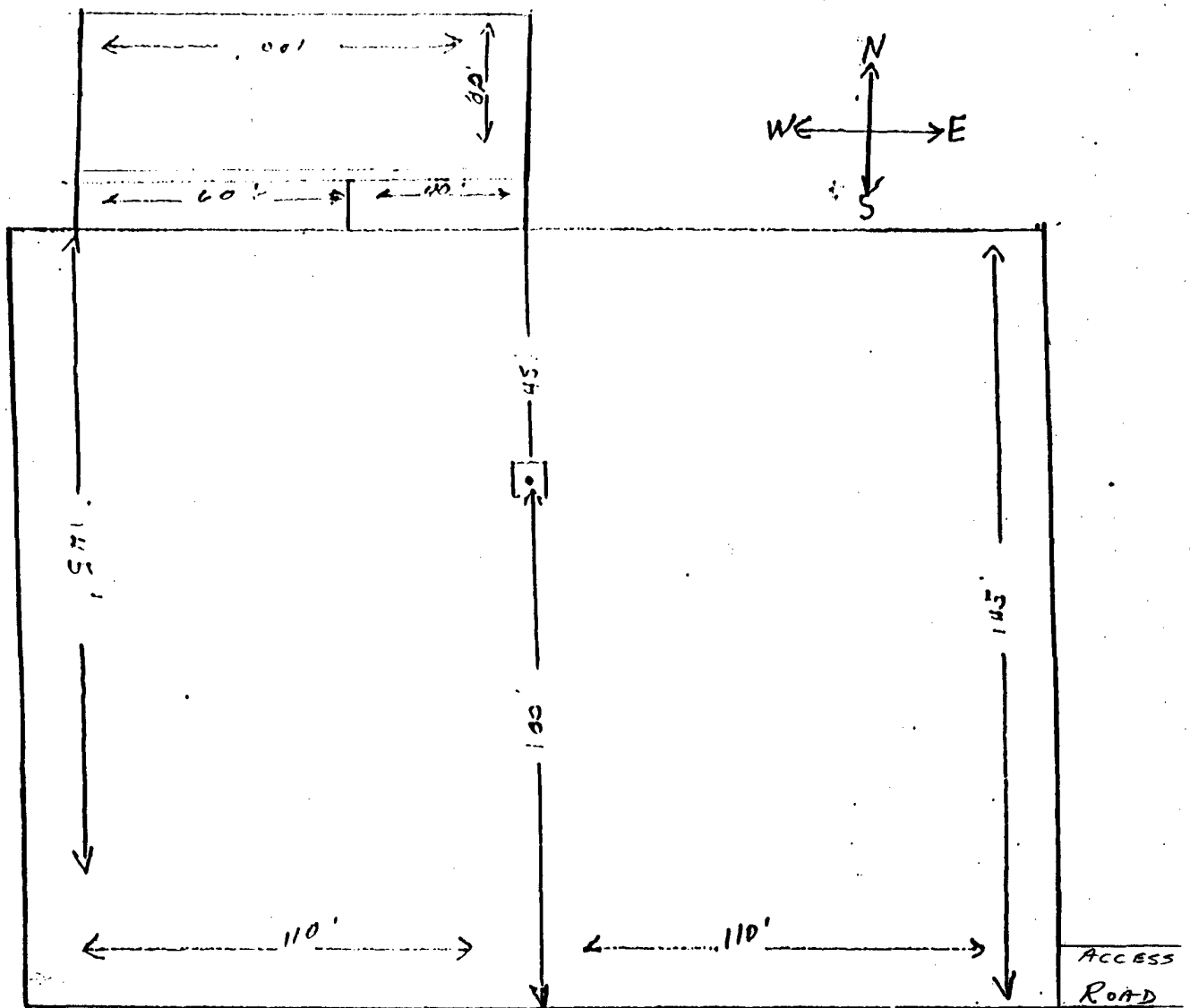


EXHIBIT "D"
SEELY OIL CO.
E-K Queen Unit, Well No. 111
Pad & Pit Layout

B O P & CHOKE MANIFOLD

10"/900 Cameron SS Space Saver
 3000# Working Pressure
 2000# Working Pressure Choke Manifold

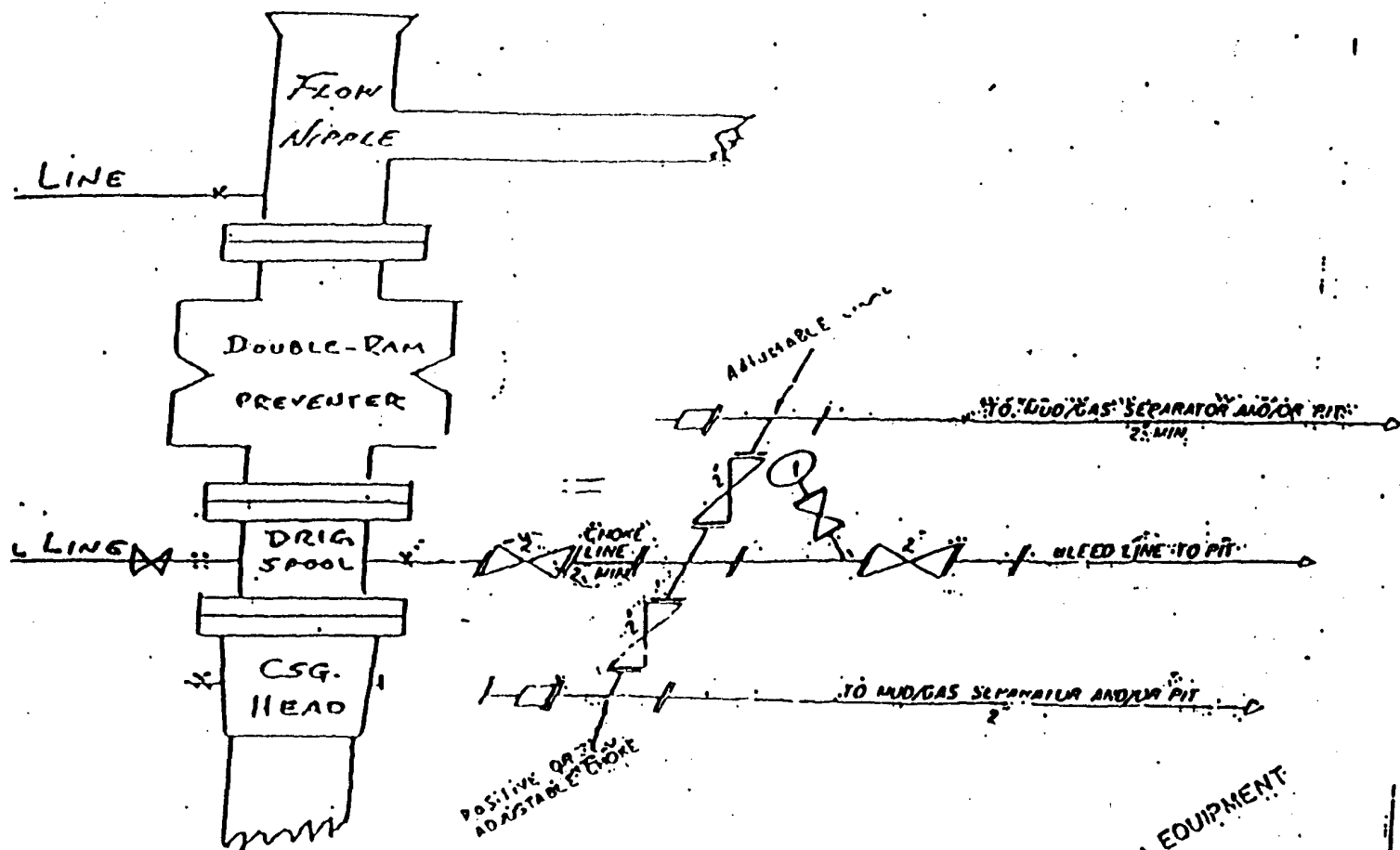


EXHIBIT "E"
 SEELY OIL CO.
 E-K Queen Unit, Well No. 111
 BOP Specifications