

ATS-07-327

OCD-HOBBS

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
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		8. Lease Name and Well No. <36511> Mescalero Ridge "F" Federal, #1
2. Name of Operator Seely Oil Company		9. API Well No. 30-D25-38409
3a. Address 815 W. 10th St. Ft. Worth, TX 76102	3b. Phone No. <20497> (include area code) (817) 332-1377	10. Field and Pool, or Exploratory <45773> Mescalero Escarpe (Bone Spring)
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1650' FNL & 2210' FWL At proposed prod. zone same Unit F LEA COUNTY CONTROLLED WATER BASIN		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 18-T18S-R34E
14. Distance in miles and direction from nearest town or post office* 30 miles NW of Hobbs, NM		12. County or Parish Lea
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		13. State NM
16. No. of acres in lease 120		17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1926'		20. BLM/BIA Bond No. on file NM-1816
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4081' GL		22. Approximate date work will start* 05/01/2007
23. Estimated duration 6 - 7 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 03/21/2007
Title Agent for Seely Oil Company		

Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) /s/ James Stovall	Date MAY 15 2007
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 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)

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

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

George R. Smith
George R. Smith, agent

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 and Natural Resources Department

Form C-102
Revised October 12, 2005

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-38408	Pool Code 45793	Pool Name Mescalero Escarp Bone Spring
Property Code 36511	Property Name MESCALERO RIDGE "F" FEDERAL	Well Number 1
OGRID No. 20497	Operator Name SEELY OIL COMPANY	Elevation 4081'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	18	18 S	34 E		1650	NORTH	2210	WEST	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.
40	<input checked="" type="checkbox"/>		

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>George R. Smith</i> 3/21/07 Signature Date</p> <p>George R. Smith, agent Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>FEBRUARY 28, 2007</p> <p>Date Surveyed Signature & Seal of Professional Surveyor W.C. No. 16829 Certificate No. Gary Jones 7977</p>
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APPLICATION FOR DRILLING
SEELY OIL COMPANY.
Mescalero Ridge "F" Federal, Well No. 1
1650' FNL & 2210' FWL, Sec. 18-T18S-R34E
Lea County, New Mexico
Lease No.: LC-065394-B
(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	1,780'	San Andres	5,190'
Top of Salt	1,930'	Delaware	6,040'
Base of Salt	3,080'	Bone Spring	7,075'
Yates	3,350'	1 st Bone Spring	8,350'
Seven Rivers	3,600'	2 nd Bone Spring	8,800'
Queen	4,420'	T.D.	9,300'
Grayburg	4,850'		

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

Water: Surface water in the Triassic between 80' - 400'.
Oil: Possible in the Queen below 4,420' and Bone Spring below 8,800'.
Gas: None expected.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	48.0#	H-40	ST&C	400'	Circ. 300 sx "C" to surface.
12 1/4"	8 5/8"	24.0#	J-55	ST&C	2,400'	
12 1/4"	8 5/8"	32.0#	J-55	LT & C	3,150'	Circ. 750 sx "C" to surface.
7 7/8"	5 1/2"	15.5#	J-55	LT & C	6,500'	
7 7/8"	5 1/2"	17.0#	N-80	LT & C	9,300'	1000 sx "C" TOC 3000'.

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

BOP Program:

A 13" 3000 psi wp, double ram BOP, will be installed on the 13 3/8" casing. Casing and BOP will be tested as described in Onshore Order No. 2 before drilling out with 12 1/4".

6. Mud Program:		MUD WEIGHT	VIS.	W/L CONTROL
0' - 400':	Fresh water native mud	8.4 - 9.4 ppg	32 - 34	No W/L control
400' - 3150':	Brine mud:	10.0 ppg	28	No W/L control
3150' - 8300':	Fresh water mud w/gel:	8.4 - 8.8 ppg	28	No W/L control
8300' - 9300':	Fresh water mud + add.	8.7 - 8.9 ppg	30 - 32	W/L control 16 cc+/-

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

Seely Oil Company

Mescalero Ridge "F" Federal, Well No. 1

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8. Testing, Logging, and Coring Program:

Drill Stem Tests: None unless warranted.

Logging: T.D. to 3150': G/R-Density Neutron, Dual Induction Log
3150' 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 evacuated BHP = 4092 with a surface pressure = 2046 psi (part. evac. hole) with BH temperature of 153°.
10. H₂S: None expected. No H₂S in previously drilled wells, but the Mud Log Unit will be cautioned to use a gas trap to detect H₂S and if any is detected the mud weight will be increased along with H₂S inhibitors sufficient to control the gas
11. Anticipated starting date: May 1, 2007.
Anticipated completion of drilling operations: Approx. 5 – 7 wks.

RIG # 3, 2, 1

BLOWOUT PREVENTOR ARRANGEMENT

13"-10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

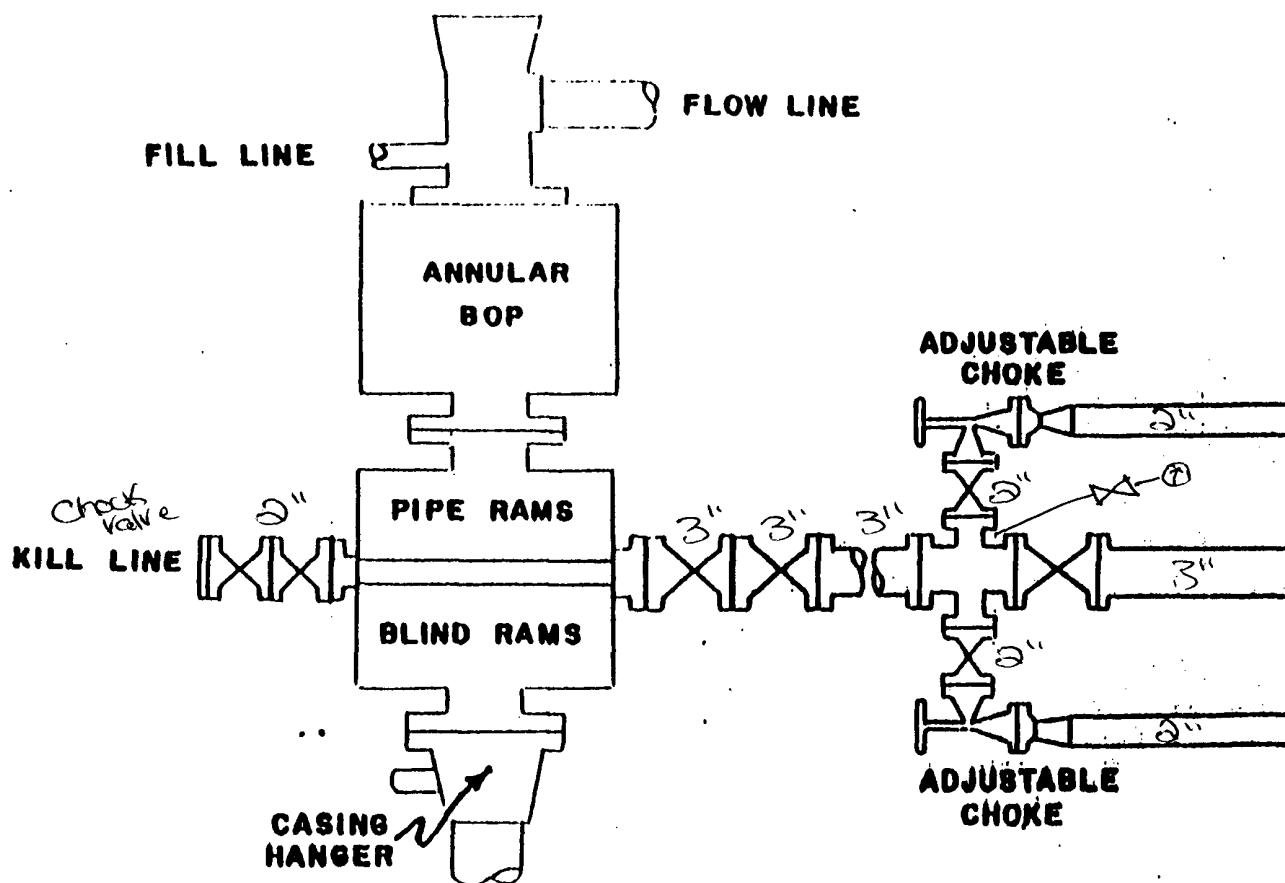


EXHIBIT "E"
SEELY OIL CO.
Mescalero Ridge "F" Federal, Well No. 1
BOP Specifications

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
March 12, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Seely Oil Company Telephone: (817) 332-1377 e-mail address: _____

Address: 815 W. 10th St. Ft. Worth, TX 76102

Facility or well name: Mescalero Ridge "F" Federal, Well #1 API #: 30-025-38409 U/L or Qtr/Qtr SENW Sec 18 T18S R34E

County: Lea Latitude N32°45'01.6" Longitude W103°36'02.9" NAD: 1927 1983 X Surface Owner Federal X State ☐ Private -- Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined X unlined ☐

Liner type: Synthetic X Thickness 12 mil Clay ☐ Volume

6000 bbl +/-

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not.

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	No	(0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	1000 feet or more	(0 points)
	Ranking Score (Total Points)	-0-

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: March 21, 2007

Printed Name/Title George R. Smith, agent

Signature George R. Smith

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: 5/21/07

Printed Name/Title CHRIS WILLIAMS/DIST. SUPV.

Signature Chris Williams