

OCD-HOBBS

41

ATS-08-46

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		5. Lease Serial No. LC-065394-B	
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. Mescalero Ridge, "C" Federal, #2	
3b. Phone No. (include area code) 817-332-1377		9. API Well No. 30-025-38689	
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 640' FNL & 990' FWL At proposed prod. zone		10. Field and Pool, or Exploratory Mescalero Escarpe (Bone Spring)	
14. Distance in miles and direction from nearest town or post office* 30 miles NW of Hobbs, NM.		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 18-T18S-R34E	
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 640' 330'	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 729'	19. Proposed Depth 9150'	20. BLM/BIA Bond No. on file NM-1816	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4087' GL	22. Approximate date work will start* 11/26/2007	23. Estimated duration 5-7 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 10/05/2007
Title Agent for Seely Oil Company		
Approved by (Signature) /s/ James Stovall	Name (Printed Typed) /s/ James Stovall	Date NOV 09 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)

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

**LEA COUNTY CONTROLLED WATER BASIN**

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

**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 <b>30-025-38609</b>	Pool Code <b>8999 45793</b>	Pool Name <b>Mescalero Escarpe (Bone Spring)</b>
Property Code <b>28122</b>	Property Name <b>MESCALERO RIDGE "C" FEDERAL</b>	Well Number <b>2</b>
OGRID No. <b>20497</b>	Operator Name <b>SEELY OIL COMPANY</b>	Elevation <b>4087'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>D</b>	<b>18</b>	<b>18 S</b>	<b>34 E</b>		<b>640</b>	<b>NORTH</b>	<b>990</b>	<b>WEST</b>	<b>LEA</b>

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 <b>40</b>		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

<p>LAT-N32°45'11.58" LONG-W103°36'17.16" N.: 638522.6 E.: 765322.1 (NAD-83)</p> <p>LC-065394-B</p>	<p><b>OPERATOR CERTIFICATION</b></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><u>George R. Smith</u> 10/5/07 Signature Date</p> <p><u>George R. Smith, agent</u> Printed Name</p> <p><b>SURVEYOR CERTIFICATION</b></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>SEPTEMBER 28, 2007</p> <p>Date Surveyed Signature &amp; Seal of Professional Surveyor W.O. No. 18583 Certificate No. 7977 BASIN SURVEYS</p>
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**APPLICATION FOR DRILLING**  
**SEELY OIL COMPANY.**  
Mescalero Ridge "C" Federal, Well No. 2  
640' FNL & 990' 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 <sup>st</sup> Bone Spring	8,350'
Seven Rivers	3,600'	2 <sup>nd</sup> Bone Spring	8,800'
Queen	4,420'	T.D.	9,150'
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: *(NEW)*

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	COLLAR	SETTING DEPTH	COLLAPSE DESIGN FACTOR	BURST DESIGN FACTOR	TENSION DESIGN FACTOR
17 1/2"	13 3/8"	54.5#	J-55	ST&C	1,800'	1.36	2.26	5.55
11"	8 5/8"	24.0#	J-55	ST&C	2,200'	1.20	2.58	2.60
11"	8 5/8"	32# 28.0#	J-55	ST&C	3,150'	1.15	2.07	9.63
7 7/8"	5 1/2"	15.5#	J-55	LT&C	6,500' 5800	1.27	1.51	1.53
7 7/8"	5 1/2"	17.0#	N-80	LT&C	9,150'	1.41	1.74	7.87

5. Cement Program:

A. 13 3/8" casing: 1800' Circ. to surface: lead: 1060 sx 35/65 pozmix, tail: 400 sx "C" + add., Yield: 1.74  
B. 8 5/8" casing: 3150' Circ to surface: lead: 635 sx 35/65 pozmix, tail: 200 sx "C" + add., Yield: 1.81  
C. 5 1/2" casing: 9150' Circ to 2500': lead: 800 sx Interfill "H" yield 2.76. tail: 300 sx 50/50 pozmix + additives, yield 1.03

NOTE: If DV tool is required, will set @ 5,000' +/-.

6. Proposed Control Equipment

**BOP Program:** A 13" 3000 psi wp, double hydraulic ram BOP, will be installed on the 13 3/8" casing. Casing and BOP will be tested to 1,000 psi before drilling out with 11". The BOP and casing will be tested according to Onshore Oil & Gas Order No. 2 before drilling out with 7 7/8". The pipe rams will be operated and checked daily plus each time drill pipe is out of hole. This will be documented on drillers' log. See Exhibit "E"

7. <b>Mud Program:</b>		MUD WEIGHT	VIS.	W/L CONTROL
0' - 1800':	Fresh water native mud	8.4 - 9.4 ppg	32 -34	No W/L control
1800' - 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' - 9150':	Fresh water mud + add.	8.7 - 8.9 ppg	30 - 32	W/L control 16 cc+/-

8. **Auxiliary Equipment:** Blowout Preventer, gas detector, Kelly cock,

9. **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.

10. 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 = 4026 with a surface pressure = 2013 psi (part. evac. hole) with BH temperature of 152°.

11. H<sub>2</sub>S: None expected. No H<sub>2</sub>S in previously drilled wells, but the Mud Log Unit will be cautioned to use a gas trap to detect H<sub>2</sub>S and if any is detected the mud weight will be increased along with H<sub>2</sub>S inhibitors sufficient to control the gas

12. Anticipated starting date: November 26, 2007.

Anticipated completion of drilling operations: Approx. 5 – 7 wks.

# 3000 psi System

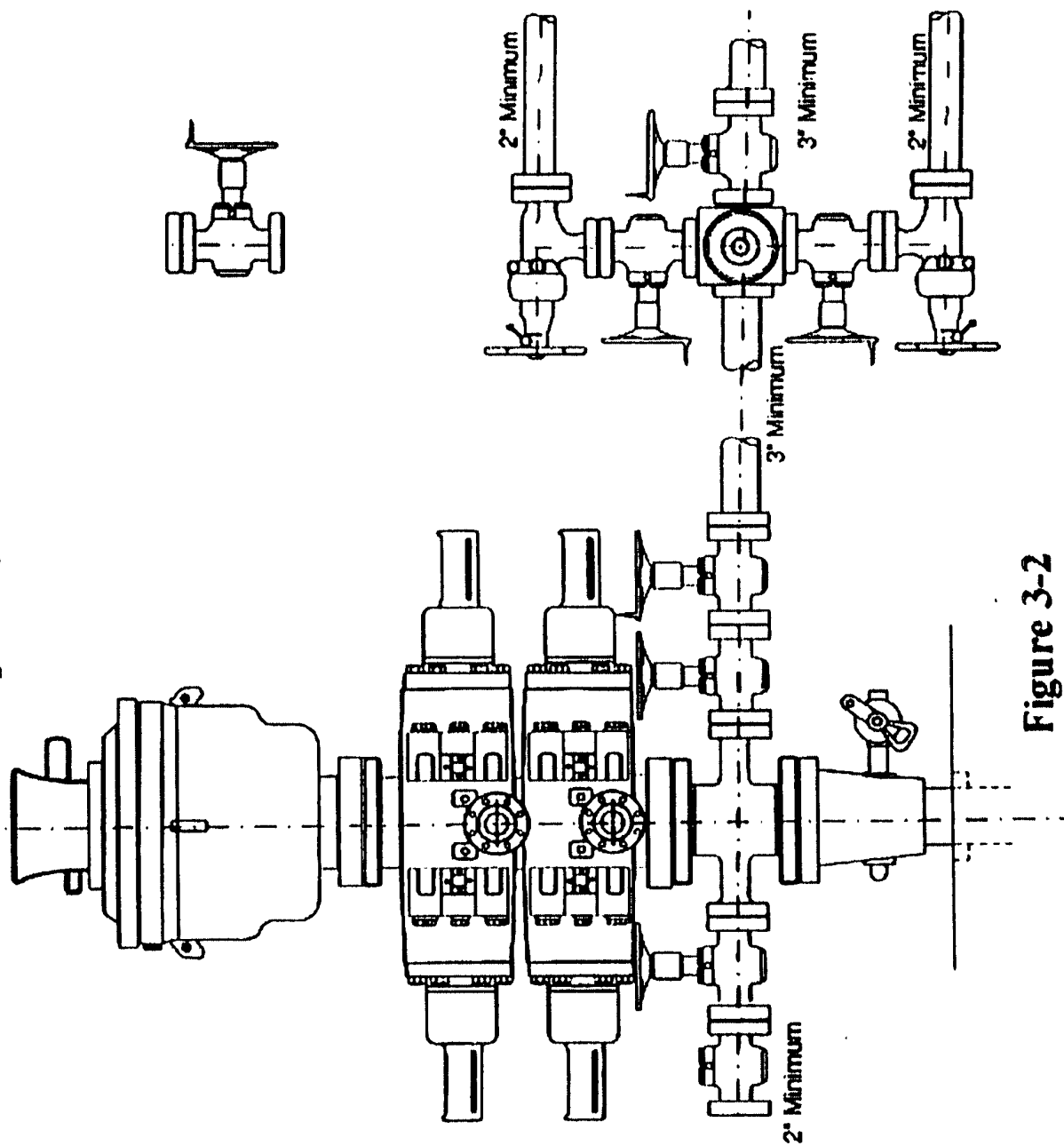
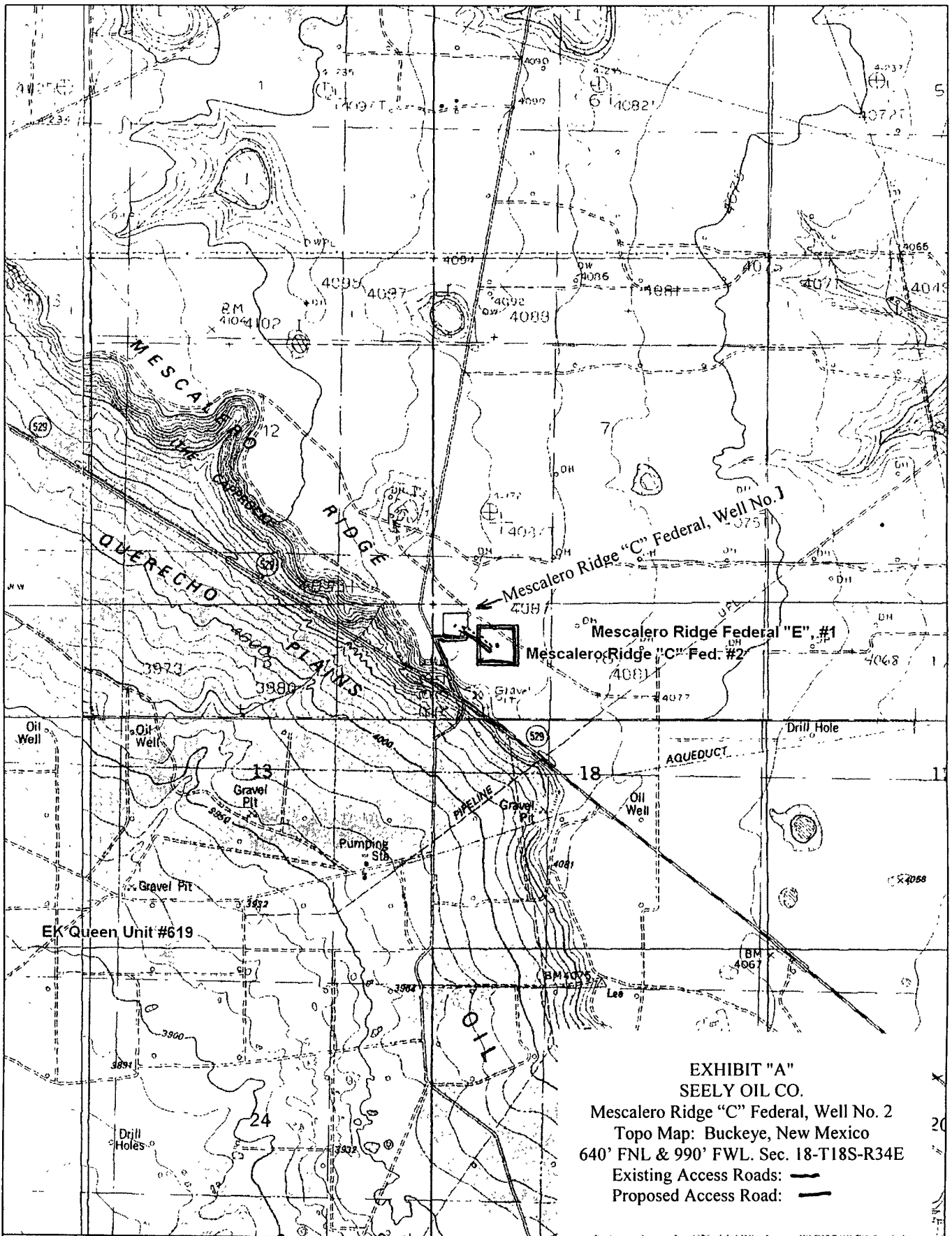


Figure 3-2

EXHIBIT "E"  
 SEELY OIL CO.  
 Mescalero Ridge "C" Federal, Well No. 2  
 BOP Specifications



**DELORME**

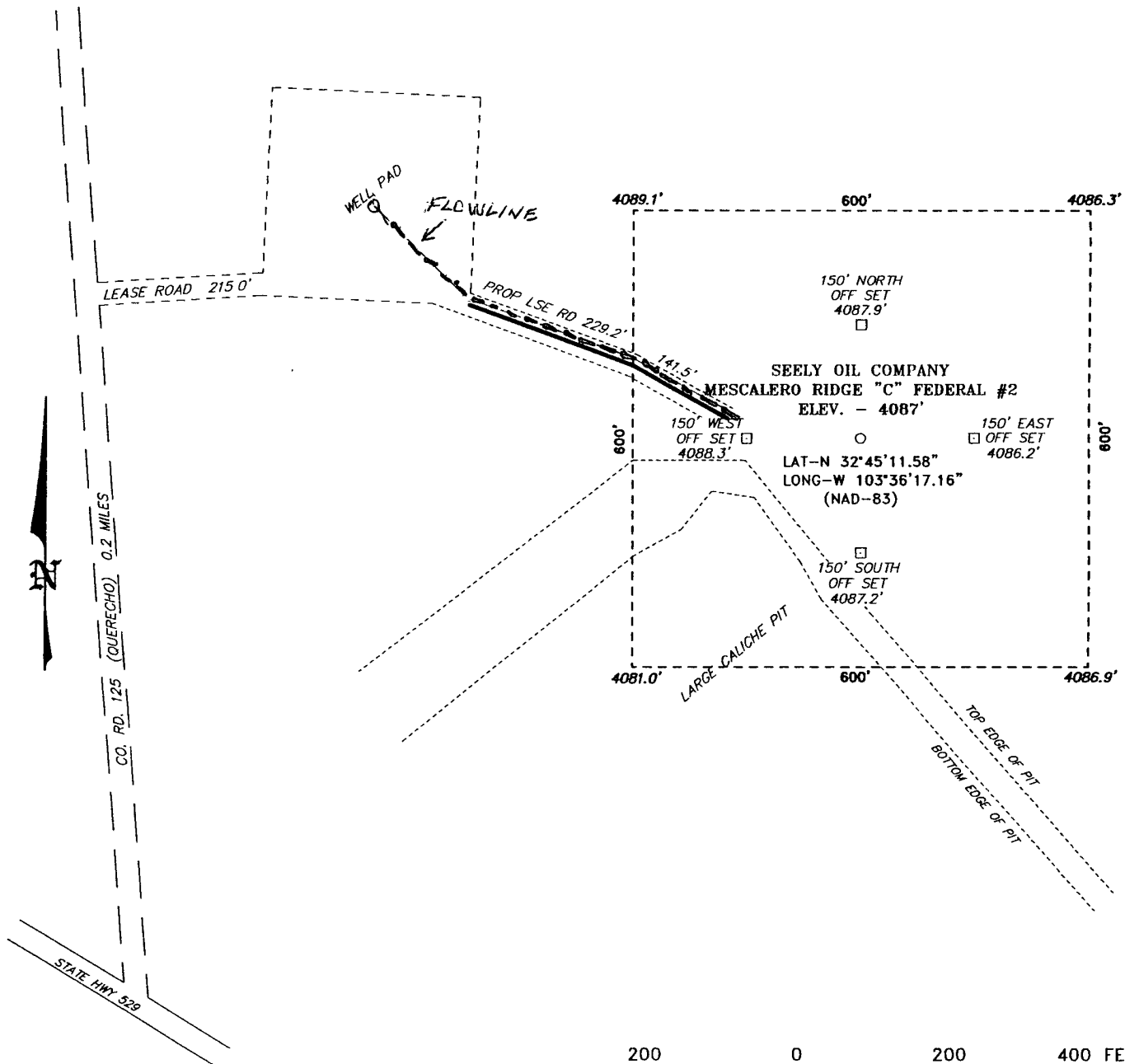
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[www.delorme.com](http://www.delorme.com)

Scale 1 : 24,000  
 1" = 2000 ft



TN  
 MN  
 89°E

SECTION 18, TOWNSHIP 18 SOUTH, RANGE 34 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



*DIRECTIONS TO LOCATION:*

FROM THE JUNCTION OF STATE HWY 529 AND CO. RD.  
L-125 (QUECHO), PROCEED NORTH ON CO. RD. L-125  
FOR 0.2 MILES TO A LEASE ROAD, ON LEASE ROAD GO  
EAST 0.1 MILES TO WELL PAD AND PROPOSED LEASE  
ROAD.

**BASIN SURVEYS** P.O. BOX 1786—HOBBS, NEW MEXICO

W.O. Number: 18583

Date: 09-29-2007	Disk: 18583W
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200                      0                      200                      400 FEET

SCALE: 1" = 200'

# SEELY OIL COMPANY

REF: Mescalero Ridge "C" Federal #2 / Well Pad Topo

THE MESCALERO RIDGE "C" FEDERAL No. 2 LOCATED 640'

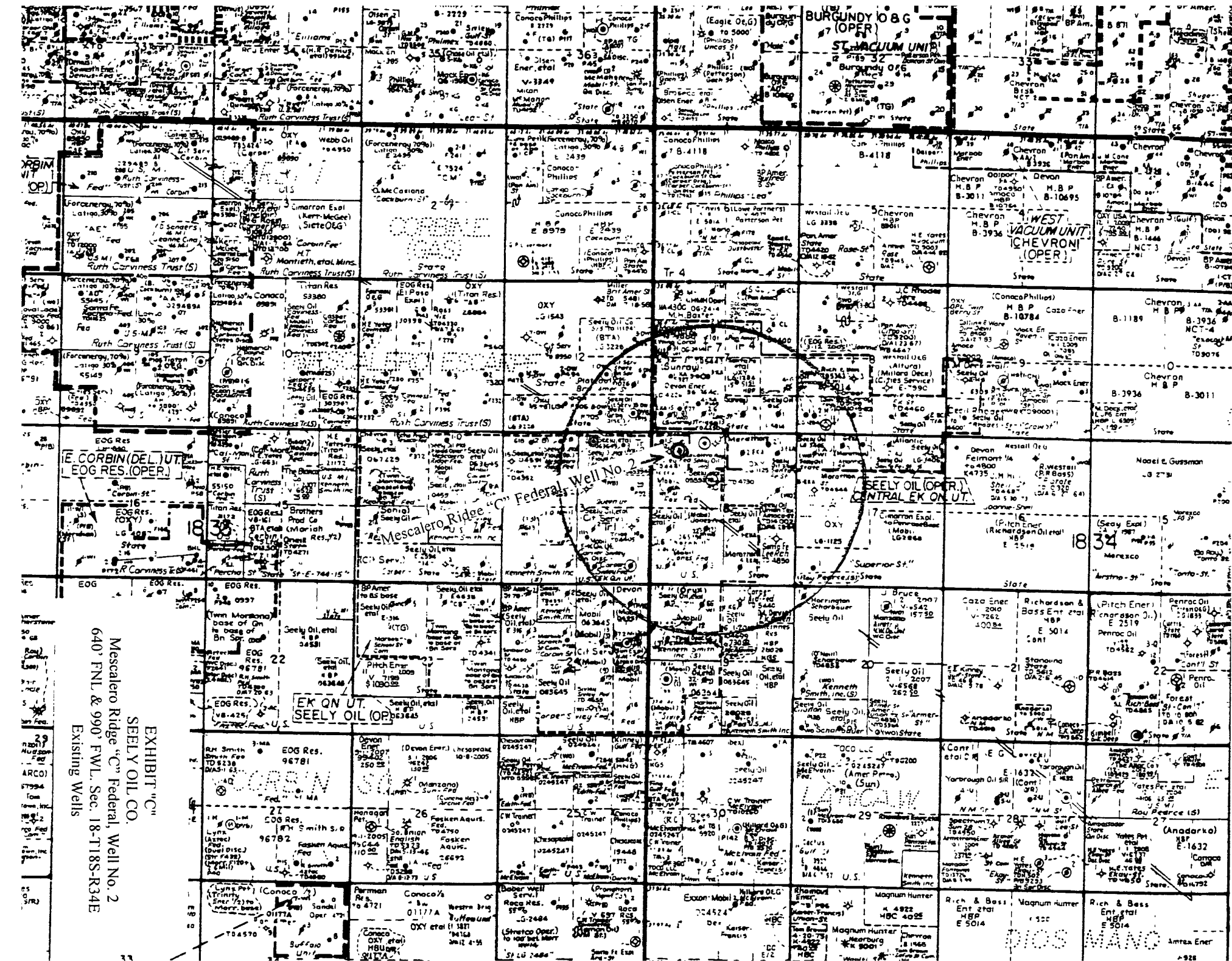
FROM THE NORTH LINE AND 990' FROM THE WEST LINE OF

SECTION 18, TOWNSHIP 18 SOUTH, RANGE 34 EAST,

N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 09-26-2007

Sheet 1 of 1 Sheets





## PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Seely Oil Company
LEASE NO.:	LC-065394B
WELL NAME & NO.:	Mescalero Ridge C Fed. #2
SURFACE HOLE FOOTAGE:	0640' FNL & 0990' FWL
BOTTOM HOLE FOOTAGE	
LOCATION:	Section 18, T. 18 S., R 34 E., NMPM
COUNTY:	Eddy County, New Mexico

### TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☐ **Special Requirements**
- ☐ **Construction**
  - Notification
  - Topsoil
  - Reserve Pit
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
- ☐ **Production (Post Drilling)**
  - Well Structures & Facilities
  - Pipelines
- ☐ **Reserve Pit Closure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

## **I. GENERAL PROVISIONS**

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

## **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

## **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

## **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

## **V. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### **B. TOPSOIL**

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

### **C. RESERVE PITS**

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 120' X 120' on the Northeast side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

### **D. FEDERAL MINERAL MATERIALS PIT**

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

#### **E. WELL PAD SURFACING**

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

#### **F. ON LEASE ACCESS ROADS**

##### **Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

##### **Surfacing**

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

##### **Crowning**

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

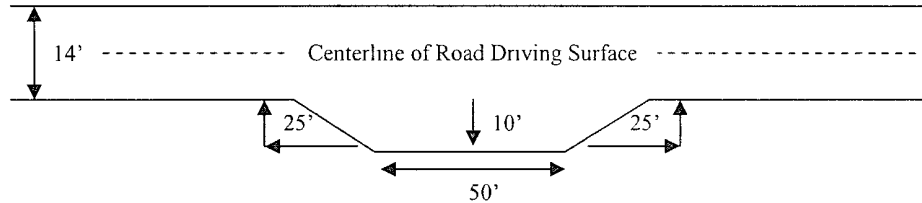
##### **Ditching**

Ditching shall be required on both sides of the road.

### Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

**Standard Turnout – Plan View**

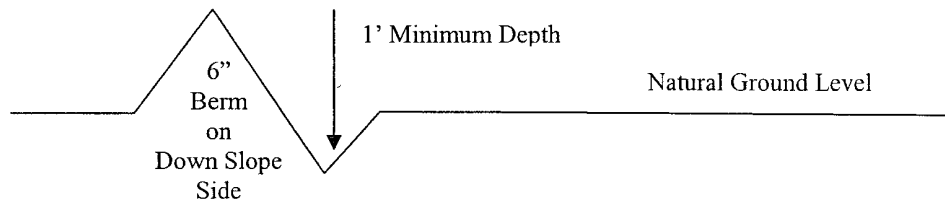


### Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

**Cross Section of a Typical Lead-off Ditch**



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

### **Formula for Spacing Interval of Lead-off Ditches**

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

### **Culvert Installations**

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

### **Cattleguards**

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

### **Fence Requirement**

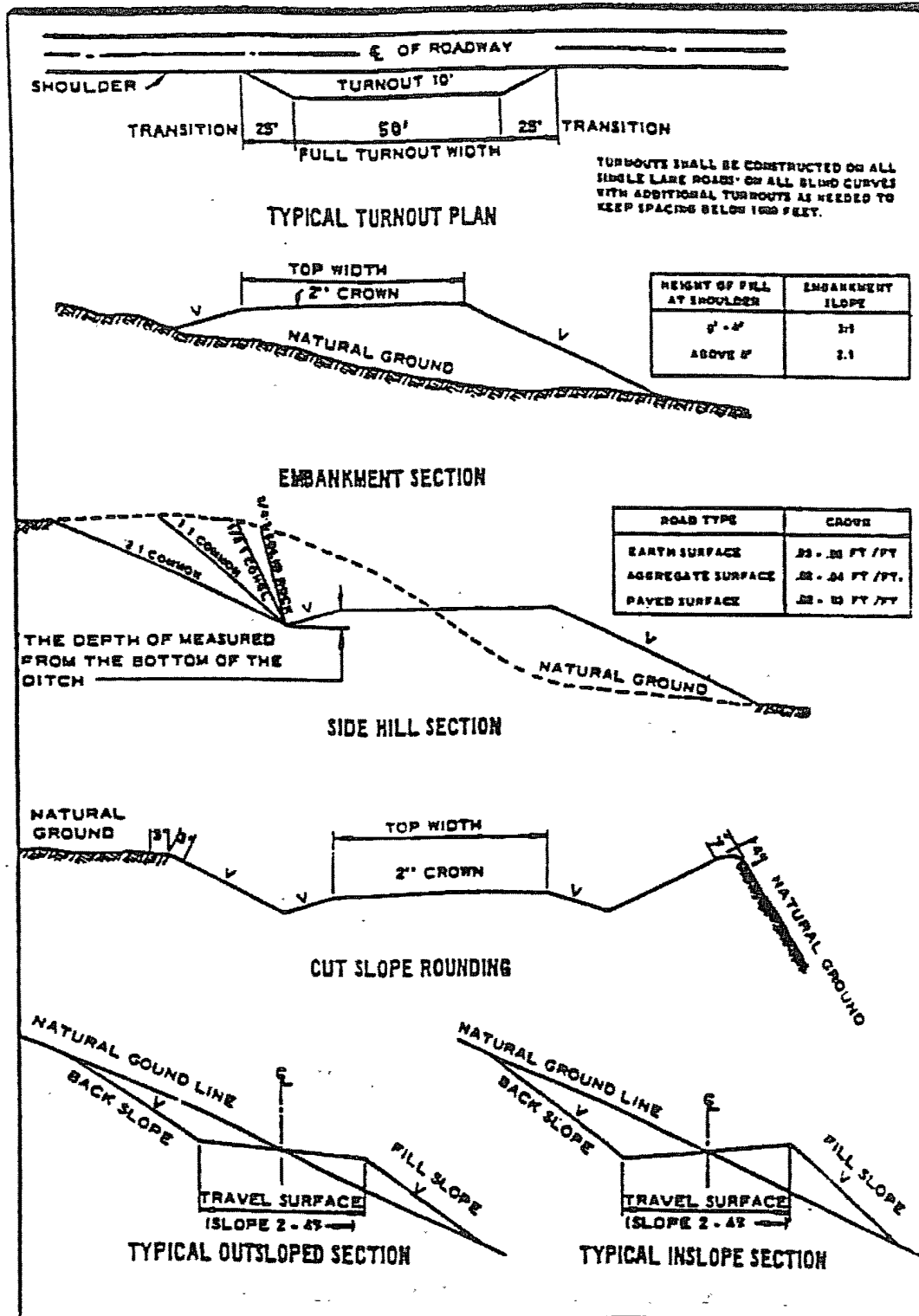
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

### **Public Access**

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



## VI. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,  
(505) 393-3612

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a possible hazard. It has been reported in the Range to the west. If Hydrogen Sulfide is encountered, please report measured amounts to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

### B. CASING

1. The 13-3/8 inch surface casing shall be set **a minimum of 25 feet into the Rustler Anhydrite at approximately 1800 feet** and cemented to the surface.
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
  - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).



- c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
- d. If cement falls back, remedial action will be done prior to drilling out that string.

**Possible lost circulation in the Grayburg and San Andres formations.  
Possible water flows in the Salado and Artesia Group.**

- 2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is:
  - ☒ Cement to surface. If cement does not circulate see B.1.a-d above. **Set in competent formation in the Delaware Mountain Group, preferably the Tansill formation at approximately 3150 feet.**
- 3. The minimum required fill of cement behind the **5-1/2** inch production casing is:
  - ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.
- 4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

**C. PRESSURE CONTROL**

- 1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
- 2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. The tests shall be done by an independent service company.
  - b. The results of the test shall be reported to the appropriate BLM office.
  - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug

and 30 minutes without a test plug.

- e. A variance to test the surface casing and BOP/BOPE to the reduced pressure of **1000** psi with the rig pumps is approved.

#### **D. DRILL STEM TEST**

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

**Engineer on call phone (after hours):      Carlsbad: (505) 706-2779**

**WWI 110707**

## **VII. PRODUCTION (POST DRILLING)**

### **A. WELL STRUCTURES & FACILITIES**

#### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

#### **Containment Structures**

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

#### **Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color  
Shale Green, Munsell Soil Color Chart # 5Y 4/2

### **B. PIPELINES**

#### **BURIED PIPELINE STIPULATIONS**

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the

authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.

6. The pipeline will be buried with a minimum cover of **36** inches between the top of the pipe and ground level.

7. Blading of all vegetation will be allowed. Blading is defined as the complete removal of brush and ground vegetation. Clearing of brush species will be allowed. Clearing defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface. In areas where blading and/or clearing is allowed, maximum width of these operations will not exceed **35** feet.

8. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

9. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in row, piles, or berms,

unless otherwise approved by the Authorized Officer. A berm will be left over the ditch line to allow for settling back to grade.

10. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

11. The holder will reseed. Seeding will be done according to the attached seeding requirements, using the following seed mix.

<input checked="" type="checkbox"/> seed mixture 1	<input type="checkbox"/> seed mixture 3
<input type="checkbox"/> seed mixture 2	<input type="checkbox"/> seed mixture 4

12. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

16. Special Stipulations:

## **VIII. INTERIM RECLAMATION & RESERVE PIT CLOSURE**

### **A. INTERIM RECLAMATION**

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

### **B. RESERVE PIT CLOSURE**

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

### Seed Mixture 1, for Loamy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass ( <i>Eragrostis intermedia</i> )	0.5
Sand dropseed ( <i>Sporobolus cryptandrus</i> )	1.0
Sideoats grama ( <i>Bouteloua curtipendula</i> )	5.0

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed  
(Insert Seed Mixture Here)

## **IX. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS**

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.