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OPER. OGRID NO. 2049  
 PROPERTY NO. 24612  
 POOL CODE 19950  
 EFF DATE 9-6-00  
 API NO. 30-025-35149

Onshore Oil and Gas Order No. 1  
 102511, 102512, 102513  
 Hobbs, NM (100)

# APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

Form 3160-3  
(August 1999)

## UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

### APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-0245247
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 Ft. Worth, TX 76102	3b. Phone No. (include area code) (817) 332-1377	8. Lease Name and Well No. McElvain Federal, Well No. 7
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 660' FNL & 525' FWL At proposed prod. zone Same		9. API Well No. 30-025-35149
14. Distance in miles and direction from nearest town or post office* 30 miles NW of Hobbs, NM		10. Field and Pool, or Exploratory EK Yates, 7 River, Queen
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		11. Sec., T., R., M., or Bk. and Survey or Area Sec. 29-T18S-R34E
16. No. of Acres in lease 1751.44	17. Spacing Unit dedicated to this well 40	12. County or Parish. Lea
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1163'	19. Proposed Depth 6,500'	13. State NM
20. BLM/BIA Bond No. on file NM-1816	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3964' GL	22. Approximate date work will start* 08/28/00
23. Estimated duration 3 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- 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 08/10/00
Title Agent for: Seely Oil Company		
Approved by (Signature) <i>William D. Gray</i>	Name (Printed/Typed) WILLIAM D. GRAY	Date SEP 05 2000
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	

Application approval does not warrant or certify the 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)

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

GWN

2/14/00

8/14/00

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RESEARCH

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DISTRICT I  
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II  
611 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 <b>30-025-35149</b>	Pool Code <b>19950</b>	Pool Name <b>EK Yates, 7 Rivers, Queen</b>
Property Code <b>24612</b>	Property Name <b>McELVAIN FEDERAL</b>	Well Number <b>7</b>
OGRD No. <b>20497</b>	Operator Name <b>SEELY OIL COMPANY</b>	Elevation <b>3964'</b>

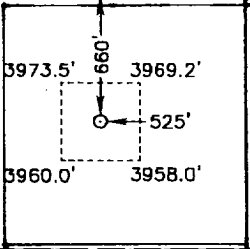
**Surface Location**

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>29</b>	<b>18 S</b>	<b>34 E</b>		<b>660</b>	<b>NORTH</b>	<b>525</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**

	NM-0245247 McElvain et al  LAT - N32°43'27.0" LONG - W103°35'21.8"								

**OPERATOR CERTIFICATION**

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*George R. Smith*  
Signature  
George R. Smith, agent for:  
Printed Name  
Seely Oil Company  
Title  
August 10, 2000  
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.

August 4, 2000  
Date Surveyed  
GARY L. JONES  
Signature & Seal of Professional Surveyor  
7977  
W.O. No. 0451  
Certification No. 7977  
BASIN SURVEYS

**APPLICATION FOR DRILLING**  
**SEELY OIL COMPANY.**  
McElvain Federal , Well No. 7  
660' FNL & 525' FWL, Sec. 29-T18S-R34E  
Lea County, New Mexico  
Lease No.: NM-0245247  
(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	1,680'
Base of Salt	3,000'
Queen	4,450'
Penrose	4,750'
San Andres	5100'
Delaware	5,600'
T.D.	6,500'

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 4,450', Penrose below 4,750' and the Delaware below 5,600'.

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	1,700'	Circ. 580 sx "C" <del>WITNESS</del>
7 7/8"	5 1/2"	17.0#	J-55	ST&C	5,700'-6,500'	250 sx +/- of HL, + 560 sx 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. Casing and BOP will be tested before drilling out with 7 7/8".

6. <b><u>Mud Program:</u></b>		<b><u>MUD WEIGHT</u></b>	<b><u>VIS.</u></b>	<b><u>W/L CONTROL</u></b>
0' - 1700':	Fresh water mud	9.3 ppg	33	No W/L control
1700' - 4100':	Brine mud:	10.0 ppg	32	No W/L control
4100' - 6500':	Cut Brine mud w/gel:	8.8 ppg	32	W/L control 15 cc+/-

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.

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

Drill Stem Tests: None unless warranted.

Logging: T.D. to 1700': G/R-Density Neutron, Dual Induction Log  
1700' to surface: G/R, Neutron

Coring: None planned unless warranted in the Queen.

**Seely Oil Company**

McElvain Federal , Well No. 7

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 BHP = 2400 psi (evac. hole) with temperature of 120<sup>o</sup>.
10. H<sub>2</sub>S: None expected. None in previously drilled wells.
11. Anticipated starting date: August 28, 2000.  
Anticipated completion of drilling operations: Approx. 3 weeks.

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

### **SEELY OIL CO.**

McElvain Federal , Well No. 7

660' FNL & 525' FWL, Sec. 29-T18S-R34E

Lea County, New Mexico

Lease No.: NM-0245247

(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 52 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 3.1 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 a county road with Oryx and Baber signs. Continue south and southeast for 2.3 miles on county road to a Seely tank battery on the west side of the road. Continue south for .5 mile to road fork turning back to the northeast. Take this road northeast for .7 mile to the start of the proposed access road on the east side of the road which will run southeast for 125 feet to the southwest corner of the proposed well site..

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

- A. Length and Width: The access road will be constructed to a width of 12 feet and will be approximately 125 feet in length. The proposed access road is color coded red on Exhibit "A".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche and will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None required.
- E. Cuts and Fills: Some minor cuts for 2-4 foot sand dunes.
- 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 no 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, tank battery will be installed on the drilling pad. or a 2", 125 psi PVC surface flow line will run to a tank battery on the McElvain Fed. "A", No 1 in the NE¼NE¼ Sec 29-T18S-R34E.

**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 an approved Federal pit in the SW¼NW¼ of Section 18-T18S-R34E or from bottom material available from a closed Federal Pit in the SE¼SE¼ of Sec. 24-T18S-R33E. 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 land fill within 30 days after finishing drilling and/or completion operations.

**8. ANCILLARY FACILITIES:**

- A. None required.

**SEELY OIL CO.**

**McElvain Federal , Well No. 7**

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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.
- B. Mat Size: 180' X 210', plus 100' X 100' reserve pits. The pits will be on the northeast.
- C. Cut & Fill: A 3 - 4 foot cut will be required on the north and northwest with fill to the south and southeast.
- 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 needed 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 southeasterly slope of 2.5-3% from an elevation of 3964'.
- B. Soil: The topsoil at the well site is a dark brown fine sandy loam of the Pyote and Maljamar Fine Sands Soils Series.
- C. Flora and Fauna: The vegetation cover is a fair grass cover of three-awn, bluestem, sand and spike dropseed, grama and other miscellaneous native grasses along with plants of mesquite, yucca, fourwing saltbush, shinnery oakbrush, broomweed, cacti and miscellaneous weeds and wildflowers. The wildlife consists of 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 Ken Smith ranch house is 2000 feet to the northeast of the location and there are existing oil field facilities.
- F. Land Use: Cattle grazing.

11. OTHER INFORMATION; cont.....

- G.. Surface Ownership: The proposed well site and access road are on Federal surface.
- H. There is some evidence of archaeological, historical or cultural sites east of the proposed 400' X 400' site and proposed access road right of way . The pad was moved to accommodate this problem. An archaeological survey is being conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, and their report will be submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

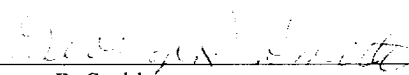
- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

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.

August 10, 2000

  
\_\_\_\_\_  
George R. Smith  
Agent for: Seely Oil Co.

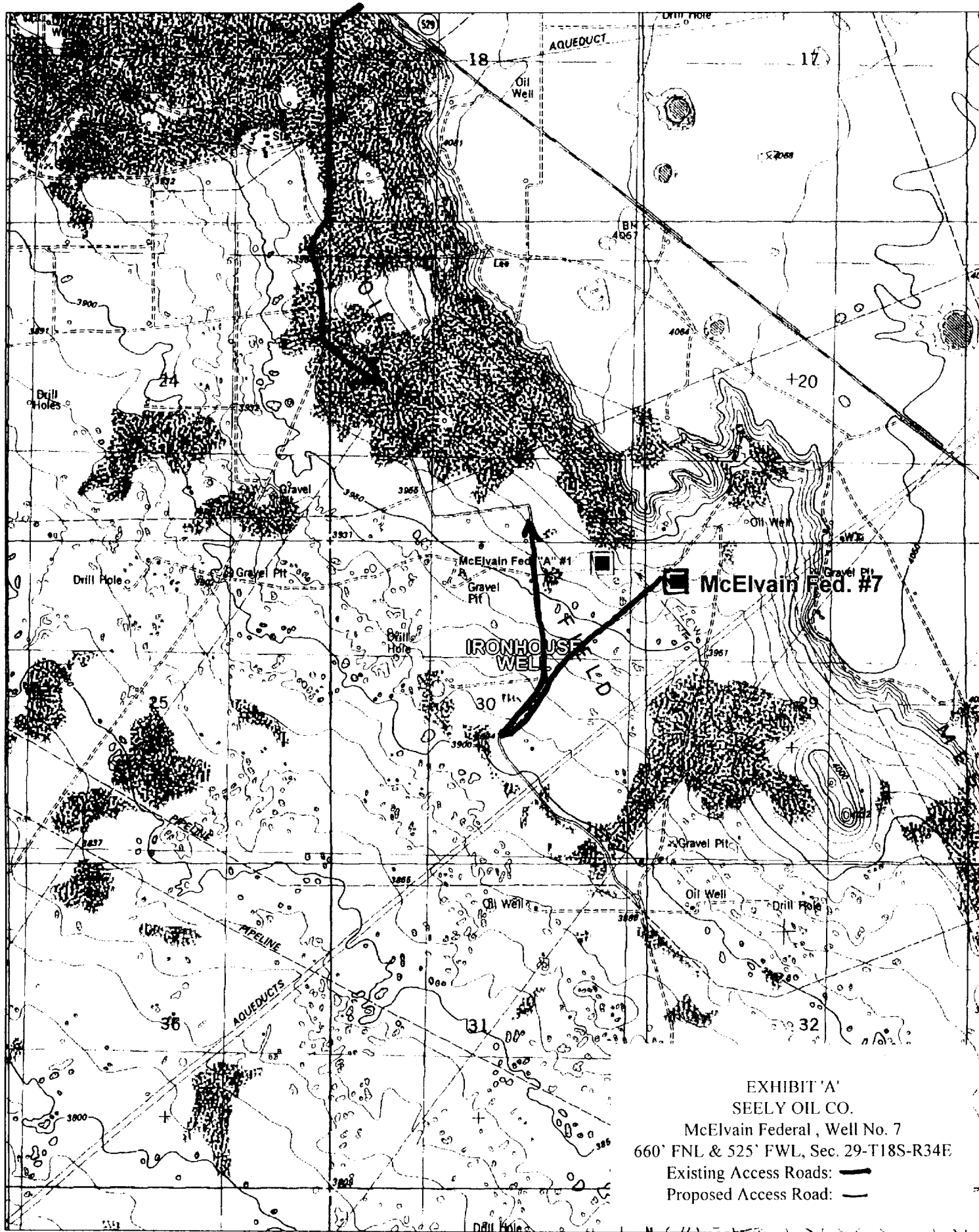


EXHIBIT 'A'  
 SEELY OIL CO.  
 McElvain Federal, Well No. 7  
 660' FNL & 525' FWL, Sec. 29-T18S-R34E  
 Existing Access Roads: —  
 Proposed Access Road: —

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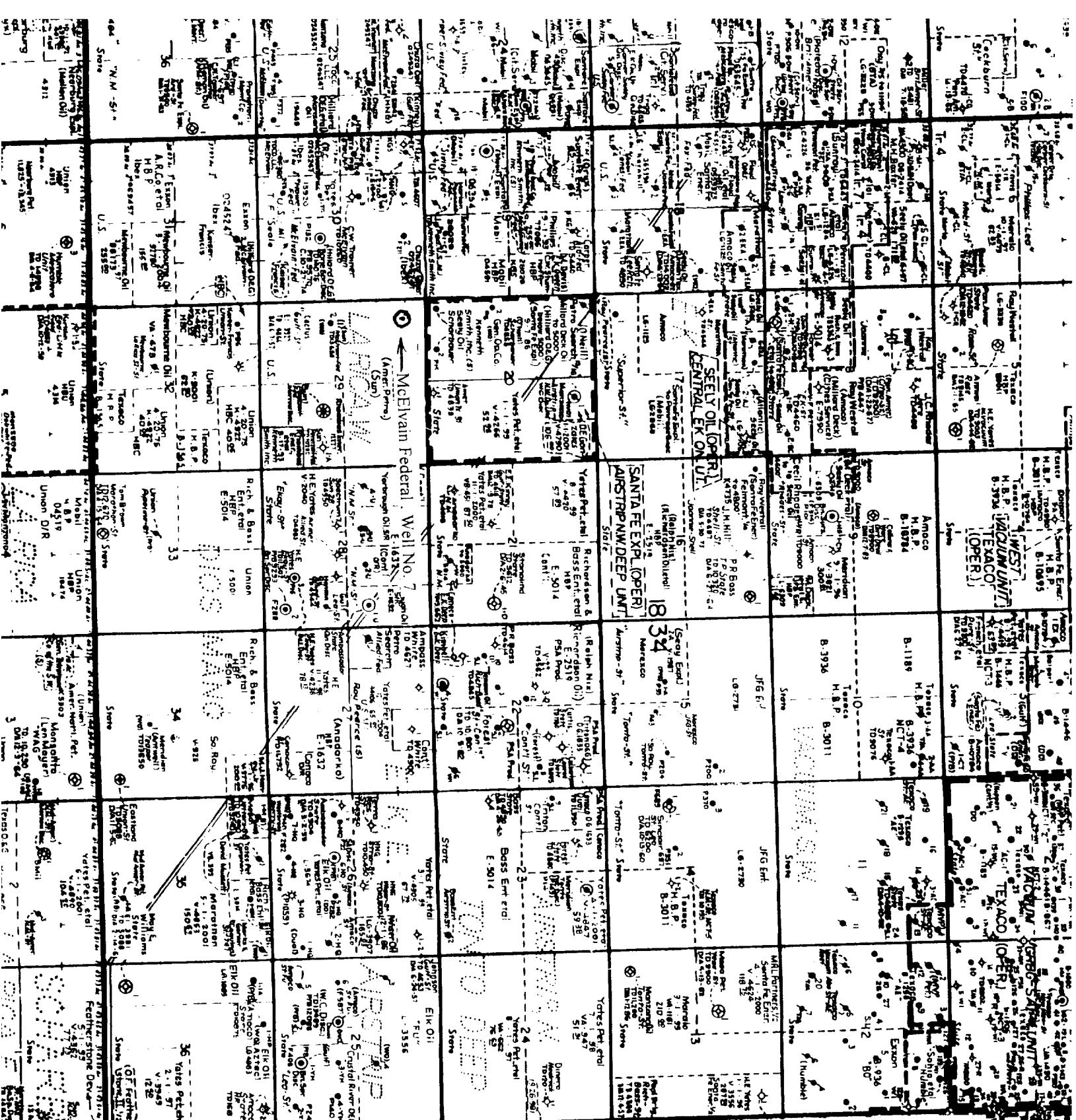


EXHIBIT "C"  
SEELY OIL CO.

McElvain Federal, Well No. 7  
660' FNL & 525' FWL, Sec. 29-T18S-R34E  
Existing Wells

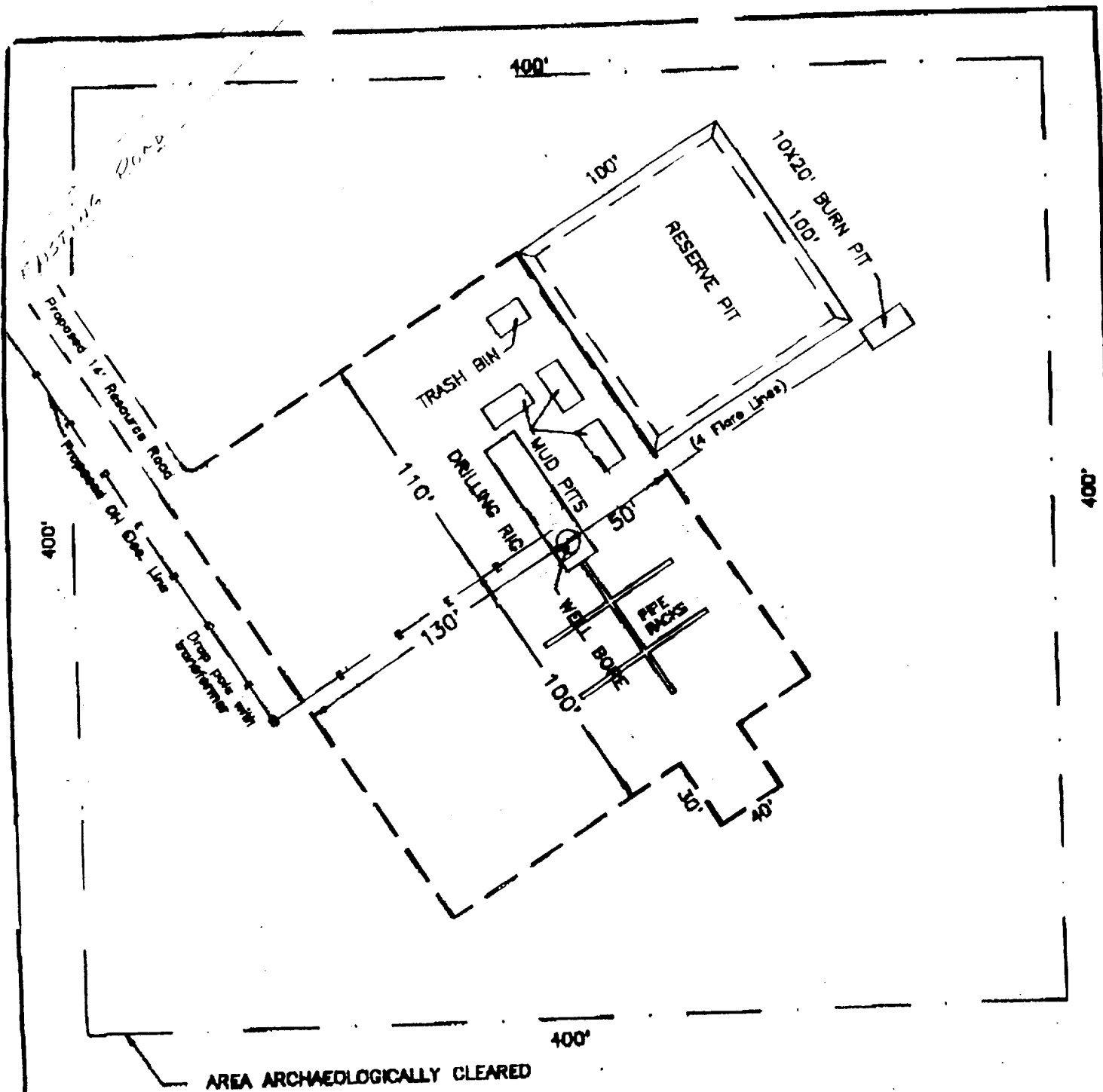
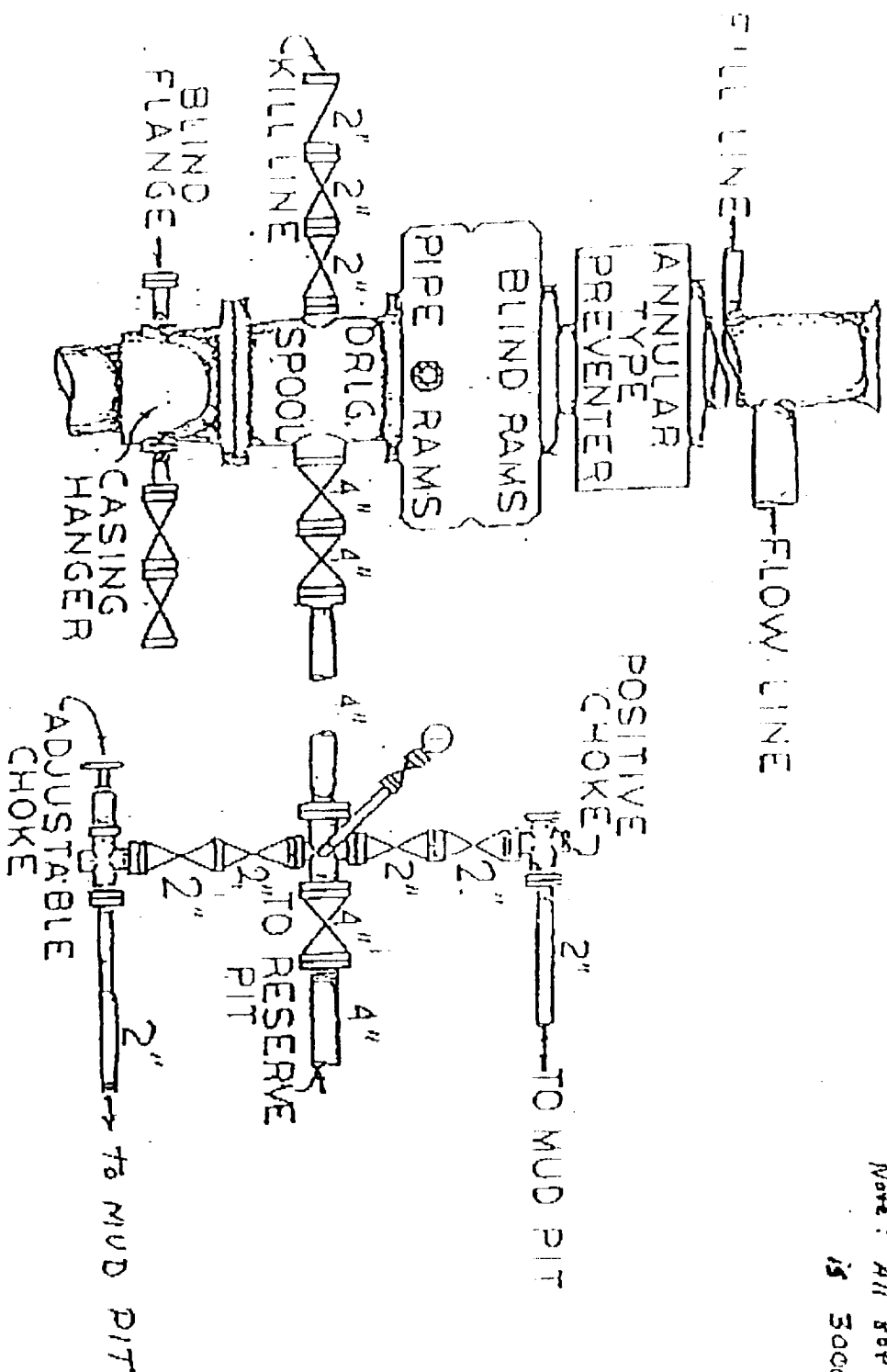


EXHIBIT "D"  
SEELY OIL CO.  
McElvain Federal, Well No. 7  
Pad & Pit Layout

# B.O.P. ARRANGEMENT



Note: All BOP Equipment  
is 3000psi working pressure

ELF 12/25/00  
ABOVE DATE DOES NOT  
INDICATE WHEN  
CONFIDENTIAL LOGS  
WILL BE RELEASED

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Hobbs  
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