

SEELY OIL COMPANY
815 WEST TENTH STREET
FORT WORTH, TEXAS 76102

March 14, 2001

NSL-4572

New Mexico Energy, Minerals and Natural
Resources Department
Oil Conservation Division
1220 South St. Francis Street
Santa Fe, New Mexico 87504

Re: Seely Oil Company
Non-Standard Location
McElvain Federal #8
990' FNL and 1550' FEL
Section 30, T18S, R34E, NMPM
Lea County, New Mexico

Attention: Mr. Michael Stogner

Gentlemen:

Seely Oil Company proposes to drill its McElvain Federal #8 as a 6000' Delaware test on the NW/4 of the NE/4 of Section 30, T18S, R34E, NMPM, Lea County, New Mexico. The drilling of this proposed well at a standard location is not possible without major revisions of facilities such as caliche road maintained by the county, electric power line, and Conoco pipeline.

Since it is also geologically important that this proposed well be drilled on the east side of this proration unit, we are therefore proposing to drill this well at a location 990' FNL and 1550' FEL of said Section 30 which is 100' closer to the east boundary of the NW/4 of the NE/4 of said Section 30 than normal.

Seely Oil Company is the operator of the off-setting east 40-acre proration unit (NE/4 of the NE/4) to this proposed non-standard location. Both proration units are part of Federal Lease NM-0245247.

The following data is enclosed for your information to assist you in your consideration of your approval of this non-standard location request:

- (1) Copy of BLM approved APD for this proposed non-standard location.
- (2) Map showing acreage included in Federal Lease NM-0245247 and location of proposed non-standard well.

New Mexico Energy, Minerals and Natural
Resources Department
Oil Conservation Division
Seely Oil Company Non-Standard McElvain Federal #8
March 14, 2001

Page No. 2

- (3) Surveyor's plat showing surface facilities that interfere with drilling of proposed well at standard location.
- (4) Topographic map of area around the proposed location.

Present plans call for a drilling rig to be available to drill this well during the latter part of April '01. Since Seely Oil Company is under the terms of a farmout agreement, it is necessary that we commence this well on or before this date.

Your approval of this application at your earliest convenience will be appreciated.

Should you have any questions and/or comments, please contact the undersigned at 817/946-8795 or Seely Oil Company at 817/332-1377.

Thank you.

Very truly yours,

SEELY OIL COMPANY

ORIGINAL SIGNED
C.W. STUMHOFFER
C. W. Stumhoffer

CWS

cc: New Mexico Energy, Minerals and Natural
Resources Department
Oil Conservation Division
Hobbs, New Mexico 88240
Attention: Marie

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

a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-0245247
b. 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 315 W. 10th St. F. Worth, TX 76102	3b. Phone No. (include area code) 817/332-1377	8. Lease Name and Well No. McElvain Federal, Well No. 8
1. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 990' FNL & 1550' FSL At proposed prod. zone same		9. API Well No.
1. Distance in miles and direction from nearest town or post office* 30 miles to Hobbss, NM		10. Field and Pool, or Exploratory EK Queen-Delaware
5. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'	16. No. of Acres in lease 1751.44	11. Sec., T., R., M., or Blk. and Survey or Area Sec. 30-T18S-R34E
3. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 542'	19. Proposed Depth 6,000'	12. County or Parish Lea
1. Elevations (Show whether DF, KDB, RT, GL, etc.) 3954 GL	22. Approximate date work will start* February 25, 2001	13. State NM
24. Attachments Operator Controlled Water Basin		17. Spacing Unit dedicated to this well 40
		20. BLM/BIA Bond No. on file MM-1816
		23. Estimated duration 3 weeks

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.

5. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 02/05/01
Agent for Seely Oil Company Approved by (Signature) <i>Mary J. Rugwell</i>	Name (Printed/Typed) Mary J. Rugwell	Date 3/7/01
Title FIELD MANAGER	Office OIL AND GAS 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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

George R. Smith
George R. Smith, agent

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

DISTRICT II
11 South First, Artesia, NM 88210

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

DISTRICT IV
340 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	Pool Code	Pool Name
		EK Queen, Delaware
Property Code	Property Name	Well Number
	McELVAIN FEDERAL	8
OCRID No.	Operator Name	Elevation
	SEELY OIL COMPANY	3954'

Surface Location

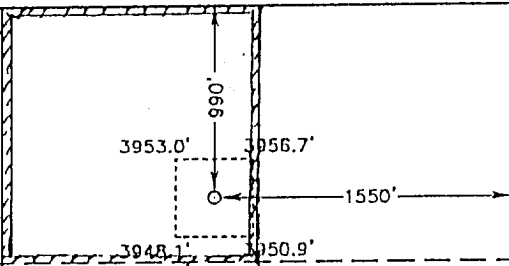
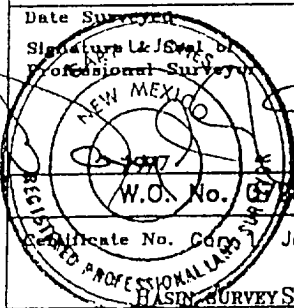
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	30	18 S	34 E		990'	NORTH	1550	EAST	LEA

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	Joint or Infill	Consolidation Code	Order No.
40			

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-024524/ McElvain et al	 <p>LAT - N32°43'23.7" LONG - W103°35'46.1"</p>	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 Company Title February 6, 2001 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. December 28, 2000 Date Surveyed Signature & Seal of Professional Surveyor  W.O. No. 6788A Certificate No. 6000 Jones 7977 REGISTERED PROFESSIONAL SURVEYOR BLAND SURVEYS

APPLICATION FOR DRILLING
SEELY OIL COMPANY.
 McElvain Federal, Well No. 8
 990' FNL & 1550' FEL, Sec. 30-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	5,100'
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' - 1715'	Circ. 580 sx "C"
7 7/8"	5 1/2"	17.0#	J-55	ST&C	5,700' - 6,500'	250 sx +/- of HL, + 560 sx Pozmix

WITNESS

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. Mud Program:	MUD WEIGHT	VIS.	W/L CONTROL
0' - 1700' - 1715' Fresh water mud	9.3 ppg	33	No W/L control
1715' - 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.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

SEELY OIL CO.
McElvain Federal, Well No. 8
990' FNL & 1550' FEL, Sec. 30-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 2.4 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 2.4 miles on county road past a Seely tank battery on the west side of the road. Continue south for .1 mile to proposed location and access road on the left (east) side of the road. The start of the proposed access road is on the east side of the road and will run east for 85 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 85 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 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 parallel to the existing access roads back to a tank battery on the McElvain Fed. "A", Well No 1 in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec 30-T18S-R34E. A 2' plastic SDR 11, 250/psi surface flow line for produced water will also be run parallel to the road and back to the above well.

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 SW $\frac{1}{4}$ NW $\frac{1}{4}$ 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: 180' X 210', plus 100' X 100' reserve pits. The pits will be on the north.
- C. Cut & Fill: A leveling of 3 – 5 foot sand dunes and basins will be required plus a 1-1.5 foot cut on the northeast will fill to the southwest.
- 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 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 1.6% from an elevation of 3954'.
- B. Soil: The topsoil at the well site is a dark brown fine sandy loam of the Kermit - Palomas Fine Sands Soils Series.
- C. Flora and Fauna: The vegetation cover is a fair grass cover of three-awn, bluestem, sand and spike dropseed, fluff grass, grama and other miscellaneous native grasses along with plants of mesquite, yucca, fourwing saltbush, shinnery oak brush, 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: No structures except 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 near the southeast corner of the proposed 400' X 400' 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:

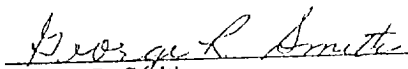
- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

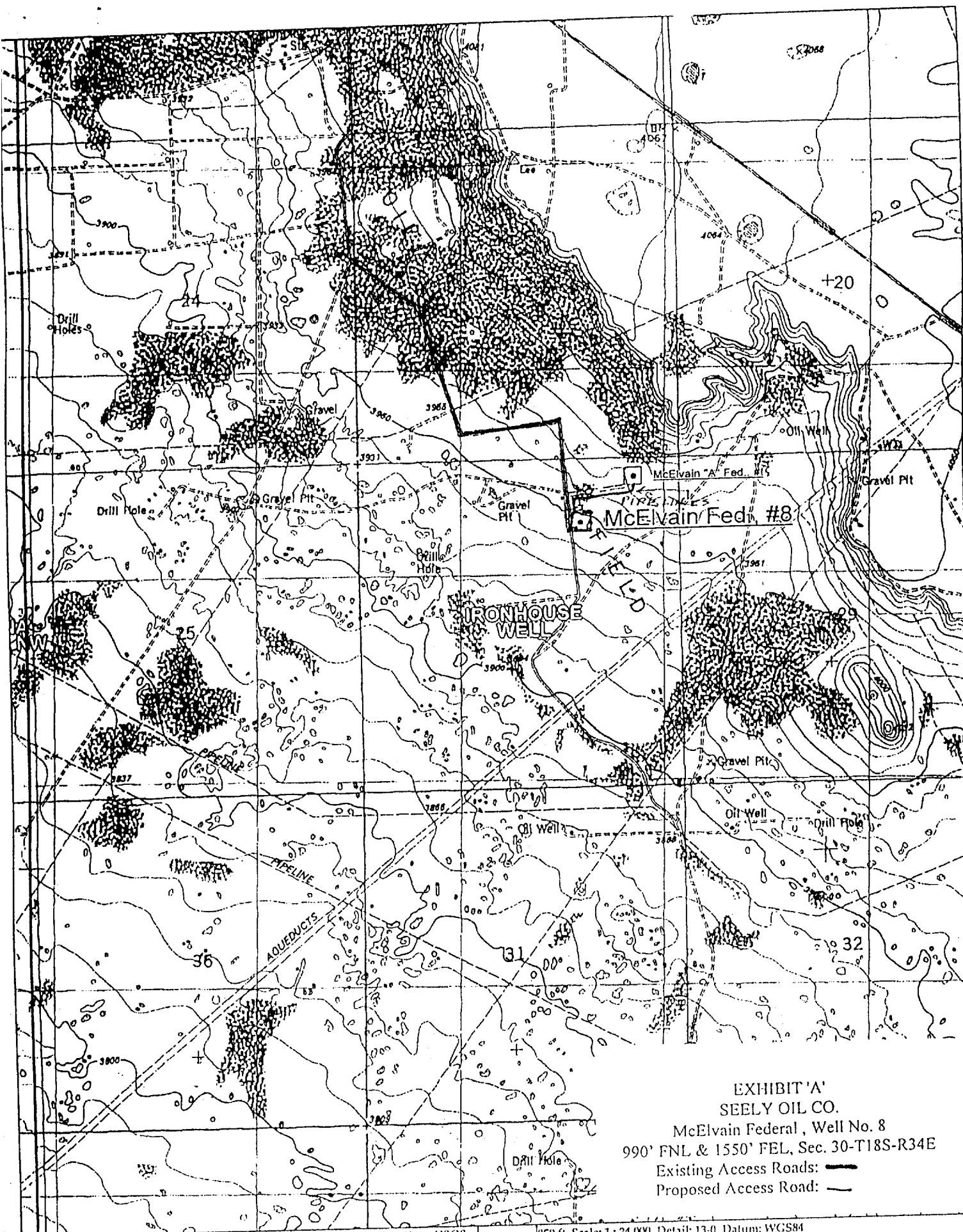
David Henderson
SEELY OIL CO.
815 W. 10th St.
Ft. Worth, TX 76102
Office Phone: (817) 332-1377

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.

February 5, 2001


George R. Smith
Agent for: Seely Oil Co.



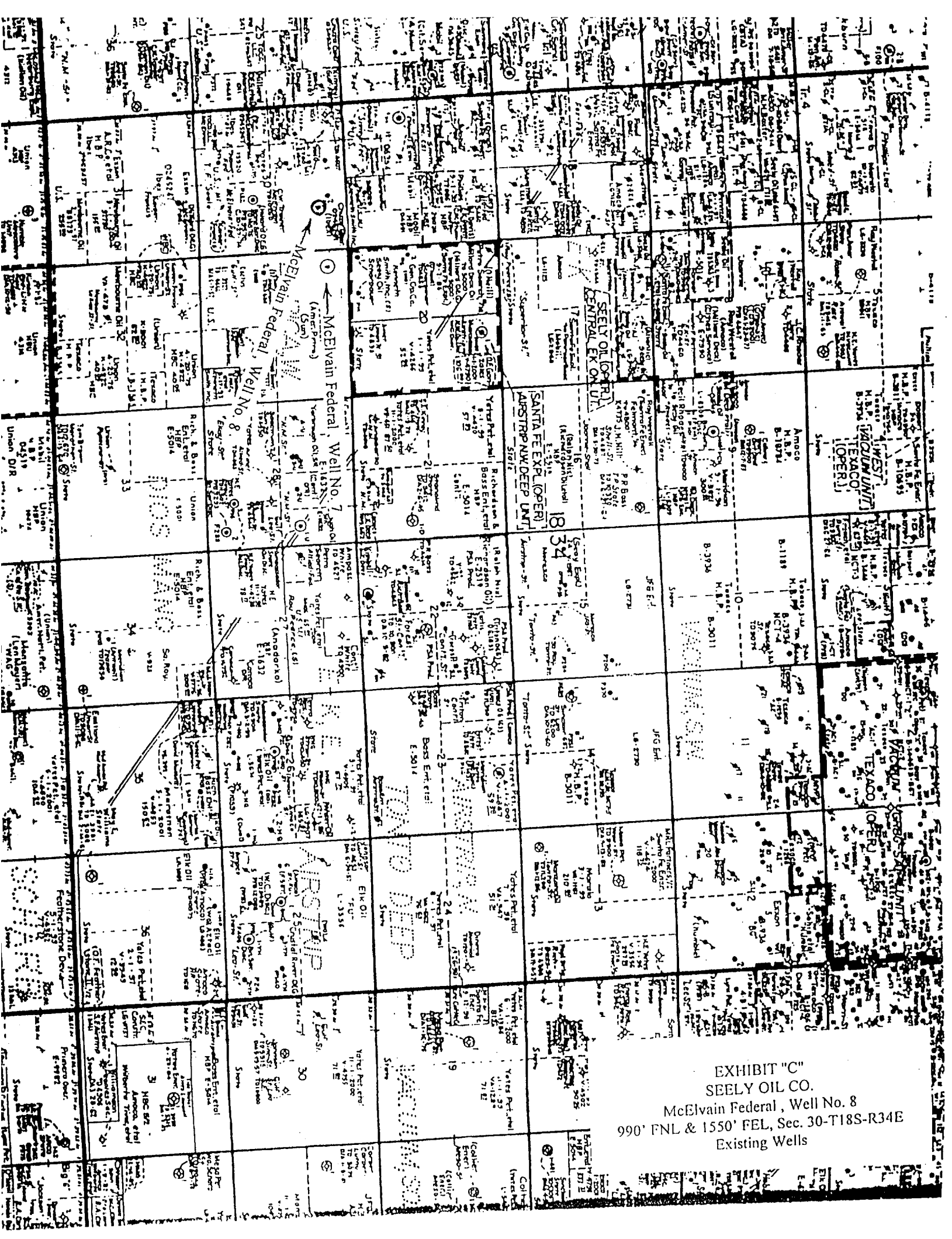
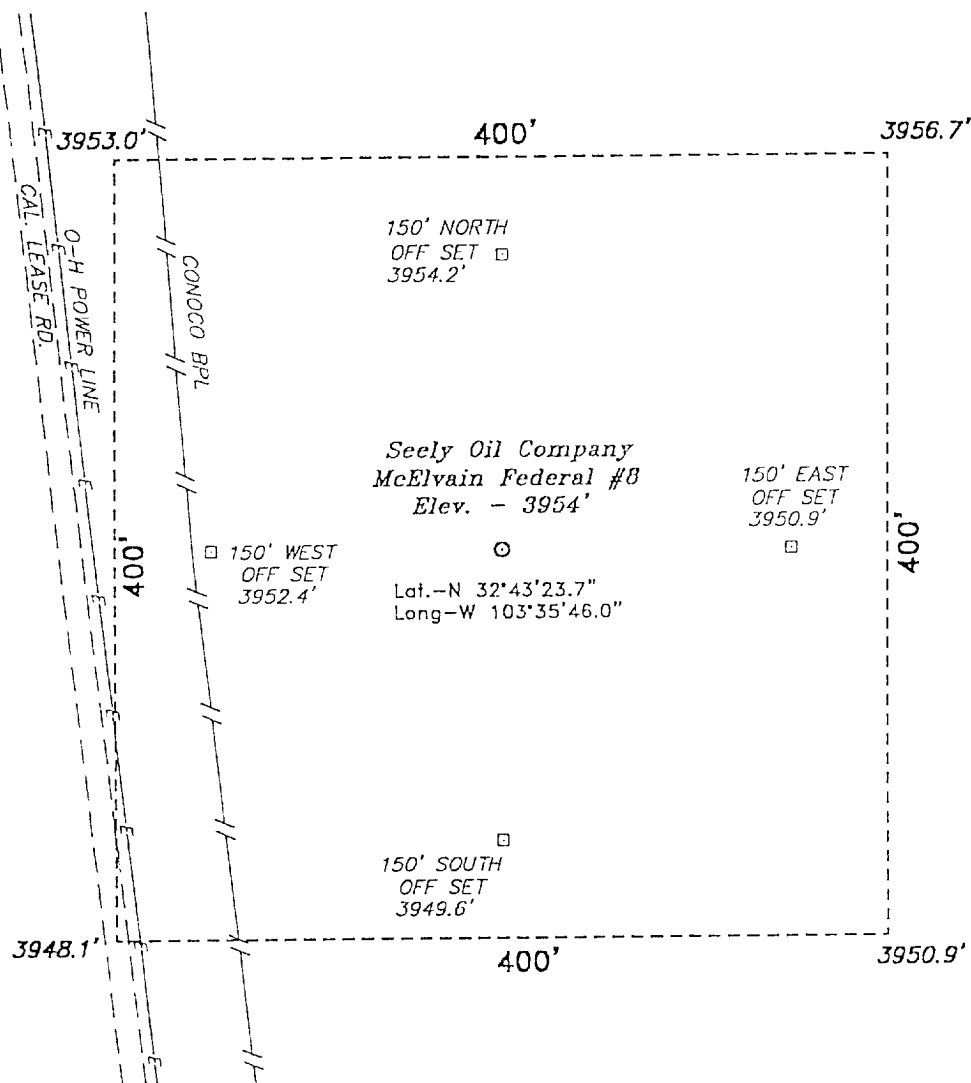


EXHIBIT "C"
SEELY OIL CO.
McElvain Federal, Well No. 8
990' FNL & 1550' FEL, Sec. 30-T18S-R34E
Existing Wells

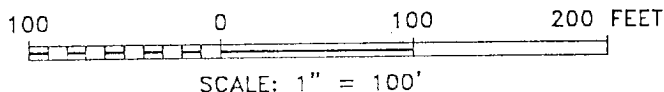
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SECTION 30, TOWNSHIP 18 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF STATE HWY 529 AND CO.
RD. 125, GO SOUTH ON LEASE ROAD APPROX. 2.5
MILES TO A POINT ON THE SOUTHWEST CORNER OF
THE PROPOSED WELL LOCATION.



BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 0728 Drawn By: K. GOAD

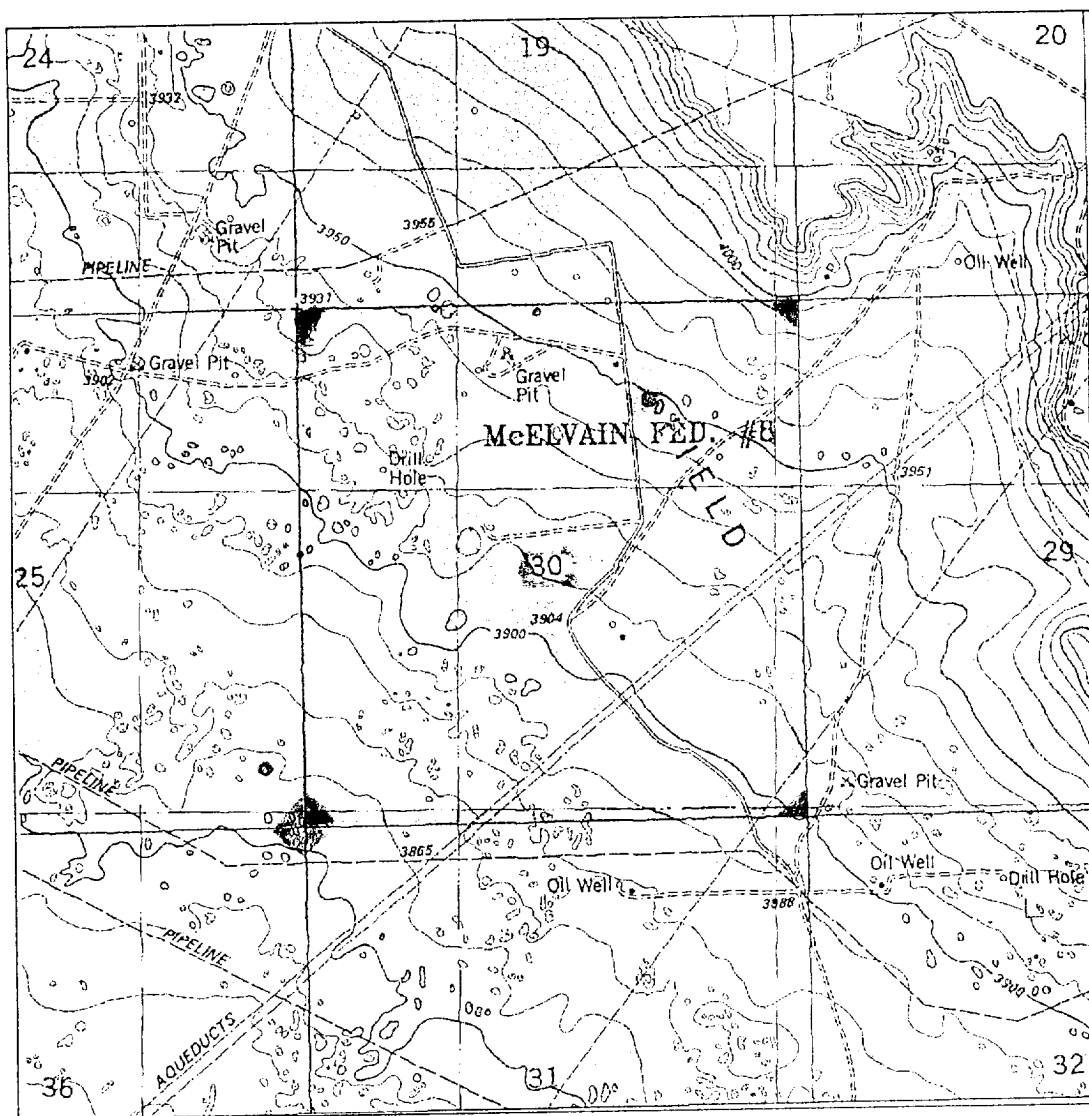
Date: 01-02-2001 Disk: KJG CD#3 - 0728A.DWG

Seely Oil Company

REF: McElvain Fed. No. 8 / Well Pad Topo

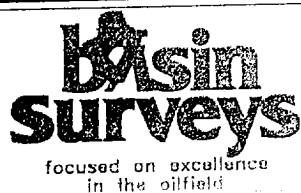
THE McELVAIN FEDERAL No. 8 LOCATED 990' FROM
THE NORTH LINE AND 1550' FROM THE EAST LINE OF
SECTION 30, TOWNSHIP 18 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 12-28-2000 Sheet 1 of 1 Sheets



McELVAIN FEDERAL #8

Located at 990' FNL and 1550' FEL
 Section 30, Township 18 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

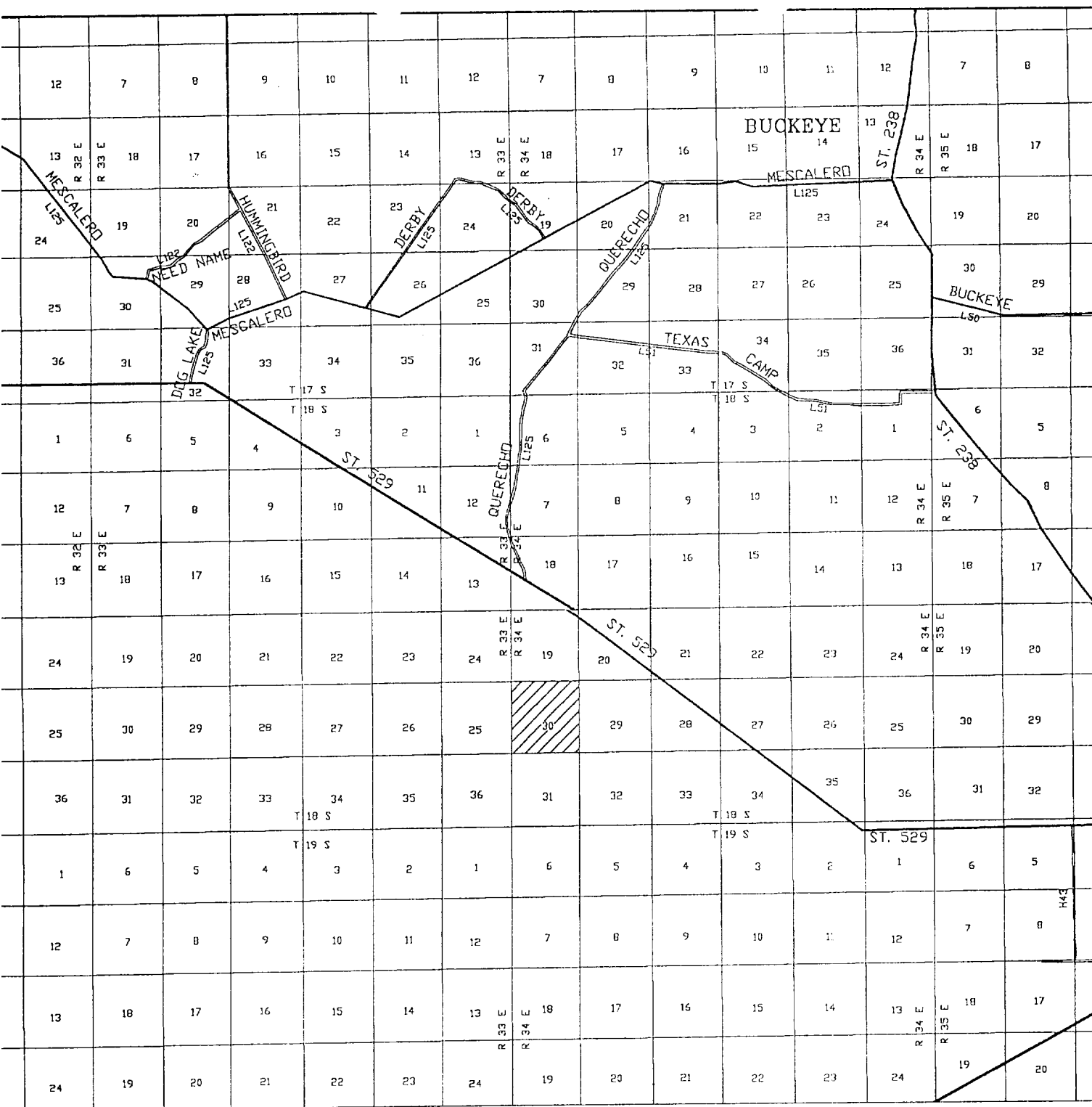
W.O. Number: 0728AA - KJG #122

Survey Date: 12-28-2000

Scale: 1" = 2000'

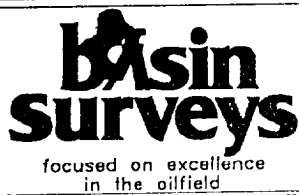
Date: 01-03-2001

SEELY OIL CO.



McELVAIN FEDERAL #8

Located at 990' FNL and 1550' FEL
 Section 30, Township 18 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 0728AA - KJC #122

Survey Date: 12-28-2000

Scale: 1" = 2 MILES

Date: 01-03-2001

SEELY OIL CO.