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 nonstandard 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

- (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 'Ol. 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

OFIGINAL SIGNED

CWS

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

Attention: Marie

3100-3 gust 1999)

UNITED STATES

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

5. Lease Serial No.

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APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED	General requirements and special stipulations Attached		G.	eorge R. Smith, agent	·		

ISTRICT I 126 N. Franch Dr., Hobbs, NM 88240

ISTRICT II

ISTRICT IV

State of New Mexico

Form C-102 Revised March 17, 1999

mergy, Minerals and Natural Resources Department

Submit to Appropriate District Office

Fee Lease - 3 Copies

State Lease - 4 Copies

11 South First, Artesis, NM 88210 ISTRICT III 000 Rio Brazos Rd., Artec, NM 87410

340 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT Pool Name Pool Code API Number EK Queen, Delaware Well Number Property Name Property Code 8 McELVAIN FEDERAL Elevation Operator Name OCRID No. 3954' SEELY OIL COMPANY Surface Location Feet from the East/West line County Feet from the North/South line Lot Idn Range UL or lot No. Section Township 1550 **EAST** LEA 990 NORTH 34 E 18 S 30 В Bottom Hole Location If Different From Surface East/West line County Feet from the North/South line Feet from the Lot Idn Township Range UL or lot No. Section Consolidation Code Order No. Dedicated Acres Joint or Infill 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.

 OR A NON-SIMM	DAND UNII IIAS DEI	31. 11. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.	
NM-024524/ McElvain etal	3953.0' 3 3953.0' 3 1004 1. 3948.1' 39	956.7° ————————————————————————————————————	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature George R. Smith, agent for Printed Name Seely 0il Company Tue 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 supervison and that the same is true and correct to the best of my beltef. December 28, 2000 Date Surveys Signature Lt Israel of postedional Surveys W.O. No. G. BA Capital Reviews Comp. Jones 7977

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:

- 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 DEPT	
HOLE SIZE CASING SIZE WEIGHT GRADE JOINT SETTING DEPT. 11" 8 5/8" 24.0# J-55 ST&C -1-700'/2 7 7/8" 5 1/2" 17.0# J-55 ST&C 5,700'-6, 5	

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. <u>ivida 1 togrami.</u> 0' - 1700':/ ^{7/5} Fi	resh water mud	9.3 ppg	33	No W/L control
• • • • • • • • • • • • • • • • • • • •	rine mud:	10.0 ppg	32	No W/L control
	ut 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.
- Testing, Logging, and Coring Program:

Drill Stem Tests: None unless warranted.

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

G/R, Neutron 1700' to surface:

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.

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".

SEELY OIL CO. McElvain Federal, Well No. 8 Page 2

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 NEWNEW 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'/NW'/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.

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.

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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 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 a condition as possible
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to work after abandonment.

11. OTHER INFORMATION:

- A. Topography: The proposed well site and access road is located in the Querecho Plains on the southwest slope of the Mescalero Ridge (Caprock). The location has a southwesterly slope of 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.

SEELY OIL CO. McElvain Federal, Well No. 8 Page 4

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

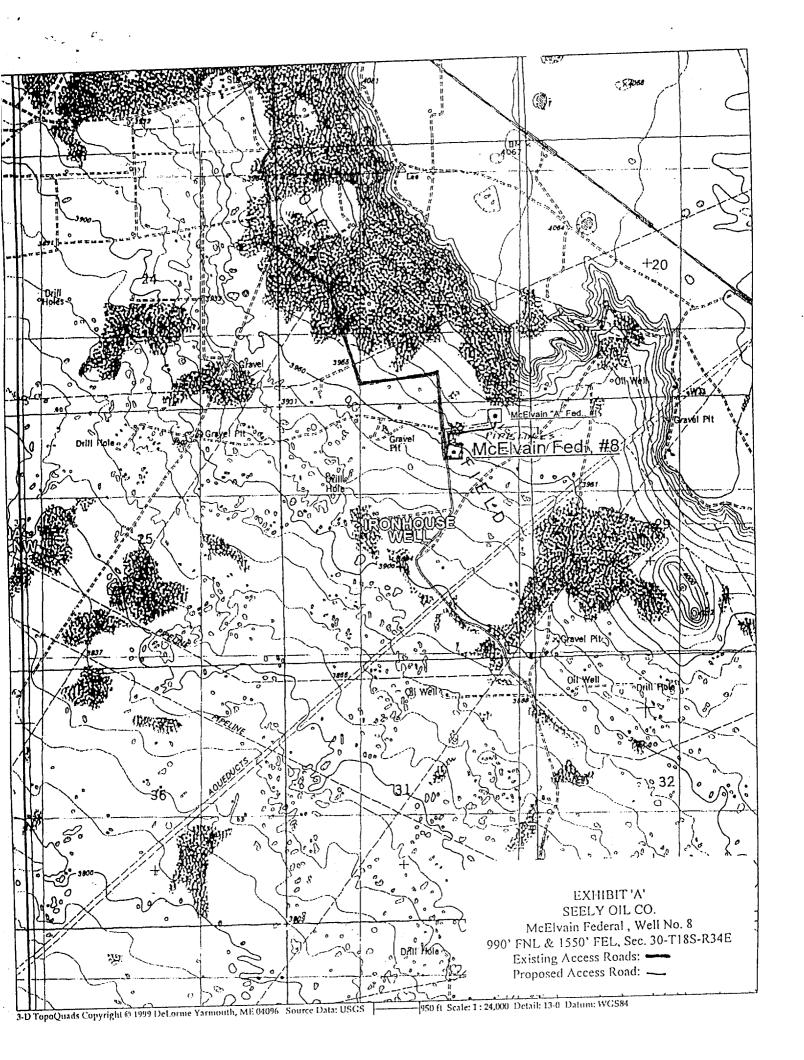
13. CERTIFICATION:

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.

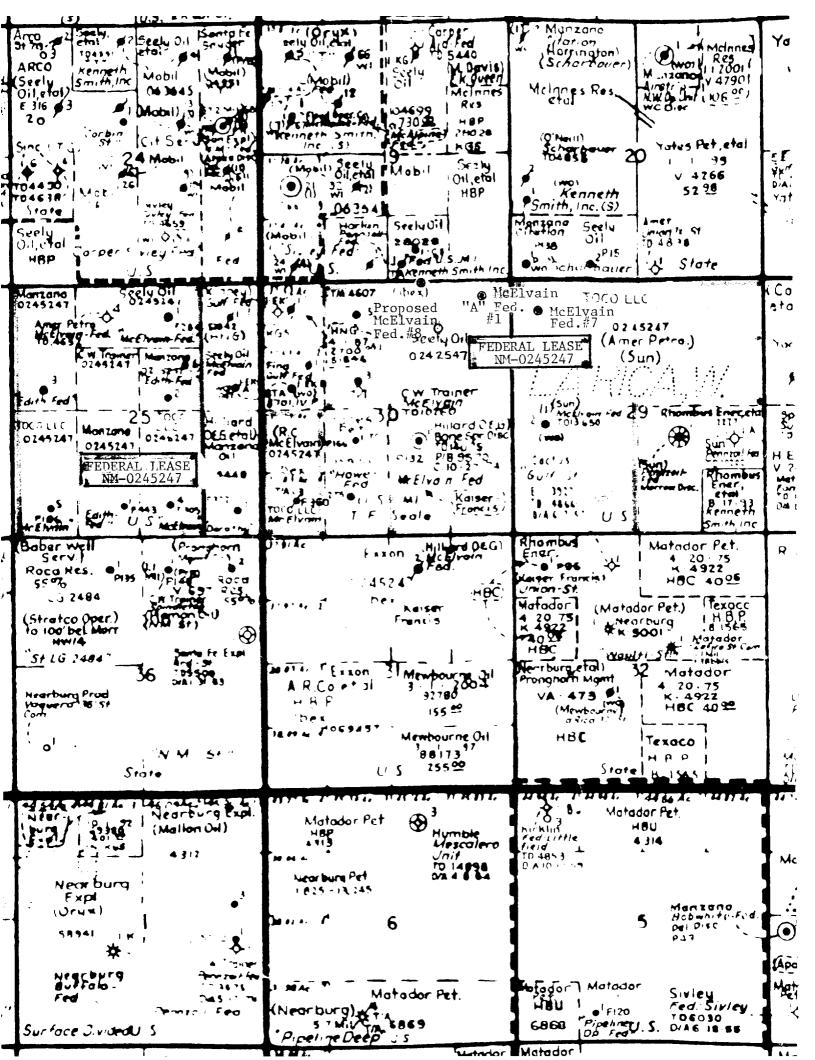
February 5, 2001

George R. Smith

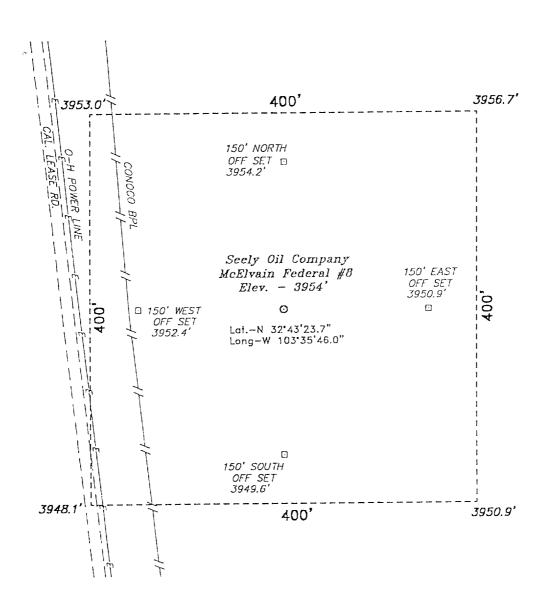
Agent for: Seely Oil Co.



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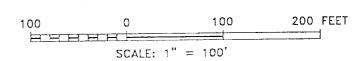


SECTION 30, TOWNSH. 2 18 SOUTH, RANGE & EAST, N.M.P.M., NEW MEXICO.



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.



Seely Oil Company

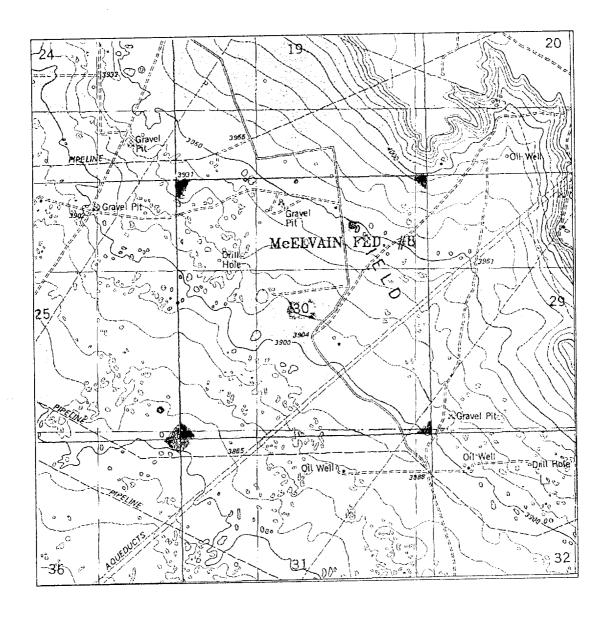
REF: McElvain Fed. No. 8 / Well Pad Topo

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.

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



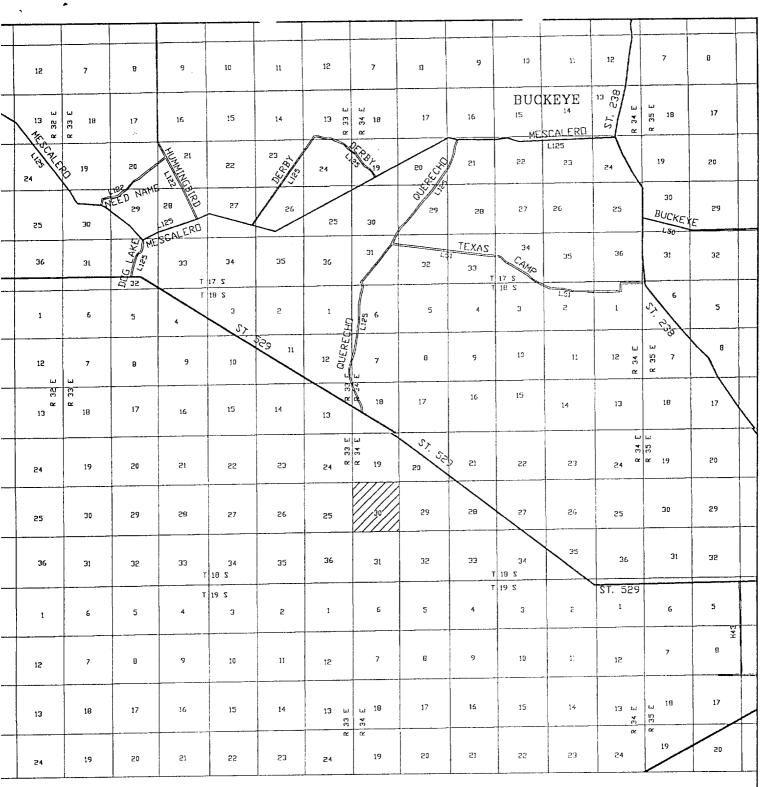
McELVAIN FEDERAL #8
Located at 990' FNL and 1550' FEL
Section 30, Township 18 South, Range 34 East,
N.M.P.M., Lea County, New Mexico.



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

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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.



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

Survey Date: 12-28-2000

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Date: 01-03-2001

SEELY OIL CO.