

G-04

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 St. F. Worth, TX 76102		8. Lease Name and Well No. McElvain Federal, Well No. 11	
3b. Phone No. (include area code) 817/332-1377		9. API Well No. 30-025-35892	
4. Location of Well (Report location clearly and in accordance with) At surface 2310' FNL & 990' FWL At proposed prod. zone same E		10. Field and Pool, or Exploratory EK Delaware	
14. Distance in miles and direction from nearest town or post office* 30 miles to Hobbs, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 29-T18S-R34E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'		12. County or Parish Lea	
16. No. of Acres in lease 1751.44		13. State NM	
17. Spacing Unit dedicated to this well 40			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1190'		20. BLM/BIA Bond No. on file MM-1816	
19. Proposed Depth 6,250'			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3946' GL		22. Approximate date work will start* April 15, 2002	
		23. Estimated duration 3 weeks	

24. Attachments **Captain Controlled Water Basin**

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 04/4/02
Title Agent for Seely Oil Company		
Approved by (Signature) /S/ JOE G. LARA	Name (Printed/Typed) /S/ JOE G. LARA	Date APR 12 2002
Title ACTING 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 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.

George R. Smith, agent

DECLARED WATER BASIN  
CEMENT BEHIND THE 8 1/2"  
CASING MUST BE CIRCULATEDAPPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

RECEIVED  
2002 APR -4 PM 1:47  
BUREAU OF LAND MANAGEMENT  
ROCKY MOUNTAIN OFFICE

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II  
811 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 30-025-35892	Pool Code 21655	Pool Name EK Delaware
Property Code 24612	Property Name McELVAIN FEDERAL	Well Number 11
OGRID No. 20497	Operator Name SEELY OIL COMPANY	Elevation 3946'

Surface Location

UL or lot No. E	Section 29	Township 18 S	Range 34 E	Lot Idn	Feet from the 2310	North/South line NORTH	Feet from the 990	East/West line WEST	County LEA
--------------------	---------------	------------------	---------------	---------	-----------------------	---------------------------	----------------------	------------------------	---------------

Bottom Hole Location If Different From Surface

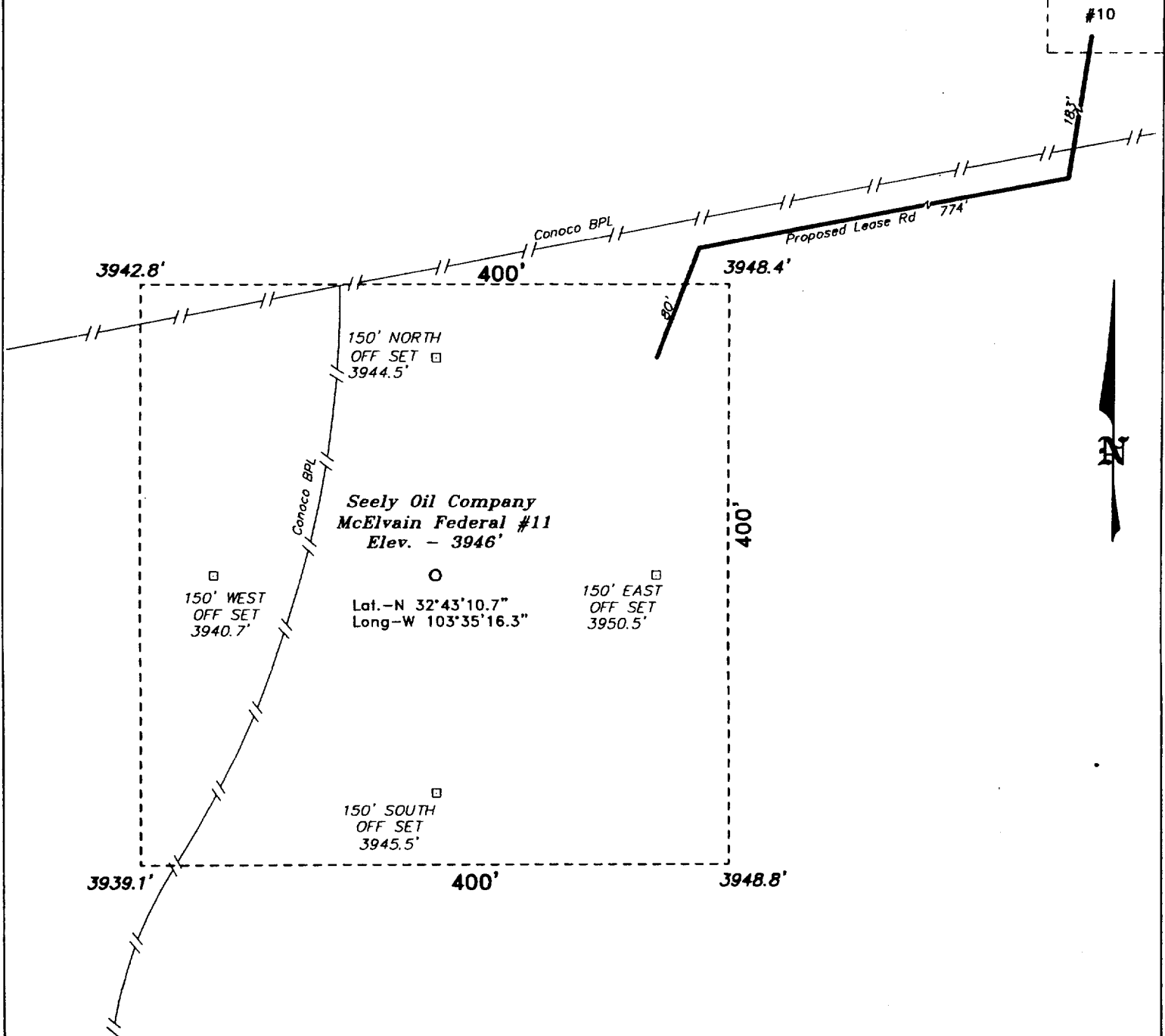
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Dedicated Acres 40	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

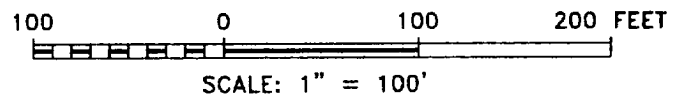
<p>NM-0245247</p> <p>LAT - N32°43'10.7" LONG - W103°35'16.3"</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>George R. Smith</i> Signature George R. Smith, agent for: Printed Name Seely Oil Company Title April 4, 2002 Date</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>APRIL 2, 2002 Date Surveyed Signature &amp; Seal of Professional Surveyor 7977 W.O. No. 2431 Certified by G. L. Jones 7977 BASIN SURVEYS</p>
--	---

**SECTION 29, TOWNSHIP 18 SOUTH, RANGE 34 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.**



**Directions to Location:**

FROM THE JUNCTION OF US HWY 82 AND STATE HWY 529, GO EASTERLY ON 529 FOR 16.9 MILES TO A LEASE ROAD RT.; THENCE FOLLOW LEASE ROAD WINDING SOUTHERLY FOR 1.1 MLE TO A 5 WAY INTERSECTION; THENCE TAKE MAIN LEASE ROAD SOUTHEAST AND SOUTHERLY FOR 1.1 MILE TO A LEASE ROAD LEFT; THENCE TAKE LEASE ROAD EAST FOR 0.2 MLE TO McELVAIN #1 AND CONTINUE EAST ANOTHER 0.2 MILE TO McELVAIN #7. THENCE EAST TO THE McELVAIN #9; THENCE SOUTH TO THE McELVAIN #10 AND THE PROPOSED LEASE ROAD.



**Seely Oil Company**

REF: McElvain Fed. No. 11 / Well Pad Topo

THE McELVAIN FEDERAL No. 11 LOCATED 2310' FROM  
THE NORTH LINE AND 990' FROM THE WEST LINE OF  
SECTION 29, 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: 2411 Drawn By: K. GOAD

Date: 04-03-2002 Disk: KJG CD#3 - 2411A.DWG

Survey Date: 04-02-2002 Sheet 1 of 1 Sheets

**APPLICATION FOR DRILLING**  
**SEELY OIL COMPANY.**  
 McElvain Federal, Well No. 11  
 2310' FNL & 990' 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'	7-Rivers	3,660'
Top of Salt	1,850'	Queen	4,450'
Base of Salt	3,000'	Delaware	5,600'
Yates	3,220'	T.D.	6,200'

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' and the Delaware below 5600'.  
 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"
7 7/8"	5 1/2"	17.0#	J-55	ST&C	6,200'	300 sx H/Lite + 675 sx "H"/Pozmix

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

BOP Program:

A 10" 3000 psi wp Shaffer, Type E, double ram BOP, will be installed on the 8 5/8" casing and used as a 2000 psi wp system. Casing and BOP will be tested as described in Onshore Order No. 2 before drilling out with 7 7/8". Request waiver to test to a maximum of 1400 psi wp, which is the maximum expected surface pressure.

6. 

<u>Mud Program:</u>		<u>MUD WEIGHT</u>	<u>VIS.</u>	<u>W/L CONTROL</u>
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' - 6200':	Cut Brine mud w/gel:	8.8 ppg	32	W/L control 15 cc+/-

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

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.

**Seely Oil Company**

McElvain Federal, Well No. 11

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 surface pressure = 1364 psi (evac. hole) with BH temperature of 122<sup>a</sup>.
10. H<sub>2</sub>S: None expected. None in previously drilled wells.
11. Anticipated starting date: April 15, 2002.  
Anticipated completion of drilling operations: Approx. 3 weeks.

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

### **SEELY OIL CO.**

McElvain Federal, Well No. 11  
2310' FNL & 990' 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 53 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 an oil field road with Oryx and Baber signs. Continue south and southeast for 2.4 miles on oilfield road to a Seely tank battery on the west side of the road. Turn east to the McElvain Fed. "A" #1 well site; then east to the McElvain Federal, Well No. 7 well site. Continue east for approximately 1100 feet to the McElvain Fed. #9 and then south to the McElvain Fed. #10. The start of the proposed access road on the southwest corner of this pad and will continue south for 250 feet crossing a pipeline. The proposed access road will turn west parallel to the pipeline for 800 feet to the northeast 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 1100 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: One may be required at midpoint, increasing the width to 20 feet for passing.
- D. Culverts: None required.
- E. Cuts and Fills: There will be some cuts of 1-3 foot sand dunes, but most of the road will parallel the cleared route of the pipeline.
- 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 will be installed on the drilling pad. A 2", 125 psi PVC surface flow line will run parallel to the proposed and existing access roads back to the tank battery on the McElvain Fed., Well No 7 in the NW¼NW¼ Sec 29-T18S-R34E. A 2' plastic SDR 11, 250/psi surface flow line for produced water will also be run parallel to the access roads and back to the above well pad. A power line will also be run parallel to the proposed access road.

**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 a private pit in the SW¼SW¼ of Section 20-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: 165' X 225', plus 100' X 100' reserve pits. The pits will be on the south.
- C. Cut & Fill: A leveling of 1.5 – 3 foot sand dunes will be required plus a 2-3 foot cut on the east with fill to the west and southwest. A washed out road on the west will be filled and a low-pressure buried Conoco gas line will be under the pad 90 to 100 feet west of the well. Conoco's written approval is being submitted.
- 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 1.3% from an elevation of 3946.
- B. Soil: The topsoil at the well site is a pale brown, non-calcareous fine sandy loam of the Kermit-Palomas fine sands Soils Series.
- C. Flora and Fauna: The vegetation cover is a poor to fair grass cover of three-awn, bluestem, sand and spike dropseed, fluff grass, and other miscellaneous native grasses along with plants of mesquite, yucca, shinnery oak brush, sage, broomweed, cacti and miscellaneous weeds and wildflowers. The wildlife consists of antelope, 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 approximately 3300 ft. to the north of the well location.
- 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 no evidence of archaeological, historical or cultural sites on the well 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:

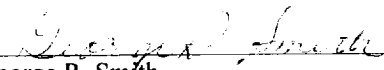
- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

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.

April 4, 2002

  
George R. Smith  
Agent for: Seely Oil Co.

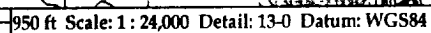




EXHIBIT "C"  
SEELY OIL CO.  
McElvain Federal, Well No. 11  
2310' FNL & 990' FWL, Sec. 29-T18S-R34E  
Existing Wells

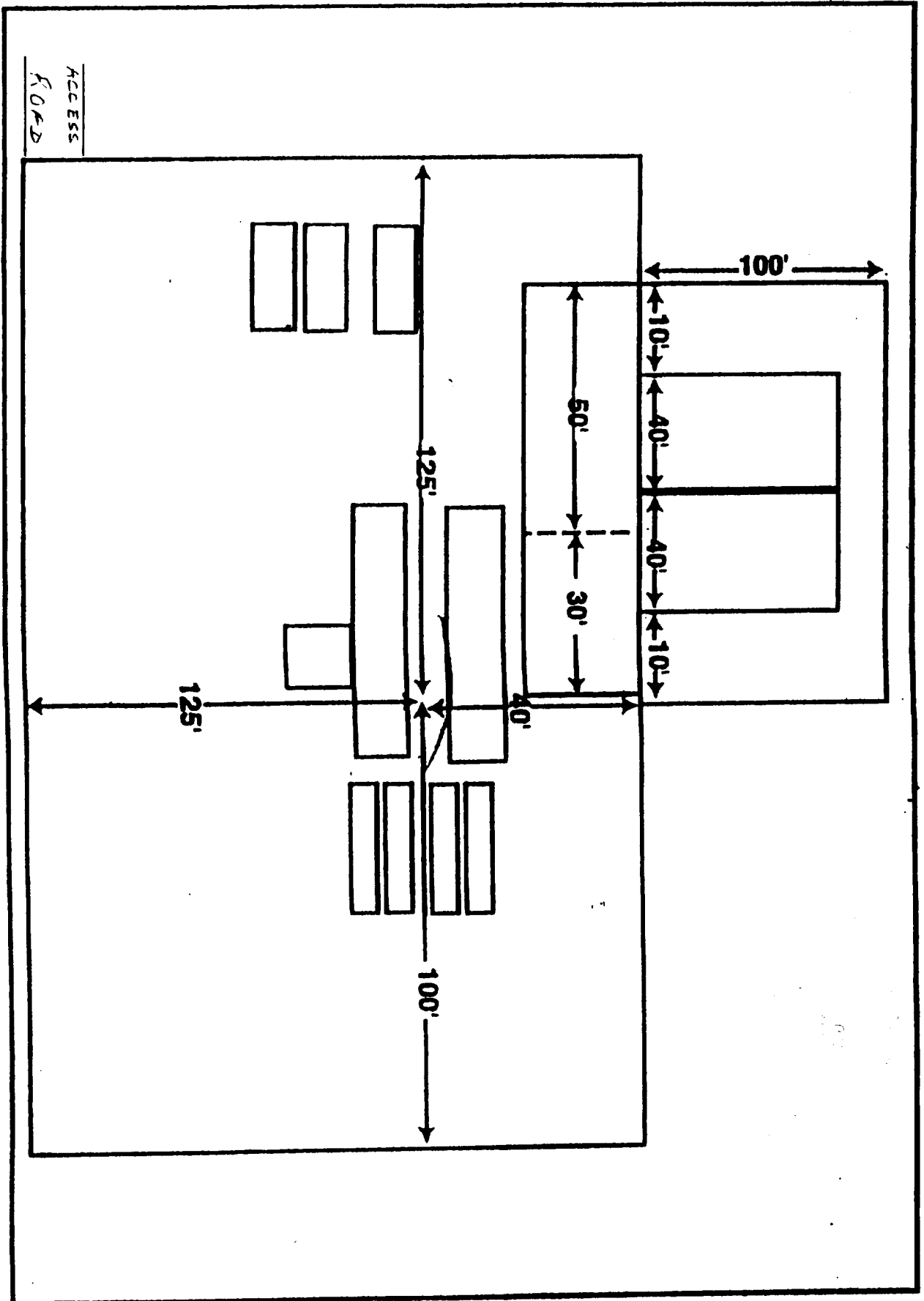


EXHIBIT "D"  
 SEELY OIL CO.  
 McElvain Federal, Well No. 11  
 Pad & Pit Layout

ACCESS  
ROAD

Rigs

RIG #

**BLOWOUT PREVENTOR ARRANGEMENT**

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

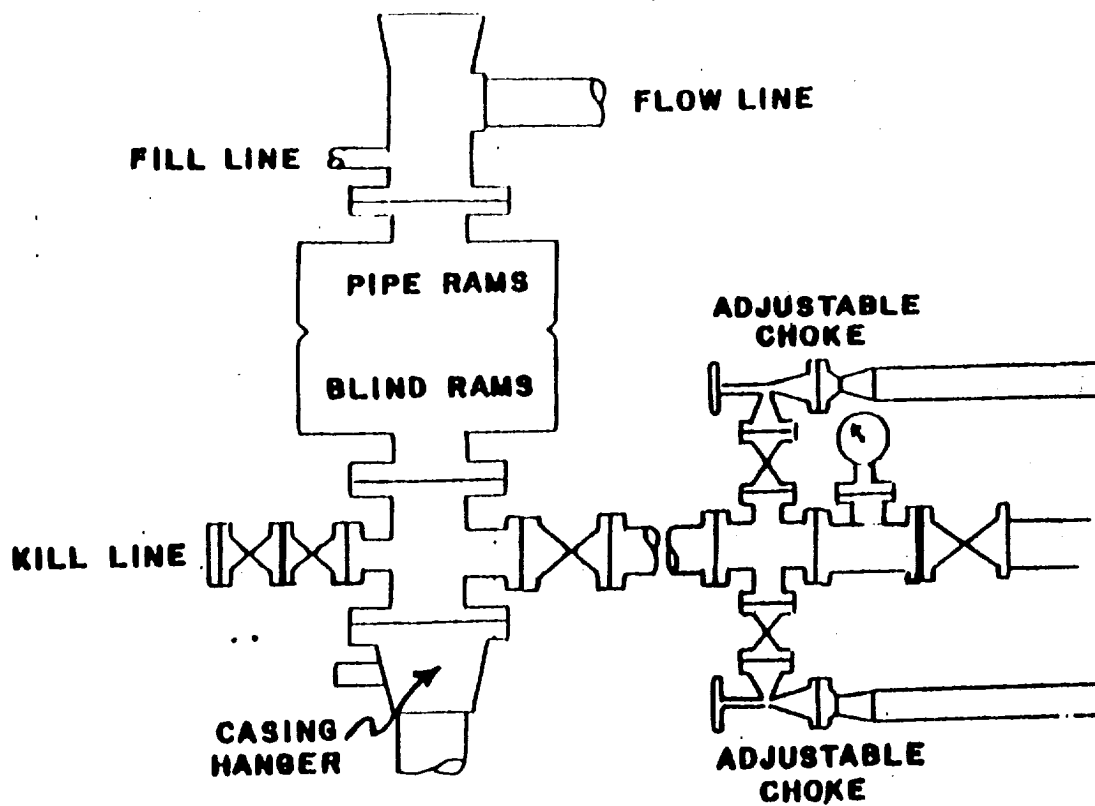


EXHIBIT "E"  
SEELY OIL CO.  
McElvain Federal, Well No. 11  
BOP Specifications