

NEW MEXICO OIL AND GAS ORDER NO. 1
1625 N. French Drive
Hobbs, NM 88240

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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. 13	
3b. Phone No. (include area code) 817/332-1377		9. API Well No. C 125-35974	
4. Location of Well (Report location clearly and in accordance with BLM Form 3160-1) At surface 2275' FSL & 330' FEL At proposed prod. zone same		10. Field and Pool, or Exploratory EK, Yates, 7 Rivers, Queen	
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. 30-T18S-R34E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'		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. 1492'		20. BLM/BIA Bond No. on file MM-1816	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3923' GL		22. Approximate date work will start* August 1, 2002	
		23. Estimated duration 3 weeks	

24. Attachments

Carlsbad 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 017/10/02
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Title Agent for Seely Oil Company		
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Approved by (Signature) /S/ JOE G. LARA	Name (Printed Typed) /S/ JOE G. LARA	Date AUG 14 2002
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Title ACTING FIELD MANAGER	Office CARLSBAD FIELD OFFICE
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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
George R. Smith, agent

**DECLARED WATER BASIN
CEMENT BEHIND THE 8 3/8"
CASING MUST BE CIRCULATED**

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

Handwritten initials and signatures

Admission

Receipt

RECEIVED
MAY 19 04 44 10
MAY 19 04 44 10

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 30-025-35974	Pool Code 19950	Pool Name EK, Yates, Seven Rivers, Queen
Property Code 24612	Property Name McELVAIN FEDERAL	Well Number 13
OGRID No. 20497	Operator Name SEELY OIL COMPANY	Elevation 3923'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	30	18 S	34 E		2275	SOUTH	330	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 40	Joint or Infill	Consolidation Code	Order No.
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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

	OPERATOR CERTIFICATION	
	<p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p>	
	Signature George R. Smith, agent for:	
	Printed Name Seely Oil Company	
	Title July 10, 2002	
	Date	
	SURVEYOR CERTIFICATION	
	<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>	
	Date Surveyed JUNE 19, 2002	
	Signature & Seal of Professional Surveyor	
	Certificate No. 2563	
	Certificate No. Gary L. Jones 7977	
BASIN SURVEYS		

APPLICATION FOR DRILLING
SEELY OIL COMPANY.
McElvain Federal, Well No. 13
2275' FSL & 330' 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	1,730'	7-Rivers	3,650'
Top of Salt	1,900'	Queen	4,400'
Base of Salt	2,950'	Penrose	4,740'
Yates	3,200'	T.D	4,900'

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 4,500'.
Gas: None expected.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"	23.0#	J-55	ST&C	500'	Circ. 275 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	ST&C	4,900'	300 sx Prem. w/Pozmix

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

BOP Program:

A 10" 3000 psi wp 900 Cameron SS Space Saver, 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 1100 psi wp, which is the maximum expected surface pressure.

6. Mud Program:		MUD WEIGHT	VIS.	W/L CONTROL
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' - 4900':	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.
Logging: None.
Coring: None.

Seely Oil Company

McElvain Federal, Well No. 13

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 = 1078 psi (evac. hole) with BH temperature of 109°.
10. H₂S: None expected. None in previously drilled wells.
11. Anticipated starting date: August 1, 2002.
Anticipated completion of drilling operations: Approx. 3 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

SEELY OIL CO.

McElvain Federal, Well No. 13
2275' FSL & 330' 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 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 an oilfield road to a Seely tank battery on the west side of the road. Continue south for .4 mile, passing the McElvain Fed. #8 well site on the east, then turn east for .2 mile to a pipeline road running northeast. Turn northeast for .35 mile on the road running between two water pipelines to the southwest corner of the proposed well site of the McElvain Federal, Well No. 13. The proposed access road will cross the pipeline on the east side of the road to the southwest corner of the proposed well pad.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The access road will be constructed to a width of 12 feet and will be approximately 100 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. The existing pipeline access road will be upgraded by grading, topping and compacting with additional caliche as needed.
- C. Turnouts: No turnouts are planned because of the existing water pipelines.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- 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 and tank battery will be installed on the drilling pad. A power line will be run parallel to the existing and proposed access roads.

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: 145' X 220', plus 60' X 100' reserve pits. The pits will be on the southeast.
- C. Cut & Fill: A leveling of 1.5 – 4 foot sand dunes will be required plus a 1.5-2 foot cut on the northeast and east with fill to the south and 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 1.7% from an elevation of 3923'.
- 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 4700 ft. to the northeast 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:

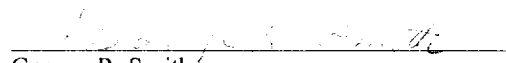
- A. The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

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.

July 10, 2002


George R. Smith
Agent for: Seely Oil Co.

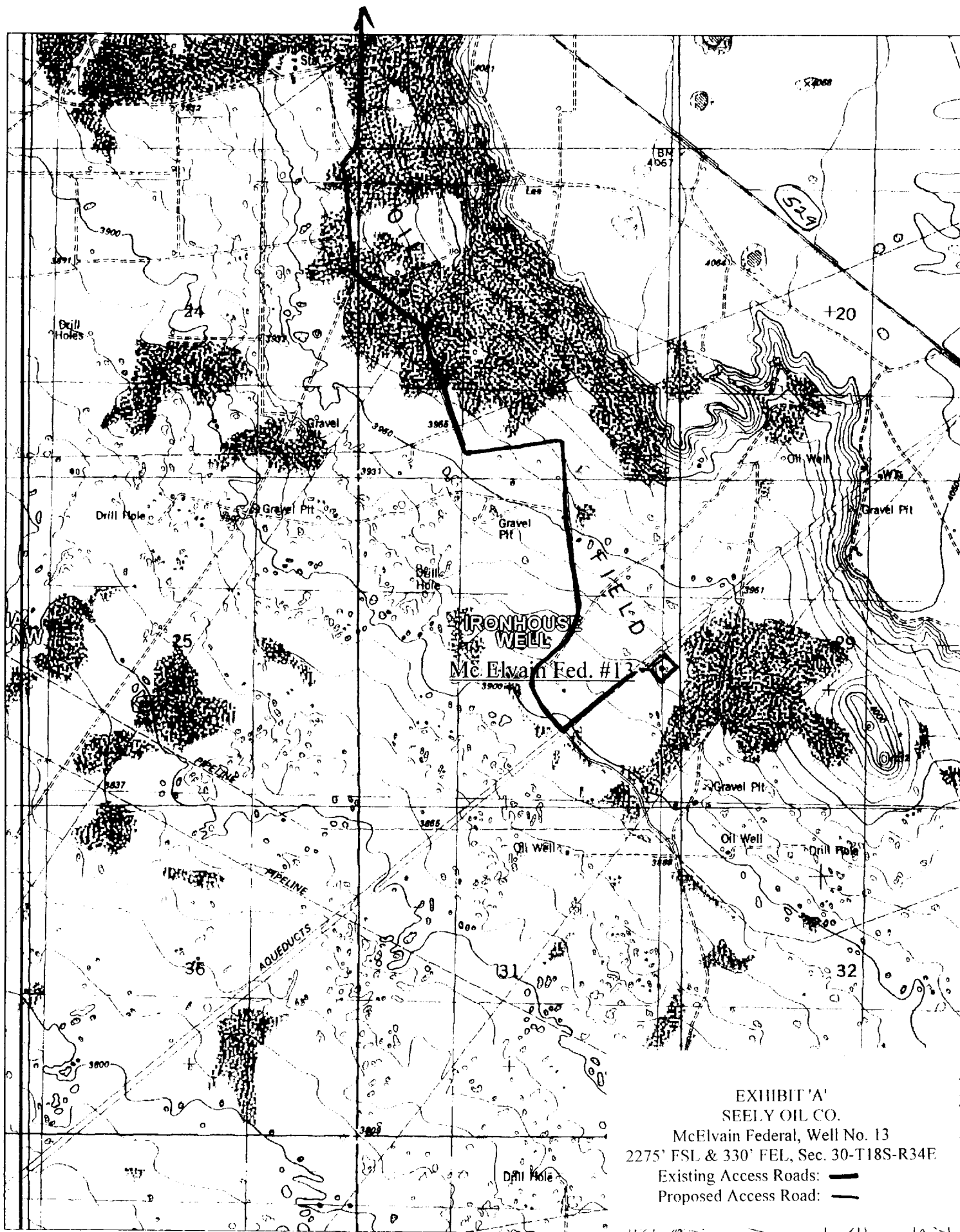




EXHIBIT "C"
SEELY OIL CO.
McElvain Federal, Well No. 13
2275' FSL & 330' FEL, Sec. 30-T18S-R34E
Existing Wells

PLAT FOR PIT LOCATION FOR ARTHURIA FISHING TOOL

Rigs #1 & #2; L & N DRILLING #2 and LARUE
DRILLING #2

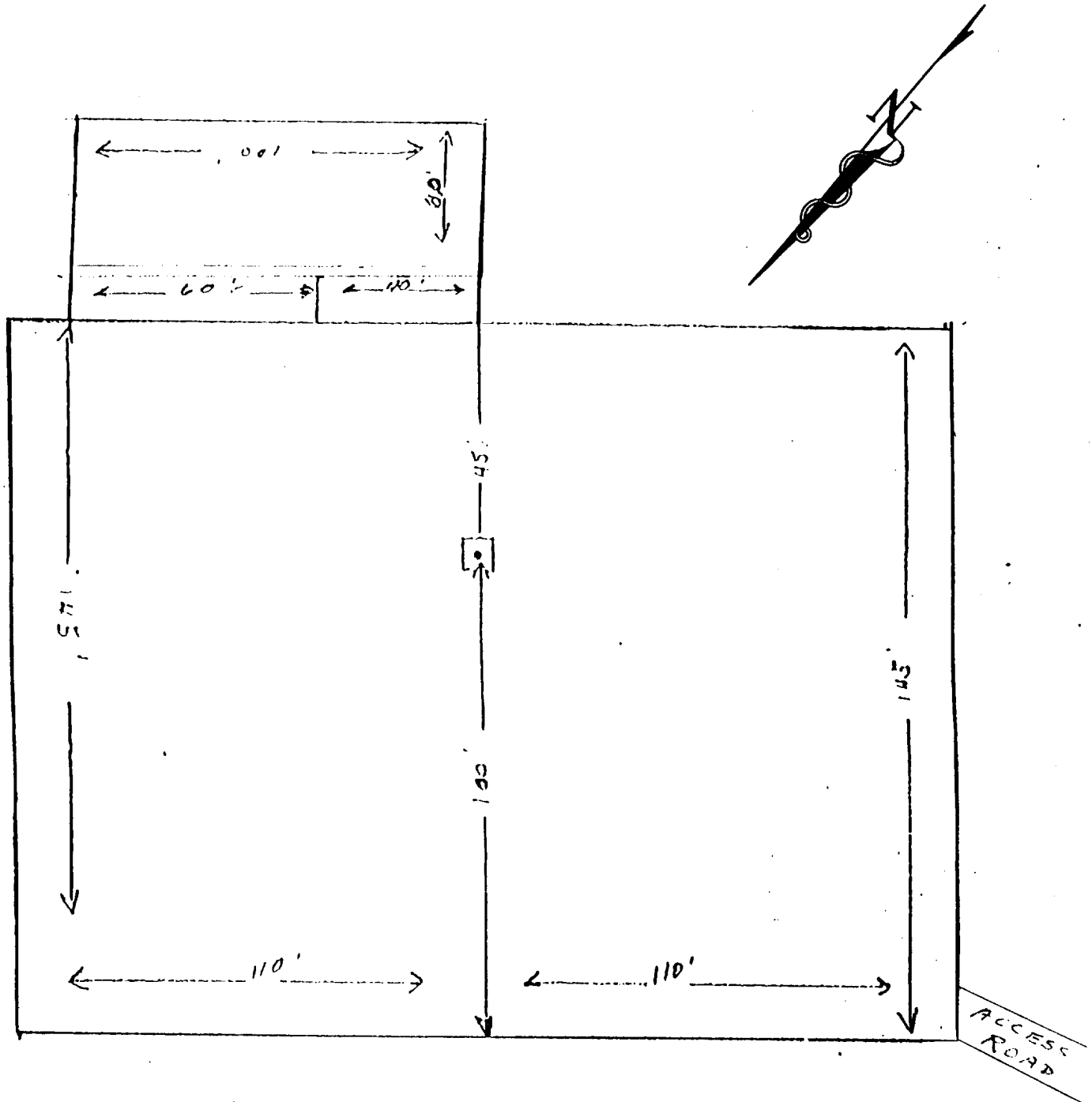
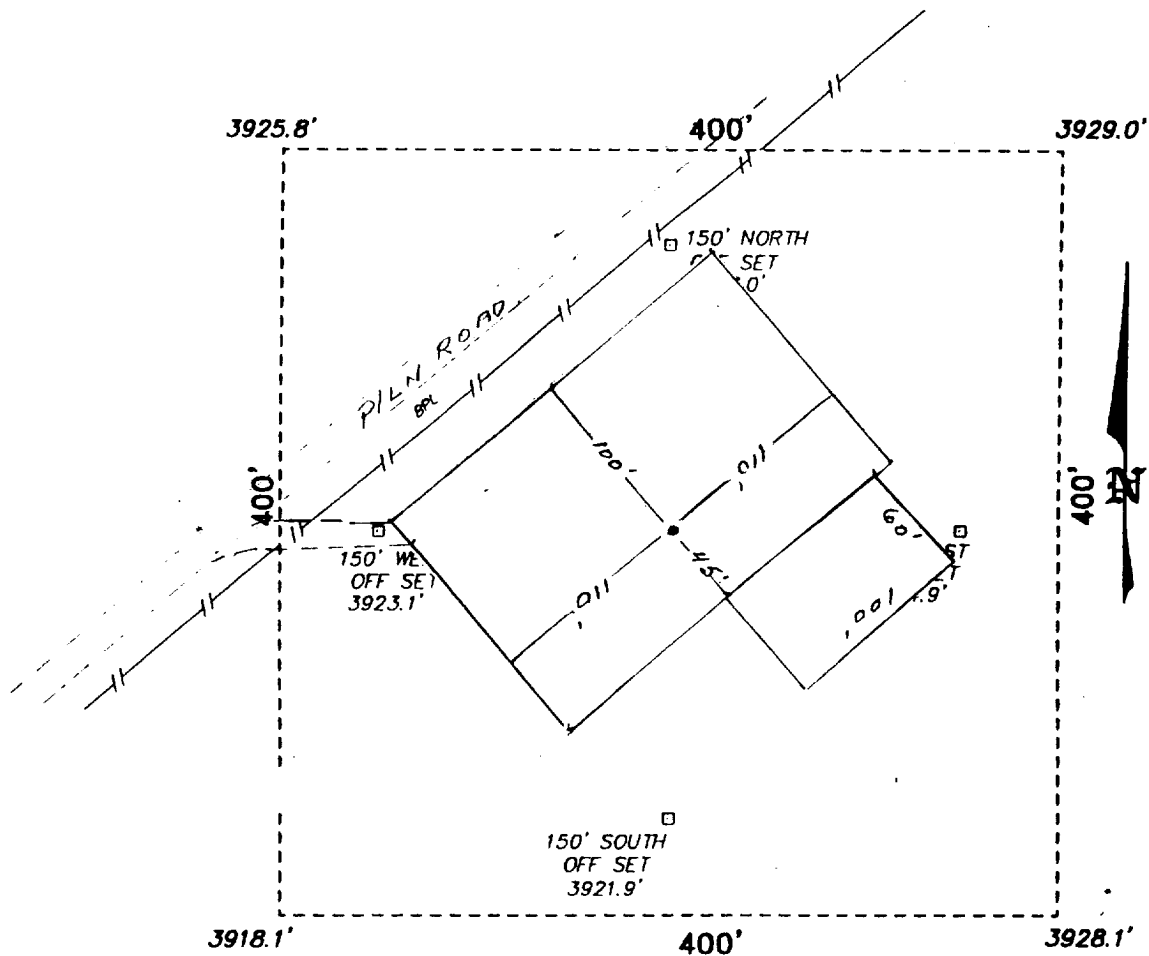


EXHIBIT "D"
SEELY OIL CO.
McElvain Federal, Well No. 13
Pad & Pit Layout

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



Directions to Location:

ON CO. RD. 529, GO 0.1 MILE WEST OF MM 17 TO
LEASE ROAD; THENCE SOUTH ON LEASE ROAD FOR
1.5 MILE TO A "Y"; THENCE TAKE LEFT AT "Y" AND
GO SOUTH/SOUTHEAST FOR 1.1 MILE TO PROPOSED
LEASE ROAD.



SCALE: 1" = 100'

Seely Oil Company

REF; McElvain Fed. No. 13 / Well Pad Topo

THE McELVAIN FEDERAL No. 13 LOCATED 2275' FROM
THE SOUTH LINE AND 330' 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: 2563

Drawn By: **K. GOAD**

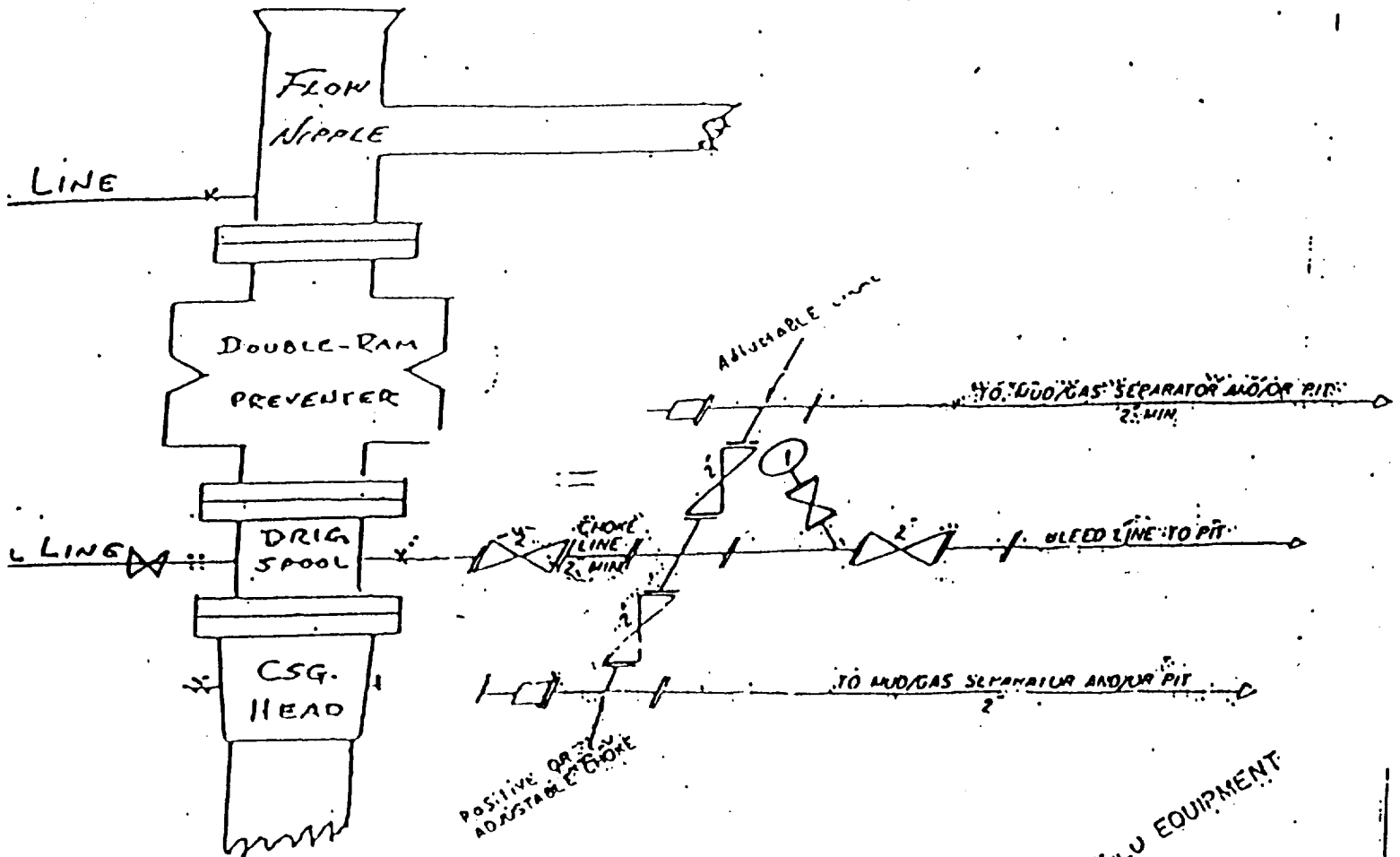
Date: 06-20-2002 Disk: KJG CD#3 - 2563A.DWG

Survey Date: 06-19-2002

Sheet 1 of 1 Sheets

B O P & CHOKE MANIFOLD

10"/900 Cameron SS Space Saver
 3000# Working Pressure
 2000# Working Pressure Choke Manifold



2M CHOKE MANIFOLD EQUIPMENT