

PERTINENT INFORMATION

for

Elliott Oil Company  
Monterey Federal #7  
990' FSL and 2,480' FWL  
Section 1, T-21S, R-37E  
Lea County, NM

LOCATED : 6 miles northeast of Eunice, NM

FEDERAL LEASE NUMBER : LC 065525-B

LEASE ISSUED : 9/1/47

RECORD LESSEE : Elliott Industries and Elliott-Hall Co.

BOND COVERAGE : \$ 25,000.00 New Mexico State – wide bond

SURFACE OWNERSHIP : State of New Mexico

GRAZING LESSEE : William F. McNeill

ACRES IN LEASE : 80

POOL RULES : General State – wide regulations

EXHIBITS :

1. Blowout Preventor Stack
- 1A. Choke Manifold
2. Road Map
3. Map of Existing Wells
4. Wellsite Layout

Form 3160-3  
(July 1992)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE\*

(Other instructions on  
reverse side)FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC 065525-B	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Elliott Oil Company		7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. P.O. Box 1355, Roswell, NM 88202 505-622-5840		8. FARM OR LEASE NAME, WELL NO. Monterey Fed. #7	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 990' FSL & 2480' FWL N At proposed prod. zone Same		9. API WELL NO. 30-025-34937	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 6 miles northeast of Eunice, NM		10. FIELD AND POOL, OR WILDCAT Abo (Wantz)	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 1, T-21S, R-37E	
16. NO. OF ACRES IN LEASE 80		12. COUNTY OR PARISH Lea	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 590'		19. PROPOSED DEPTH 7900'	
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* 2/15/00	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3516' GR		22. APPROX. DATE WORK WILL START*	

## PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8" K-55	24#	1600'	750 sxs
7 7/8"	5 1/2" K-55	15.5 & 17#	7900'	2000 sxs (2 stage)

The Operator proposes to drill to a depth sufficient to test the Abo formation for oil. If productive, 5 1/2" casing will be set and cemented. If non-productive, the well will be plugged and abandoned in a manner consistent with federal regulations. Specific programs as per Onshore Order #1 are outlined in the following attachments:

Drilling Program  
Location Plat and Elevation  
H2S Plan Rig Layout  
Blowout Preventer Stack  
Choke Manifold  
H2S Drilling Operations

7178  
25360  
62700  
2-18-00  
API NO. 30-025-34937

Application for a non-standard location will be filed with the State of New Mexico

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Marc Wise Marc Wise TITLE Agent for Elliott Oil DATE 1/19/00

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

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:

Assistant Field Manager,  
Lands And Minerals

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the

P.O. Box 1980, Hobbs, NM 88241-1980

**Energy, Minerals and Natural Resources Department**

Revised February 10, 1934

Submit to Appropriate District Office

State Lease - 4 Copies

For Lease - 3 Copies

P.O. Drawer DD, Artesia, NM 88211-0712

1000 Rio Brazos Rd., Aztec, NM 87410

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

# WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34937	Pool Code 62700	Pool Name Wantz; Abo
Property Code 25360	Property Name MONTEREY	Well Number 7
OGED No. 7178	Operator Name ELLIOTT OIL COMPANY	Elevation 3516

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	1	21 S	37 E		990	SOUTH	2480	WEST	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

[illegible]

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

Signature Mac Wine

Marc Wise

Printed Name \_\_\_\_\_

Agent

Title

1/19/00

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.

JANUARY 10, 2000

Date Surveyed 11/11/54 LMP

Signature & Seal of  
Professional Surveyor

NEW MEXICO  
 4/4/2000

00-11-0013

Certificate No.	RONALD J. EIDSON	323
	GARY EIDSON	126
	MACON McDONALD	121



## DRILLING PROGRAM

Elliott Oil Company  
Monterey Federal #7  
990' FSL and 2480' FWL  
Section 1, T-21S, R-37E  
Lea County, NM

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Orders #1 and #2, and all other applicable federal and state regulations.

1. SURFACE FORMATION : Triassic Age
2. ESTIMATED TOPS OF GEOLOGICAL MARKERS :

Rustler Anhy.	-	1560'
Yates	-	3010'
Queen	-	3660'
Grayburg	-	4060'
San Andres	-	4220'
Glorieta	-	5500'
Blinebry	-	5940'
Tubb	-	6420'
Drinkard	-	6740'
Abo	-	7010'
TD	-	7900'

3. ESTIMATED DEPTHS TO WATER, OIL, OR GAS FORMATIONS :

Fresh Water	-	300'
Oil, Gas, and Water	-	4220'-TD

\* Productive horizons to be protected by 5 ½" casing and cement

4. PROPOSED CASING PROGRAM : See Form 3160-3.
5. PRESSURE CONTROL EQUIPMENT : A blowout preventor stack will consist of at least a double-ram blowout preventor rated to 3000 psi working pressure. A sketch of the B.O.P. and Choke Manifold are shown in Exhibits #1 and #1A.
6. CIRCULATING MEDIUMS : Natural fresh water mud will be used to 1600'. Brine water will be used to 5800'. Additives will be used as recommended by the engineer. The Abo portion of the hole will be drilled using a salt-gel system with mud weight of 10#/gal.

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Application for Permit to Drill  
Monterey Federal No. 7  
990' FSL & 2480' FWL  
Section 1, T-21S, R-37E  
Lea County, New Mexico

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No. : LC 065525-B

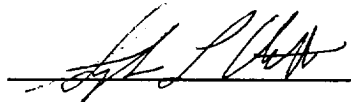
Legal Description : SE/4 SW/4 Section 1, T-21S, R-37E  
Lea County, New Mexico

Formation : Surface to Base of Abo

Bond Coverage : \$25,000 Statewide

BLM Bond File No. : NM 1961

Authorized Signature :



Title :

Managing Agent

Date :

12/17/99

ELLIOTT OIL COMPANY  
HYDROGEN SULFIDE DRILLING OPERATIONS  
Monterey Federal #7

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site.

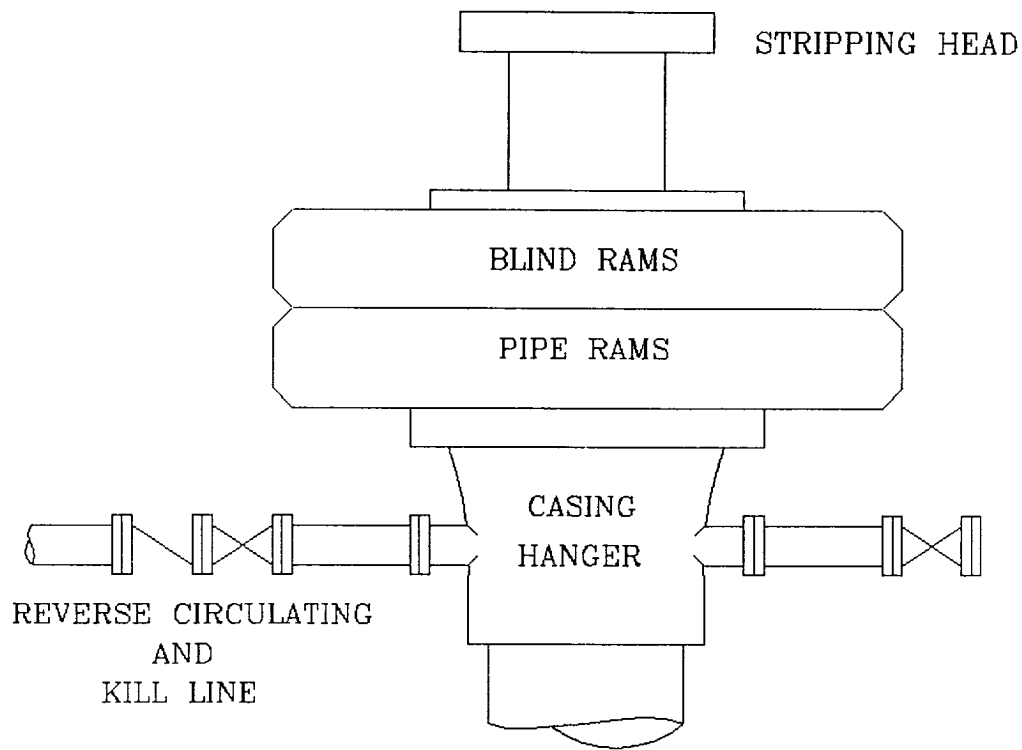
II. H<sub>2</sub>S SAFETY EQUIPMENT AND SYSTEMS

Note : All H<sub>2</sub>S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H<sub>2</sub>S.

1. Well Control Equipment :
  - A. Flare line with electronic igniter or continuous pilot.
  - B. Choke manifold with a minimum of one remote choke.
  - C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
  - D. Auxiliary equipment to include : annular preventer, mud-gas separator, rotating head, and flare gun with flares.
2. Protective equipment for essential personnel :
  - A. 30-minute air units located in the dog house and at briefing areas, as indicated on well site diagram.
3. H<sub>2</sub>S detection and monitoring equipment :
  - A. 2 – portable H<sub>2</sub>S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H<sub>2</sub>S levels of 20 ppm are reached.
  - B. 1 – portable SO<sub>2</sub> monitor positioned near flare line.
4. Visual warning systems :
  - A. Wind direction indicators as shown on well site diagram.
  - B. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.
5. Mud program :
  - A. The mud program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S bearing zones.
  - B. A mud-gas separator and an H<sub>2</sub>S gas buster will be utilized.



6. Metallurgy :
  - A. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H<sub>2</sub>S service.
  - B. All elastomers used for packing and seals shall be H<sub>2</sub>S trim.
7. Communication :
  - A. Communications in company vehicles are provided by cellular telephones.
  - B. Land line (telephone) communications at Hobbs office.
8. Well testing :
  - A. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing will be conducted during daylight hours and formation fluids will not be flowed to the surface. All drill stem testing operations conducted in an H<sub>2</sub>S environment will use the closed chamber method of testing.



3000 PSI WORKING PRESSURE

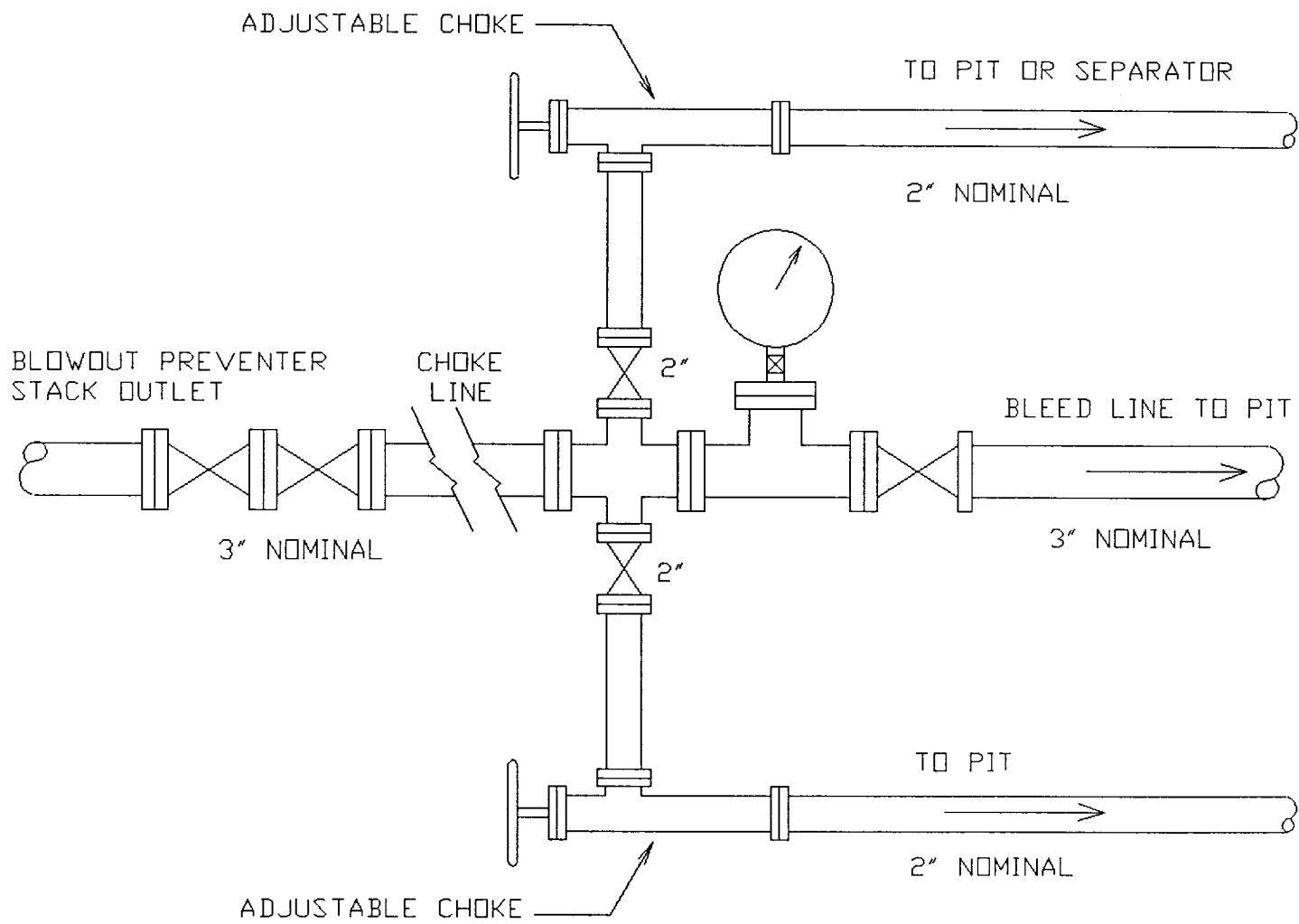
Location: SE/4, SW/4  
 Sec. 1, T-21S, R-37E  
 Lea County, NM

Monterey Federal #7  
 BLOWOUT PREVENTER STACK

EXHIBIT NO. 1

12/15/99

Scale: None



3000 PSI WORKING PRESSURE

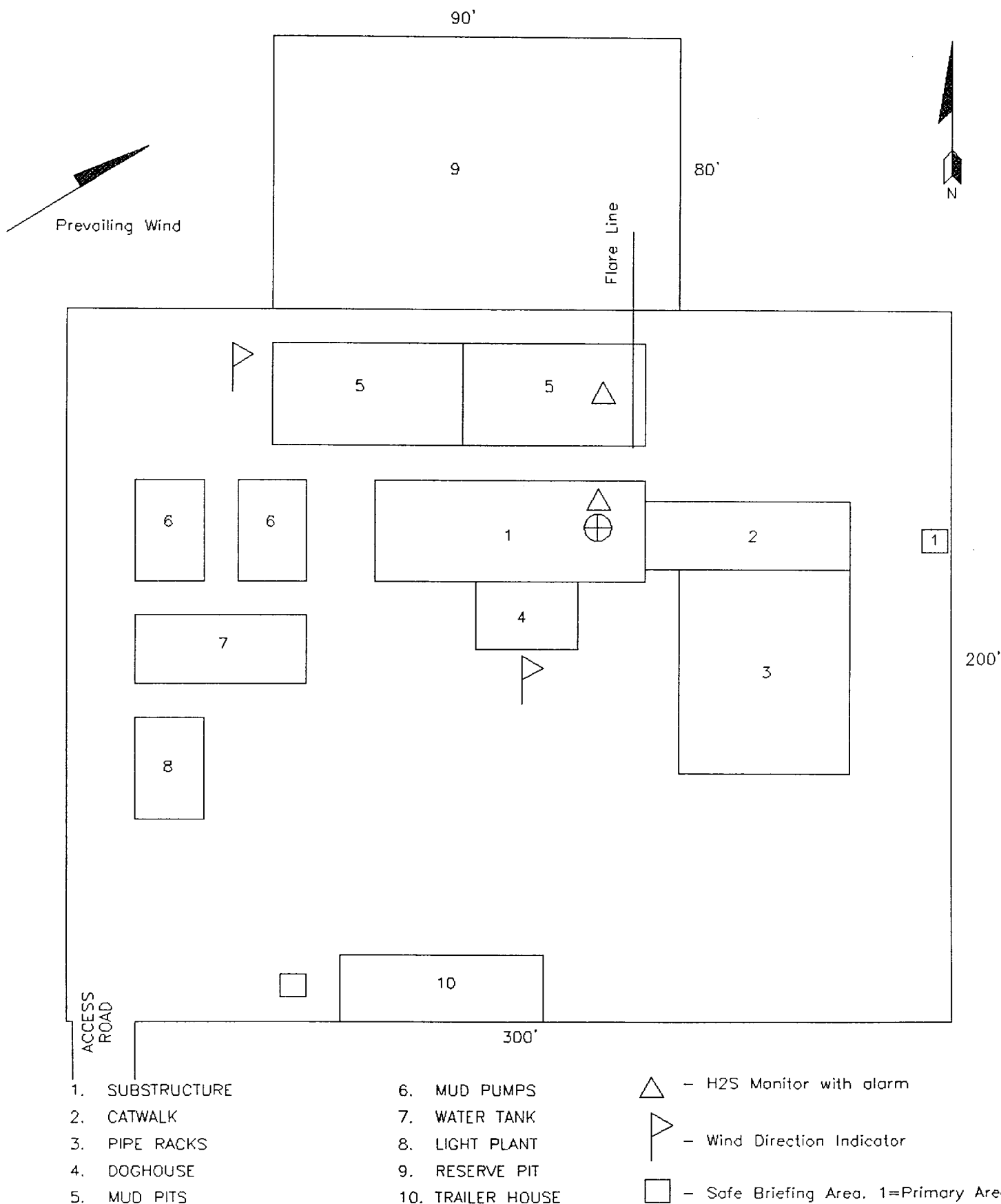
Location: SE/4, SW/4  
 Sec. 1, T-21S, R-37E  
 Lea County, NM

MONTEREY FEDERAL #7  
 CHOKE MANIFOLD DIAGRAM

EXHIBIT NO. 1A

12/15/99

Scale: None



Location: SE/4, SW/4  
 Sec. 1, T-21S, R-37E  
 Lea County, NM

MONTEREY FEDERAL #7  
 H2S PLAN RIG LAYOUT

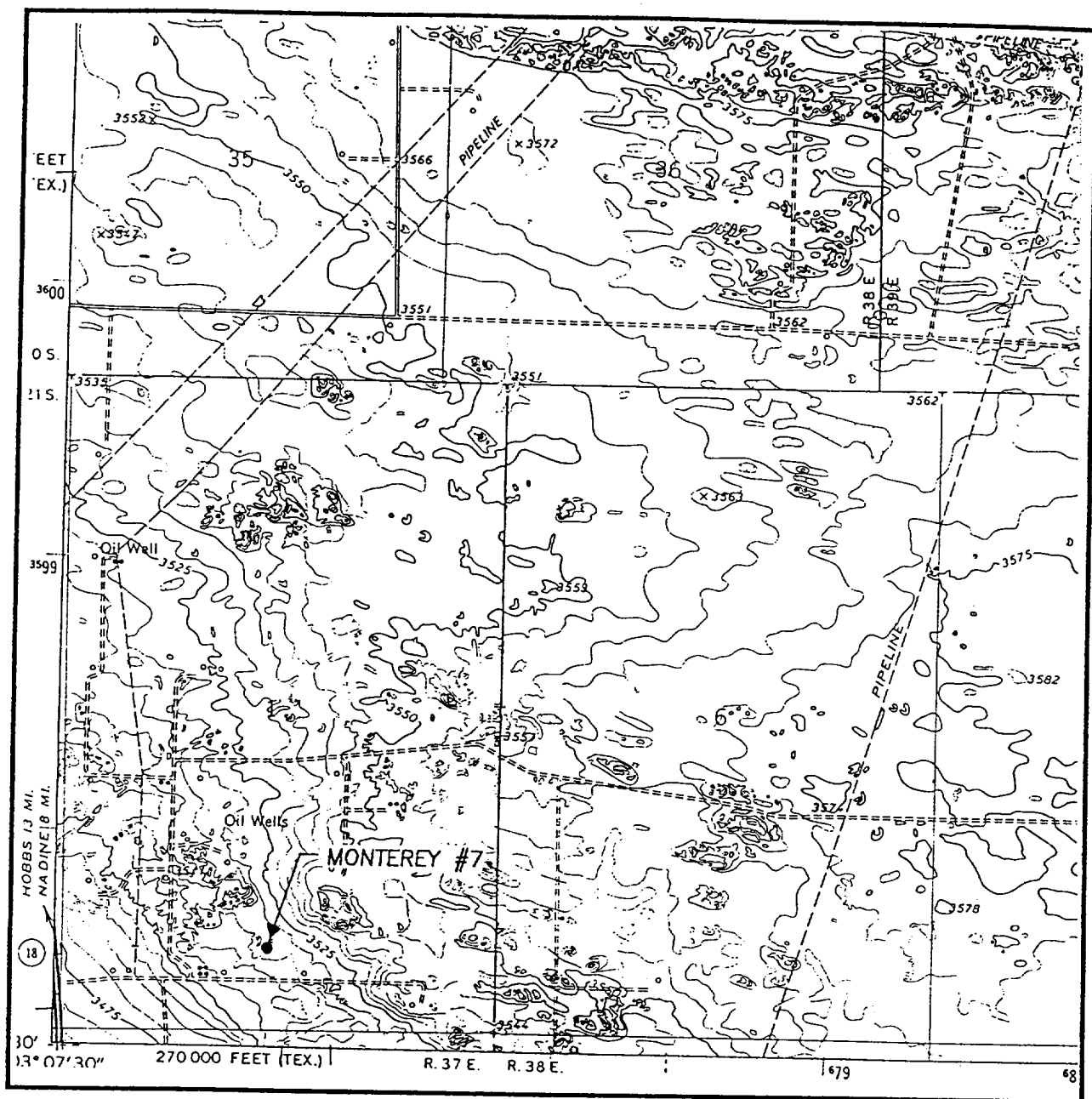
EXHIBIT NO. A

12/15/99

Scale: None



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
HOBBS SE - 5'

SEC. 1 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FSL & 2480' FWL

ELEVATION 3516

OPERATOR ELLIOTT OIL COMPANY

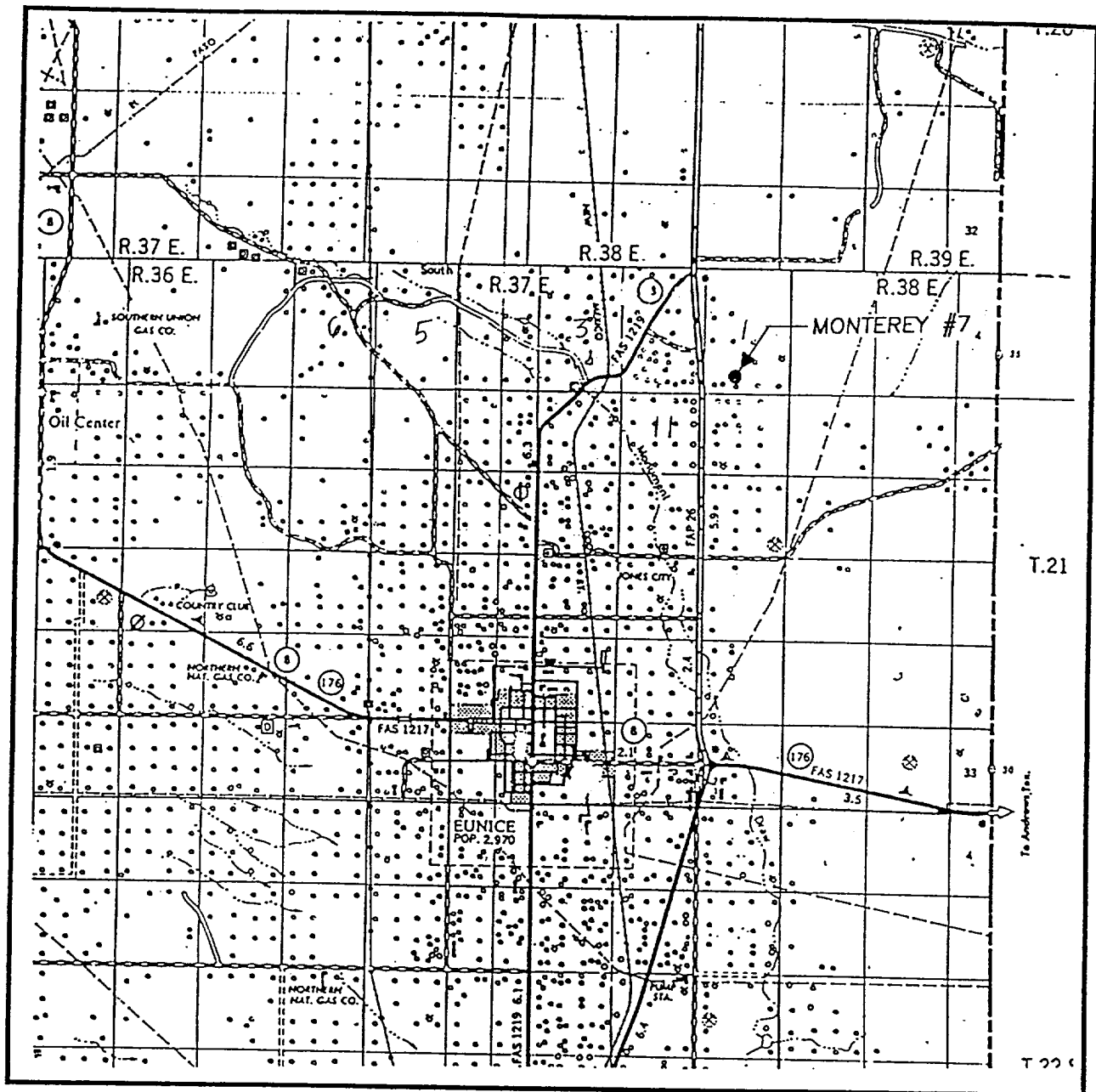
LEASE MONTEREY

U.S.G.S. TOPOGRAPHIC MAP

HOBBS SE, N.M.

**JOHN WEST SURVEYING**  
**HOBBS, NEW MEXICO**  
**(505) 393-3117**

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 1 TWP. 21-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 990' FSL & 2480' FWL

ELEVATION 3516

OPERATOR ELLIOTT OIL COMPANY

LEASE MONTEREY

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

— DANGER —  
POISON GAS  
HYDROGEN SULFIDE

Do Not Approach If Red Flag is Flying



ELF

10/5/00

ABOVE DATE DOES NOT  
INDICATE WHEN  
CONFIDENTIAL LOGS  
WILL BE RELEASED

