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)

SUBMIT IN TRIPLICATE.

(Other instructions on

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

UNITI	ED S	STATI	ES
DEPARTMENT	OF	THE	INTERIOR

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT APPLICATION FOR PERMIT TO DRILL OR DEEPEN	5. LEASE DESIGNATION AND SERIAL NO. LC 065525-B 6. IF INDIAN, ALLOTTES OR TRIBE NAME			
APPLICATION FOR PERMIT TO DRILL OR DEEPEN				
	6. IF INDIAN, ALLOTTER OR TRIBE NAME			
a. TYPE OF WORK				
DRILL 🔯 DEEPEN 🗌	7. UNIT AGREEMENT NAME			
b. TYPE OF WELL				
OIL GAS SINGLE MULTIPLE WELL OTHER ZONE ZONE	8. FARM OR LEASE NAME, WELL, NO.			
NAME OF OPERATOR	Monterey Fed. #7			
Elliott Oil Company	9. API WELL NO.			
ADDRESS AND TELEPHONE NO.	30.025-34937			
P.O. Box 1355, Roswell, NM 88202 505-622-5840	10. FIELD AND POOL, OR WILDCAT			
. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*) At surface	Abo (Wantz)			
	11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA			
990' FSL & 2480' FWL N				
Same	Section 1, T-21S, R-3			
4. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*	12. COUNTY OR PARISH 13. STATE			
6 miles northeast of Eunice, NM	Lea NM			
	NO. OF ACRES ASSIGNED			
PROPERTY OR LEASE LINE, FT. (Also to Dearest drig, unit line, if any)	TO THIS WELL 40			
S. DISTANCE FROM PROPOSED LOCATION* 19. PROPOSED DEPTH 2:	ROTARY OR CABLE TOOLS			
TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 590 7900	Rotary			
. ELEVATIONS (Show whether DF, RT, GR, etc.)	22. APPROX. DATE WORK WILL START*			
3516' GR	2/15/00			
3. PROPOSED CASING AND CEMENTING PROGRAM				
IZE OF HOLE GRADE SIZE OF CASINO WEIGHT PER FOOT BETTING 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)			

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

Application for a non-standard location will be filed with the

State of New	Mexico		
N ABOVE SPACE DESCRIBE PROPO	OSED PROGRAM: If proposal is to deepen, give data on prese	ent productive zone and proposed new productive zone.	If proposal is to drill or
leepen directionally, give pertinent data	a on subsurface locations and measured and true vertical depths.	Give blowout preventer program, if any.	

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to pen directionally, give pertinent data on subsurface locations and measu	deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or red and true vertical depths. Give blowout preventer program, if any.
SIGNED 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 I	egal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations there
CONDITIONS OF APPROVAL, IF ANY:	Assistant Field Manager,
Approximation of the second	Lands And Minerals

*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

DISTRICT I P.C. Bex 1980, Hobbs, NM 85941-1980

State of New Mexico

Rnargy, Minerals and Matural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office

State Lease - 4 Copies Foe Lease - 3 Copies

DISTRICT II P.O. Drawer DD, Artonia, NK 88211-0712

DISTRICT III 1000 Rio Brazos Rd., Axtec, NM 87410

DISTRICT IV P.O. HOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30-025-34937	Pool Code	Wantz Bbo	
25360	Property Naz MONTERE		Well Number
OGRID No. 7178	Operator Naz ELLIOTT OIL CO	DMPANY	Klevation 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

						TOME TOME DUE			
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 Con	nsolidation (Code Or	der 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

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OPERATOR CERTIFICATION

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

Signature

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 nates of ectual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

JANUARY 10, 2000

Date Succession See Succession Su Signature & Spail of Professional Surveyor

00-11-0013

CONTINUE NO. RONALD EDSON
CART EDSON
PROPESSIACON MCDONALD

3239 12641 12185

LMP



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. <u>CIRCULATING MEDIUMS</u>: 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: Manag

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 (H₂S).
- 2. The proper use and maintenance of personal protective equipment and life support systems.
- 3. The proper use of H₂S 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 H₂S 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 H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500 feet) and weekly H_2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H_2S 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_2S .

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. H₂S detection and monitoring equipment:
 - A. $2 \text{portable H}_2\text{S}$ monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H_2S levels of 20 ppm are reached.
 - B. $1 \text{portable } SO_2 \text{ monitor positioned near flare line.}$
- 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 well be used when appropriate. See example attached.

5. Mud program:

- A. The mud program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weight, safe drilling practices, and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.
- B. A mud-gas separator and an H₂S gas buster will be utilized.

6. Metallurgy:

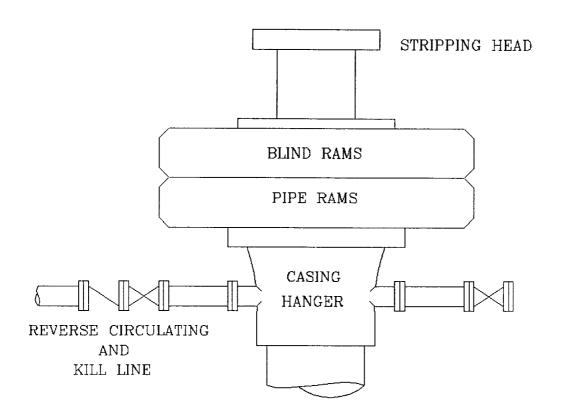
- A. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H₂S service.
- B. All elastomers used for packing and seals shall be H₂S trim.

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 preformed 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 H₂S environment will use the closed chamber method of testing.



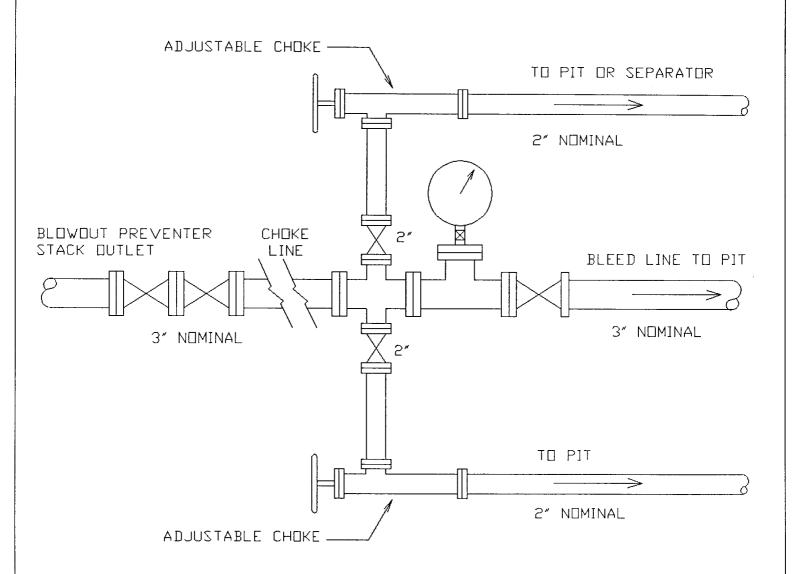
3000 PSI WORKING PRESSURE

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

Scele: None

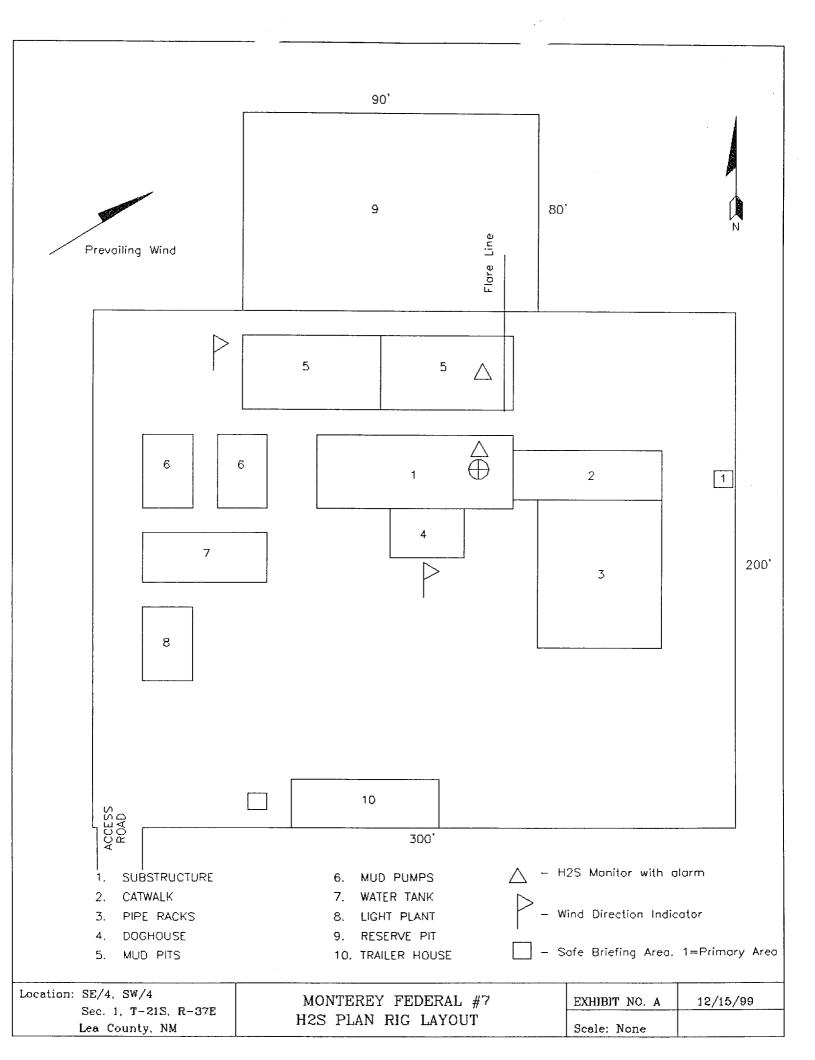


3000 PSI WORKING PRESSURE

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

MONTEREY FEDERAL #7
CHOKE MANIFOLD DIAGRAM
Scale: None

EXHIBIT NO. 1A 12/15/99
Scale: None



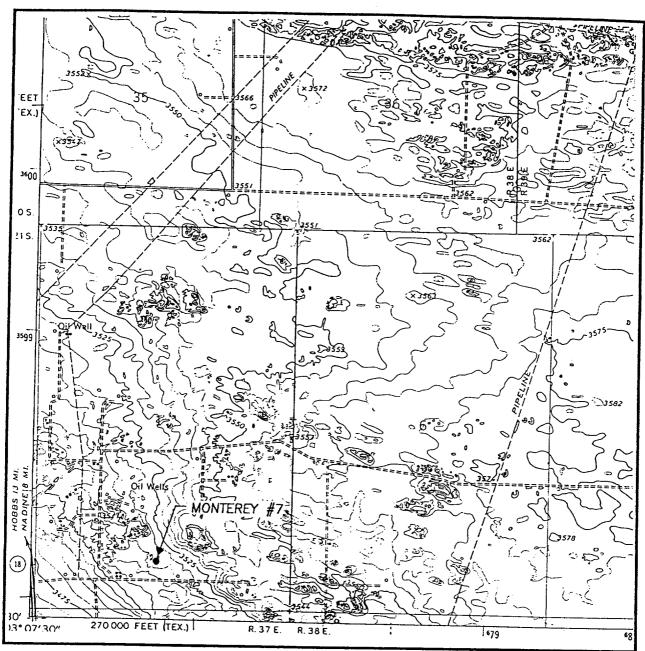
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Location: SE/4, SW/4

Sec. 1, T-21S, R-37E Lea County, NM MONTEREY FEDERAL #7
EXISTING WELLS

EXHIBIT NO. 3 1/5/00
Scale: None

LOCATION VERFICATION MAP



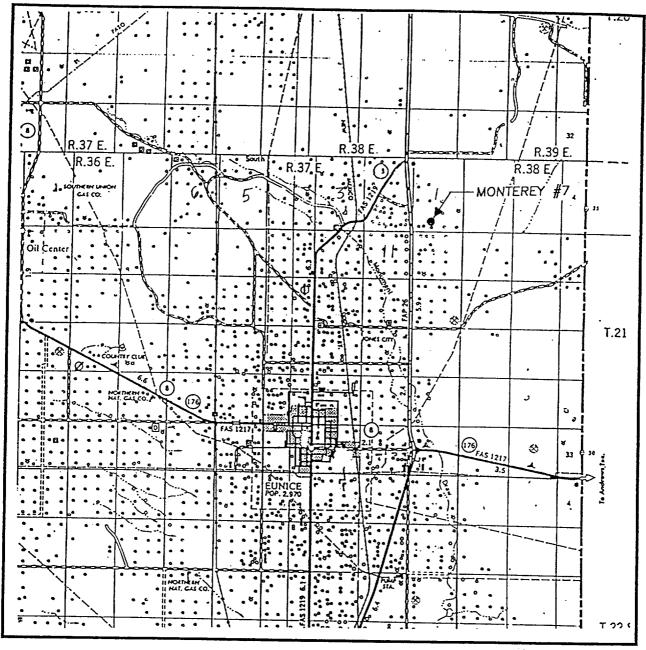
SCALE: 1" = 2000'

CONTOUR INTERVAL: HOBBS SE — 5'

SEC. 1 7	TWP. <u>21-S</u> RGE. <u>37-E</u>
SURVEY	N.M.P.M.
COUNTY	LEA
DESCRIPTION	990' FSL & 2480' FWL
	3516
	ELLIOTT OIL COMPANY
LEASE	MONTEREY
	OGRAPHIC MAP

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

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 1	TWP. <u>21-S</u> RGE. <u>37-E</u>
SURVEY	N.M.P.M.
COUNTY	LEA
DESCRIPTIO	N 990' FSL & 2480' FWL
ELEVATION_	3516
OPERATOR_	ELLIOTT OIL COMPANY
	MONTEREY

JOHN WEST SURVEYING HOBBS, NEW MEXICO (505) 393-3117 —— DANGER ——
POISON GAS
HYDROGEN SULFIDE

Do Not Approach If Red Flag is Flying

ELF ___

ABOVE DATE DOES NOT INDICATE WHEN CONFIDENTIAL LOGS WILL BE RELEASED

Contract of the second of the