

A-44

N Mexico Oil Conservation Division  
1525 N. French Drive  
Hobbs, NM 88240

PERMIT GRID NO. 25616  
PROPERTY NO. 13025  
POOL CODE 24180  
EFF. DATE 12-13-02  
API NO. 30-C25-36076

Form 3160-3  
(August 1999)

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

5. Lease Serial No.  
LC-032573-b

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
Elliott "B" No. 8

9. API Well No.  
30-C25-36076

10. Field and Pool, or Exploratory  
Eunice San Andres Southwest

11. Sec., T., R., M., or Blk. and Survey or Area

Sec 17, T 22S, R 37E

12. County or Parish  
Lea

13. State  
NM

1a. Type of Work: ☒ DRILL ☐ REENTER

☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Zia Energy, Inc.

3a. Address

P.O. Box 2510, Hobbs, NM 88241

3b. Phone No. (include area code)

505-393-2937

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface 450 FNL, 710 FEL

At proposed prod. zone 450 FNL, 710 FEL

14. Distance in miles and direction from nearest town or post office\*  
2.5 miles Southwest of Eunice, NM

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any)

450'

16. No. of Acres in lease

360

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft.

215'

19. Proposed Depth

4200

20. BLM/BIA Bond No. on file

NM1580

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3401'

22. Approximate date work will start\*

ASAP

23. Estimated duration

10 Days

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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Scott Nelson

Name (Printed/Typed)

Scott Nelson

Date

10/21/02

Title

Engineer

Approved by (Signature)

/s/ Mary J. Rugwell

Name (Printed/Typed)

/s/ Mary J. Rugwell

Date

DEC 10 2002

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the 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)

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

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

SCA

KZ

## DRILLING PROGRAM

Zia Energy, Inc.  
Elliott 'B' No. 8  
450' FNL & 710' FEL  
Sect 17, Twp 22s, Rge 37e  
Lea Co., NM

1. Geologic Name of Surface Formation: Permian
2. Estimated Tops of Important Geologic Markers:

Formation	Depth
Rustler	1120
Yates	2620
Queen	3320
Grayburg	3550
San Andres	3750

3. Estimated Depths of Anticipated water, oil & gas formations:

Yates-Seven Rivers-Queen	2650'	Oil & Gas
Grayburg	3550	Oil & Gas
San Andres	3750	Oil & Gas

4. Casing Program:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight &amp; Grade</u>	<u>Depth</u>
12 1/4"	8 5/8"	24# J-55 STC New	1160
7 7/8"	5 1/2"	15.5# J-55 STC New	4200

### Cementing Program:

8 5/8" surface casing will be cemented to surface with 650 sacks of Class 'C' + 2%CaCl + 1/4# Flocele.

5 1/2" production casing will be cemented to surface with 975 sacks of 50/50 POZ. + .5% Halad-322, 1.5# KCL, 1/4# flocele.

5. Minimum Specifications for Pressure Control:

The BOP stack will consist of 3000 psi working pressure, dual ram type preventer and will be tested before drilling out of surface casing.

A BOP sketch is attached.

6. Types and Characteristics of the Proposed Mud System:

Spud and drill 1160' with fresh water mud for surface string. The production string will be drilled with 10 ppg brine mud system to a depth of 4200'.

7. Auxillary Well Control and Monitoring Equipment:

H<sub>2</sub>S monitoring equipment will be installed at 2600'.

8. Logging, Testing and Coring Program:

The well will be logged with a GR/CCL. No coring or testing is planned.

9. Abnormal Conditions, Pressures, Temperatures & Potential Hazards:

No abnormal pressures or temperatures are expected. H<sub>2</sub>S monitoring equipment will be installed above the first hydrocarbon bearing zone. The estimated bottom hole pressure is 1500 psi.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. Drilling will commence as soon as possible and will last approximately 9 days.

## **SURFACE USE AND OPERATING PLAN**

Location: 2.5 miles Southwest of Eunice, New Mexico. NE ¼ NE ¼, Sect 17, Twp 22s, Rge 37e. Lea County.

Oil & Gas Lease: NM LC-032573-b

Record Lessee: Zia Energy, Inc.

Acres in Lease: 360 acres

Bond Coverage: \$10,000 Letter of Credit from Lea County State Bank, BLM Bond No. NM1580.

1. Existing Roads:  
The well is located 2.5 miles southwest of Eunice, New Mexico. From Eunice go south on Loop 18 to the Delaware Basin Road, turn West and go 1 mile and turn south on lease road.
2. Access Roads:
  - a. Length & Width: Approximately 100' x 12' of additional access road will be built to the location.
  - b. Construction: The road will be lightly graded and topped with compacted caliche.
  - c. Turnouts: None required.
  - d. Culverts: None Required.
  - e. Gates/cattle guards: No additional required.
3. Location of existing wells:  
See Attached Map
4. Location of Existing and/or proposed Facilities:  
An existing battery facility will be used for this well.
5. Location and type of Water:  
Zia plans to drill the proposed well with fresh and brine water which will be transported by truck over proposed and existing roads.
6. Source of Construction Materials:  
Caliche for surfacing access roads and the wellsite pad will be obtained from the location itself.
7. Method of Handling Waste Material:
  - a. Drilling cuttings will be disposed of in the reserve pit. The pit will be lined with 6 mil plastic.

- c. Trash will be contained in a trash trailer and removed from the well site.
- d. Produced fluids will go to the tank battery and trucked from location.

8. Ancillary Facilities:

None Required

9. Well Site Layout:

See Exhibit A

10. Plans for Restoration of the Surface:

- a. After completion of drilling and completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- b. All pits will be fenced until they are filled in.
- c. At abandonment the site will be reclaimed per Bureau of Land Management specs.

11. Other Information:

- a. Topography: The wellsite is relatively flat.
- b. Soil: The top soil at the wellsite is sandy soil.
- c. Flora and Fauna: The location is in an area sparsely covered with mesquite and range grasses.
- d. Ponds and Streams: There are no rivers, lakes, ponds, or streams in the area.
- e. Residences and Other Structures: The nearest residence is ½ a mile away.
- f. Land use: The land is used for cattle grazing.
- g. Surface Ownership: The surface is owned by the Trustee of the Millard Deck Estate, c/o Tim Wolters, Bank of America, P.O. Box 270, Midland, Texas 79702. Mr. Wolters was contacted on Sept. 19 and an agreement was reached for surface damages.
- h. Archaeological, Historical, and Other Cultural Sites:  
Southern New Mexico Archaeological Service has conducted a survey and report is attached.
- i. Operator's Representative:  
Scott Nelson  
P.O. Box 2510  
Hobbs, NM 88241  
(505) 393-3271

## CERTIFICATION

I hereby certify that Zia Energy, Inc. has inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statement 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 Zia Energy, and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

10-21-02  
Date

Scott Nelson  
Scott Nelson  
Engineer

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <i>30-025-3607H</i>	Pool Code 24180	Pool Name Eunice San Andres Southwest
Property Code 013025	Property Name ELLIOTT B	Well Number 8
OGRID No. 025616	Operator Name ZIA ENERGY	Elevation 3401'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	17	22-S	37-E		450	NORTH	710	EAST	LEA

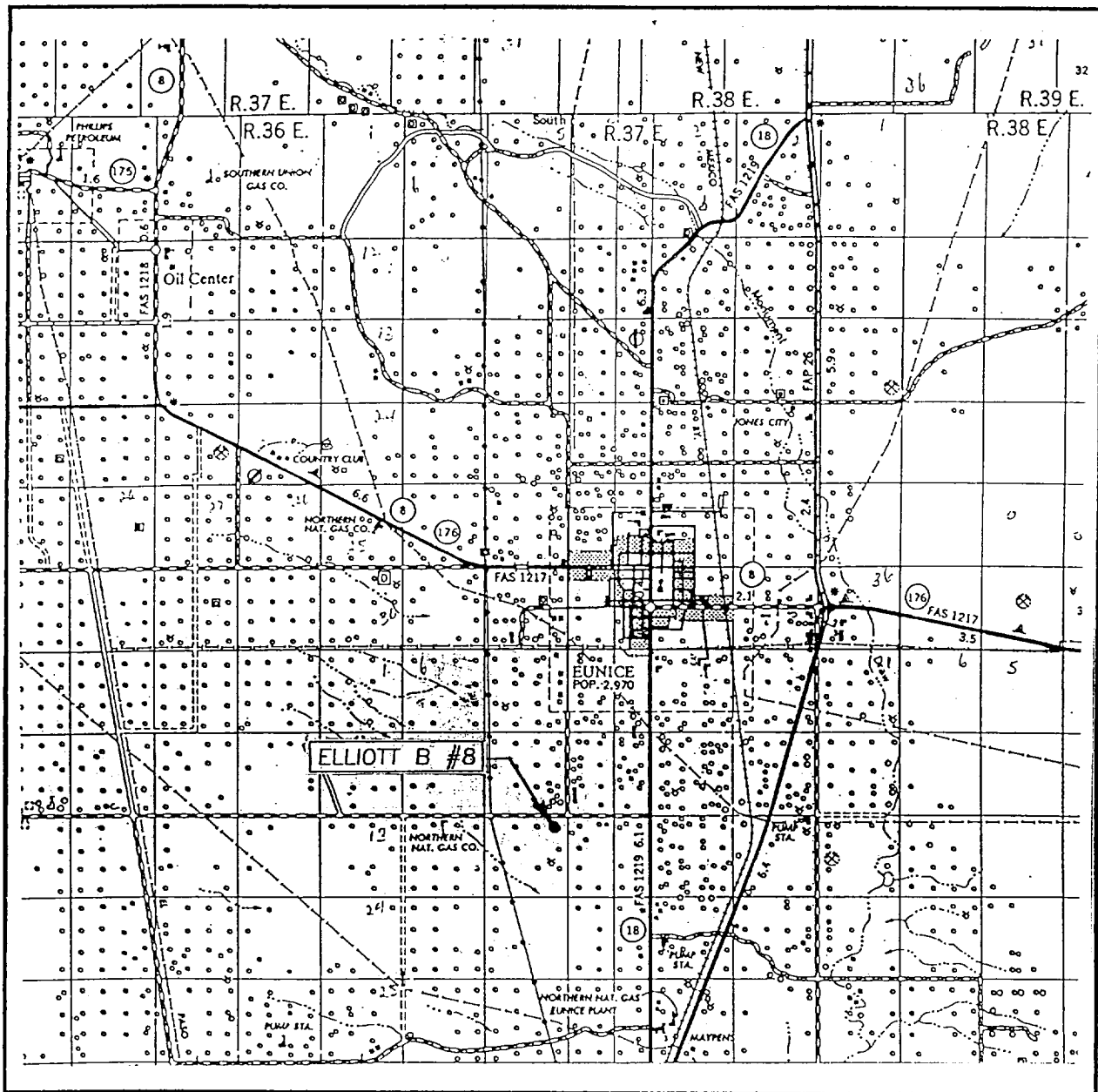
Bottom Hole Location If Different From Surface

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 Y	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><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>Scott Nelson</i> Signature Scott Nelson</p> <p>Printed Name Engineer</p> <p>Title 10/21/2002</p> <p>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>SEPTEMBER 18, 2002</p> <p>Date Surveyed _____ LA</p> <p>Signature &amp; Seal Professional Surveyor <i>GARY E. JOHNSON</i> NEW MEXICO 02.11.0683 2/19/02</p> <p>Certificate No. RONALD JOHNSON 3239 GARY JOHNSON 12641</p>

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 17 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 450' FNL & 710' FNL

ELEVATION 3401'

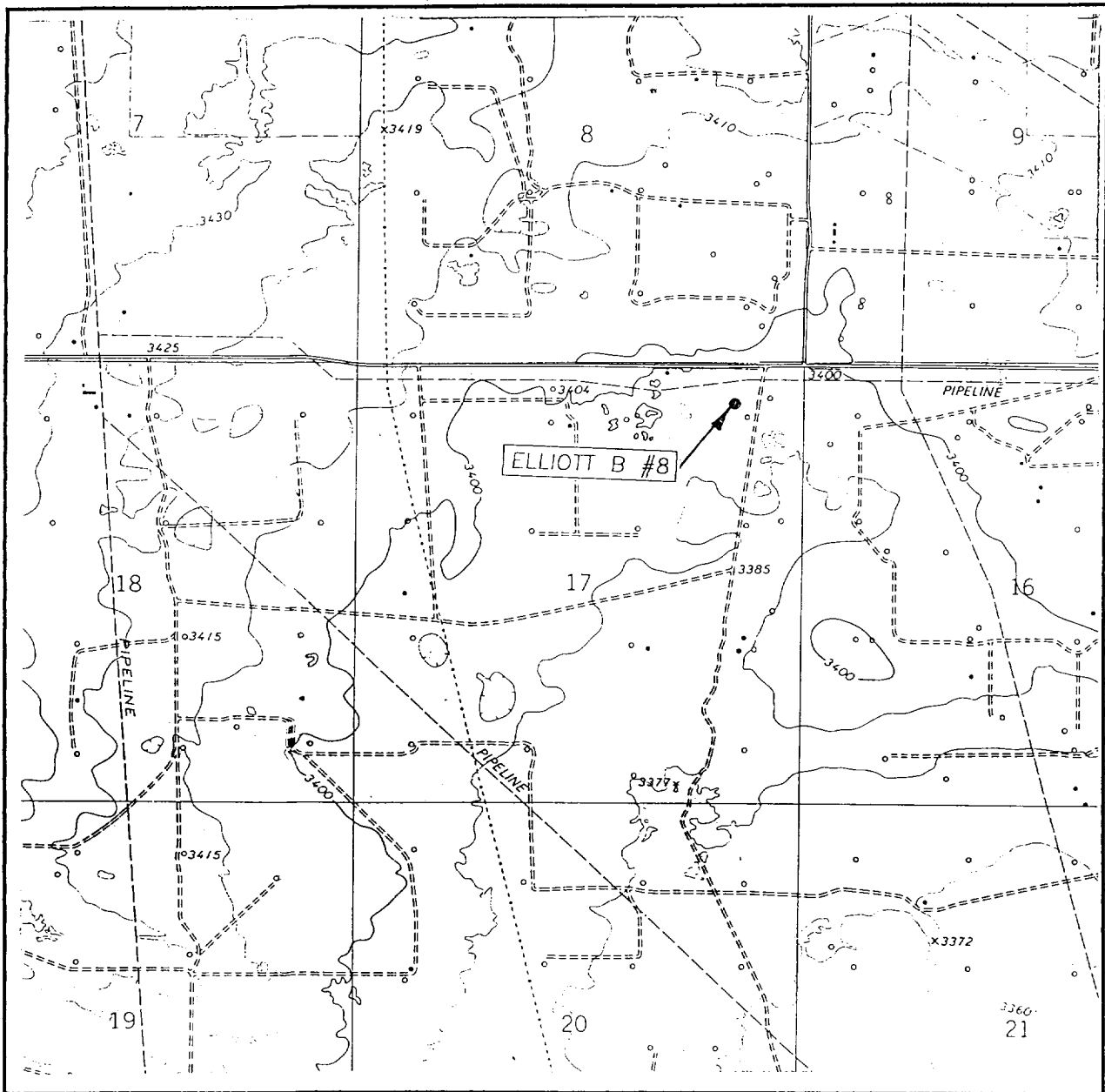
OPERATOR ZIA ENERGY

LEASE ELLIOTT B

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



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'  
EUNICE, N.M.

SEC. 17 TWP. 22-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 450' FNL & 710' FEL

ELEVATION 3421'

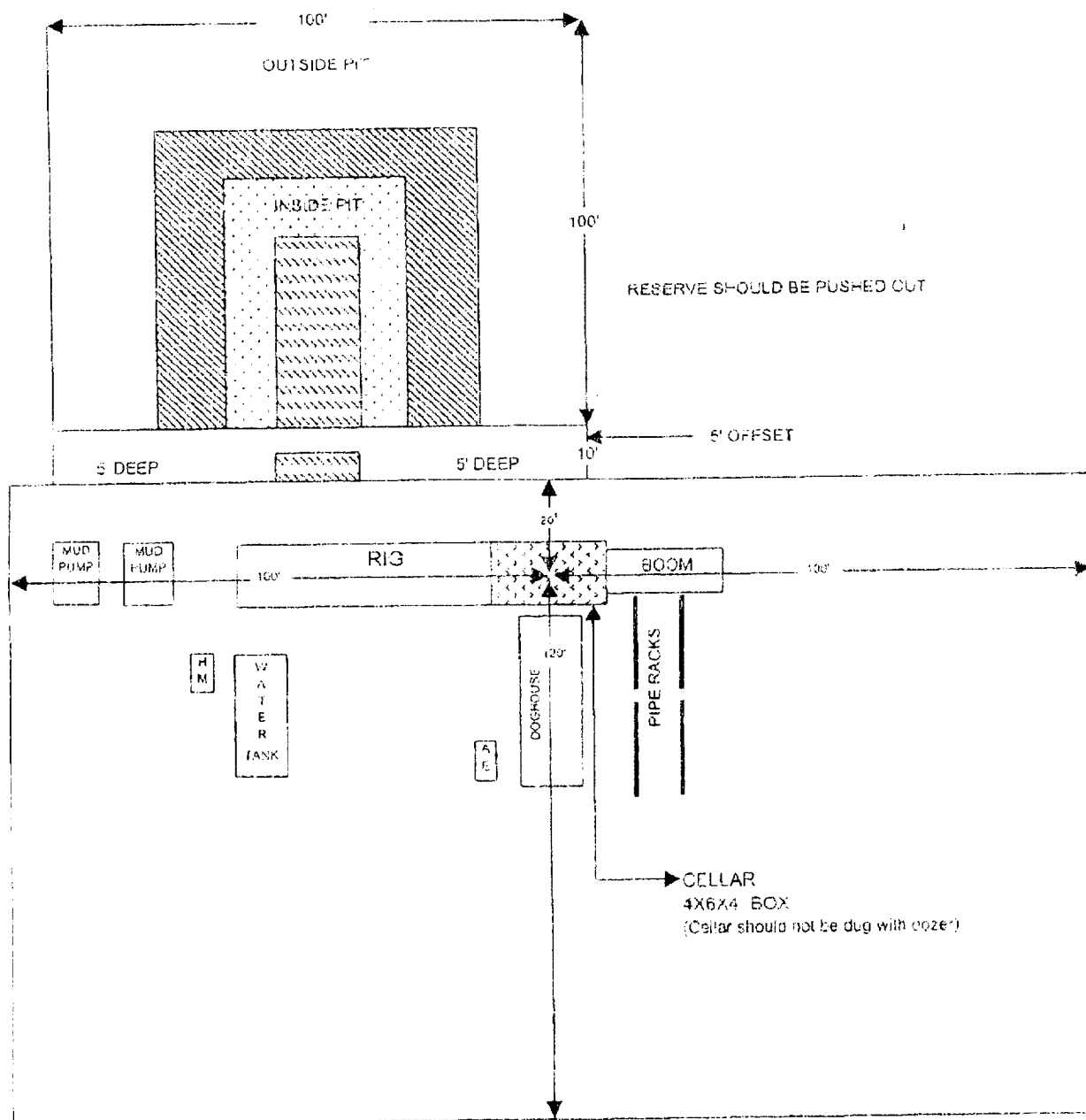
OPERATOR ZIA ENERGY

LEASE ELLIOT B

U.S.G.S. TOPOGRAPHIC MAP  
EUNICE, N.M.

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

CapStar Drilling, Inc.  
LOCATION SPECIFICATIONS AND RIG LAYOUT  
FOR EARTH PITS



Cellar can be 4X4X4 if using a screw-on wellhead  
Working Pits dug 5' below ground level

# CULTURAL RESOURCE MANAGEMENT REPORT

**Zia Energy, Incorporated  
The Elliott "B" Number 8 Proposed Well Location  
Section 17, T.22S., R.37E  
Lea County, New Mexico**

Written By:

Doralene Sanders, Trena Moyers  
and  
Joe Ben Sanders  
Principal Investigator

Prepared For:

Zia Energy, Incorporated  
Post Office Box 2510  
Hobbs, New Mexico 88241

Prepared By:

**SOUTHERN NEW MEXICO  
ARCHAEOLOGICAL SERVICES, Inc.**

Post Office Box 1  
Bent, New Mexico 88314-0001

Date:

October 15, 2002

**Project # SNMAS-02NM-923  
NMCRIS # 80595**

TITLE PAGE/ABSTRACT  
NEGATIVE SITE REPORT  
ROSWELL DISTRICT

Page 1

BLM/ RDO 1/95

**1. BLM Report No.**

**2. (Accepted)**  
**(Rejected)**

**3. NMCRIS No. 80595**

**4. Title of Report ( Project Title ):**

**A Cultural Resource Inventory**  
The Elliott "B" Number 8  
Proposed Well Location  
Section 17, T.22S, R.37E, Lea County, New Mexico

**5. Project Date(s)**

October 12, 2002,

**6. Report Date**

October 15, 2002

**7. Consultant Name & Address:**

Direct Charge: Joe Ben Sanders

Name: Southern New Mexico Archaeological Services, Inc.

Address: PO Box 1 Bent, NM 88314

Author's Name: Doralene Sanders and Trena Moyers

Field Personnel Names: Al Rorex

Phone No. (505) 671-4797

**8. Permit No.**

145-2920-02-K

**Consultant Report #**

SNMAS-02NM-923

**10. SPONSOR NAME AND ADDRESS:**

Individual Responsible: Scott Nelson

**11. FOR BLM USE**

Name: Zia Energy, Incorporated

Address: Post Office Box 2510

Hobbs, NM 88241

Phone No. (505) 393-2937

**12. ACREAGE:**

Total No. of acres

Surveyed 3.7

Per Surface

Ownership:

Federal 3.7

State           

Private           

**13. Location and Area: (Maps Attached if negative survey)**

**a. State:** New Mexico

**b. County:** Lea

**c. BLM District:** Roswell

**Field Office:** Carlsbad

**d. Nearest City or Town:** Carlsbad, New Mexico

**e. Location:** T.22S., R.37E Sec. 17 Well Pad Footages **450 ft FNL and 710 ft FEL**

Well Pad ¼'s: NW1/4NE1/4NE1/4

**f. 7.5' Map Name(s) and Code Number(s):**

USGS Eunice, NM (1969) 32103-D2

**g. Area: Block:**

Impact: 200' X 200'

Surveyed: 400' X 400'

Linear: 000' X 000'

Surveyed: 000' X 000'

**14. a. Records Search:**

**Location:** ARMS HPD.  
BLM Carlsbad

**Date:** October 11, 2002  
Date: October 15, 2002

List by LA # All sites within .25 miles of the project: **None**

**b. Description of Undertaking:**

The Elliott "B" Federal Number 8 well location is staked 450 ft FNL and 710 ft FEL, in Section 17, T.22S., R.37E. The impact area for the well location is 200 ft by 200 ft. An area 400 ft by 400 ft was surveyed for the proposed well location. The proposed well pad will be accessed by an existing lease road on the east.

**c. Environmental Setting** NRCS soil designation: vegetative community: etc.:

The project area is located a flat open plain with open exposure. Soils are tan-gray silty sand. Within the project area there is an old pump station, a 100 ft wide depression with a concrete foundation, a capped riser, which is fenced. An existing capped lease road parallels the east side of the well pad. Vegetation is mesquite, shin oak, grasses and snakeweed. Elevation is 3,401 ft.

**d. Field Methods:**

**Transect Intervals:** 8 parallel transects across well pad

**Crew Size:** one

**Time in Field:** 1.5 hours

**Collections:** NONE

**15. Cultural Resource Findings:**

a. Identification and description: ( Location shown on project map )

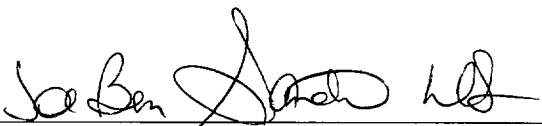
During the current survey, no cultural resources were encountered.

**16. Management Summary ( Recommendations ) :**

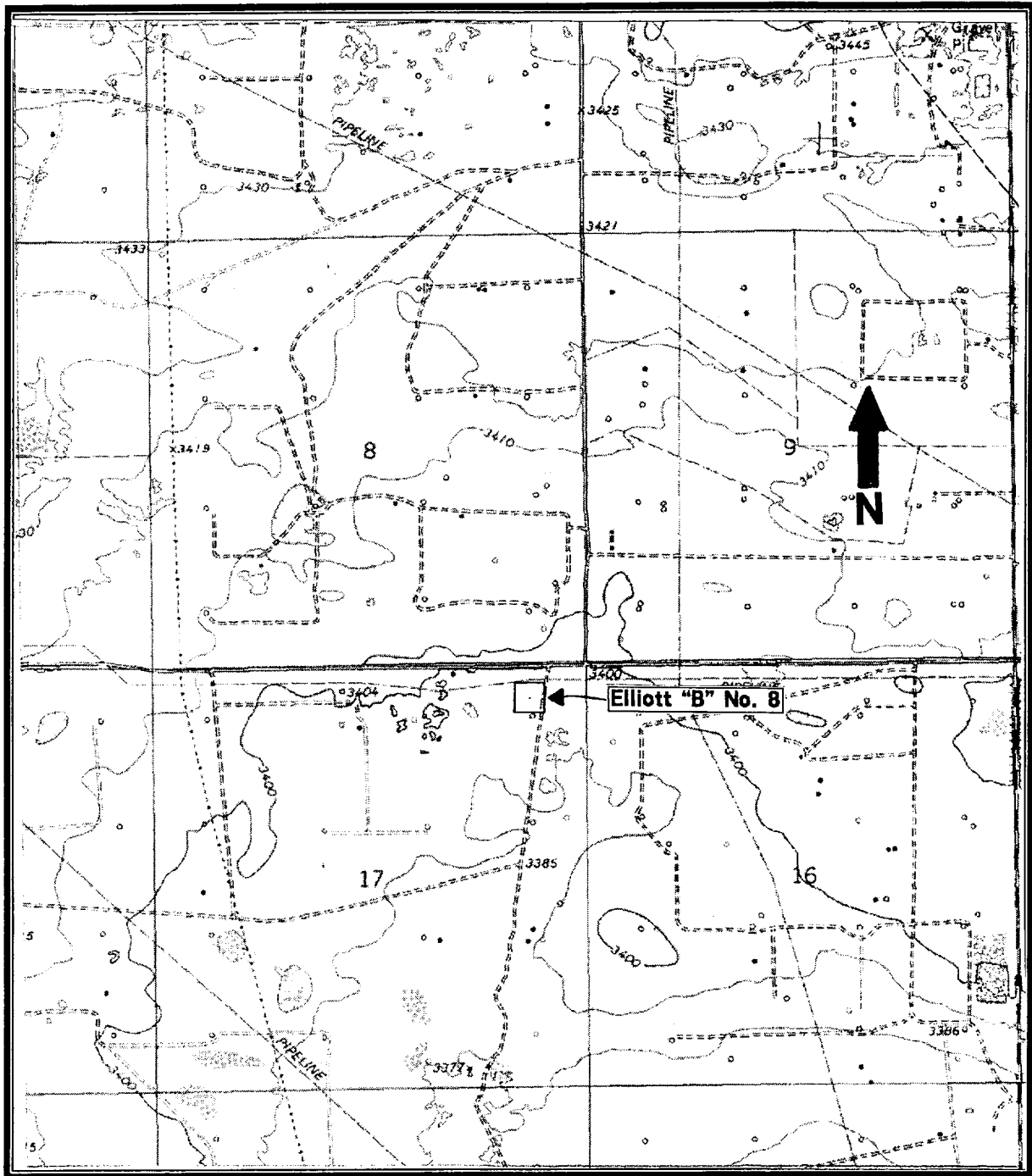
During the current survey, no cultural resources were encountered. Therefore, **archaeological clearance is recommended** for the proposed Elliott "B" Number 8 well location, located in Section 17, T.22S., R.37E, **with no stipulations.**

I certify the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist: Signature

  
Joe Ben Sanders      Date: October 15, 2002  
Principal Investigator

The above completes a negative report. If eligible of potentially eligible properties are involved, then the above will be the title page and abstract for a complete report.



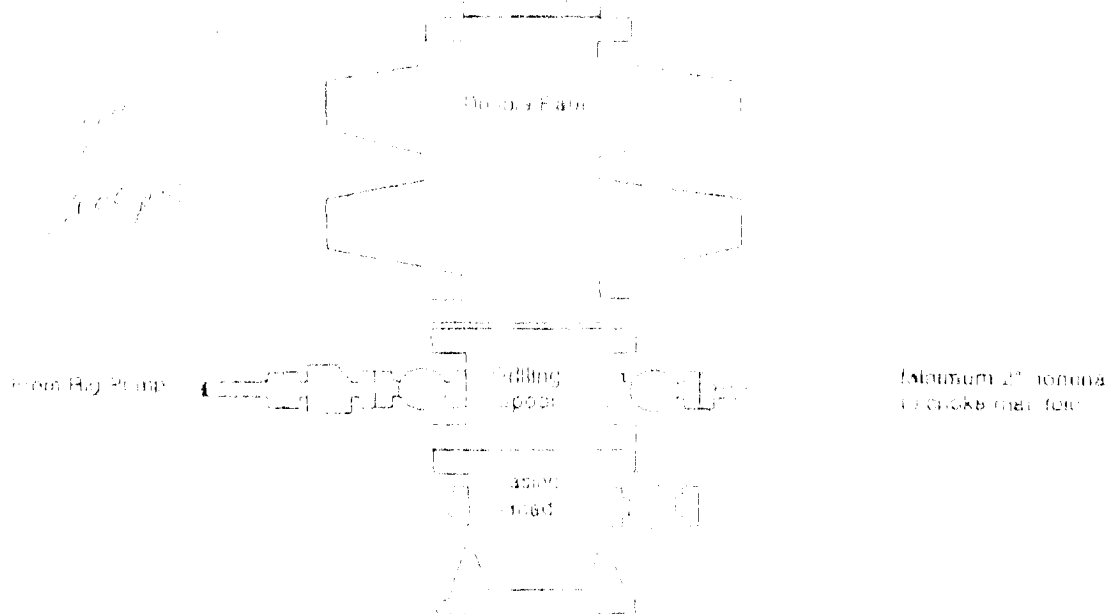
**Figure 1. Survey Area Zia Energy, Incorporated  
The Elliott "B" Federal Number 8  
Proposed Well Location  
Section 17, T.22S., R.37E  
USGS Eunice, NM (1969) 7.5' topo map  
Lea County, New Mexico  
Scale 1:24,000**

**Southern New Mexico Archaeological Services, Inc.**

### BOP Schematic

Note: If BOP is equipped w/ side outlets below the rams, a spool is not required.

5000 psi WP Double Ram Blow-out Preventer. Must be tested to 1000 psi prior to drilling out 6-5/8" surface casing.



### Choke Manifold Schematic

