

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address McElvain Oil & Gas Properties, Inc. 1050 17 th Street, Suite 1800 Denver, CO 80265-1801		² OGRID Number 22044
³ Property Code 34842	⁴ Property Name Big Bucks	⁵ API Number 30-045-3324
⁹ Proposed Pool 1 Basin Fruitland Coal		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	16	30N	12W		1510	South	660	West	San Juan

⁸ Proposed 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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 5743'
¹⁶ Multiple No	¹⁷ Proposed Depth 2299'	¹⁸ Formation Lewis	¹⁹ Contractor D & D Drilling	²⁰ Spud Date June 1, 2005
Depth to Groundwater > 100 feet		Distance from nearest fresh water well > 1000 feet		Distance from nearest surface water > 1000 feet
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick Clay <input type="checkbox"/> Pit Volume: 1700_bbls Drilling Method: mud				
Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
8.625"	7.000"	20 #	200'	50	Surface
6.250"	4.500"	10.5 #	2299'	180	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.
Spud in Nacimiento formation. Drill surface hole to 200 feet. Run and cement production casing with cement returns to surface. WOC 12 hours. Nipple up 7 1/16" 2000 # BOPE. Test to minimum of 600 psi. Drill to TD using fresh water/ polymer system. Log well. Run and cement production casing in a single stage with cement returns to surface. Move out drilling equipment. Move in completion equipment. Perforate and stimulate select Fruitland Coal intervals with a 2% KCl base fluid. Clean up and test well. Install surface production equipment. Enterprise will install gas gathering line. Place well on production.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Robert E. Fielder

Title: Agent

E-mail Address: pmci@acs-online.net

Date: May 27, 2005

Phone: 505.632.3869

OIL CONSERVATION DIVISION

Approved by:

Title: DEPUTY OIL & GAS INSPECTOR, DIST. #8

Approval Date:

Expiration Date:

Conditions of Approval Attached ☐

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33124		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 34842	*Property Name BIG BUCKS		*Well Number 2
*GRID No. 22044	*Operator Name McELVAIN OIL & GAS PROPERTIES		*Elevation 5743

10 Surface Location

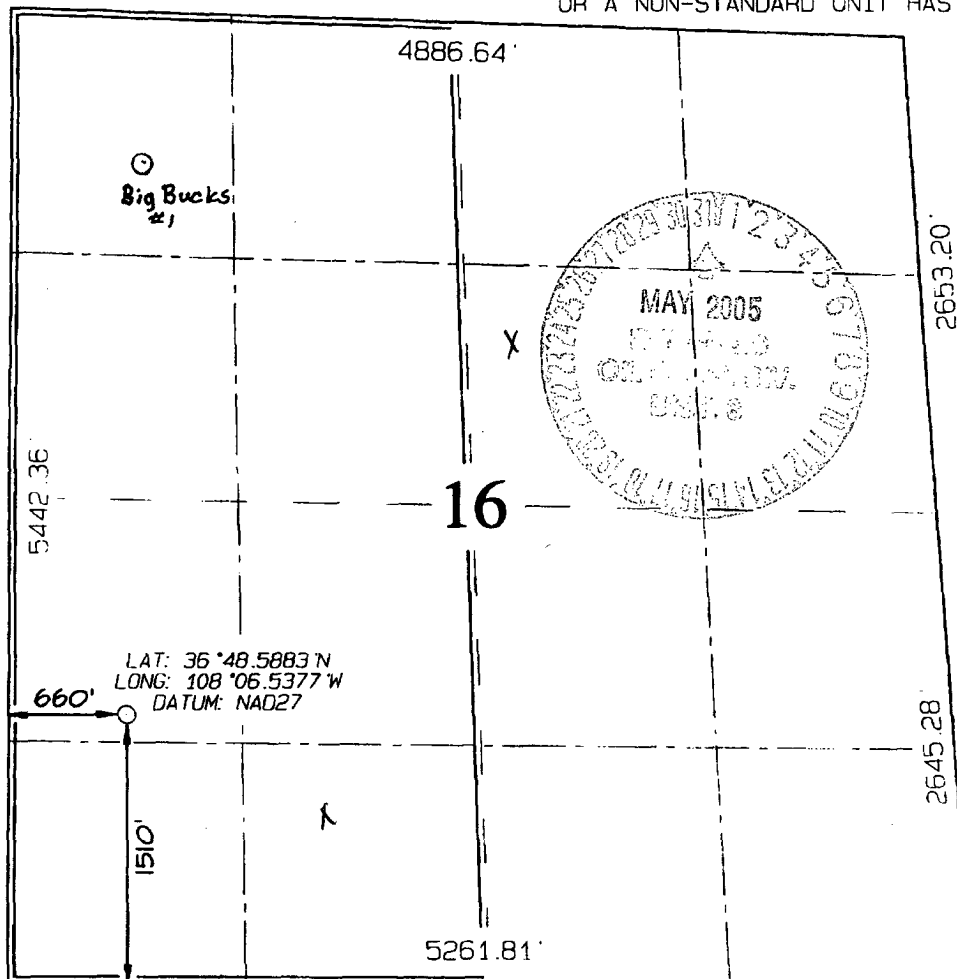
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	16	30N	12W		1510	SOUTH	660	WEST	SAN JUAN

11 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

12 Dedicated Acres 320.0 Acres - (W/2)	13 Joint or Infill	14 Consolidation Code	15 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



(MEASURED)

17 OPERATOR CERTIFICATION

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

Robert E. Fielder
Signature

Robert E. Fielder R
Printed Name

Agent
Title

May 31, 2005
Date

18 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.

Date of Survey: **MARCH 3, 2005**

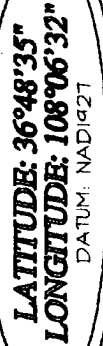
Signature and Seal of Professional Surveyor

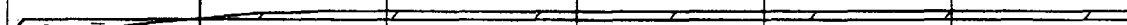


JASON C. EDWARDS
Certificate Number: **15269**

DATE: MARCH 3, 2005

ACCESS
2170' (0-8%)



C-C'						
5753'						
5743'						
5733'						

Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

McElvain Oil & Gas Properties, Inc.

Big Bucks No. 2

1510' FSL & 660' FWL

Section 16, T30N, R12W, NMPM

San Juan County, New Mexico

TEN POINT DRILLING PROGRAM

1. Surface Formation: Nacimiento

2. Surface Elevation: 5743' GL.

3. Estimated Formation Tops:

<u>Formation</u>	<u>Top - feet</u>	<u>Expected Production</u>
Nacimiento	surface	
Ojo Alamo	429	
Kirtland	549	
Farmington	1449	
Fruitland	1689	
Pictured Cliffs	1949	GAS
Lewis	2149	
TOTAL DEPTH	2299	

4. Surface Hole Program:

Bit: Drill an 8 $\frac{3}{4}$ " hole to 200' using a retip mill tooth, IADC Class 115 or 116, bit. WOB: all. RPM: 70 - 100.

Mud: Use a fresh water base spud mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
0 - 200	8.6 or less	9.0-9.5	40 - 50	No Control

Casing and Cementing: A string of 7" 20 ppf J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 50 sacks (59.0 cf) of Class "B" cement (yield = 1.18 cf/sk) containing 3% CaCl₂ and 1/4 lb/sack celloflake. Slurry volume assumes 100% excess over calculated hole volume. If cement does not circulate to surface, cement will be topped off using 1" pipe down the 8 $\frac{3}{4}$ " by 7" annulus. Minimum clearance between couplings and hole is 0.5470". Prior to drilling out the shoe, casing and BOPE will be tested to a minimum of 600 psig. Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

WOC 12 HOURS. Nipple up 7 1/16" 2000# BOPE. Pressure test surface casing and BOPE to 600 psi for 15 minutes.

Centralizers: Run two (2) 7" X 8 $\frac{3}{4}$ " regular bowspring centralizers. Install first one on stop ring in middle of shoe joint.

Float Equipment: Cement nose guide shoe thread locked. Also thread lock connection between first and second joint run.

Drilling Program
McElvain Oil & Gas Properties, Inc.
Big Bucks No. 2
Page Two

5. Production Hole Program:

Bit: Drill a 6¼" hole to 2299' using a TCI, IADC Class 447 bit. WOB: 30-35K. RPM: 60 - 75. Reduce RPM to 55 - 65 through Ojo Alamo.

Mud: Use a fresh water base polymer and water system to drill this section. If hole conditions dictate, mud up with a fresh water base LSND mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
200 - 2299	8.6 - 8.8	9.0-9.5	28 - 35	10 - 12

Fresh water will be used for dilution and building volume. Sufficient materials will be on location at all times to maintain mud properties and to control any lost circulation problem or unforeseen abnormal pressures. The mud volume in the surface pit will be visually monitored and recorded on a routine basis.

Note: If mud up is required, raise **viscosity** to 55 - 60 for logging. Thin to 40 - 45 viscosity to run casing.

pH is to be maintained with lime or caustic soda at the recommended levels to assure drill pipe corrosion protection.

Drispac will be used for control of fluid loss.

Lost Circulation can occur in the Fruitland Coal and Pictured Cliffs formation. Mud weights should be controlled as low as possible with solids control equipment then as low as practical with water dilution.

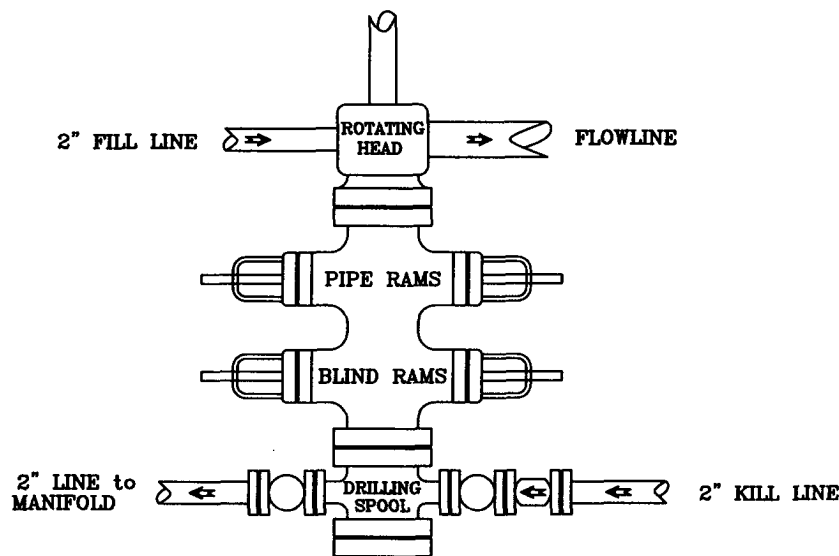
Pressure Control: A 2M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to a minimum of 600 psig before drilling out from under surface casing. Mechanical operation of pipe rams will be checked daily and blind rams will be checked on each trip out of hole. 4½" rams will be installed before running production casing. A full opening internal blowout preventor or drill pipe safety valve will be on the drill floor at all times and will be capable of fitting all connections.

Logging Program: Dual Induction and Compensated Neutron/Formation Density logs will be run from TD to the surface casing shoe.

Casing and Cementing Program: Run 4½" 10.5 ppg J-55 production casing from surface to TD and cement in a single stage with 100 sacks (255.0 cf) of Class B containing 3% sodium metasilicate extender, 5 pps Gilsonite and 1/4 pps celloflake. Lead slurry mixed at 11.8 PPG to yield 2.55 cf/sk. Tail in with 80 sacks (95.20 cf) of Class B with 0.25 pps celloflake, 0.3% FLA and 5 pps gilsonite mixed at 15.6 PPG to yield 1.19 cf/sk.

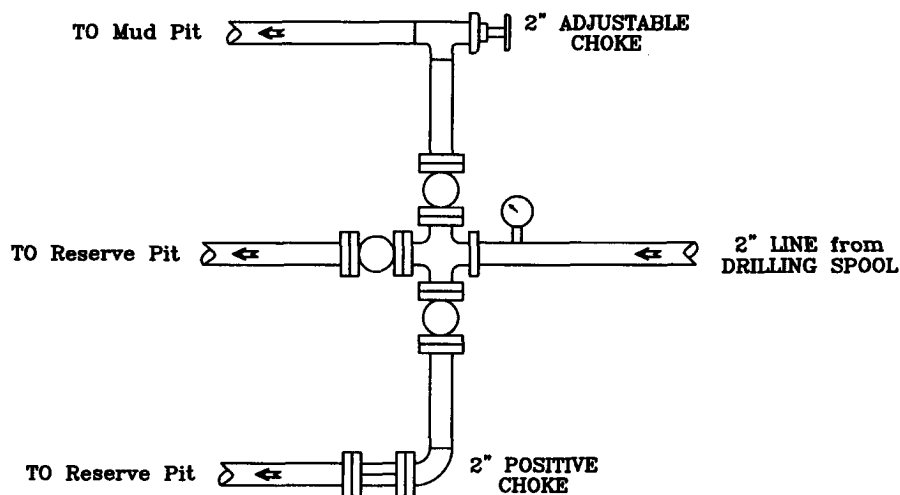
PRESSURE CONTROL

Wellhead Assembly



Preventer and Spools are to have a
6" Bore or larger and a 2000 PSI
or higher Pressure Rating

Choke Manifold



McElvain Oil & Gas Properties, Inc.

Big Bucks No. 2
1510' FSL - 660' FWL
Section 16, T30N, R12W, NMPM
San Juan County, New Mexico