

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-10

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

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

Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

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

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

☐ AMENDED REPORT

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

¹ Operator Name and Address McElvain Oil & Gas Properties Inc. 1050 17th Street, Suite 1800 Denver, Colorado 80265		² OGRID Number 22044
⁴ Property Code 22815 24760		³ API Number 30 - 039 - 24079
⁵ Property Name Cougar Com		⁶ Well No. 1A

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
I	4	25N	2W		1700	South	800	East	Rio Arriba

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

⁹ Proposed Pool 1

Blanco Mesa Verde

¹⁰ Proposed Pool 2

¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 7610'
¹⁶ Multiple No	¹⁷ Proposed Depth 6950'	¹⁸ Formation Mancos	¹⁹ Contractor unknown	²⁰ Spud Date: 08/15/00

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
7.875"	5.500"	15.5	8445'	Stage 1: 500	6425 est'd @ 70%
				Stage 2: 360	3451' est'd @ 70%
		DV1 @ 6243'	DV2 @ 3957'	Stage 3: 495	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.

McElvain Oil & Gas Properties Inc. proposes to re - enter the plugged and abandoned Dewey Bartlett No. 1 and complete as a Mesa Verde infill well. Propose to cut off old dry hole marker and weld on 5 1/2" casing pup joint to extend to ground level. Install 5 1/2" X 7 1/16" 3000# tubing head on pup joint. Test to 3000#. Build 50' X 30' reserve pit. Level location. Install guyline anchors. Move in and rig up service unit. Install 7 1/16" 3000# BOPE. Drill out cement plugs at 0 - 305', 3159 - 3850', and 5400 - 5700'. Clean out to CIBP at 6950'. Run cement bond log and block squeeze as necessary to get cement coverage across proposed Mesa Verde completion intervals, although no squeeze work is anticipated to be necessary due to fill calculated above using a 70% fill up factor. Pressure test casing to 3000#. Perforate and stimulate select intervals in the Cliff House, Menefee, and Pt. Lookout. Install production facilities and connect to gas sales line. A C-102 is attached. Formation tops (from Dewey Bartlett No. 1 completion report): Nacimiento - 1965'; Ojo Alamo - 3504'; Fruitland - 3702'; Pictured Cliffs - 3836'; Cliff House - 5600'; Menefee - 5696'; Pt. Lookout - 5992'; Mancos - 6225'.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed Name: R. E. Fielder

Title: Agent

Date: August 3, 2000

OIL CONSERVATION DIVISION

Approved by:

Title:

DEPUTY OIL & GAS INSPECTOR, DIST. 3

Expiration Date:

AUG - 3 2001

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 12467

Exhibit C

Submitted by:

McElvain Oil & Gas Properties, Inc.

approval:

District I
PO Box 1988, Hobbs, NM 88241-1988
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, 199-
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 AFI Number 30 - 039 - 24079		1 Pool Code 72319		1 Pool Name Blanco Mesa Verde	
1 Property Code 23816 24760		1 Property Name Cougar Com 4			1 Well Number 1A
1 OGRID No. 22044		1 Operator Name McElvain Oil & Gas Properties Inc.			1 Elevation 7610 '

10 Surface Location


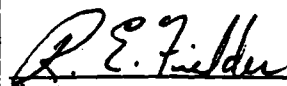
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	4	T25N	R2W		1700	South	800	East	Rio Arriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320 .73	13 Joint or Infill Y	14 Consolidation Code C	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

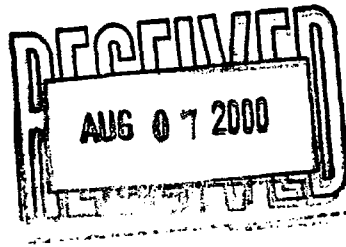
<div>16</div> 	<div>NMO 397</div> <div>C</div> <div>Cougar Com 4 # 1</div>	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <div></div> <div>Signature R. E. Fielder</div> <div>Printed Name Agent</div> <div>Title August 3, 2000</div> <div>Date</div>
		<div>18 SURVEYOR CERTIFICATION</div> <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> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyer: This location originally by Edgar L. Risenhoover, Certificate # 5979, or May 30, 1986. Location was not re-surveyed</div> <div>Certificate Number</div>



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division



APPROVAL OF STATE/FEE APPLICATIONS

The attached application has been approved with the following conditions:

1. Trash is to be taken to a sanitary landfill, not buried at the wellsite, unless approved by the landowner.
2. Wells which produce oil during cleanups and testing will be flowed through a separator and the oil recovered in a tank.
3. Cement quantities will be reported in cubic feet on all reports, with a description of cement type, additives, different slurries used and calculated yields.
4. Casing and cementing reports must show a water shutoff test, as required by Rule #107(C).
5. Reports of commencement of drilling operations must be filed within 10 days of spud, as required by Rule #1103.
6. It is the responsibility of the operator to make the appropriate contracts and arrangements with surface owners before commencing activities.



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Oil Conservation Division

SAN JUAN BASIN OCD CASING CEMENTING PROCEDURE

1. Cement must be circulated around surface pipe. If cement cannot be circulated, the top of the cement column shall be determined by temperature survey or other method approved by the Aztec OCD Office.
2. All subsequent casing strings shall be cemented a minimum of 100' into the next shallower string. If cement is not circulated on any string, the cement top shall be determined by temperature survey, CBL, or other method approved by the Aztec OCD Office.
3. Minimum surface pipe requirements:

Well Depth

0-3000
3001-5000
5001-8000
8001 +

Surface Pipe

120'
200'
320'
consult with District Office

Wells drilled in valley fill areas must have surface pipe set at least 50' below the fill.

Minimum requirements may be modified as necessary to comply with Rule 106 and Rule 107. Special pool rules may apply.

Proposed casing plans may be modified by the Aztec district Office to address special conditions.

No C-104 will be approved for a well until all pressure tests and cement tops are reported in compliance with Rule 1103B.(2)

DRILL CUTTINGS SAMPLES

A representative of the US Geological Survey has informed the Aztec OCD Office that they have enough samples from the Fruitland formation to establish a basin-wide map for vitrinite reflectance. However, they do not have enough from the Menefee Coal interval of the Mesaverde formation.

As a condition of approval to drill, you are required to submit four 4" X 6" sample bags of drill cuttings from the Menefee Coal interval if it is penetrated and drilling conditions permit. If a geograph is used, a copy of that recording from 50' above to 50' below the coal intervals will be submitted. The following information will be included: Operator Name, Well Name and Number, Footage Location, Section, Township and Range, Date Taken, Name & Address of your Company Recipient of the Analysis Copy.

Submit samples, information and geograph to the following address:

Mr. Vito Nuccio
US Geological Survey
PO Box 25046 MS 939 DFC
Lakewood CO 80225

These samples will be analyzed for vitrinite reflectance values and added to a data base available from the USGS in periodic reports.

This information will be used to evaluate coals and coal gas potentials in the San Juan Basin.

THE FLARING OF OIL & GAS DURING WELL CLEANUP AND BEFORE PRODUCTION

Recent field inspections by the Aztec OCD Office reveal that many new wells are being flared directly to pits, resulting in the loss of a substantial amount of oil and, sometimes, spraying out of the pit onto the ground and vegetation.

To prevent waste and protect the environment, all flowback of new wells capable of producing liquid hydrocarbons will be restricted to the use of separation equipment and the flowback of oil to storage tanks where reasonably possible. After initial flowback has been achieved and the well has cleaned up sufficiently, the use of separators and tanks will be required.

On the initial flowback, swirls, diverters or other acceptable devices will be required on all blowdown lines to assure that oil does not splash out of the pit.