

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

NOTE TO FILE: Division Case No. 10662

FROM: Michael E. Stogner, Engineer *MS*

SUBJECT: Application of Merit Energy Company ("Merit") for two unorthodox gas well locations in the South Pecos Slope Abo Gas Pool. The NE/4 of Section 9, Township 9 South, Range 25 East, NMPM, Eddy County, New Mexico, being a standard 160-acre gas spacing and proration unit, is to be dedicated to the Dana Federal Well No. 7 located 660 feet from the North line and 2310 feet from the East line (Unit B) of said Section 9 and Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, Township 10 South, Range 26 East, NMPM, Eddy County, New Mexico, being a 159.66-acre gas spacing and proration unit, is to be dedicated to the Penjack Federal Well No. 9 located 2310 feet from the North and East lines (Unit G) of said Section 6.

DATE: February 15, 1993

I became aware that Merit drilled the two subject wells at the aforementioned unorthodox locations in early January, 1993 when Mea Morgan of our Artesia District Office informed me of Merit's situation. In my subsequent conversations with Ms. Sheryl J. Carruth of Merit and with Mr. George Smith, a consultant in Roswell, New Mexico for Merit, I was informed that they were unaware of the Statewide rules for gas wells spaced on 160 acres, they were however knowledgeable of the set-back requirements for oil wells spaced on 40 acres being 330 feet. With this misinformation Merit preceded with making proper filings with the U. S. BLM in Roswell to drill the two subject wells. The BLM did not make any effort to inform Merit that these wells were unorthodox when both APD's (Application for Approval to Drill) were processed. It wasn't until January, 1993 when Merit filed with the Artesia District Office of the Division NMOCD Forms C-104's on both wells (Authorization for an Allowable) were they made aware of their error.

The administrative process, pursuant to Division General Rule 104.F. was not applicable in this instance. The only relief

available to Merit (short of plugging both wells) was to proceed with the hearing process; however, since Merit controlled all of the surrounding acreage in both units it seemed a futile and unnecessary waste of resources to require Merit to appear before an examiner just to admit their irresponsibility. An abbreviated process that has been successful in the past was utilized in this matter where the case is advertised accordingly and if no interested parties object the matter will be taken under advisement, I did however require Merit to notify all overriding and working interest owners in the affected leases since the percentage of ownerships between each varied slightly.

PETROLEUM INFORMATION MIDLAND REGION REPORT

SECTION III - 02/01/93

PAGE 3

NEW MEXICO DRILLING PROGRESS CHAVES COUNTY CONTINUED

YATES PET 5 CATTERSON "SS" FEDERAL API 30-005-62833	7-7S-26E NE SW 1650 FSL 1980 FWL SEC IC 300057006792	PECOS SLOPE; 4400, (FR 12/08/92MD) OPER ADD: 105 S 4TH ST, ARTESIA, NM, 88210 PHONE (505) 748-1471; EL: 3658 GR; LOCATION DATA: 17 MI W ELKINS, NM; FORMERLY ABANDONED LOCATION UNDER SAME API & IC 30-005-70003-91; (VERTICAL)	D
CONTR: ARTESIA FSHG TOOL, RIG #2; SPUD: 12/09/92, CSG: 10 3/4 @ 1010 W/625 SX, 4 1/2 @ 4300 W/425 SX; DRLG COMMENTS: SPUD 12/10/92 W/RT NO CORES OR DSTS RPTD (TD REACHED: 12/ 17/92), RIG REL: 12/18/92; . . . 4300 TD, WOCT (LDIR 01/14/93)			
YATES PET 6 CATTERSON "SS" FEDERAL COM API 30-005-62857 4300 TD, WOCT; (LDIR 01/28/93)	7-7S-26E SE SE 850 FSL 990 FEL SEC IC 300057000793	PECOS SLOPE; 4400 ABO, (FR 01/12/93MD) OPER ADD: 105 S 4TH, ARTESIA, NM, 88210 PHONE (505) 748-1471; EL: 3645 GR; LOCATION DATA: 16 MI W ELKINS, NM; FORMERLY ABND LOC UNDER SAME API NBR & IC 30-005-70018-91; (VERTICAL)	D
YATES PET 5 SALT CREEK UNIT API 30-005-62904	21-8S-22E NW NW 660 FNL 660 FWL SEC IC 300057002292	PECOS SLOPE WEST; 3600 ABO, (FR 07/08/92MD) (ST APPD PMT: 08/28/92) OPER ADD: 105 S 4TH ST, ARTESIA, NM, 88210 PHONE (505) 748-1471; EL: 4128 GR; LOCATION DATA: 40 MI SW ELKINS, NM; (VERTICAL)	D
CONTR: UNITED DRL, RIG #5; SPUD: 10/24/92, CSG: 9 5/8 @ 932 W/825 SX, PROD CSG-NO DETAILS; DRLG COMMENTS: SPUD 10/27/92 W/RT NO CORES OR DSTS RPTD RIG REL: 11/05/92; . . . 3750 TD, TITE HOLE (LDIR 01/14/93)			
PALOMA RESOURCES 1 GARCIA FEDERAL API 30-005-60864-0001	11-8S-24E NE SE 1980 FSL 660 FEL SEC IC 300057000193	PECOS SLOPE; 3600 ABO, (FR 01/07/93MD) OPER ADD: BOX 1814, ROSWELL, NM, 88210 PHONE (505) 622-4772; EL: 3585 GR; LOCATION DATA: 18 MI SW ELKINS, NM; (VERTICAL) OWWO: OLD INFO: FORMERLY MESA OPER 1 GARCIA FEDERAL. ELEV 3585 GR. SPUD 2/6/81. 13 3/8 @ 560 W/1600 SX, 8 5/8 @ 1820 W/1800 SX, 4 1/2 @ 3658 W/750 SX. LOG TOPS: TUBB 2562, ABO 3256, HUECO 3912. OTD 4890. PB 3593. COMP 3/18/81. IPCAOF 380 MCFGPD. PROD ZONE: ABO 3404-3414 (PLUGGED PRODUCER 5/30/87);	D X
LOC;			
YATES PET 3 FILAREE "AEL" FEDERAL COM API 30-005-62913	33-8S-26E SW NW 1980 FNL 660 FWL SEC IC 300057004492	PECOS SLOPE; 5050 ABO, (FR 10/08/92MD) OPER ADD: 105 S 4TH, ARTESIA, NM, 88210 PHONE (505) 748-1471; EL: 3792 GR; LOCATION DATA: 17 MI SW ELKINS, NM; (VERTICAL)	D
CONTR: L & M DRLG CO, RIG #1; SPUD: 11/07/92, CSG: 8 5/8 @ 1100 W/675 SX, 4 1/2 @ 5100 W/325 SX; DRLG COMMENTS: NO CORES OR DSTS RPTD (TD REACHED: 11/ 15/92), RIG REL: 11/18/92; . . . 5100 TD, WOCT (LDIR 01/14/93)			
ELK OIL 2 CELTIC STATE API 30-005-62912	13-8S-27E SW NW 1650 FNL 330 FWL SEC IC 300057004292	WILDCAT; 2400 SAN ANDRES, (FR 09/30/92MD) (ST APPD PMT: 09/29/92) OPER ADD: BOX 310, ROSWELL, NM, 88202 PHONE (505) 623-3190; EL: 3950 GR; LOCATION DATA: 7 MI SW ELKINS, NM 1 MI N/6371 (MNTY) GAS PROD IN UNNAMED FIELD; (VERTICAL)	WS
CONTR: UNITED DRL, RIG #1; SPUD: 11/07/92, CSG: 8 5/8 @ 466 W/325 SX, 5 1/2 @ 2115 W/150 SX; DRLG COMMENTS: NO CORES OR DSTS RPTD RIG REL: 11/18/92; . . . 2115 TD, PREP DOC (LDIR 01/14/93)			
YATES PET 3 CACTUS FLOWER STATE UNIT API 30-005-62905	16-8S-27E NW NW 330 FNL 330 FWL SEC IC 300057002992	WILDCAT; 2400 SAN ANDRES, (FR 09/04/92MD) OPER ADD: 105 S 4TH, ARTESIA, NM, 88210 PHONE (505) 748-1471; EL: 3974 GR; LOCATION DATA: 10 MI SW ELKINS, NM 1 3/4 MI S/1938 (SADR) OIL PROD IN ACME FIELD; (VERTICAL)	WD
CONTR: UNITED DRL, SPUD: 09/13/92, CSG: 8 5/8 @ 355 W/250 SX, 5 1/2 @ 2200 W/400 SX; DRLG COMMENTS: NO CORES OR DSTS RPTD 2200 TD, (TD REACHED: 09/ 13/92), RIG REL: 09/14/92; . . . 2200 TD, TITE HOLE (LDIR 01/14/93)			
BHP PET (AMERICAS) 1 PUSSER "A" STATE API 30-005-62943	24-8S-27E NW SW 1980 FSL 1250 FWL SEC IC 300057000593	PALMA MESA; 6800 PENNSYLVANIAN, (FR 01/11/93MD) (ST APPD PMT: 01/11/93) OPER ADD: 5847 SAN FELIPE, STE 3600, HOUSTON, TX, 77057 PHONE (713) 780-5000; EL: 3959 GR; LOCATION DATA: 8 MI SW ELKINS, NM; (VERTICAL)	D
LOC;			
PLAINS RADIO BRDCASTNG 1 CARSON STATE API 30-005-21113	32-8S-31E NE NE 660 FNL 660 FEL SEC IC 300057002892	WILDCAT; 4000 SAN ANDRES, (FR 08/27/92MD) OPER ADD: BOX 9354, AMARILLO, TX, 79105 PHONE (806) 373-3771; EL: 4243 GR; LOCATION DATA: 15 MI SE BOAZ, NM 1 1/2 MI SE/3674 (SADR) OIL PROD IN SIETE FIELD; (VERTICAL) WELL ID CHANGES: API # CHGD FROM 30-005-62904-0000	WD
CONTR: ARTESIA FSHG TOOL, RIG #2; SPUD: 10/22/92, CSG: CSG-NO DETAILS; RIG REL: 10/31/92; UNRPTD TD COMP 10/31/92, D&A HOLDING FOR DATA . . . UNRPTD TD, D&A (LDIR 01/08/93)			
MERIT ENERGY 7 DANA FEDERAL API 30-005-62924	9-9S-25E NW NE 660 FNL 2310 FEL SEC IC 300057003892	PECOS SLOPE; 4800 ABO, (FR 09/22/92MD) (ST APPD PMT: 11/10/92) OPER ADD: 12221 MERIT DR, SUITE 1040, DALLAS, TX, 75251 PHONE (214) 701-8377; EL: 3599 GR; LOCATION DATA: 23 MI SW ELKINS, NM; (VERTICAL)	D
CONTR: UNITED DRL, RIG #3; SPUD: 11/27/92, CSG: 8 5/8 @ 904, PROD CSG-NO DETAILS; DRLG COMMENTS: NO CORES OR DSTS RPTD (TD REACHED: 12/ 07/92), RIG REL: 12/08/92; PROD TEST(S): PERF (ABO), 4053-4060, W/4 PF, SWFR (4053-4060) W/ 36 BBLs, 23000 LBS SAND, . . . 4200 TD, SIBHP (LDIR 01/20/93)			
MERIT ENERGY 3 JILL FEDERAL API 30-005-62921	24-9S-25E SW SE 560 FSL 2060 FEL SEC IC 300057004992	PECOS SLOPE SOUTH; 4800 ABO, (FR 11/11/92MD) (ST APPD PMT: 10/29/92) OPER ADD: 12221 MERIT DR, STE 1040, DALLAS, TX, 75251 PHONE (214) 701-8377; EL: 3650 KB; LOCATION DATA: 23 MI SW ELKINS, NM; (VERTICAL)	D D&A

January 8, 1993
OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

214-701-8377

Cheryl Caranth w/ Merit Energy Company;
12221 Merit Drive - Suite 500; Dallas,
Texas 75251 called to inform me of
two existing NSL's in the South
Pecos Slope Also Can Pool, Chaves
County.

George Smith of Howell will be
submitting paperwork.

NM Oil Cons. Commission
Drawer DD
Artesia, NM
OFFICE FOR NUMBER
8821005 REQUIRED
(Other instructions on
reverse side)

30-115 62924
BLM Roswell District
Modified Form No.
NM60-3160-2

Form 3160-3
(July 1989)
(formerly 9-3316)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

92 NOV 21 1992
RECEIVED

1. TYPE OF WORK
DRILL ☒ DEEPEN ☐ PLUG BACK ☐

2. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER ☐

3. NAME OF OPERATOR
Merit Energy Company

3a. Area Code & Phone No.
(214) 701-8377

4. ADDRESS OF OPERATOR
12221 Merit Dr., Ste. 500 Dallas, TX 75251

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 660' FNL & 2310' FEL
At proposed prod. zone Same

6. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
11 miles NE of Roswell, NM

7. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any) 660'

8. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
1650'

9. NO. OF ACRES IN LEASE
1200

10. PROPOSED DEPTH
4800'

11. ELEVATIONS (Show whether DF, RT, GR, etc.)
3598.9' GL

12. APPROX. DATE WORK WILL START
November 15, 1992

5. LEASE DESIGNATION AND SERIAL NO.
NM-35925

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Dana Federal

9. WELL NO.
7

10. FIELD AND POOL, OR WILDCAT
South Pecos Slope Abo

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 9-T9S-R25E

12. COUNTY OR PARISH
Chaves

13. STATE
New Mexico

PROPOSED CASING AND CEMENTING PROGRAM						
HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	J-55	LTC	900'	Circ. 500 sx
7 7/8"	4 1/2"	10.5#	J-55	LTC	4800'	300 sx "C"

MUD PROGRAM: 0' - 900': Fresh water spud mud. No. WL control.
900' - 4800': Cut Brine, 8.9-9.5#/gal, Vis. 28-30, WL 20cc or less. oil if required

BOP PROGRAM: A 10" 3000 psi wp Schaffer Type E double hydraulic BOP will be installed on the 8 5/8" casing. Casing and BOP will be tested before drilling out with 7 7/8". The BOP will be used as a 2000 psi wp and will be tested daily.

Gas is not dedicated.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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. Agent for:
Merit Energy Company
SIGNED: George P. Smith TITLE: _____ DATE: Oct. 21, 1992

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY: David Stout TITLE: Area Manager DATE: 11/10/92

CONDITIONS OF APPROVAL, IF ANY:
APPROVAL OF THIS APPLICATION 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.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

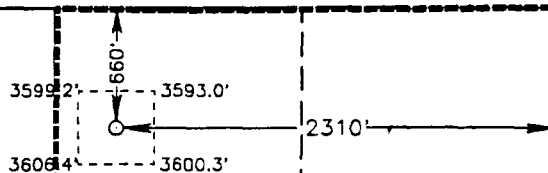
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

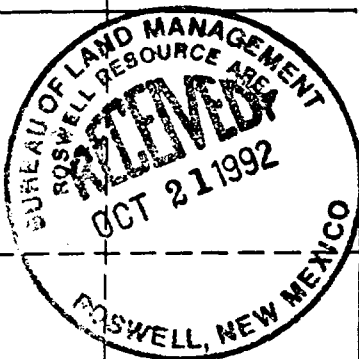
All Distances must be from the outer boundaries of the section

Operator MERIT ENERGY COMPANY		Lease DANA FEDERAL		Well No. 7
Unit Letter B	Section 9	Township 9 SOUTH	Range 25 EAST NMPM	County CHAVES
Actual Footage Location of Well:				
660 feet from the NORTH line and		2310 feet from the EAST line		
Ground Level Elev. 3598.9'	Producing Formation ABO	Pool PECOS SLOPE ABO, SOUTH	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hashure marks on the plat below.
 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
- If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
- No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



NM-35925
McClellan Oil Corp.
(Merit Energy Company--Op. Rts.)



OPERATOR CERTIFICATION

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

Signature
Sheryl J. Carruth
Printed Name
SHERYL J. CARRUTH
Position
REGULATORY MANAGER
Company
MERIT ENERGY COMPANY
Date
9-18-92

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 knowledge and belief.

Date Surveyed
AUGUST 31, 1992

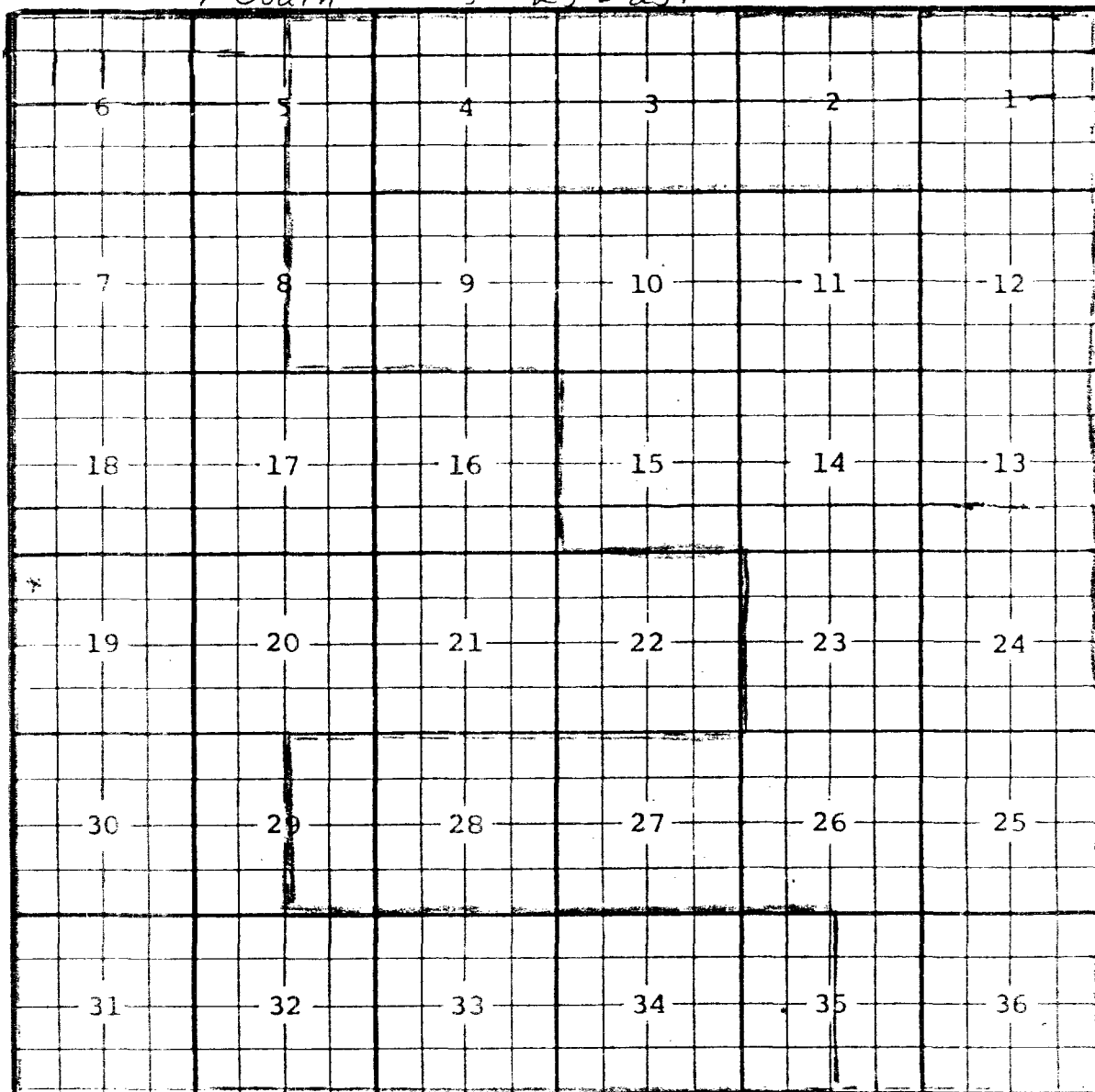
Signature & Seal of
Professional Surveyor

Ronald J. Eidson
Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239
GARY L. JONES, 7977
92-1151257

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

County Chaves Pool South Pecos Slope-Abo Gas

TOWNSHIP 9 South Range 25 East NMPM



Description: Sec: 1-4 All, Sec: 5 $\frac{1}{2}$, Sec: 8 $\frac{1}{2}$, Sec: 9-15 All,
Sec: 23-28 All, Sec: 29 $\frac{1}{2}$, Sec: 35 $\frac{1}{2}$, Sec: 36 All
(R-7123, 1-26-83)

Ext: $\frac{1}{2}$ Sec. 5, All Secs. 6 and 7, $\frac{1}{2}$ Sec. 8, All Secs. 16 through 22,
 $\frac{1}{2}$ Sec. 29, All Secs. 30 through 34, $\frac{1}{2}$ Sec. 35 (R-7322, 8-1-83)

1

R-25-11

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NM Oil Cons. Commission
Artesia, NM 88210

Form approved.
Budget Bureau No. 1004-1011
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

NM-8431

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Penjack Fed.

9. WELL NO.

5
UND.
S. Pecos Slope Abo

11. SEC., T., R., M., OR B.L. AND SURVEY OR ABLA

Sec. 6-T10S-R26E

12. COUNTY OR PARISH 13. STATE

Chaves

NM

1. OIL WELL ☐ GAS WELL ☒ OTHER Dry

2. NAME OF OPERATOR
McClellan Oil Corporation

3. ADDRESS OF OPERATOR
P.O. Drawer 730, Roswell, N.M. 88202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
At surface

990 FNL & 1980 FEL

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

3749 G.L.

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

FRACTURE TREAT

MULTIPLE COMPLETE

SHOOT OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANS

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREATMENT

ALTERING CASING

SHOOTING OR ACIDIZING

ABANDONMENT*

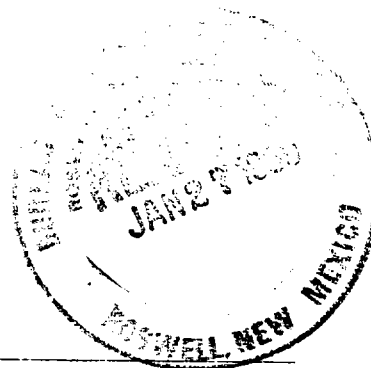
(Other)

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Surface Reclamation is complete. This is a final abandonment notice.

RECEIVED
FEB 20 1989
OIL CONSERVATION DIVISION
SANTA FE



18. I hereby certify that the foregoing is true and correct

SIGNED

Paul Lagardale

TITLE Operations Manager

DATE 1/24/89

(This space for Federal or State office use)

APPROVED BY

John E. Ham

TITLE Supr. Min. Res. Spec.

DATE 2/9/89

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Artesia, NM 88210
SUBMIT IN TRIPPLICATE*
(Other instructions on reverse side)

Form approved,
Budget Bureau No. 1004-0135
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

NM-8431

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Penjack Federal

9. WELL NO.

5

10. FIELD AND POOL, OR WILDCAT

UND.
Pecos Slope Abo

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

Sec. 6-T10S-R26E

12. COUNTY OR PARISH 13. STATE

Chaves

NM

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL ☐ GAS WELL ☐ OTHER Dry Hole JAN - 7 1988
2. NAME OF OPERATOR
McClellan Oil Corporation
3. ADDRESS OF OPERATOR
P.O. Drawer 730, Roswell, NM 88202
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface

990' FNL & 1980' FEL

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

3749' G.L.

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

FRACTURE TREAT

MULTIPLE COMPLETE

SHOOT OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANS

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREATMENT

ALTERING CASING

SHOOTING OR ACIDIZING

ABANDONMENT*

(Other)

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

11/26/87: Circulate hole for P&A.
1st plug - 35 sx 4100'-4225'.
2nd plug - 35 sx 1900' - 2000'.
3rd plug - 35 sx 820' - 980' tagged at 800'.
4th plug - 20 sx 0 - 63'.

All plugs were displaced with 50 viscosity mud (or same type of mud in hole.) Install dry hole marker. Will clean & level location after pits dry.

18. I hereby certify that the foregoing is true and correct

SIGNED Matt Lee

TITLE Drilling Engineer

DATE 12/1/87

(This space for Federal or State office use)

APPROVED BY
CONDITIONS OF APPROVAL, IF ANY:

TITLE plugging of the well bore

Approved as to plugging of the well bore.
Liability under bond is retained until
surface restoration is completed.

*See Instructions on Reverse Side

APPROVED
PETER W. CHESTER

DEC 9 1987

BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved.
Budget Bureau No: 42-R355.5.

5. LEASE, DESIGNATION AND SERIAL NO.

NM-8431

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Penjack Federal

9. WELL NO.

5

10. FIELD AND POOL, OR WILDCAT

S. Pecos Slope Abo

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 6-T10S-R26E

12. COUNTY OR PARISH

Chaves

13. STATE

NM

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ DRY ☒ Other ☐

b. TYPE OF COMPLETION:

NEW WELL ☐ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐

2. NAME OF OPERATOR

McClellan Oil Corporation

3. ADDRESS OF OPERATOR

P.O. Drawer 730, Roswell, NM 88202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface 990' FNL & 1980' FEL

At top prod. interval reported below

At total depth

14. PERMIT NO.

DATE ISSUED

15. DATE SPUNDED 11/17/87

18. DATE T.D. REACHED 11/25/87

17. DATE COMPL. (Ready to prod.) NA

18. ELEVATIONS (OF, RKB, RT, GR, ETC.)* 3749' G.L.

19. ELEV. CASINGHEAD 3749'

20. TOTAL DEPTH, MD & TVD 4690'

21. PLUG, BACK T.D., MD & TVD 4690'

22. IF MULTIPLE COMPL., HOW MANY*

23. INTERVALS DRILLED BY

ROTARY TOOLS 0-TD

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

NA

25. WAS DIRECTIONAL SURVEY MADE?

Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN

CNL/FDC/DLI

27. WAS WELL CORED

No

29. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24	900'	12 1/4"	500 SX	N/A

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					NA		

31. PERFORATION RECORD (Interval, size and number)

NA

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
NA	NA

33. PRODUCTION

DATE FIRST PRODUCTION NA PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	WATER-BBL.	GAS-OIL RATIO

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

TEST-WITNESSED BY

35. LIST OF ATTACHMENTS

Deviation Survey

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

M. Lee

TITLE

Drilling Engineer

DATE

12/1/87

*(See Instructions and Spaces for Additional Data on Reverse Side)

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions. If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.
Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

FORMATION		TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.		37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES		38. GEOLOGIC MARKERS	
		MEAS. DEPTH	TRUE VERT. DEPTH					NAME	
		783'						San Andres	
		1922'						Glorieta	
		3412'						Tubb	
		4154'						Abo	
		4690'						TD	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Drawer DD
Artesia, NM 88210
SUBMIT IN TRIPLICATE
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO

NM-8431

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Penjack Federal

9. WELL NO.

5.

10. FIELD AND POOL, OR WILDCAT

S. Pecos Slope Abo

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

Sec. 6-T10S-R26E

12. COUNTY OR PARISH 13. STATE

Chaves

NM

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

RECEIVED

1. OIL WELL ☐ GAS WELL ☐ OTHER ☒ Dry Hole
2. NAME OF OPERATOR
McClellan Oil Corporation
3. ADDRESS OF OPERATOR
P.O. Drawer 730, Roswell, NM 88202
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface

DEC 11 '87

JAN - 7 1988

O. C. D.

ARTESIA OFFICE

990' FNL & 1980' FEL

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

3749' G.L.

18. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

FRACTURE TREAT

MULTIPLE COMPLETE

SHOOT OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANS

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREATMENT

ALTERING CASING

SHOOTING OR ACIDIZING

ABANDONMENT*

(Other)

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

11/25/87: TD at 4690'. Log well using Schlumberger CNL-FDC & DLL.

11/26/87: 1st plug: 4100'-4225' 35 sx Class C.
2nd plug: 1900'-2000' 35 sx Class C.
3rd plug: 820' - 980' tagged top of cement at 820'.
4th plug: surface - 63' circulated cement - 25 sx.

Install dry hole marker. Will clean & level location after pits dry.

18. I hereby certify that the foregoing is true and correct

SIGNED

Pete Lee

TITLE

Drilling Engineer

DATE

12/1/87

(This space for Federal or State office use)

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:

APPROVED
PETER W. CHESTER

DEC 9 1987

BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA

*See Instructions on Reverse Side

UNITED STATES N. M. OIL CONS. COMMISSION
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
HOBBS, NEW MEXICO 88240

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS RECEIVED

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL ☐ GAS WELL ☒ OTHER ☐	2. NAME OF OPERATOR McClellan Oil Corporation	3. ADDRESS OF OPERATOR P.O. Drawer 730, Roswell, NM 88202	4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 990' FNL & 1980' FEL	5. LEASE DESIGNATION AND SERIAL NO NM-8431	6. IF INDIAN, ALLOTTEE OR TRIBE NAME	7. UNIT AGREEMENT NAME	8. FARM OR LEASE NAME Penjack Federal	9. WELL NO. 5	10. FIELD AND POOL, OR WILDCAT Pecos Slope Abo	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 6-T10S-R26E	12. COUNTY OR PARISH Chaves	13. STATE NM
14. PERMIT NO.	15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3749' G.L.											

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐	PULL OR ALTER CASING ☐
FRACTURE TREAT ☐	MULTIPLE COMPLETE ☐
SHOOT OR ACIDIZE ☐	ABANDON* ☐
REPAIR WELL ☐	CHANGE PLANS ☐
(Other) ☐	

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐	REPAIRING WELL ☐
FRACTURE TREATMENT ☐	ALTERING CASING ☐
SHOOTING OR ACIDIZING ☐	ABANDONMENT* ☐
(Other) ☒ Run 8-5/8" casing	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

11/17/87: Move in WEK Rig #1. Spud with 12 1/4" bit.

11/18/87: TD at 900'. Ran 900' of 8-5/8" casing. Cement with 300 sx Halliburton Lite & 200 sx Class "C". Circulated 25 sx. WOC 18 hours. Nipple up BOP's & test 1000 psi for 30 minutes. Drill out with 7-7/8" bit.

18. I hereby certify that the foregoing is true and correct

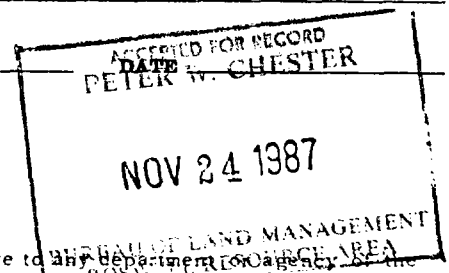
SIGNED Michael Lee TITLE Drilling Engineer DATE 11/19/87

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____
CONDITIONS OF APPROVAL, IF ANY:

*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 United States any false, fictitious or fraudulent statements or representations or to furnish any false, fictitious or fraudulent information.

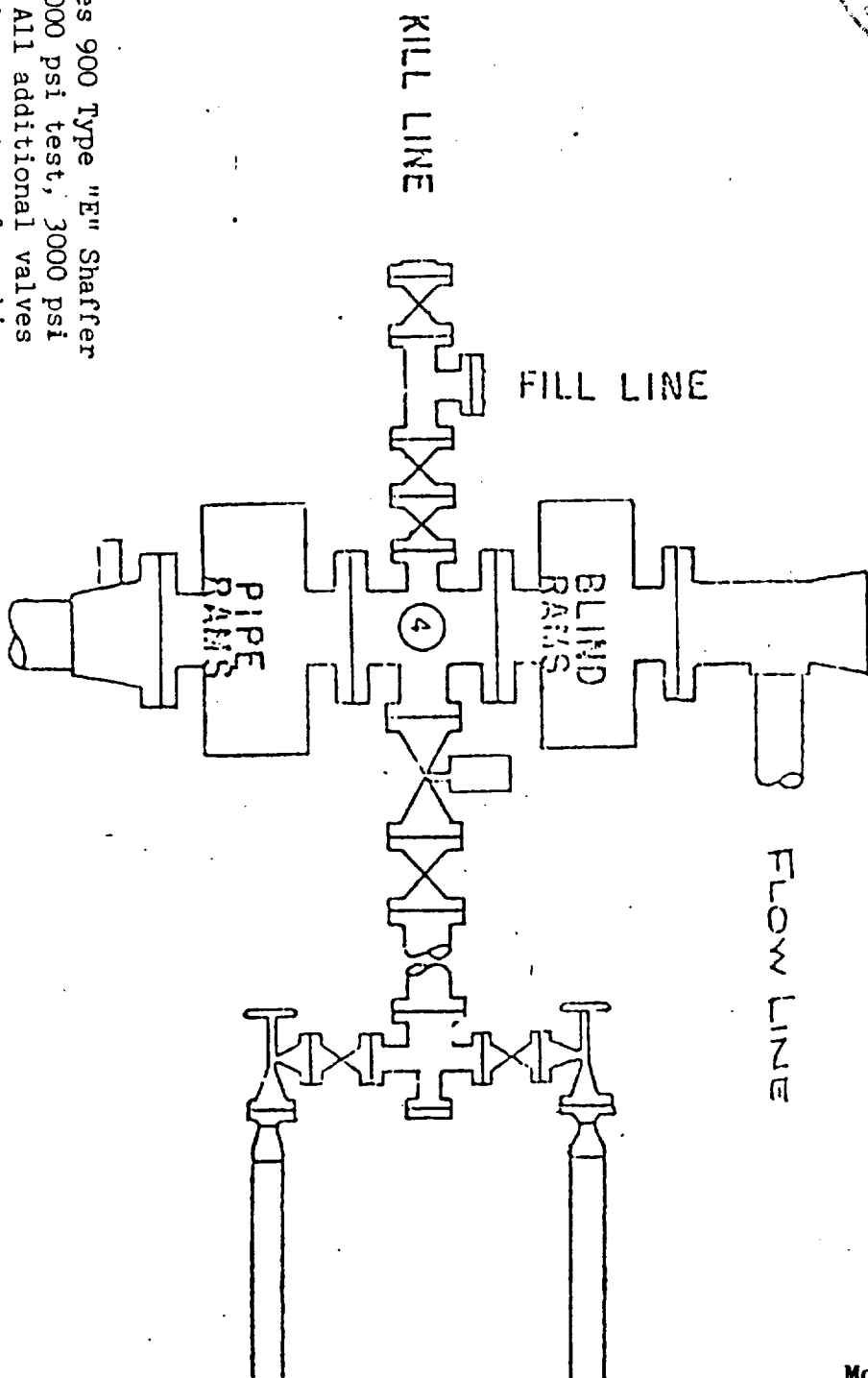




BLOWOUT PREVENTER SPECIFICATION

WEK DRILLING CO., INC. - Rig 1 & 3

EXHIBIT "E"
McCLELLAN OIL CORPORATION
Penjack Federal, Well No. 5
BOP Specifications



BOP's are 10" Series 900 Type "E" Shaffer Double Hydraulic 6000 psi test, 3000 psi working pressure. All additional valves & connections are the same test & working pressures.

All distances must be from the outer boundaries of the Section.

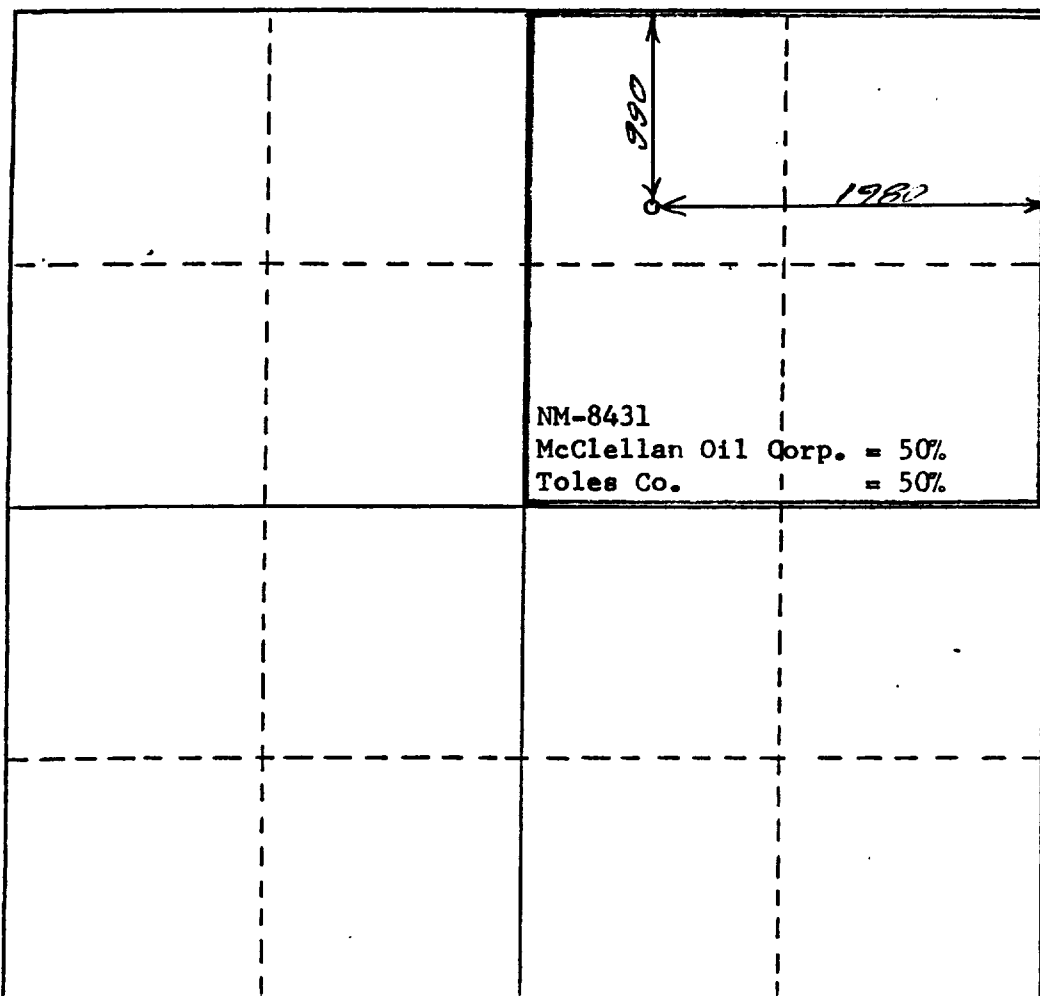
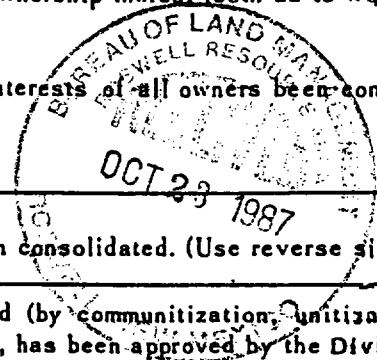
Operator McClellan Oil Corporation		Lease Penjack Federal		Well No. 5
Unit Letter B	Section 6	Township 10 South	Range 26 East	County Chaves
Actual Footage Location of Well: 990 feet from the North line and 1980 feet from the East line				
Ground Level Elev. 3749	Producing Formation Abo	Pool Und. S. Pecos Slope Abo GAS	Dedicated Acreage: 160 ACRES	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

George R. Smith

Name

George R. Smith

Position

Agent for:

Company

McClellan Oil Corp.

Date

October 19, 1987

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 knowledge and belief.

13 Oct 87

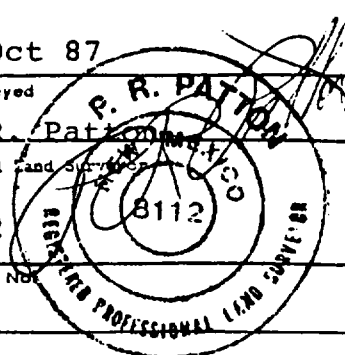
Date Surveyed

P. R. Patton

Registered Land Surveyor

8112

Certificate No.



0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

ARTESIA, NM 88210
UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-005-62561

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL ☒ DEEPEN ☐ PLUG BACK ☐			RECEIVED NOV 10 '87
b. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐			
2. NAME OF OPERATOR McClellan Oil Corporation			
3. ADDRESS OF OPERATOR P. O. Dr. 730 Roswell, NM 88202			
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 990' FNL & 1980' FEL At proposed prod. zone Same			
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 15 miles northeast of Roswell, NM			
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)		16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
990'		1514.68	160
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS
2640'		4770'	Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3749 GL			22. APPROX. DATE WORK WILL START* November 1, 1987

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	23#	900' or 950'	450 sx Class "C" circulated
7 7/8"	4 1/2"	10.5#	4770'	350 sx Class "C"

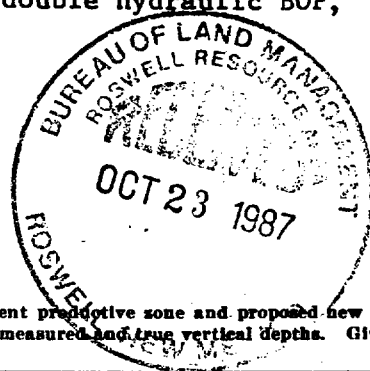
Mud Program:

Drill to top of Abo with fresh water. Will mud up 100' above Abo with 9.5 lb/gal. wt., 40 viscosity mud and 15 cc water loss.

BOP Specification:

Will install and test daily a 3000# wp Shaffer Type E double hydraulic BOP, with 4" pipe and blind rams with koomeg closing unit.

Gas is dedicated.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 George R. Smith TITLE Agent for: McClellan Oil Corp. DATE October 19, 1987

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY S/Phil Kirk TITLE Area Manager DATE NOV 5 1987
CONDITIONS OF APPROVAL, IF ANY: _____

APPROVAL OF THIS APPLICATION 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 THEREIN.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT IN ADVANCE.

WRS COMPLETION REPORTCOMPLETIONS SEC 6 TWP 10S RGE 26E
PI# 30-T-0025 02/01/88 30-005-62561-0000 PAGE 1

NMEX CHAVES * 990FNL 1980FEL SEC NW NE
STATE COUNTY FOOTAGE SPOT
MCCLELLAN OIL D D
OPERATOR PENJACK FEDERAL WELL CLASS INIT FIN
5 LEASE NAME
WELL NO. 3759KB 3749GR PECOS SLOPE S
OPER ELEV FIELD/POOL/AREA
API 30-005-62561-0000
LEASE TYPE/NO PERMIT OR WELL I.D. NO.
11/17/1987 11/26/1987 ROTARY D&A
SPUD DATE COMP. DATE TYPE TOOL STATUS
4770 ABO W E K DRLG 1 RIG SUB 9
PROJ. DEPTH PROJ. FORM CONTRACTOR
DTD 4690 FM/TD ABO
DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

LOCATION DESCRIPTION

19 MI N DEXTER, NM

WELL IDENTIFICATION/CHANGES

FIELD CHGD FROM PECOS SLOPE

CASING/LINER DATA

CSG 8 5/8 @ 900 W/ 500 SACKS

TYPE	FORMATION	LTH	TOP DEPTH/SUB	BSE DEPTH/SUB
LOG	SN ANDRS		783 2976	
LOG	GLORIETA		1922 1837	
LOG	TUBB		3412 347	
LOG	ABO		4154 -395	

LOGS AND SURVEYS /INTERVAL, TYPE/

LOGS	0- 4681 CNL	0- 4681 LDT	DLL
LOGS	FDC		

DRILLING PROGRESS DETAILS

MCCLELLAN OIL
BOX 730
ROSWELL, NM 88202
505-622-3200
10/26 LOC/1987/

CONTINUED IC# 300057014787

COMPLETIONS SEC 6 TWP 10S RGE 26E
PI# 30-T-0025 02/01/88 30-005-62561-0000 PAGE 2

MCCLELLAN OIL
5

PENJACK FEDERAL

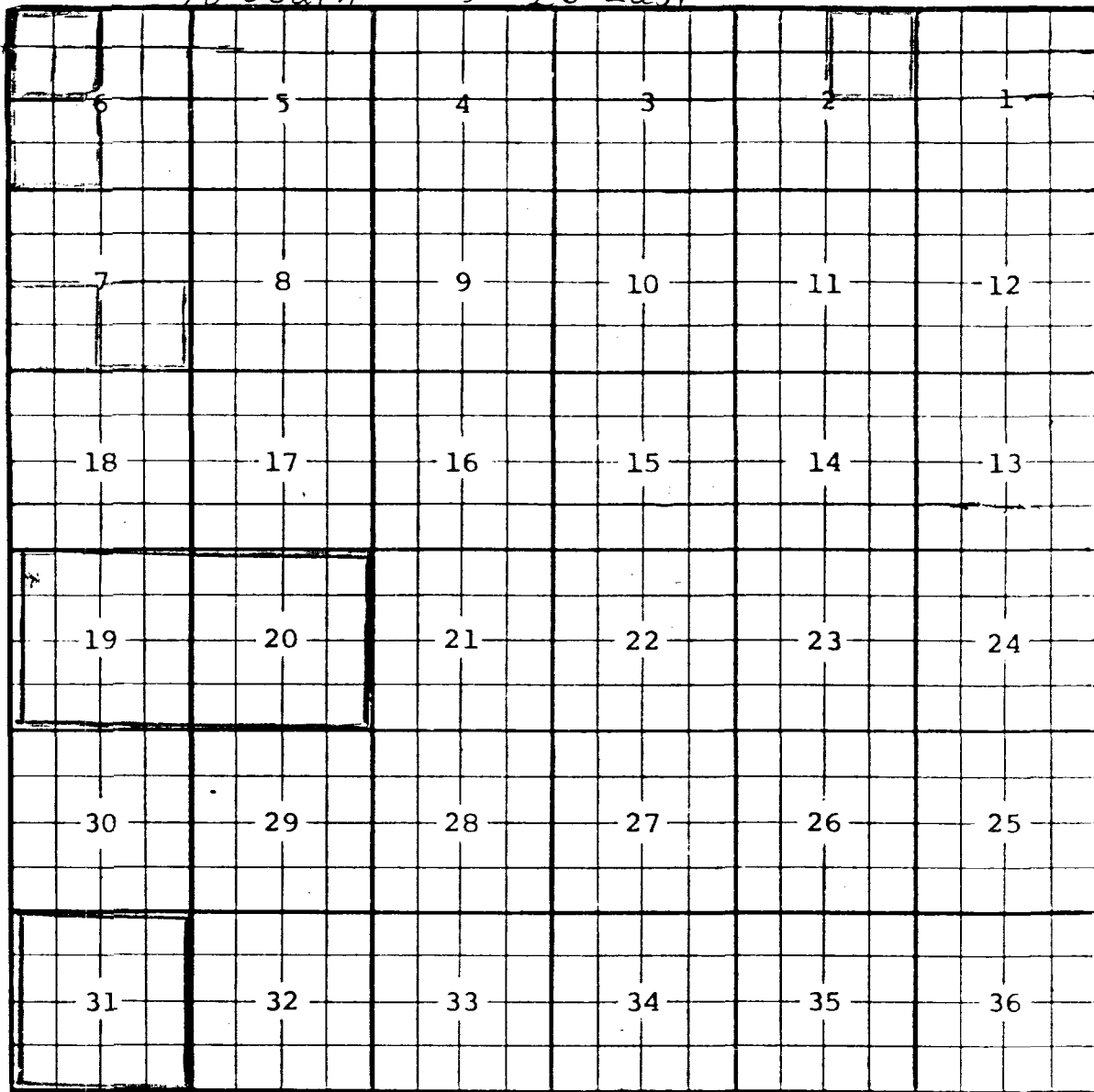
D D

DRILLING PROGRESS DETAILS

11/17 MIRT
12/17 4690 TD, HOLDING FOR DATA
01/27 TD REACHED 11/25/87 RIG REL 11/26/87
4690 TD
COMP 11/26/87, D&A
NO CORES OR DSTS RPTD

County Chaves Pool South Pecos Slope-Abo Gas

TOWNSHIP 10 South Range 26 East NMPM



Description: Sec. 6 NW 1/4 (R-7193, 1-26-83)

Ext: All Secs. 19 and 20, All Sec. 31 (R-7285, 1-12-85)

Ext: NW 1/4 SEC. 2, SW 1/4 SEC. 6 (R-8592, 11/25/88) Ext: SW 1/4 SEC. 7 (R-8627, 4/1/88)

Ext: SE 1/4 SEC. 7 (R-8747, 9/19/88)

CHAVES, Northeast

[illegible]

