CONDITIONS OF APPROVAL, IF ANY:

SUBMIT IN TI

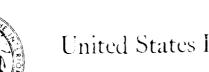
ICATE\* (Other instructions on reverse side)

Form approved. Budget Bureau No. 42-R1425.

UNITED STATES

30-005-60530

	DEPARTMENT	OF THE INTER	IOR		5. LEASE DESIGNATION AND SERIAL NO.
	NM-2581				
APPLICATION	FOR PERMIT TO	DRILL, DEEPE	N, OR PLUG BA	YCK_	6. IF INDIAN, ALLOTTEE OR TRIBE NAME
1. TYPE OF WORK		DEEPEN	PLUG BACK		7. UNIT AGREEMENT NAME
	LX		acre ment to		
OIL GAS WELL GAS			NGLE MULTIPLE ZONE	<u>.                                     </u>	8. FARM OR LEASE NAME McClellan Federal
2. NAME OF OPERATOR	1 Corporation			V E C	9. WELL NO.
3. ADDRESS OF OPERATOR	11 Corporation		REGET	A	한 <sup>122</sup> 3 역 <u> 15 <b>4</b> </u>
	Poswell New I	Mexico 88201		חבסו	10. FIELD AND POOL, OR WILDCAT
P.O. Box 848.  4. LOCATION OF WELL (Rep. At surface	port location clearly and	n accordance with any	State requirements. 2	1978 -	11. SEC., T., R., M., OR BLK.
At proposed prod. zone	2310'FNL &	2310'FEL	O. C. C		Sec. 11, T14S, R28E
14. DISTANCE IN MILES A	ND DIRECTION FROM NEAR	EST TOWN OR POST OFFIC		<u>, , , , , , , , , , , , , , , , , , , </u>	12. COUNTY OR PARISH 13. STATE
	East of Hagerma	n N M		···	Chaves New Mexico
15. DISTANCE FROM PROPOS	SED*	16. N	O. OF ACRES IN LEASE	17. NO.	OF ACRES ASSIGNED THIS WELL
LOCATION TO NEAREST PROPERTY OR LEASE LI (Also to nearest drig	NE PT.	0'	1200	20 POT	TARY OR CABLE TOOLS
18. DISTANCE FROM PROPO TO NEAREST WELL, DE	SED LOCATION*	19. P	ROPOSED DEPTH		일 등 없다는 것도 다른 함께 없는
OR APPLIED FOR, ON THE	S (EASE, 11)	00' !	1850'	L_Cab	DIE TOOIS  22. APPROX. DATE WORK WILL START*
21. ELEVATIONS (Show whe	ther DF, RT, GR, etc.)			ن د	December 15, 1978
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23.	P		SETTING DEPTH	<u> </u>	QUANTITY OF CEMENT
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	74		r plug back, give data on a	present p	productive zone and proposed new productive
IN ABOVE SPACE DESCRIE	BE PROPOSED PROGRAM: II of drill or deepen direction	hally, give pertinent dat	a on subsurface locations	and meas	sured and true vertical depths. Give blowou
preventer program, if a	ny.				
24.	00211P P	nn.	Operator		October 26,197
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(This space for Fee	deral or State office use)		· .	1,17	78
( )			APPROVAL DATE	<u> 17-</u>	7.6
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APPROVED BY	·	TITLE			2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0



### NMOCC COPY United States Department of the Interior

GEOLOGICAL SURVEY P. O. Drawer U Artesia, New Mexico 88210

November 17, 1978

McClellan Oil Corporation P. O. Box 848 Roswell, New Mexico 88201

McCLELLAN OIL CORPORATION McClellan Federal No. 2 2310 FNL 2310 FEL Sec. 11, T14S, R28E Lease No. NM-2581 Chaves County

#### Gentlemen:

Above Data Required on Well Sign

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 1,850 feet to test the Grayburg formation is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

- 1. Drilling operations authorized are subject to compliance with the GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL LEASES, dated July 1, 1978.
- 2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the SURFACE USE PLAN and his approval including the GENERAL RE-QUIREMENTS.
- Submit a Daily Report of Operations from spud date until the Well Completion Report (form 9-330) is filed. The progress report should be not less than  $8" \times 5"$  in size and each page should identify the we11.
- 4. All permanent above-ground structures and equipment shall be painted in accordance with the attached Painting Requirements. The color used should simulate sandstone brown (Federal Standard Color #595A, color 20318 or 30318).

Sincerely yours,

(Orig. Sgd.) ALBERT R. STALL

Albert R. Stall Acting District Engineer

# WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

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McClellan Oil Corp.			McClellan Federal				2	
G. C. erter	Section	Township 14 South	Romge	28 East	Cha	ves		
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interest a	nd royalty).	dedicated to the we						
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				- <b>4</b> !				
[]}Yes	No If e	inswer is "yes," type	of consolida	ation		-		
If answer	is "no," list the	owners and tract des	criptions wh	nich have a	ctually been co	nsolidated.	. (Use reverse sid	le of
this form	if necessary.)				<del>**</del>			
No allowa	ble will be assign	ned to the well until a	ill interests	have been	consolidated (I	oy commun sheen ann	itization, unitizat goved by the Com	tion, mis-
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Bill Gresset
11-21-78

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## DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE:

Santa Fe, New Mexico

SERIAL No.:

NM-2581

and hereby designates McClellan Oil Corporation

NAME:

McClellan Oil Corporation

Address:

Box 848, Roswell, New Mexico 88201

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

TOWNSHIP 14 SOUTH, RANGE 29 EAST, CHAVES COUNTY, NEW MEXICO

Section 11: NE%

Limited to a depth of 2000'.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

(Signature of lessee)

Post Office Box 848

Roswell. New Mexico 88201

October 27, 1978

(Date)

(Address)

U.S. GOVERNMENT PRINTING OFFICE: 1964-O-726-354

910 - 536

SURFACE USE PLAN

#### SURFACE USE PLAN

McClellan Oil Corporation McClellan Federal No. 2 2310'FNL & 2310' FEL Section 11-T16S-R28E Chaves County, New Mexico Federal Lease NM 2581

- 1. Existing Roads
  Exhibit "A" is a portion of the Chaves County road map of the New Mexico State Highway Department, showing the proposed well site in relation to nearby highways and ranch-oil field roads. State Highway 31 will be used for 13 miles ways and ranch-oil field roads. This highway is maintained by the State of from Hagerman to the ranch road. This highway is maintained by the State of New Mexico. The oil field-ranch road will be used for approximately 3½ miles. This road is constructed of caliche, is approximately 12' to 25' in width and is maintained by ranchers and oil operators who utilize this road. All roads and highways to be used are marked in yellow and the proposed well site and nearby towns are marked in red.
- 2. Planned Access Road
  Exhibit "B" shows the ranch and oil field roads. The new road to be constructed is marked in red and is approximately 2300'in length. This road will be 12' wide and caliched, as the ground is sandy. Existing gates and cattleguards will be utilized. All existing fences will be left intact.
- Location of Existing Wells
   Exhibit "C" shows all of the producing wells within 2 miles of the proposed test
   with ownership of various tracts.
- 4. Location of Tank Battery, Production Facilities & Production Gathering & Service Lines
  If gas production is achieved the location of the line will be determined by the
  purchaser laying in the gathering system to his existing gas lines. The
  approximate location of the Phillips gas line in depicted on Exhibit "D".
- 5. Location and Type of Water Supply
  There is no useable water in this area. All water needed for drilling, testing,
  and completion will be trucked in by a commercial transport on existing roads
  as shown on Exhibit "A".
- 6. Source of Construction Materials
  This will be a cable tool drilling operation and it will be necessary to construct roads and location with caliche topping. Caliche will be obtained from the pit to be used in the drilling operation as indicated on Exhibit "B" and marked in red.
- 7. Handling of Waste Disposal
  All waste material remaining after the drilling of tis well will be placed in mud
  pit as shown on Exhibit "D". Any combustible or biochemically degradable material
  will be placed in the "burn and trash pit".

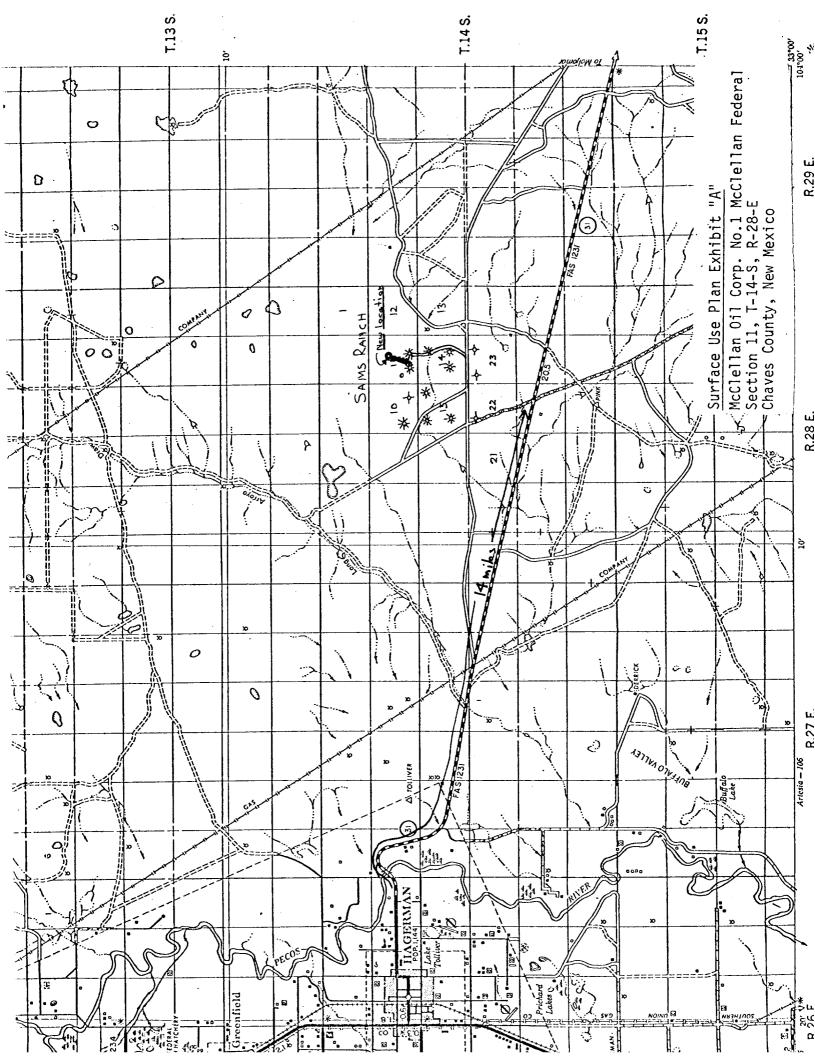
- 8. Ancillary Facilities
  No ancillary facilities are planned.
- 9. Well Site Layout
  This information is shown on Exhibit "D". The pits will not be lined, as this is a cable tool operation and only cuttings will be dumped in the pit.
- Plan for Restoration of Surface
  All pits will be filled in and levelled. Deadmen will be removed. The access road and location will be restored as near as possible to its natural state following instructions from appropriate governmental agency, if well is abandoned, otherwise the location will be cleared and maintained in an orderly manner.
- 11. Other Information
  The well site is in a developing gas producing area. No unusual topography exists on this proposed well site and roads and is offset by either producing gas wells or dry holes.
- 12. Operator Representatives

C. V. Miller	1106 Yates, Artesia, N.M. 88210 Mobile Unit 236 (Dial 748-1366)	746-3668
Cleo Brown	1808 Booker, Artesia, N.M. 88210 Mobile Unit 235 (Dial 748-1366)	748-2228

Jack L. McClellan 3106 North Montana, Roswell, N.M. 88201 622-3200 or 622-4076

13. Certification
I certify that I, or persons under my direct supervision, have inspected the proposed dirll site and access route; that I am familiar with the conditions which presently exist; that the statements made in this 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 McClellan Oil Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Jack L. McCiellan



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county Chaves	State New	Mexico
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Remarks:

Surface Use Plan-Exbibit "B" McClellan Oil Corp. McClellan Fed.No. 2 Chaves Co. New Mexico

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