

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTN.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Albuquerque, NM 88210SEP 2002  
RECEIVED  
OCD APPLICATION

5. Lease Serial No.

NM-8431

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Penjack Federal, Well No. 5

9. API Well No.

30-005-62561

10. Field and Pool, or Exploratory  
Exploratory

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

Sec. 6-T10S-R26E

12. County or Parish

Chaves

13. State

NM

1a. Type of Work: ☐ DRILL ☒ REENTER1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

McClellan Oil Corporation

3a. Address

P.O. Box 730 Roswell, NM 88202

3b. Phone No. (include area code)

(505) 622-3200

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

At surface 990' FNL &amp; 1980' FEL

At proposed prod. zone same

14. Distance in miles and direction from nearest town or post office\*

15.5 road miles northeast of Roswell, NM

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

990'

16. No. of Acres in lease

1514.68

17. Spacing Unit dedicated to this well

320

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

1361'

19. Proposed Depth

5700'

20. BLM/BIA Bond No. on file

NM-2301

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

3749 GL

22. Approximate date work will start\*

August 15, 2002

23. Estimated duration

2 - 3 weeks

## 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

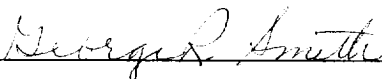
2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the  
SUPO shall be filed with the appropriate Forest Service Office).4. Bond to cover the operations unless covered by an existing bond on file (see  
Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the  
authorized officer.

25. Signature



Name (Printed/Typed)

George R. Smith

Date

07/25/02

Title

Agent for McClellan Oil Corp.

Approved by (Signature)

(ORIG. SGD.) ARMANDO A. LOPEZ

Name (Printed/Typed)

(ORIG. SGD.) ARMANDO A. LOPEZ

Date

SEP 05 2002

Title

Acting Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD OFFICE


APPROVED FOR 1 YEAR

Application approval 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.

Conditions of approval, if any, are attached.

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)

**Lease Responsibility Statement:** McCLELLAN OIL CORPORATION accepts all applicable terms, conditions,  
stipulations and restrictions concerning operations conducted on the leased land or portion thereof.  
George R. Smith, agent

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

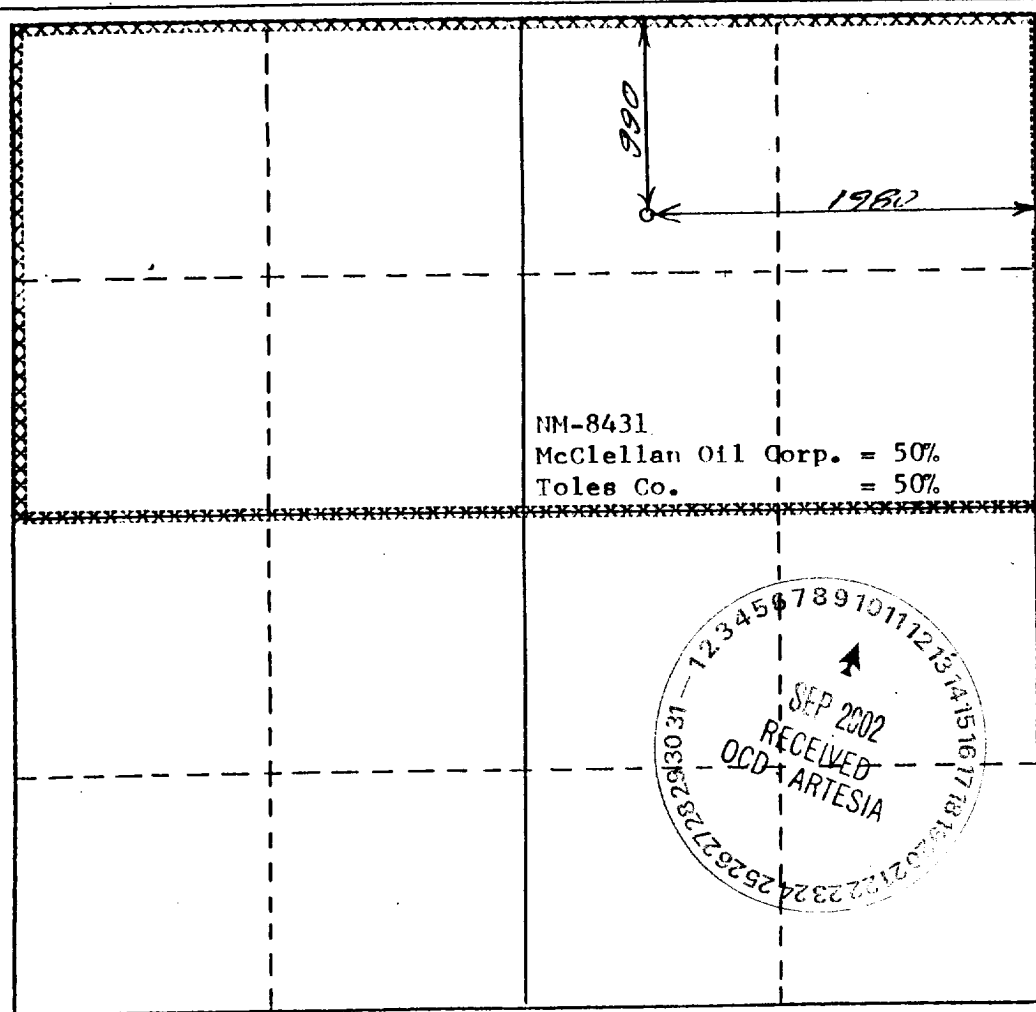
Operator <b>McClellan Oil Corporation</b>		Lease <b>Penjack Federal</b>		Well No. <b>5</b>
Unit Letter <b>B</b>	Section <b>6</b>	Township <b>10 South</b>	Range <b>26 East</b>	County <b>Chaves</b>
Actual Footage Location of Well: <b>990</b> feet from the <b>North</b> line and <b>1980</b> feet from the <b>East</b> line				
Ground Level Elev. <b>3749</b>	Producing Formation <b>Wolfcamp or Penn</b>	Pool <b>Exploratory</b>	Dedicated Acreage: <b>320</b> <small>Acres</small>	

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**

**7/25/02**

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**

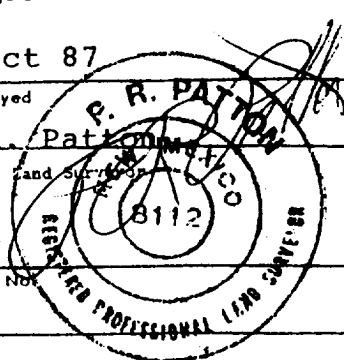
Date Surveyed

**P. R. Patton**

Registered Land Surveyor

**8112**

Certificate No.



**APPLICATION FOR DRILLING**  
**MCCLELLAN OIL CORPORATION**  
 Penjack Federal, Well No. 5 (Re-entry)  
 990' FNL & 1980' FEL, Sec. 6-T10S-R26E  
 Chaves County, New Mexico  
 Lease No.: NM-8431  
 (Exploratory Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, McCLELLAN OIL CORPORATION submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

San Andres	810'	Wolfcamp	4,830'
Glorieta	1,945'	Cisco Penn	5,400'
Tubb	3,420'	T.D.	5,700'
Abo	4,170'		

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water in the Triassic between 80' - 230'.  
 Oil: None expected.  
 Gas: Possible in the Wolfcamp or Penn.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"	24.0#	J-55	ST&C	900'	Circ. 500 sx "C" (Existing in hole)
7 7/8"	5 1/2"	15.5#	J-55	ST&C	3,800'	
7 7/8"	5 1/2"	17.0#	J-55	LT&C	5,700'	500 sx "C"

5. Proposed Control Equipment: See Exhibit "E":

BOP Program:

A 10" 3000 psi wp Shaffer, Type E, double ram BOP, will be installed on the 8 5/8" casing and used as a 2000 psi wp system. Casing and BOP will be tested before drilling out with 7 7/8". Request waiver to test to a maximum of 1000 psi wp with a rig pump.

6. Mud Program:

	MUD WEIGHT	VIS.	W/L CONTROL
0' - 900':	Fresh water with existing mud if starch is not spoiled		No W/L control
900' - 4050':	Use 10# brine mud if starch is spoiled to top of Abo		No W/L control
4050' - 5700':	Brine mud w/6 % diesel: 10.0 - 10.2 ppg	50-70	W/L control 15 cc+/-

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock,.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None planned.

Logging: T.D. to 900': Schlumberger Platform Express: 3 Detector Litho Density. GR/Neutron,  
 Azimuthal Laterlog, Micro-CFL

900' to surface: GR/Neutron

Coring: None planned.

**McCLELLAN OIL CORPORATION**

Penjack Federal, Well No. 5 (Re-entry)

Page 2

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, the proposed mud program will be modified to increase the mud weight. Estimated surface pressure = 1260 psi (evac. hole) with BH temperature of 117°.
10. H<sub>2</sub>S: None expected. None in previously drilled wells.
11. Anticipated starting date: August 15, 2002.  
Anticipated completion of drilling operations: Approx. 3 weeks.

## **MULTI POINT SURFACE USE AND OPERATIONS PLAN**

**MCCLELLAN OIL CORPORATION**  
Penjack Federal, Well No. 5 (Re-entry)  
990' FNL & 1980' FEL, Sec. 6-T10S-R26E  
Chaves County, New Mexico  
Lease No.: NM-8431  
(Exploratory Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface environmental effects associated with the operations.

### **1. EXISTING ROADS:**

- A. Exhibit "A" is a portion of a BLM Comanche Spring Topo map showing the location of the proposed well as staked. The well site location is approximately 15 road miles northeast of Roswell, NM. Traveling east of Roswell on U.S. Highway 380 there will be 10 miles of paved road and 5 miles of gravel county road.
- B. Directions: Travel east of Roswell, NM on U. S. Highway #380 for 10 miles to the Bottomless Lakes turnoff. Turn north on gravel county road for approximately 5 miles to a cattle guard that is approximately 1500 feet east of the ranch house and windmill. Turn (right) east/southeast to the Penjack Fed. #4 well site. Then turn northeast toward the Penjack Fed. #9. The old access road has been restaked for 1500 feet to the southwest corner of the proposed well site.

### **2. PLANNED ACCESS ROAD:**

- A. Length and Width: The proposed access road to be rebuilt will be approximately 1500 feet in length, 12 feet wide (24' Max.). The proposed and existing roads are color coded on Exhibit "A".
- B. Construction: The new access road will be constructed by grading and topping with compacted caliche. The existing access road will be graded and repaired as required.
- C. Turnouts: One turnout may be required increasing the width to 20 feet for passing.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off Lease ROW: None required.

### **3. LOCATION OF EXISTING WELLS:**

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

**4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;**

- A. McClellan Oil Corporation does not have production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities and gas production-process equipment and tank battery, if required, will be installed on the drilling pad. A gas flow line will be applied for under a separate Right of Way or Sundry Report.

**5. LOCATION AND TYPE OF WATER SUPPLY:**

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads

**6. SOURCE OF CONSTRUCTION MATERIALS:**

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from a pit on the location if available or from a private pit in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ , Sec. 30-T9S-R26E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access roads.

**7. METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

**8. ANCILLARY FACILITIES:**

- A. None required.

**9. WELL SITE LAYOUT:**

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The original pad and pit area was staked and flagged, 400' X 400' for archaeological clearance.
- B. Mat Size: 260' X 185', plus 100' X 50' reserve pits on the north.
- C. Cut & Fill: None. The original pad was leveled.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

**10. PLANS FOR RESTORATION OF THE SURFACE:**

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

**11. OTHER INFORMATION:**

- A. Topography: The well site and access road are located in an area that has a northwest facing slope that drains toward the Pecos River. There is an overall 2% slope to the west/northwest from an elevation of 3749' GL.
- B. Soil: The topsoil at the well site is a dark brown colored loam with gypsum and gypsum rock outcrops. The soil is of the Holloman-Gypsum land complex series.
- C. Flora and Fauna: The vegetation cover is a fairly good grass cover of threeawn, grama, dropseed, tabosa and burro grass along with plants of mesquite, broomweed, yucca, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, antelope, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the immediate vicinity.
- E. Residences and Other Structures: The ranch headquarters is approximately 5100 feet west of the proposed drill site.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access road is on Federal surface and minerals.
- H. There is no evidence of any archaeological, historical or cultural sites in the area. Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202 conducted an archaeological survey and their report was submitted to the appropriate government agencies on October 21, 1987.

**12. OPERATOR'S REPRESENTATIVE:**

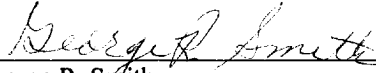
- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

Mark McClellan  
McCLELLAN OIL CORPORATION  
P. O. Box 730  
Roswell, NM 88202  
Office Phone: (505) 622-3200  
Home Phone: (505) 622-2128

**13. CERTIFICATION:**

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements 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 McClellan Oil Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

July 25, 2002

  
\_\_\_\_\_  
George R. Smith  
Agent for: McClellan Oil Corporation

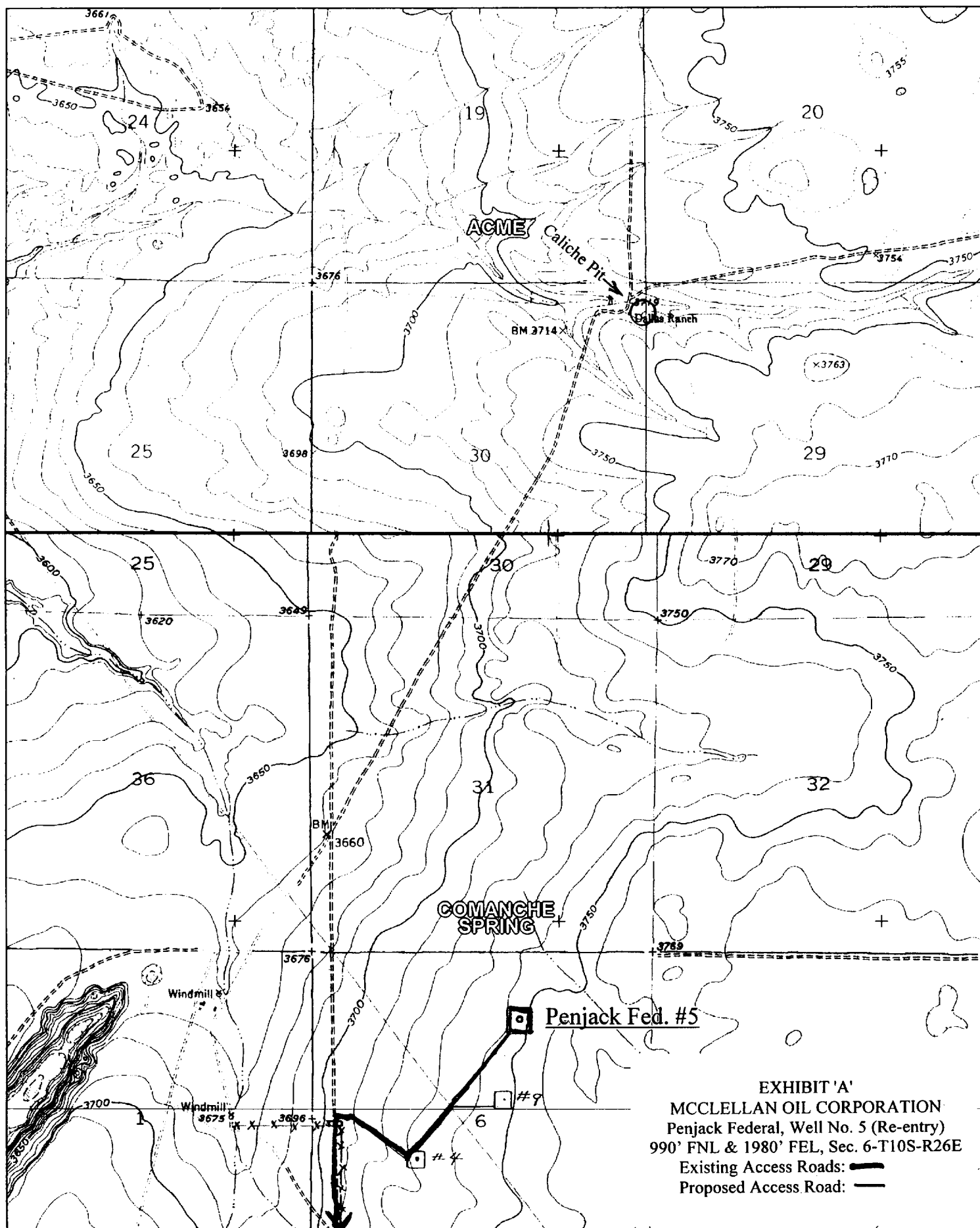
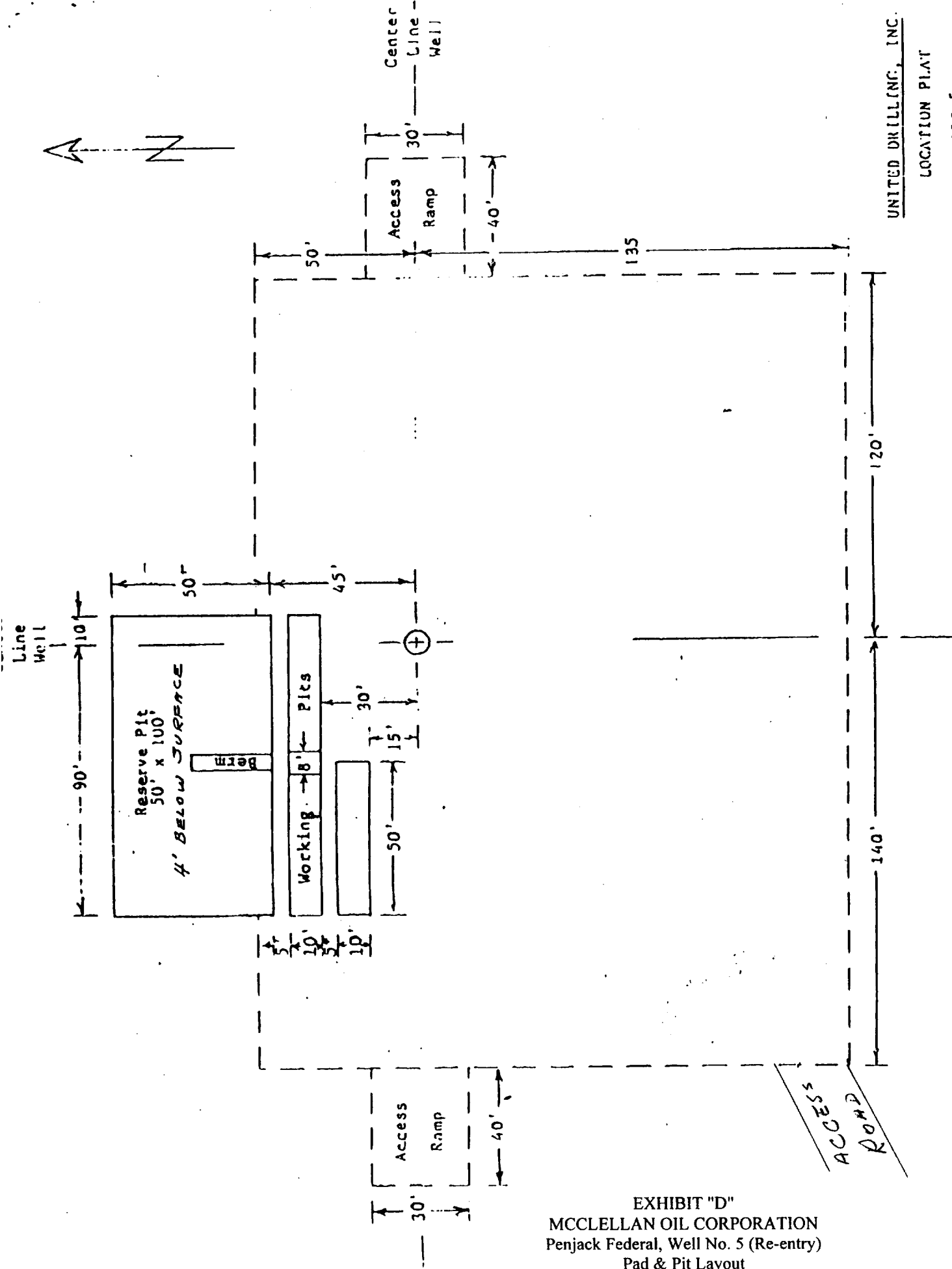


EXHIBIT 'A'  
 MCCLELLAN OIL CORPORATION  
 Penjack Federal, Well No. 5 (Re-entry)  
 990' FNL & 1980' FEL, Sec. 6-T10S-R26E  
 Existing Access Roads: —  
 Proposed Access Road: —

EXHIBIT "C"  
MCCLELLAN OIL CORPORATION  
Penjack Federal, Well No. 5 (Re-entry)  
990' FNL & 1980' FEL, Sec. 6-T10S-R26E  
Existing Wells

EXHIBIT "C"  
MCCLELLAN OIL CORPORATION  
Penjack Federal, Well No. 5 (Re-entry)  
990' FNL & 1980' FEL, Sec. 6-T10S-R26E  
Existing Wells

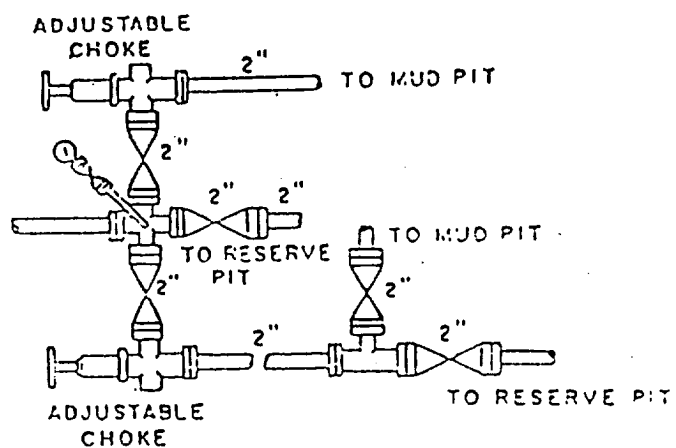
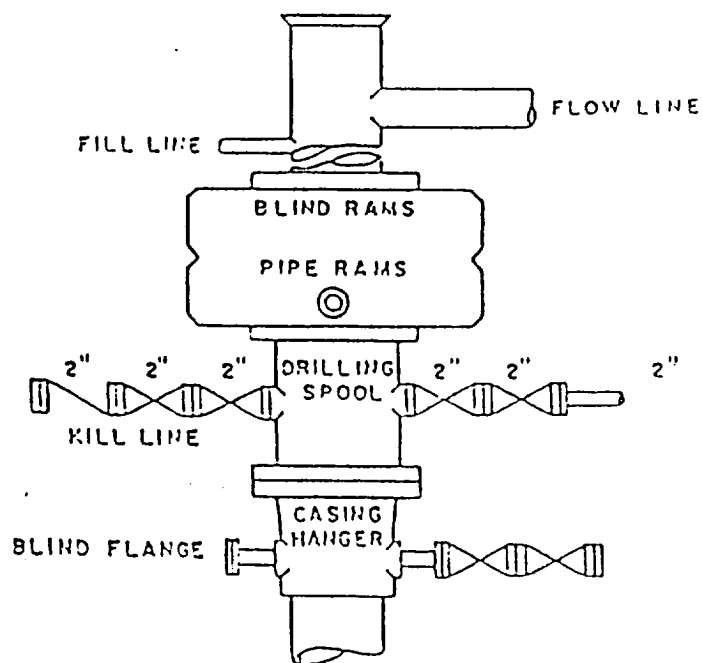


UNITED DRILLING, INC.

LOCATION PLAT

RIG 5

Scale: 1"=40' 1-15-92



BOP DIAGRAM

3000# Working Pressure  
 Rams Operated Daily  
 To be used as a 2M system.

EXHIBIT "E"  
 MCCLELLAN OIL CORPORATION  
 Penjack Federal, Well No. 5 (Re-entry)  
 BOP Specifications