Form 3160-3, 56789107772737 (August 1998)	M. Oil Cons. DIV	/ Dict	FORM APPRO OMB No. 1004 Expires November	-0136
DEP 2002 DEPARTMENT OF THE IN	HERIORAL Change of	v-DISI,	5. Lease Serial No.	
RECEIVED BUREAU OF LAND MANAS	ement vv. Grand A LAcheorian tel 88	avenue 3210	NM-8431 6. If Indian, Allottee or Tr	ibe Name
Ia. Type of Werk: □ DRILL 1. ¹		· · · · · · · · · · · · · · · · · · ·	7. If Unit or CA Agreemen	t, Name and No.
Ib. Type of Well: Oil Well Gas Well Other	🛛 Single Zone 🔲 Mul	ltiple Zone	8. Lease Name and Well No Penjack Federal, Well N	
2. Name of Operator			9. API Well No.	
McClellan Oil Corporation 3a. Address			30-005-6:	
	Bb. Phone No. (include area code)		10. Field and Pool, or Explo	ratory
P.O. Box 730 Roswell, NM 88202 4. Location of Well (Report location clearly and in accordance with an	(505) 622-3200		Exploratory 11. Sec., T., R., M., or Blk. a	and Survey or Area
At surface 990' FNL & 1980' FEL	y state requirements. Y		11. 000., 1., K., M., OLDIK. (and Survey of Area
At proposed prod. zone same				
			Sec. 6 T10S R26E	
 14. Distance in miles and direction from nearest town or post office* 15.5 road miles northeast of Roswell, NM 			12. County or Parish	13. State
15. Distance from proposed*	16. No. of Acres in lease	17 Specing	Chaves g Unit dedicated to this well	NM
location to nearest property or lease line, ft.			ing Onit dedicated to this well	
(Also to nearest drig. unit line, if any) 990'	1514.68	320		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1361'	19. Proposed Depth 5700'	20. BLM/B	BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will		23. Estimated duration	
3749 GL	August 15, 2002		2 · 3 weeks	
	24. Attachments			
The following, completed in accordance with the requirements of Onshore	Oil and Gas Order No. 1, shall be a	attached to this	form:	
 Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest System L SUPO shall be filed with the appropriate Forest Service Office). 	ands, the 5. Operator certification of the second s). ication. : specific info:	s unless covered by an existin rmation and/or plans as may	
25. Signature	Name (Printed/Typed)		Date	
Ricegin Amutte	George R. Smith	<u></u>	07/2	5.02
Title d				
Agent for McClellan Oil Corp. Approved by (Signature)	Name (Printed/Typed)		Date	
(ORIG. SGD.) ARMANDO A. LOPEZ	(ORIE, SGD.) AR	MANDO A. F	1.1	P 0 5 2002
Title Acung Assistant Field Manager,	Office POSWALL P			ED FOR 1 YEAR
Application approval does not warrant or certify that the applicant holds le operations thereon. Conditions of approval, if any, are attached.	gal or equitable title to those rights	in the subject	lease which would entitle the a	applicant to conduct
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a States any false, fictitious or fraudulent statements or representations as to	a crime for any person knowingly any matter within its jurisdiction.	and willfully t	to make to any department or	agency of the United

*(Instructions on reverse)

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

 $\frac{\mathcal{H}}{\mathcal{G}eorge R. Smith, agent}$

P, O. BOX 2088 ENERGY AND MINERALS DEPARTMENT SANTA FE, NEW MEXICO 3750

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McClella	n Oil Corpo	ration	Lease	Penjac	k Fede	ral	Well No. 5
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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 sp	oiled	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 p	lanned.	
Logging:	T.D. to 900':	Schlumberger Platform Express: 3 Detector Litho De	ensity. 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. H2S: 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".

McClellan OIL CORPORATION Penjack Federal, Well No. 5 (Re-entry) Page 2

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 NE¼NE¼, 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.

McCLELLAN OIL CORPORATION Penjack Federal, Well No. 5 (Re-entry) Page 4

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



3-D TopoQuads Copyright © 1999 DeLorme Yarmouth, ME 04096 Source Data: USGS 950 ft Scale: 1 : 24,000 Detail: 13-0 Datum: WGS84

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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