

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM01806
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR McElvain Oil & Gas Properties Inc.		7. UNIT AGREEMENT NAME 25588
3. ADDRESS AND TELEPHONE NO. 1050 17th Street, Suite 710, Denver, CO 80265 (303)893 - 0933		8. FARM OR LEASE NAME, WELL NO. Bear Com 29 No. 1
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1825 ' FSL - 1770 ' FEL Section 29, T26N, R2W, NMPM At proposed prod. zone same		9. API WELL NO. 30-039-26402
11. SEC., T., R., M., OR BLK AND SURVEY OR AREA Section 29, T26N, R2W, NMPM		10. FIELD AND POOL, OR WILDCAT Blanco Mesa Verde
12. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 12 miles northwest of Lindrith, NM		12. COUNTY Rio Arriba
13. STATE NM		14. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 815 ' (Also to nearest drg. unit line, if any)
15. NO. OF ACRES IN LEASE 160		16. NO. OF ACRES ASSIGNED TO THIS WELL 320
17. PROPOSED DEPTH 6441		18. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 7489 ' GL		22. APPROX. DATE WORK WILL START February, 2000

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12.250 "	9.625 ", J-55	36	52' 300'	194.7 cf to circ. to surface
8 3/4 "	7.000 ", J-55	20	4081 '	918.6 cf to circ. to surface, two stage
6 1/4 "	4.500 ", J-55	10.5	6441 '	419.8 cf to circ. to liner top

McElvain Oil & Gas will spud in the San Jose formation. Will drill a 12 1/4 " hole to 300 ' using a fresh water mud system. Run and cement surface casing with adequate volume to circulate to surface. WOC 12 hours. Pressure test BOPE to 600 # / 15 mins. Drill an 8 3/4 " hole to 4081 ' using Mesa Verde produced water to mix a fresh water mud system. No abnormal pressures or poisonous gas is anticipated. Run and cement intermediate casing in two stages with adequate volume to circulate to surface. Pressure test BOPE to 1500 # / 15 mins. Drill a 6 1/4 " hole to TD using air or air / mist. Log well from TD to intermediate casing shoe. Pull GR to surface for correlation. Run and cement the production liner with adequate volume to circulate to the liner top. Move out drilling rig, move in completion unit. Run cased hole correlation logs. Pressure test casing to 3000 # / 30 Mins. Perforate and stimulate select Mesa Verde intervals using a 2 % KCl water based fluid. Install production facilities and gas gathering line.

Surface is Fee, Huffman.

500' surface csg / Per Bob Fielder

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Bob Fielder* TITLE Agent DATE January 29, 2000
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY *Sw Anderson* TITLE *Asst Field Mgr* DATE *MAR 14 2000*

ok CFP

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-26402		*Pool Code 72319	*Pool Name Blanco Mesa Verde
*Property Code 25588	*Property Name BEAR COM 29		*Well Number 1
*GRID No. 22044	*Operator Name McELVAIN OIL & GAS PROPERTIES		*Elevation 7489'

¹⁰ Surface Location

UL or lot no. J	Section 29	Township 26N	Range 2W	Lot Idn	Feet from the 1825	North/South line SOUTH	Feet from the 1770	East/West line EAST	County RIO ARriba
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¹¹ 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
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¹² Dedicated Acres 320	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

¹⁶		5281.32'		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature R. E. Fielder Printed Name Agent Title January 29, 2000 Date	
5280.00'		29		5280.00'	
NM01805		NM014733		1770'	
		NM01806		1825'	
5277.36'				6857	

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-26402		*Pool Code 71599	*Pool Name Basin Dakota
*Property Code 25588	*Property Name BEAR COM 29		*Well Number 1
*GRID No. 22044	*Operator Name McELVAIN OIL & GAS PROPERTIES		*Elevation 7489'

¹⁰ Surface Location

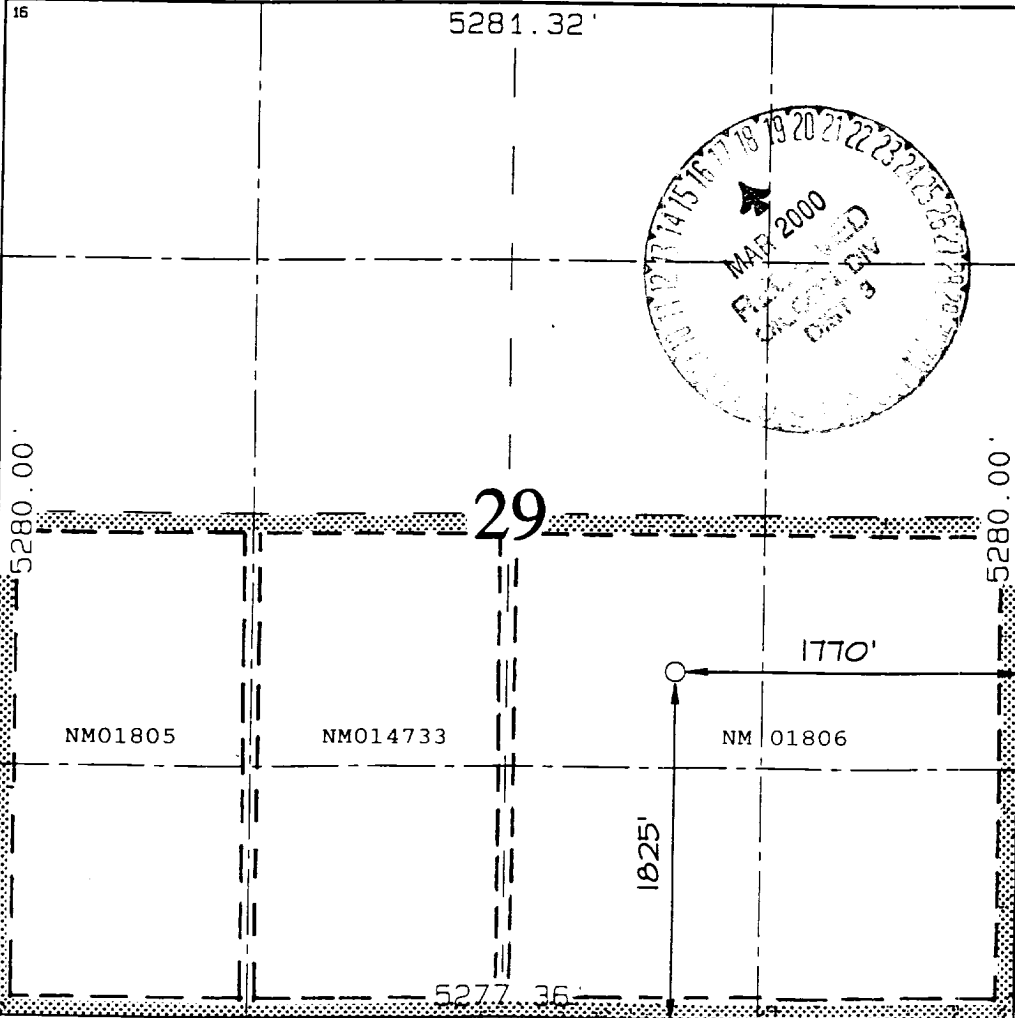
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	26N	2W		1825	SOUTH	1770	EAST	RIO ARriba

¹¹ 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

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	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>R. E. Fielder</i></p> <p>Signature</p> <p>R. E. Fielder</p> <p>Printed Name</p> <p>Agent</p> <p>Title</p> <p>February 22, 2000</p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <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> <p>NOVEMBER 24, 1999</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><i>NEALE C. EDWARDS</i></p> <p>Certification Number 6857</p>
	<p>6857</p>

McElvain Oil & Gas Properties Inc.
 Bear Com 29 No. 1
 1825 ' FSL & 1770 ' FEL
 Section 29, T26N, R2W, NMPM
 Rio Arriba County, New Mexico
 Lat./ Long.: N36°27'13" / W 107°04'14"

TEN POINT PROGRAM

1. Surface Formation: San Jose
2. Surface Elevation: 7489 ' GL.
3. Estimated Formation Tops:

<u>Formation</u>	<u>Top</u>	<u>Expected Production</u>
Nacimiento	1921 '	
Ojo Alamo	3548 '	
Fruitland	3766 '	
Pictured Cliffs	3861 '	GAS
Lewis	3981 '	
Huerfanito	4101 '	
Mesa Verde	4851 '	GAS
Cliff House	5531 '	GAS
Menefee	5671 '	GAS
Pt. Lookout	6091 '	GAS
Upper Mancos	6401 '	
Gallup	7051 '	GAS / OIL
Lower Mancos	7550 '	GAS / OIL
Greenhorn	7976 '	GAS / OIL
Graneros	8011 '	GAS / OIL
Dakota	8071 '	GAS / OIL
TOTAL DEPTH	8471 '	

4. Casing and Cementing Program:

500' AG/ 326 f.c/dsl
 A string of 9 5/8" 36# J-55 or K-55 ST&C casing will be set at ~~380'~~ (+) in an 12 1/4" hole and cemented to the surface in a single stage with 165 sacks of Class "B" cement (yield = 1.18 cf/sk) containing 3% CaCl₂ and 1/4 lb/sack celloflake. Slurry volume assumes 100% excess over calculated hole volume. If the cement job does not circulate to surface, cement will be topped off using 1" pipe down the 12 1/4" by 9 5/8" annulus. Minimum clearance between couplings and hole is 1.625". Prior to drilling out the shoe, casing and BOPE will be tested to a minimum of 600 psig. Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb overpull, whichever is greater.

Ten Point Drilling Program
McElvain Oil & Gas Properties Inc.
Bear Com 29 No. 1
Page Two

4. Casing and Cementing Program: - continued

5½" 15.5 & 17# J-55 or K-55 & N - 80 production casing will be run from surface to Total Depth with DV tools installed fifty feet below the Upper Mancos and Lewis tops. Stage 1 (TD - 6451 ') will be cemented with a minimum of 340 sacks (527 cf) 50/50 Class B Poz containing 2% gel, 1/4 lb/sk celloflake, 0.5% FLA, and 0.1% dispersant. Stage 2 (6451 ' - 4031 ') will be cemented with a minimum of 590 sacks (914.5 cf) 50/50 Class B Poz containing 2% gel, 1/4 lb/sk celloflake, 0.5% FLA, and 0.1% dispersant.. Stage 3 (4031 ' - surface) will be cemented with a minimum of 710 sacks (1462.6 cf) of Class B with 2 % metasilicate extender, 2 % calcium chloride, 1/4 lb/sk celloflake and 0.2 % antifoamer. Tail in with 50 sacks (59 cf) Class B with 2 % Calcium chloride and 1/4 lb/sk celloflake. Will circulate and WOC between stages for four (4) hours. Slurry volumes assume a 50% excess over gauge hole volume. Cement volume is subject to change after review of open hole caliper log. Minimum clearance between couplings and hole is 0.913 ". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb overpull, whichever is greater.

Centralizers: Surface string: 3 - 9½" X 12¼" bowspring run in middle of shoe joint and spaced evenly between shoe joint and 100 '. Production string: 30 - 5 ½ " X 8¾" or 7 7/8 " bowspring across all prospective pays and 5 - 5 ½ " X 8¾" turbolizers will be spaced such that a minimum of two are located above and two are located below the Basal Fruitland Coal; a minimum of one turbolizer will be run just below the base and another into the base of the Ojo Alamo.

Float Equipment: Surface string: Cement nose guide shoe. Production string: Cement nose guide shoe, self fill float collar, and 2 - DV tool with accessories.

Following the completion of the cementing operations, a sundry notice detailing the cement volumes and densities for each job will be submitted.

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McElvain Oil & Gas Properties Inc.
Bear Com 29 No. 1
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5. Pressure Control Equipment:

A minimum of a 2M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to a minimum of 600 psig before drilling out from under surface casing and then will be checked daily as to mechanical operation condition. The BOP stack and manifold will be tested to 1500 psig after removal to set 7" slips. 7" rams will be installed before running intermediate casing.

A full opening internal blowout preventor or drill pipe safety valve will be on the drill floor at all times and will be capable of fitting all connections.

6. Mud Program:

A fresh water low solids, non-dispersed mud system will be used to drill this well. Sufficient materials will be on location at all times to maintain mud properties and to control any unforeseen lost circulation problems or abnormal pressures in the Fruitland and Pictured Cliffs formation. The mud volume in the rig pits will be visually monitored on a routine basis.

Mud properties guidelines:

<u>Interval (ft)</u>	<u>Mud Weight (ppg)</u>	<u>Viscosity (sec/qt)</u>
0 - 300	8.4 or less	40 - 50
300 - TD	8.6 - 9.2	35 - 40

Note: Maintain fluid loss at 6 - 8 cc from 300 ' to TD. Raise viscosity to 55 - 60 for logging. Thin to 40 - 45 viscosity to run casing.

7. Auxiliary Equipment:

An upper kelly cock with handle available will be utilized.

Ten Point Drilling Program
McElvain Oil & Gas Properties Inc.
Bear Com 29 No. 1
Page Four

8. Logging Program:

Dual Induction with GR and Epithermal Neutron / Formation Density will be run from TD to surface casing shoe. Bulk density will be presented on a 5 " scale through the coals. Deep induction curve will be merged onto the porosity log.

Coring Program:

No cores are planned. 30 foot samples will be collected while drilling the surface hole.

Testing Program:

None

Stimulation Program:

Perforate the Dakota with one shot per zone selected and fracture stimulate with approximately 1500 lbs of frac sand per foot of perforated interval in a gel water system.

9. Abnormal Pressure:

Although not expected, abnormal pressures are possible in the Fruitland formation.

Estimated Bottom Hole Pressure:

2500 psig.

10. Anticipated Starting Date:

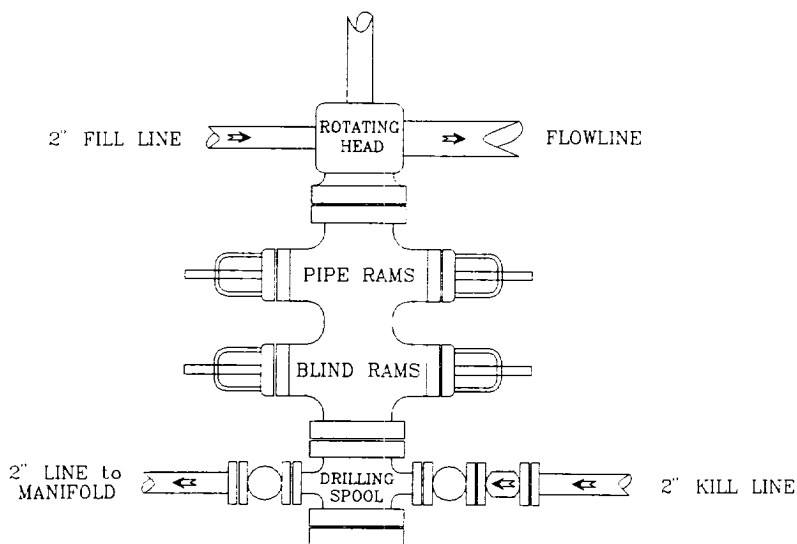
February 2000.

Duration of Operation:

It is estimated that a total of 20 days will be required for drilling operations and 10 days for completion operations.

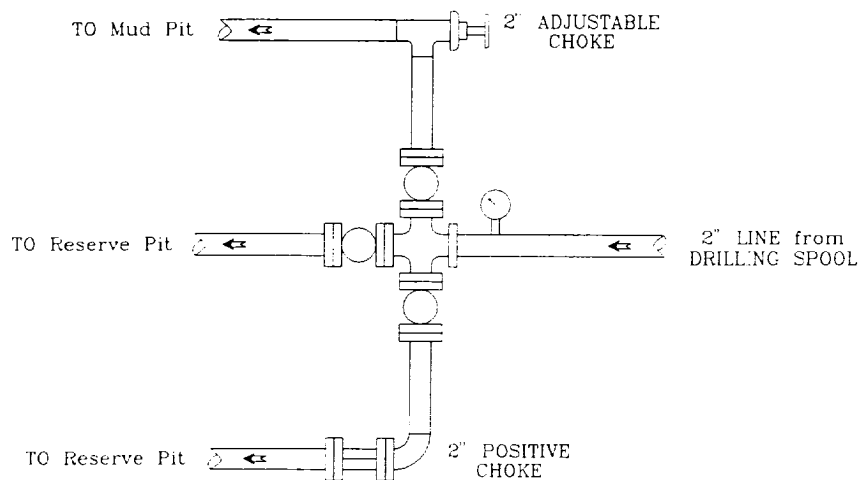
PRESSURE CONTROL

Wellhead Assembly



Preventer and Spools are to have a
6" Bore or larger and a 2000 PSI
or higher Pressure Rating

Choke Manifold



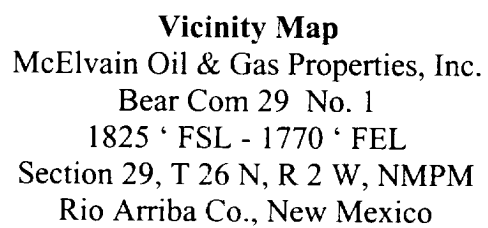
McElvain Oil & Gas Properties Inc.

Bear Com 29 No. 1

1825 FSL - 1770 FEL

Section 29, T26N, R2W, NMPM

Rio Arriba County, New Mexico



McElvain Oil & Gas Properties, Inc.

1825 ' FSL - 1770 ' FEL

Section 29, T 26 N, R 2 W, NMPM

Rio Arriba Co., New Mexico