

N.M. Oil Cons. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NM-8431	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name	
2. Name of Operator McClellan Oil Corporation			7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. Box 730 Roswell, NM 88202			8. Lease Name and Well No. Ross Federal, Well No. 5	
3b. Phone No. (include area code) (505) 622-3200			9. API Well No. 30-005-63621	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FSL & 660' FEL At proposed prod. zone same			10. Field and Pool, or Exploratory Undesignated Foor Ranch	
14. Distance in miles and direction from nearest town or post office* 15. road miles northeast of Roswell, NM			11. Sec., T., R., M., or Blk. and Survey or Area Sec. 7-T10S-R26E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'			12. County or Parish Chaves	
16. No. of Acres in lease 1514.68			13. State NM	
17. Spacing Unit dedicated to this well 320				
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 3436"				
19. Proposed Depth 6200'				
20. BLM/BIA Bond No. on file NM-2301				
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3792' GL				
22. Approximate date work will start* October 15, 2003			23. Estimated duration 3 - 4 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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 08/12/03
Title Agent for McClellan Oil Corp.		
Approved by (Signature) /s/LARRY D. BRAY	Name (Printed/Typed) /s/LARRY D. BRAY	Date OCT 20 2003
Title 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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

George R. Smith
George R. Smith, agent

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name <i>Feor Ranch</i>		
4 Property Code		5 Property Name Ross Federal			6 Well Number <i>45</i>	
7 OGRID No.		8 Operator Name McClellan Oil Corporation			9 Elevation 3792	

10 Surface Location

UL or lot no. P	Section 7	Township 10S	Range 26E	Lot Idn	Feet from the 660	North/South line South	Feet from the 660	East/West line East	County Chaves
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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
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
					Signature <i>Mr. McClellan</i> Printed Name <i>Mark McClellan</i> Title <i>President</i> Date <i>9/9/03</i>	
			S/2 Dedication		18 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 belief.	
					Date of Survey Signature and Seal of Professional Surveyor: <i>Bill Hays McClellan</i> <i>4/17/03</i> Certificate Number <i>8675</i>	

**APPLICATION FOR DRILLING
MCCLELLAN OIL CORPORATION**
Ross Federal, Well No. 5
660' FSL & 660' FEL, Sec. 7-T10S-R26E
Chaves County, New Mexico
Lease No.: NM-8431
(Development 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	900'	Penn Lime	5,500'
Glorieta	2,020'	Strawn	5,584'
Tubb	3,520'	Mississippi	5,700'
Abo	4,260'	Ordovician	5,850'
Wolfcamp	4,940'	Granite Wash	6,100'
		T.D.	6,200'

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	1,100'	Circ. 500 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	ST&C	6,200'	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 native mud:	9.8 - 10.0 ppg	28 - 30	No W/L control
900' - 3,960':	Use 10# brine mud to top of Abo:	9.8 - 10.0 ppg	28 - 30	No W/L control
3,960' - 6,000':	Brine mud w/6 % diesel:	10.0 - 10.2 ppg	40 - 45	W/L control 12 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 Litho Density Compensated Neutron/NGT, Azimuthal Laterlog
Micro-CFL/NGT, Borehole Compensated Sonic Natural GR logs
900' to surface: GR/Neutron

Coring: None planned.

McCLELLAN OIL CORPORATION

Ross Federal, Well No. 5

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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 = 1320 psi (evac. hole) with BH temperature of 120°.
10. H₂S: None expected. None in previously drilled wells.
11. Anticipated starting date: October 15, 2003.
Anticipated completion of drilling operations: Approx. 3 - 4 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

MCCLELLAN OIL CORPORATION

Ross Federal, Well No. 5
660' FSL & 660' FEL, Sec. 7-T10S-R26E
Chaves County, New Mexico
Lease No.: NM-8431
(Development 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 4 miles to the Penjack Fed. #6 on the right. Turn (right) east past the Penjack Fed. #6 well site and continue east for .8 mile to the Penjack Fed #7 well site. The proposed access road will start on the southwest corner of this well pad and run south for 1100 feet to the northwest corner of the proposed well site.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road to be rebuilt will be approximately 1100 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 surface will be properly drained.
- C. Turnouts: One turnout will be required at the halfway point, increasing the width to 20 feet for passing.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: One cattle guard will be required at the Penjack #6 electric fence line of the county road.
- 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

Ross Federal, Well No. 5

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4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;

- A. McClellan Oil Corporation does 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. The gas purchaser will run the gas lines to the well site.

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 100' reserve pits on the east.
- C. Cut & Fill: There will be a 1.5 –2 foot cut on the south with fill to the north.
- 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 1% slope to the northeast from an elevation of 3792' 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, tobosa 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: None in the immediate vicinity except oil field installations.
- 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 is conducting an archaeological survey and their report was submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

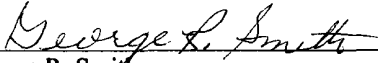
- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

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.

September 18, 2003



George R. Smith
Agent for: McClellan Oil Corporation

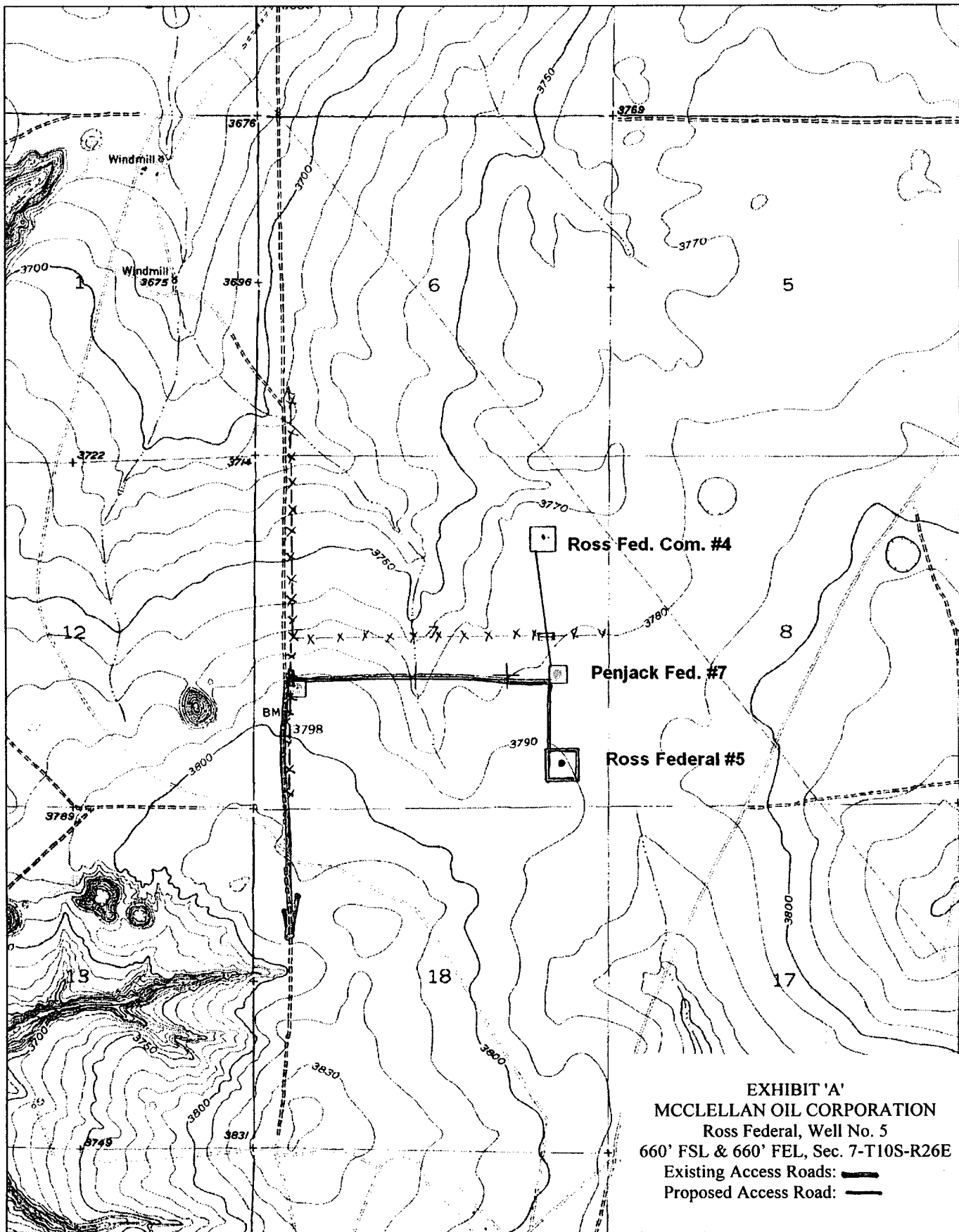
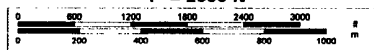


EXHIBIT 'A'
 MCCLELLAN OIL CORPORATION
 Ross Federal, Well No. 5
 660' FSL & 660' FEL, Sec. 7-T10S-R26E
 Existing Access Roads: —
 Proposed Access Road: —

DELOME

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 www.delorme.com

Scale 1 : 24,000
 1" = 2000 ft



TN
 MN
 9.3°E

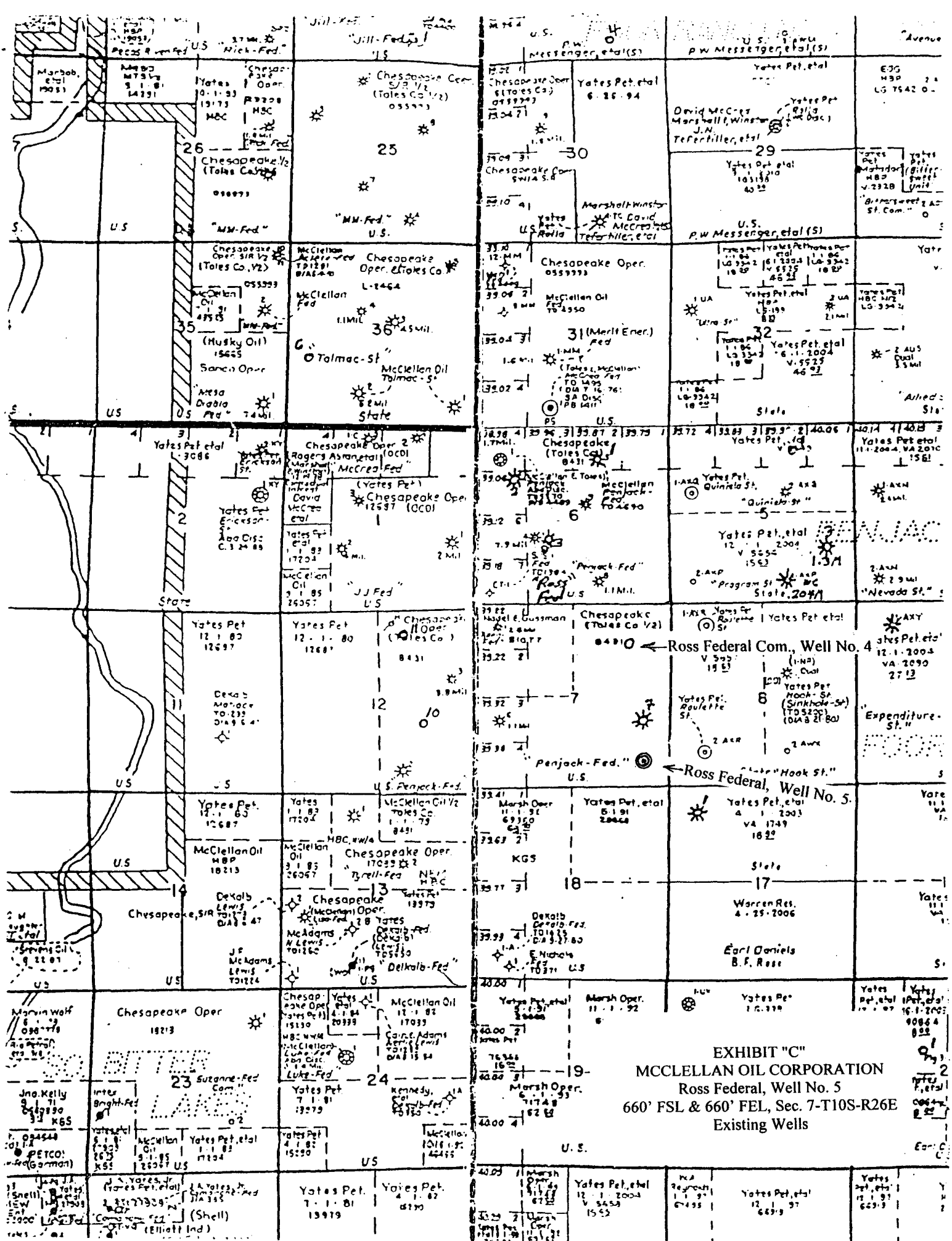
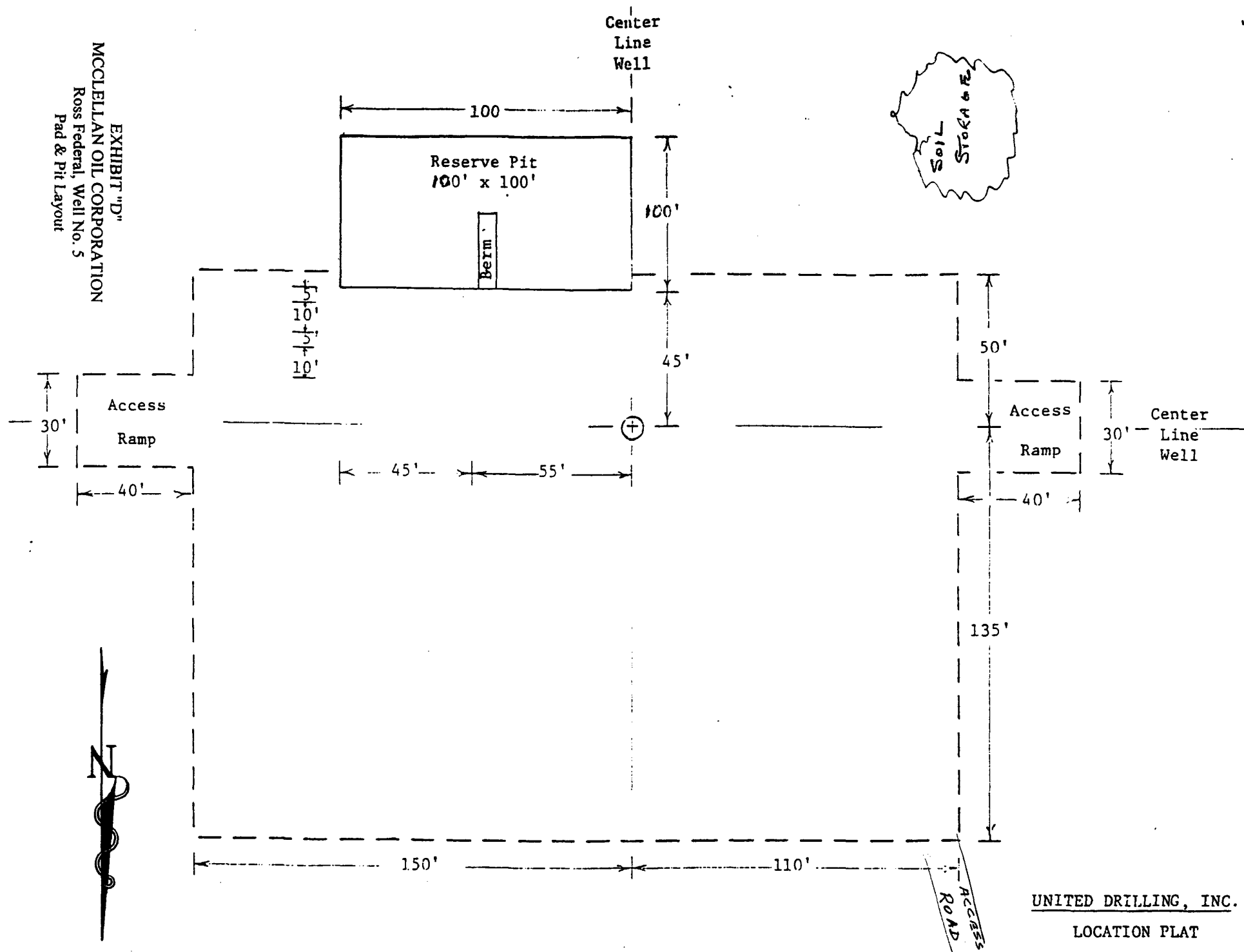


EXHIBIT "D"
 MCCLELLAN OIL CORPORATION
 Ross Federal, Well No. 5
 Pad & Pit Layout

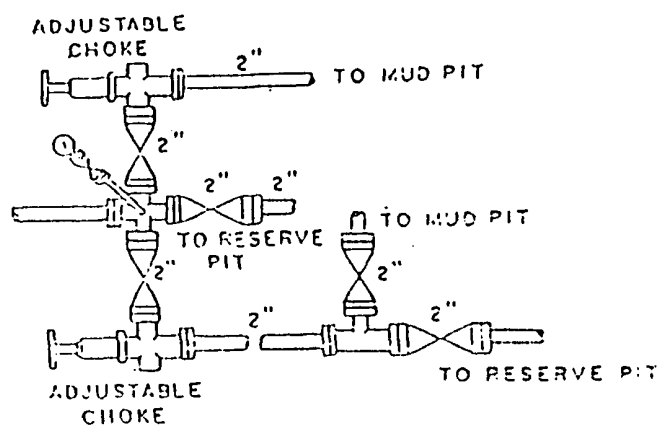
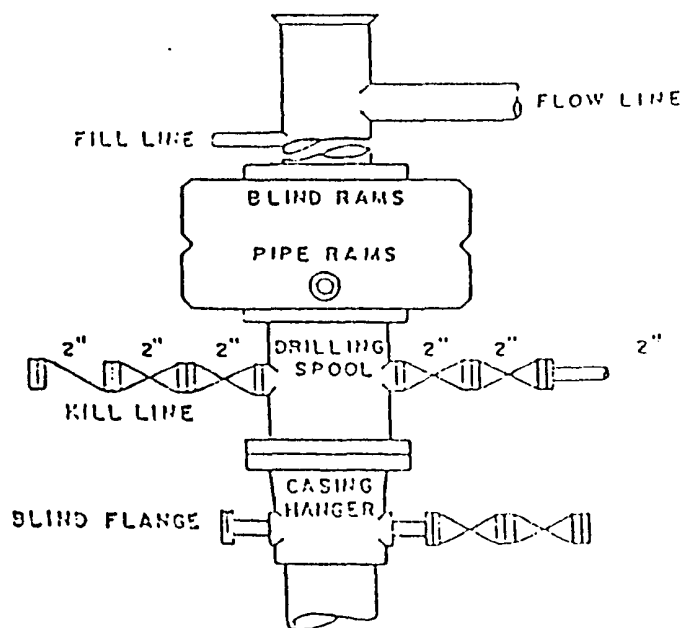


UNITED DRILLING, INC.

LOCATION PLAT

RIG 21

Scale: 1"=40'



BOP DIAGRAM

3000# Working Pressure
Rams Operated Daily

EXHIBIT "E"
MCCLELLAN OIL CORPORATION
Ross Federal, Well No. 5
BOP Specifications