Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-005-61099

OCD COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-16069

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: Coyote Draw Federal

9. WELL NO.: 3

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: UL-D Section-7-T8S-R25E

12. COUNTY OR PARISH: Chaves

13. STATE: New Mexico

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: McClellan Oil Corporation

3. ADDRESS OF OPERATOR: P. O. Dr. 730 Roswell, New Mexico 88201

RECEIVED
AUG 26 1981
O. C. D.
ARTESIA, OFFICE

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 990' FWL and 660' FNL
At proposed prod. zone:

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 16 miles northeast of Roswell, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	1280	160
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
	4000'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3641' GR

22. APPROX. DATE WORK WILL START*: September 15, 1981

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	450'	450 Sx "C" Circulate
12 1/4"	8 5/8"	24 #	1400'	400 Sx Circulate
7 7/8"	4 1/2"	10.5#	4000'	300 Sx

Propose to drill to approximately 4000' to test the Abo formation. If production is indicated, wil set casing and attempt completion.

Mud Program: Will drill with fresh water to top of Abo. Will mud-up at that point with 10 cc water loss, 50 viscosity salt base mud.

Gas on this well is not dedicated.

RECEIVED
AUG 11 1981
OIL & GAS
GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

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

24.

SIGNED: Dwight Smith — TITLE: Agent for: McClellan Oil Corporation — DATE: August 10, 1981

(This space for Federal or State office use)

PERMIT NO. (Orig. Sgd.) GEORGE H. STEWART — APPROVAL DATE

APPROVED BY — TITLE — DATE

CONDITIONS OF APPROVAL, IF ANY:

AUG 24 1981

*See Instructions On Reverse Side

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

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

Operator	Lease	Well No.
McClellan Oil Corp.	Coyote Draw Federal	3

Unit Letter	Section	Township	Range	County
D	7	8 South	25 East	Chaves

Actual Footage Location of Well:
660 feet from the North line and 990 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3641	Abo	Undesignated	160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

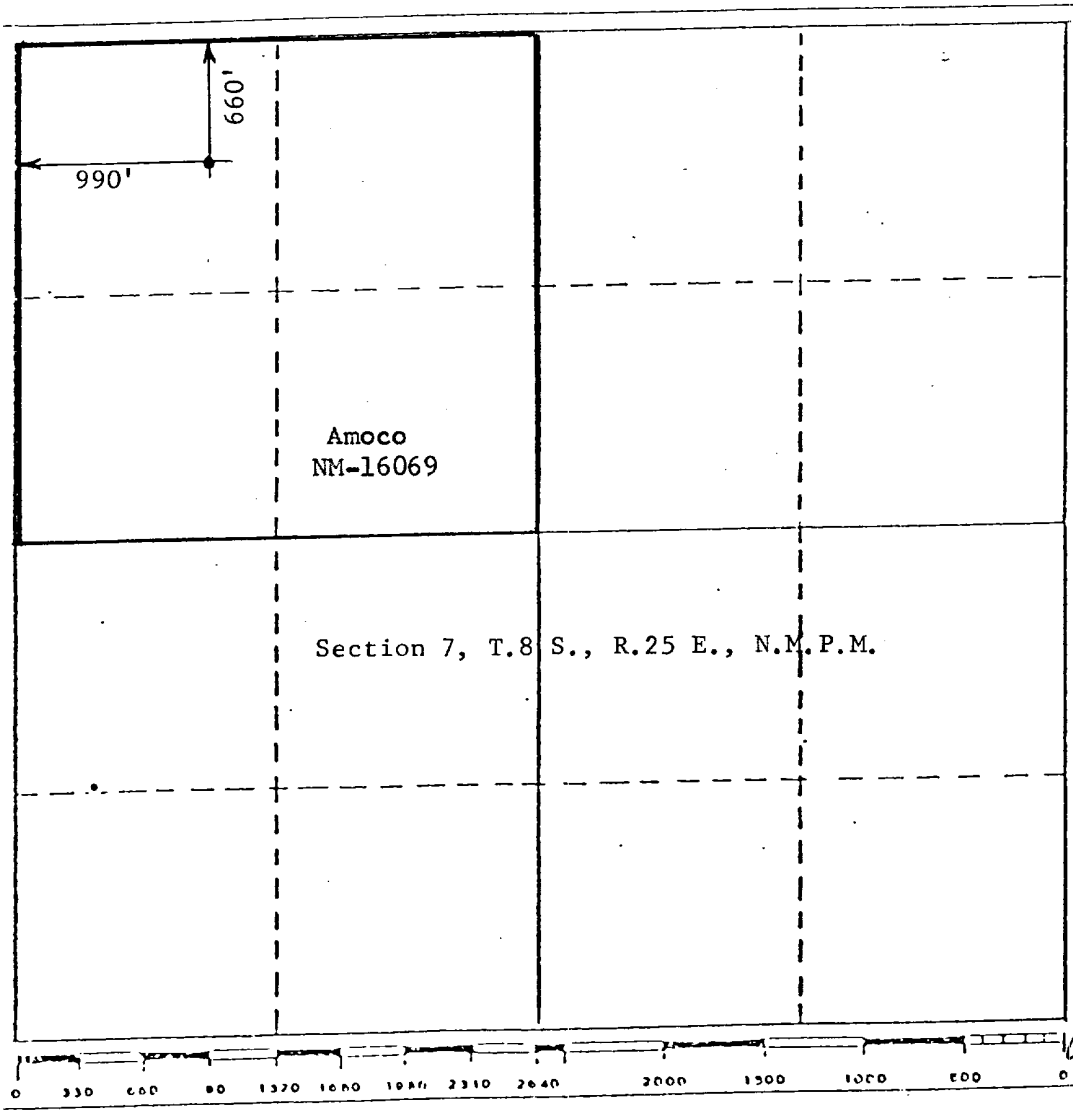
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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
8/10/81

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.

Date Surveyed
July 23, 1981

Registered Professional Engineer and/or Land Surveyor
John B. Jaquess, P.E.& L.S.

Certificate No. 6290

JOHN D. JAQUESS
NEW MEXICO
6290
REGISTERED PROFESSIONAL ENGINEER

APPLICATION FOR DRILLING

McCLELLAN OIL CORPORATION
Coyote Draw Federal Well No. 3
990' FWL & 660' FNL, Sec. 7-T8S-R25E
Chaves County, New Mexico
Lease No.: NM-16069
(Development Well)

In conjunction with Form 9-331C, Application for Permit to Drill subject well, McClellan Oil corporation submits the following items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Permian with quaternary alluvium and other surficial deposits.

2. The estimated tops of geologic markers are as follows:

San Andres	225'
Glorieta	1250'
Tubb	2730'
Abo	3400'

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

   Water: At approximately 200 feet.

   Oil: None expected.

   Gas: Abo between 3400' and 4000'.

4. Proposed Casing Program: See Form 9-331C.

5. Pressure Control Equipment: BOP's are Schaffer Model 39, 4500 lb. test. See Exhibit "E".

6. Mud Program: See Form 9-331C.

7. Auxiliary Equipment: Blowout preventer, gas detector, kelly cock, pit level monitor, flow sensors and stabbing valve.

8. Testing, Logging and Coring Program:

   Drill Stem Tests: None planned.

Logging:	FDC/CNL	Inter. Csg. to T. D.
	DLL/MSFL	Inter. Csg. to T. D.
	Gamma Ray	Surface to T. D.

   Coring: None planned.

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.

10. Anticipated starting date: September 1, 1981.
    Anticipated completion of drilling operations: Two weeks.

MULTI- .NT SURFACE USE AND OPERATIONS .AN

McCLELLAN OIL CORPORATION
Coyote Draw Federal Well No. 3
990' FWL & 660' FNL, Sec. 7-T8S-R25E
Chaves County, New Mexico
Lease No.: NM-16069
(Development Well)

This plan is submitted with the Application for Permit to Drill the above captioned well. The purpose of the plan is to describe the location of the proposed well, the propósed construction activities and operations plan, to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS:

   A. Exhibit "A" is a portion of a New Mexico State Highway Department map showing the location of the well as staked. Exhibit "B" is a section of a USGS topo map also showing the well as staked. The well site is approximately 16 miles northeast of the U.S. Highway 285/70 "Y" north of Roswell, New Mexico. There will be approximately 7.6 miles of U. S. Highway 285 north, 7.8 miles of a county maintained ranch road.

   B. Directions: Travel north approximately 7.6 miles from the U. S. Highway 285/70 "Y" on U. S. Highway 285. Upon reaching an electric power station on the left side of the highway, turn right (east) onto the county/ranch dirt road. There is a Red Bluff ranch sign at this turnoff. Continue on this road for approximately 7.8 miles which will be several hundred feet south of a cattle guard with a large sign of a bull on the north side of the cattle guard. A trail road, marked with a red ribbon flag, starts northwest at this point. Follow this trail road as flagged for approximately .9 mile to the point of origin of the staked and flagged new access road. Starting at this point the new access road will continue west approximately 1500 feet to the southeast corner of the location.

2. PLANNED ACCESS ROAD:

   A. Length and Width: The new access road will be 12 feet wide (20' ROW) and approximately 1500 feet long, from the trail road . However, the entire length of the trail road will be part of the new access road and will be upgraded to the 12 foot width, 6000 total feet.

   B. Construction: The new road will be constructed by grading, watering and compacting the existing surface material. Caliche or gravel will be used in those spots that might require it. The surface will be properly drained.

   C. Turnouts: There will be at least four to six turnouts, which will increase the road width to 20 feet for passing.

   D. Culverts: No culverts should be required, but one low water crossing will be needed at the junction of the trail road and new access road.

   E. Cuts and Fills: There will be some cutting and filling on washed out areas of the existing trail road. None required on new section.

2. PLANNED ACCESS ROAD: cont.....

F. Gates, Cattleguards: None will be 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. There are no production facilities on this lease at the present time.

B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with fresh and brine water. The water 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. The existing surface material will be used for surfacing the new access road and the well site pad. If any gravel or caliche material is required, it will be purchased from the nearest commercial source. Top soil from the location will be stockpiled near the location for future rehabilitation use. No surface materials will be disturbed except for those necessary for actual grading and leveling of the drill site and access road. Caliche is not readily available in this area.

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 separate disposal application will be submitted to the USGS for approval.

E. Oil produced during operations will be collected 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 buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.

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

H. All trash and debris will be buried or removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILIARY FACILITIES:

A. None required.

9. WELLSITE LAYOUT:

A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged.

B. Mat Size: 195' X 175'.

C. Cut and Fill: The location has a slight slope of 1 - 2 feet in 100 feet. This will require cutting on the north side and filling to the south side of the pad.

D. The surface will be topped and compacted with the existing surface materials and material from the pits. The reserve pit will be lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations all equipment and other material not used for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in an aethetically pleasing a condition as possible.

B. Any unguarded pits containing fluids will be fenced until filled.

C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11. OTHER INFORMATION:

A. Topography: The land surface in the vicinity of the wellsite is sloping to the south 1-2 feet in 100 feet. There are 100' + bluffs 600 to 700 feet to the north which causes eroded runoff areas and arroyos across the flat areas. There is a 30 foot deep draw 430' west of the staked location. The drill site is fairly smooth and level.

B. Soil: The topsoil at the wellsite is a sandy alkali loam with occasional outcrops of gypsum rock.

C. Flora and Fauna: The vegetative cover consists of very sparse grasses of bluestem, bush muhly, and bristlegrass along with yucca, mesquite, brrom snakeweed, pepper weed and other miscellaneous desert flowers and weeds. Jackrabbits and cottontail rabbits were observed, and it is likely that other desert wildlife inhabit the area.

11. OTHER INFORMATION: cont.....

D. Ponds and Streams: There are no streams or natural or manmade ponds in the area.

E. Residences and other Structures: There are no residences or other structures within a mile of the well site.

F. Land Use: Cattle grazing.

G. Surface Ownership: The proposed location and access road is on Federal surface and minerals.

H. There is no significant evidence of any archaeological, historical or cultural sites in the area. An archaeological survey has been conducted by New Mexico Archaeological Services, Inc., P. O. Box 1341 Carlsbad, New Mexico 88220, and their report has been submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

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

Paul Ragsdale
601 Moore
Roswell, New Mexico 88201
Office Phone: (505) 622-3200
Mobile Phone: 623-0989 Unit # 4128
Home Phone: (505) 623-3940

Jack L. McClellan
3106 N. Montana
Roswell, New Mexico 88201
Office Phone: (505) 622-3200
Home Phone: (505) 622-4076

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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.

August 10, 1981

George R. Smith
Agent for:
McClellan Oil Corporation

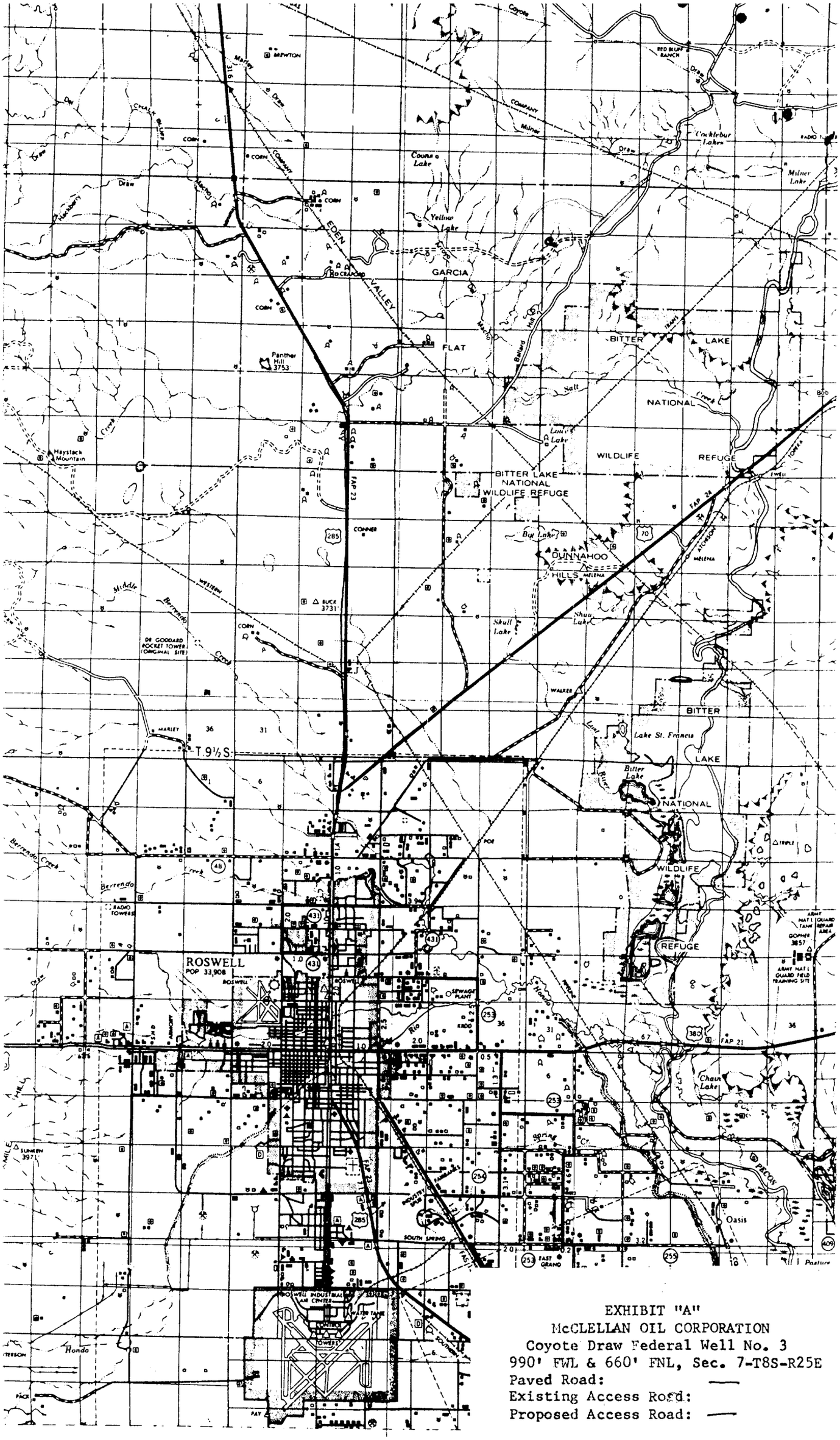
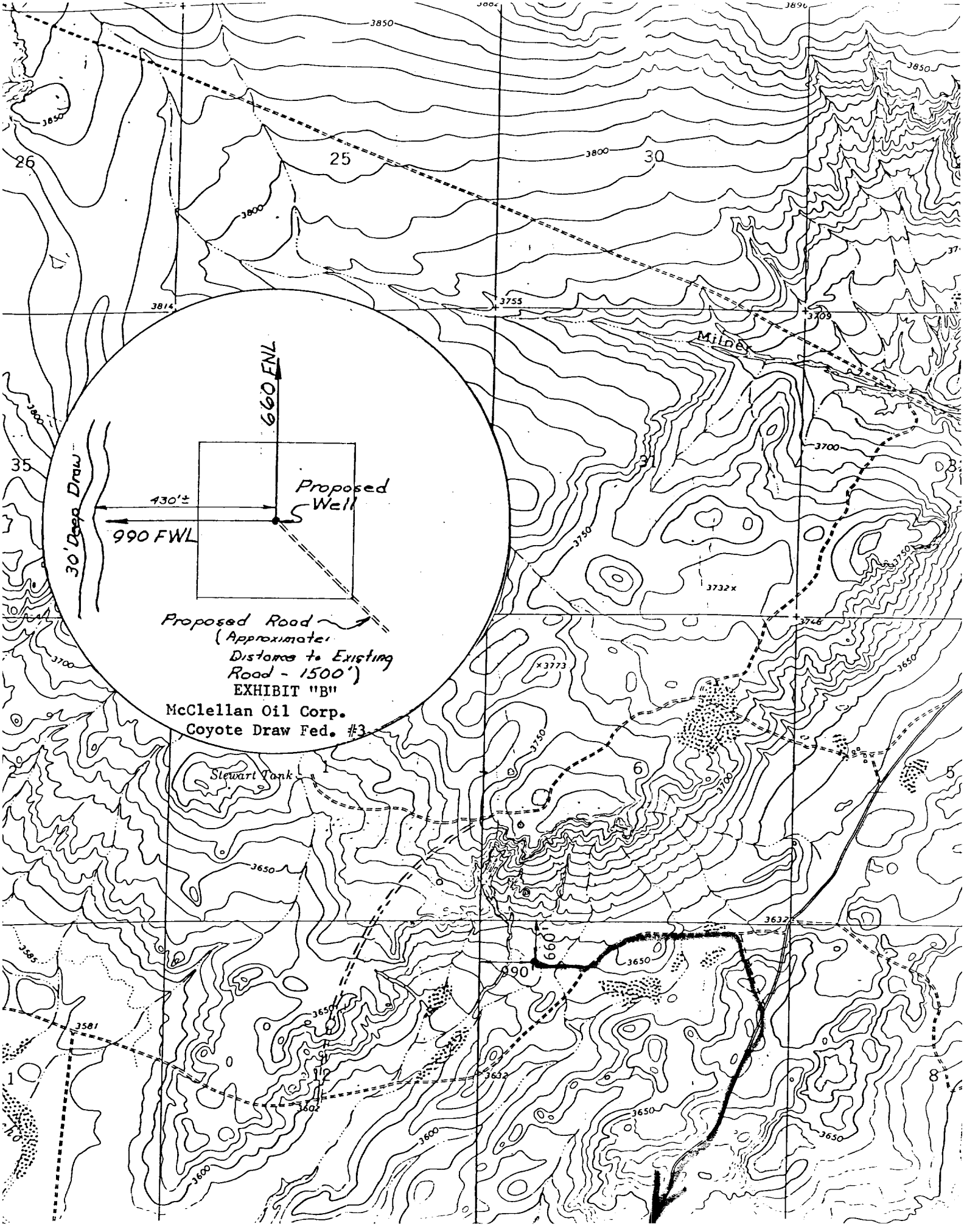


EXHIBIT "A"
McCLELLAN OIL CORPORATION
Coyote Draw Federal Well No. 3
990' FWL & 660' FNL, Sec. 7-T8S-R25E
Paved Road: ——
Existing Access Road:
Proposed Access Road: ——


660 FNL
990 FWL
430'±
Proposed Well
30' Deep Draw
Proposed Road
(Approximate Distance to Existing Road - 1500')
EXHIBIT "B"
McClellan Oil Corp.
Coyote Draw Fed. #3
Stewart Tank
Milner
660'
990'
25
26
30
31
35
1
6
5
8

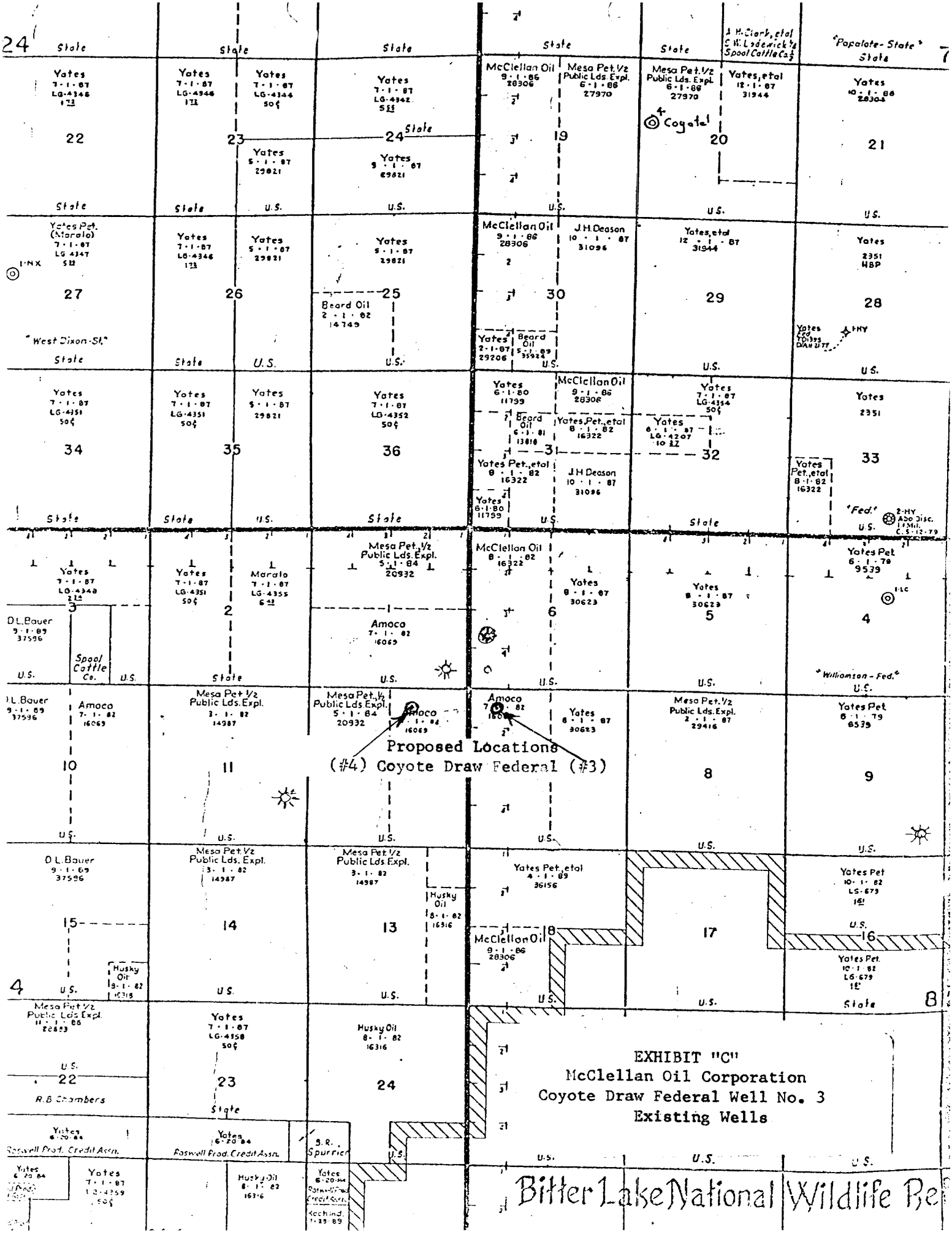
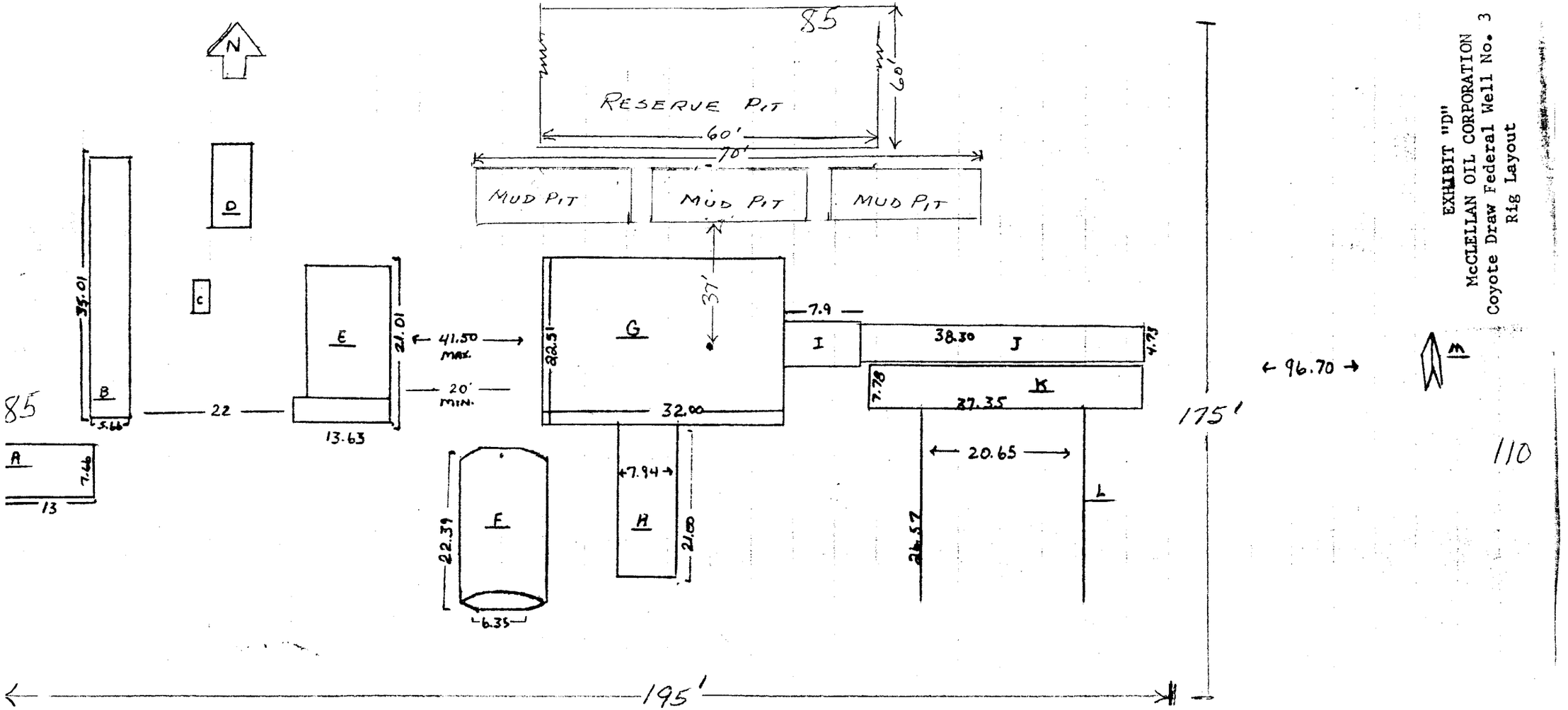

Proposed Locations
(#4) Coyote Draw Federal (#3)
EXHIBIT "C"
McClellan Oil Corporation
Coyote Draw Federal Well No. 3
Existing Wells
Bitter Lake National Wildlife Re

EXHIBIT "D"
McCLELLAN OIL CORPORATION
Coyote Draw Federal Well No. 3
Rig Layout



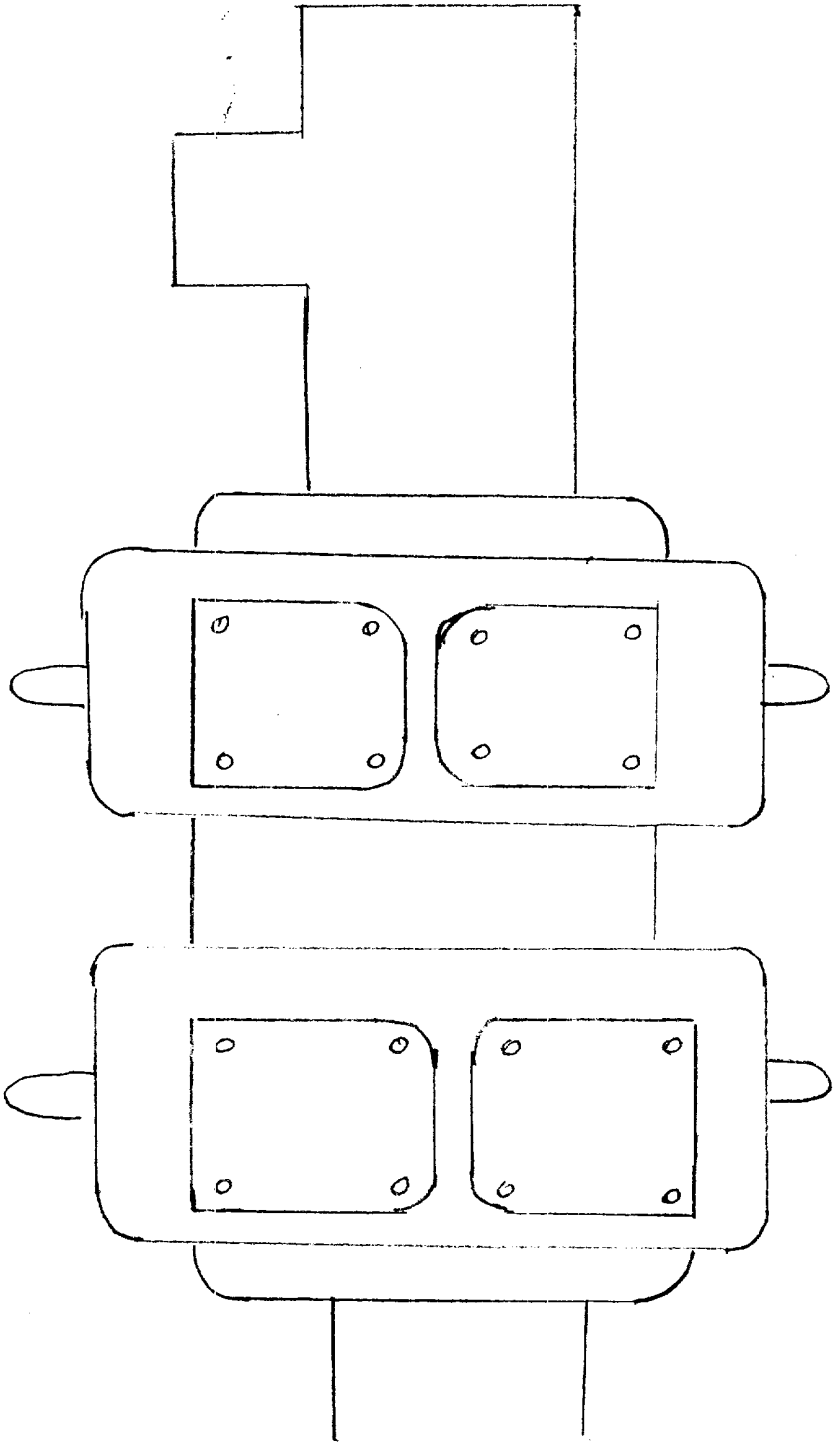
TEX-MEX RIG #2

90'

A	Bottom Dog House	G	Substructor
B	Fuel Tanks	H	Top Dog house
C	Light Plant	I	V-Door
D	Suction Pump (mud mixing)	J	Cat Walk
E	Suction Pump	K	Pipe Baskets
F	Fresh Water Tank	L	Pipe Racks

M HEAD ACHE RACK
96.70 from CENTER of HOLE

CELLAR = 6'x6'



TEX-MEX BOP Diagram for Rig # 2
Schaffer Model 39
4500 lb. psi test

EXHIBIT "E"
McCLELLAN OIL CORPORATION
Coyote Draw Federal Well No. 3
BOP Diagram