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Form approved. Budget Bureau No. 42-R1425.

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY	
APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BAC	6. IF INDIAN, ALLOTTEE OR TRIBE NAME
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PROPERTY OR LEASE LINE, FT. (Also to nearest drig, unit line, if any)	NO. OF ACRES ASSIGNED TO THIS WELL
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	ROTA TO CAST LE TOOLS
21. ELEVATIONS (Show whether) BRGR, etc.)	22. AND DOE WOODILL START*
23. PROPOSED CASING AND CEMENTING PROGRAM	
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7-7/8 4-1/2 10.5# 4400' 17	5 sacks

Med Progress 10# Mud 35 Viscosity from 4000 to T.D.

BOP Program: See Exhibit C, D, and E

WE BUY E

U. S. GEOLOGICAL SURVEY HOBBS, 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

breventer program, it any.		
4. ////	President	Oct. 17, 1979
SIGNED TI	TLE	VED DATE
(This space for Federal or State office use)	APPREN	IDED
PERMIT NO.	APPROVIL DAS AMEN	1979
APPROVED BY TI	TLE OUI A	ONER
CONDITIONS OF APPROVAL, IF ANY:	ACTING DISTR	ICT ENGINE
	ACTING D.	

*See Instructions On Reverse Side

Instructions

General: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursually to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, partificularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or fitte office.

Consult Item 1: If the proposal is to redrill to the game reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices. C.D. HOBBS, OFFICE

Items 15 and 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

Jem 27: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NEW MEXICO OIL CONSERVATION COMMISSION WELL L TATION AND ACREAGE DEDICATION PI AT

Perm C-182 Superpodes G-126 Elfontive 14-65

n the auter boundaries of the Section Phillips Federal Chaves 8 South 32 East "3" feet from the South line and Dedicated Acteages Ground Level Elev. Formation. 54 40 Chavaroo Undesignated 4433. 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? Federal Minerals If answer is "yes," type of consolidation. X Yes 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 Commis-CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. W. W. Ranck President Comconv El Ran, Inc. October 16, 1979 40 acres I hemby certify that the well location 1980 Date Surveyed October 15, 1979 Registered Professional Engineer 3640

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APPLICATION FOR DRILLING

El Ran, Inc. Phillips Federal #2 Section 13, T8S, R32E Chaves County, New Mexico

In conjunction with Form 9-3310, Application for Permit to Drill subject well, El Ran, Inc. submits the following ten items of pertinent information:

- 1. The geologic surface formation is the Ogallala formation.
- 2. The estimated tops of geologic markers are as follows:

Yates 2/110! San Andres 3/458!

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

Water: No data available. Probably from Triassic formation at approximately 500 to 600 feet.

Oil or Gas: San Andres at approximately 3458 to 4325 feet.

- 4. Proposed casing program: See Form 9-3310.
- 5. Pressure control equipment: See Exhibits C, D, and E.
- 6. Mud program: See Form 9-3310.
- 7. Auxiliary equipment: See Exhibit D.
- 8. Testing, logging and coring programs: None.
- 9. No abnormal temperatures or pressures are anticipated.
- 10. Anticipated starting date: As soon as possible.
 Anticipated completion of drilling operations: Approximately 7 days after starting date.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

El Ran, Inc.
Phillips Federal #2
1980' FSL & 1980' FEL.
Section 13, T8S, R32E
Chaves County, New Mexico
(Development Well)

This plan is submitted with Form 9-3310, Application for Permit to Irill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS.

- A. Exhibit A-1 is a portion of a Highway Map, showing the area surrounding the proposed wellsite on a scale of 1 inch to 7 miles. The proposed location is situated at a driving distance of approximately 24 miles (excluding the proposed new access road) southeast of Elida, New Mexico, and the existing roads leading to the wellsite are indicated in red in Exhibit A.
 - (1) Proceed south from Elida on Highway 114 for approximately 0.6 miles. At this point, take the right fork onto Highway 440.
 - (2) Continue in a southward direction for an additional 26.5 miles. The road surface will change from blacktop to a dirt surface about 14.5 miles from Elida. You will come to a country road after 26.5 miles. At this point you will turn to an easterly direction for approximately 2.5 miles.
 - (3) At this point, you will turn north on a lease road for approximately 2 mile. You will reach the Fhillips 2-N well at this point, and will turn west. Proceed at this point to El Ran's Phillips Federal #1, the new road will originate from the southwestern corner of the well pad of El Ran's Phillips Federal #1.

2. PLANNED ACCESS ROAD.

- A. The proposed new access road will be constructed in an east to west direction from the southwestern corner of the drill pad at El Ran's Phillips Federal #1 to the southeastern corner of the drill pad at the proposed location. See Exhibit A.
- B. The route of the proposed road passes over a relatively level area and only very minor leveling will be required.
- C. The length of the proposed road will be approximately 1650 feet. It will have a driving surface width of 12 feet and the surface will be topped with six inches of compacted caliche. The center of the road will be crowned, with drainage on both sides.

El Ran, Inc.
Phillips Federal #2
Page 2

- D. No turnouts will be required, and no fences, cattleguards, or culverts are involved.
- E. The starting point of the new road is clearly marked with surveyor's ribbons and the route of the road is staked and flagged.
- F. The route is on fee surface owned by Davis Brothers Ranch. An agreement with the Davis Brothers has been reached on both the access road and the drillsite.

3. LOCATION OF EXISTING WELLS.

- A. Existing wells within a one-mile radius are shown on Exhibit B.
- 4. LOCATION OF EXISTING AND/CR PROPOSED FACILITIES.
 - A. There are no production facilities on this lease at the present time.
 - B. In the event that the well is productive of oil, a tank battery and heater is located on il Ran's Phillips Federal #1 Well Pad. Electric power for production is available from a north-south high line about 1650 feet east of the proposed location. Water and Oil lines will be run from the proposed wellsite to the Phillips Federal #1 along side proposed road.

5. LOCATION AND TYPE OF WATER SUPPLY.

- A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from privately owned or commercial sources and will be hauled to the location by truck over the existing and proposed roads described in Faragraphs 1 and 2 above.
- 6. SOURCE OF CONSTRUCTION MATERIALS.
 - A. Caliche required for road and drilling pad surfaces will be obtained from a privately owned pit approximately 2/3 of a mile east of the proposed drillsite.
- 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 material to prevent the entry of livestock into the pits.
 - 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 USGS for approval.

El Ran, Inc.
Phillips Federal #2
Page 3

- 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 buried in a separate pit and covered with a minimum of 24 inches of dirt. All waste materials will be contained to prevent scattering by the wind.
- H. All trash and debris will be buried or removed from the wellsite within 90 days after drilling and/or completion operations have been finished.

8. ANCILLARY FACILITIES.

A. None required.

9. WELLSITE LAYOUT.

- A. Exhibit C shows the relative location and dimensions of the well pad and reserve pits.
- B. The ground surface at the wellsite is comparatively flat, and very little cut or fill will be required to construct either the drilling pad or the reserve pits. The drilling surface will be covered with six inches of compacted caliche.
- C. The pad and pit area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE.

- A. After drilling and/or completion operations have been finished, all equipment and other material not needed for further operations will be removed. Pits will be filled and the location cleaned of all trash and junk, so as to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Any been filled.
- C. If the proposed well is non-productive, all applicable rehabilitation and/or vegetation requirements of the BIM, and Davis Brothers Ranch 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. The proposed wellsite is located in an essentially level area. The proposed new access road crosses a generally level area, also, with only minor surface anomalies.
- B. The topsoil at the wellsite consists of moderately soft sand.

- C. Flora and Fauna: The vegetation cover at the proposed location is moderately sparse, consisting of miscellaneous weeds and grass, bear grass yucca, and a few cactus plants. No wildlife was observed, but it is likely that typical semi-arid desert wildlife inhabit the area, which is used for cattle grazing.
- D. There are no ponds, lakes, or flowing streams or rivers in the vicinity of the wellsite.
- E. There are no occupied dwellings within several miles of the wellsite. The nearest windmill is about a half-mile west of the location.
- F. Surface Ownership: Wellsite is on fee surface. Approximately 1650 feet of new road will be on fee surface.
- G. There is no evidence of any significant archaeological, historical or cultural sites in the area of the proposed location. An archaeological survey has been conducted by the Agency for Conservation Archaeology, Eastern New Mexico University, Portales, New Mexico, and their report has been distributed to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVES.

A. The field representatives of the operator responsible for assuring compliance with the approved surface use plan are:

W. W. Ranck El Ran, Inc. 1603 Broadway Lubbock, Texas 79401 Phone: 806/763-4091

W. W. Ranck, Jr. El Ran, Inc. 1603 Broadway Lubbock, Texas 79401 Phone: 806/763-4091

Robert R. Ranck El Ran, Inc. 1603 Broadway Lubbock, Texas 79401 Phone: 806/763-4091

13. CERTIFICATION.

See attachment on next page.

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 this 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 El Ran, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Date

W. W. Ranck, President

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Chaves County, New Mexico

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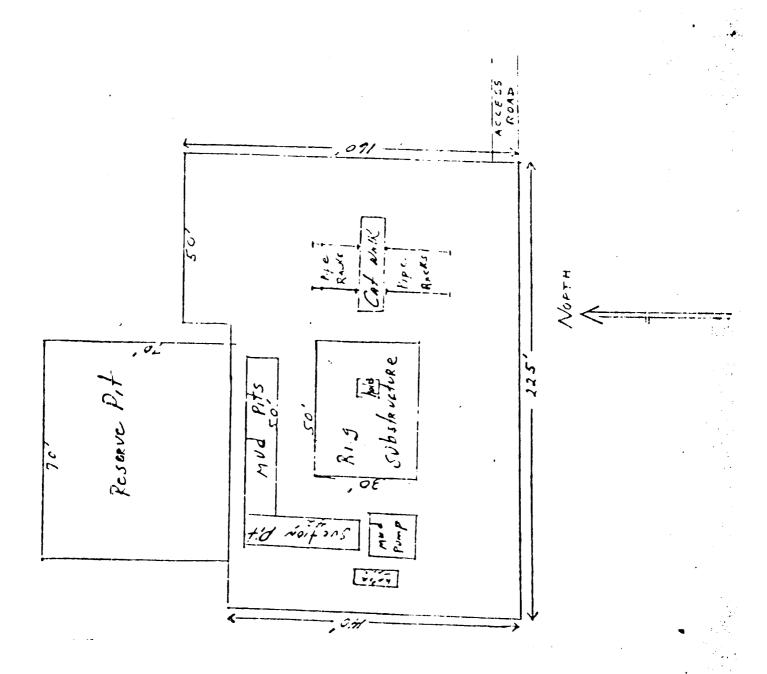
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EXHIBIT C
El Ran, Inc.
Phillips Federal #2
Sec. B-T8S-R32E
Chaves County, New Mexico



This rig is equiped with a Shaffer LWS Series 900 Double BOP Hydralic operated. With blanks,4", 4½" and side connections.

wek Drilling co., inc. - Rig 3 EQUIPMENT DESCRIPTION

All equipment should be at least 3,000 psi WP or higher unless otherwise specified.

- Bell nipple
- Hydril bag type preventer
- Ram Type pressure operated blowout preventer with blind rams
- Flanged spool with one 3-inch and one 2-inch (minimum) outlet.
- 2-inch (minimum) flanged plug or gate valve
- 2-inch by 2-inch by 2-inch (minimum) flanged tee
- 3-inch gate valve
- Ram type pressure operated blowout preventer with pipe rams
- Flanged type casing head with one side outlet
- 2-inch treaded (or flanged) plug or gate valve
- Flanged on 5000# WP, threaded on 3000# WP or less
- 3-inch flanged spacer spool
- 3-inch by 2-inch by 2-inch by 2-inch flanged cross
- 2-inch flanged plug or gate valve
- 2-inch flanged adjustable choke
- 2-inch threaded flange
- 2-inch XXH nipple
- 2-inch forged steel 90° ell
- Cameron (or equal.) threaded pressure gauge
- Threaded flange
- 2-inch flanged tee
- 2-inch flanged plug or gate valve
- 2½-inch pipe, 300' to pit, anchored
- 22-inch SE Valve
- 21-inch line to steel pit or separator

NOTES:

- Items 3, 4, and 8 may be replaced with double ram type preventer with side outlets between the rams.
- The two valves next to the stack on the fill and kill line to be closed unless drill string is being pulled.
- Kill line is for emergency use only. This connection shall not be used for filling.
- Replacement pipe rams and blind rams shall be on location at all time.
- Only type U, LSW and QRC ram type preventer with secondary seals are acceptable for 5000 psi WP and higher BOP stacks.
- Type E ram-type BOP's with factory modified side outlets may be used on 3000 psi or lower WP BOP stacks.

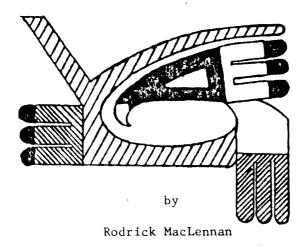
EXHIBIT D
El Ran, Inc.
Phillips Federal #2
Sec. 13-T8S-R32E
Chaves County, New Mexico

ARCHAEOLOGICAL CLEARANCE REPORT

for

EL RAN, INC.

Phillips Federal No. 1 80-140



Edited and Submitted by

Dr. Peter S. Miller
Director
AGENCY FOR CONSERVATION ARCHAEOLOGY

Llano Estacado Center for Advanced Professional Studies and Research

Eastern New Mexico University Portales, New Mexico 88130

October 16, 1979

1NTRODUCTION

An archaeological reconnaissance was recently completed by the Agency for Conservation Archaeology, Eastern New Mexico University, Portales, New Mexico, for El Ran, Inc. The reconnoitered area will be impacted by the construction of a well pad and an associated access road. The project was administered jointly by Mr. William Ranck of El Ran, Inc. and Dr. Peter S. Miller, Director, Agency for Conservation Archaeology. This report was prepared by the Roswell Office of ACA, Rodrick MacLennan, Manager.

The field work was conducted on October 16, 1979 by Rod MacLennan. Good field and weather conditions prevailed throughout the course of this reconnaissance. This survey was completed under Federal Antiquities Permit No. 79-NM-049. A search of the National Register has been made and properties within this area are not found listed on the Register.

SURVEY TECHNIQUES

Visual inspection of the well pad was accomplished by walking a series of parallel transects. Each transect was walked in a tightly spaced zigzag pattern. The access right-of-way was examined as an individual transect, using a tightly spaced zigzag pattern covering the length and breadth. The distance between transects was 20 feet. These methods maximized the opportunity of observing any cultural resources within or near the proposed area of impact.

El Ran Phillips Federal No. 2

Location

The proposed well pad and access road are located 37 miles southeast of Elida, New Mexico, on the Llano Estacado. The pad measures 400 X 400 feet and the access line measures 15 X 1650 feet. They are situated in the:

Pad

NW4SE4, Section 13, T8S, R32E, NMPM, Chaves County, New Mexico (BLM)

Access Road

 NW_4SE_4 , Section 13, T8S, R32E, NMPM, Chaves County, New Mexico (BLM) NE_4SE_4 , Section 13, T8S, R32E, NMPM, Chaves County, New Mexico (BLM)

Map Reference: USGS Flying M Ranch Quadrangle, 7.5 minute series, 1978 (proof) (see Figures 1 & 2).

Terrain

The proposed well pad and access road are located on the Llano Estacado. They are situated on a gently undulating plain, which declines to the south and east. The elevation is 4430 feet.

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

NAME			Leuse			Well He.
	EL RAN, INC		Phillips	Federal No.	•	2
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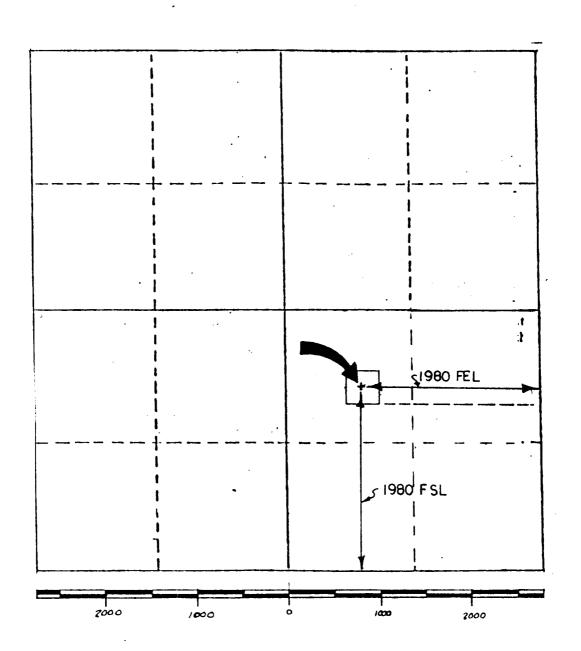
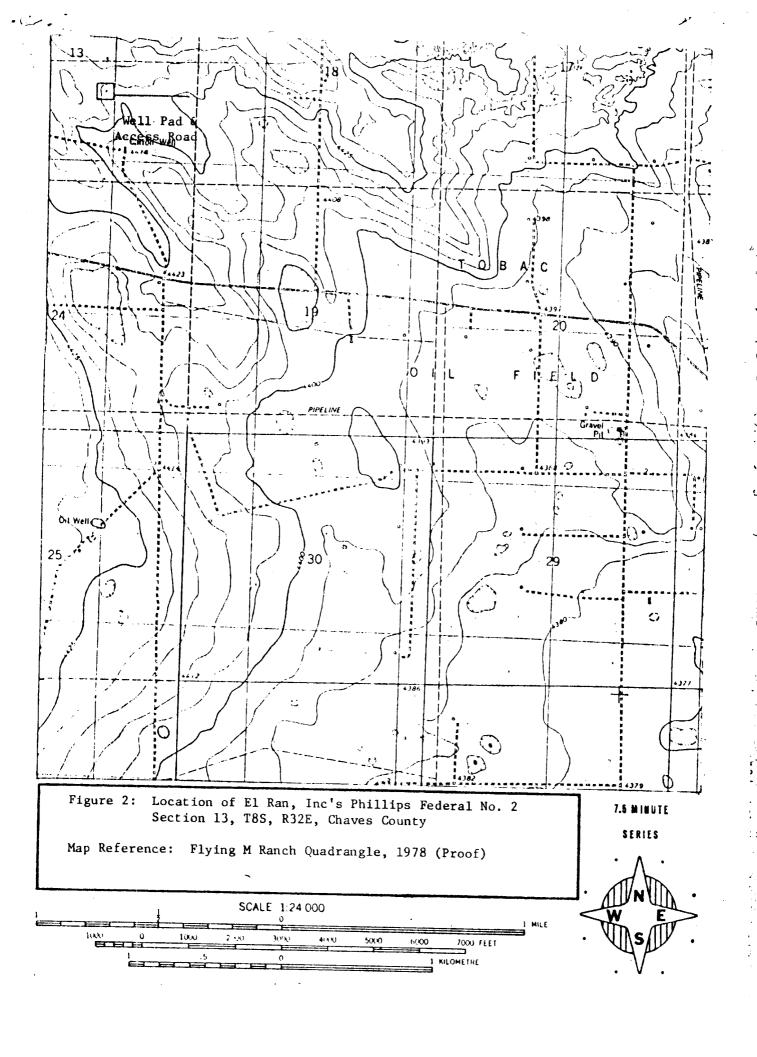


Figure 1



Terrain (Cont.)

The soils encountered in the area are predominantly clay loams. Lithic inclusions within this soil consist of very small amounts of caliche. Tax-onomically, this soil can be classified as a member of the Paleustalf-Ustipsamment-Paleargid association.

Floristics

ACA encountered a sparse floral assemblage in this vicinity. The density of the vegetation in the area is approximately 10 percent, consisting mainly of shrubs. Among the species present are: cane cholla (Opuntia spinosior), Engleman pricklypear (Opuntia phaecantha), ephedra (Ephedra trifurca), oak brush (Quercus havardii), plains yucca (Yucca campestris), black grama (Bouteloua eriopoda), sideoats grama (Bouteloua curtipendula), tabosa (Hilaria mutica), western wheatgrass (Agropyron smithii), nightshade (Solanum eleagnifolium), and broom snakeweed (Gutierrezia sarothrae).

Cultural Resources

ACA did not encounter any archaeological sites or isolated manifestations within or near the proposed facilities. A review of ACA's site files and the National Register did not show any properties listed for this location.

Recommendations

ACA recommends clearance for the proposed well pad and associated access right-of-way and suggests that construction be allowed to proceed as currently planned.