

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires January 31, 2004

5. Lease Serial No.  
SF065557-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
PRI No. 1S

9. API Well No.  
30-045-33015

10. Field and Pool, or Exploratory  
Basin Fruitland Coal

11. Sec., T. R. M. or Blk. and Survey or Area  
A Section 12, T29N, R12W, NMPM

12. County or Parish  
San Juan

13. State  
NM

1a. Type of work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

2. Name of Operator  
McElvain Oil & Gas Properties, Inc.

3a. Address 1050 17th Street, Suite 1800  
Denver, CO 80265-1801

3b. Phone No. (include area code)  
303.893.0933X302

4. Location of Well (Report location clearly and in accordance with any State requirements.)  
At surface 720' FNL - 1235' FEL, Section 12, T29N, R12W, NMPM  
At proposed prod. zone Same

14. Distance in miles and direction from nearest town or post office\*  
4.5 miles southeast of Flora Vista, New Mexico

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
720  
720

16. No. of acres in lease  
427.53

17. Spacing Unit dedicated to this well  
314.8  
N/2 ~~319.18~~ acs

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
400

19. Proposed Depth  
2259'

20. BLM/BIA Bond No. on file  
LPM4138223

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
5773' GL

22. Approximate date work will start\*  
05/15/2005

23. Estimated duration  
10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be 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 Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature *Robert E. Fielder* Name (Printed/Typed) Robert E. Fielder Date 04/05/2005

Title Agent

Approved by (Signature) *[Signature]* Name (Printed/Typed) Office PFO Date 5-23-05

Title AFM

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 page 2)

NMOC

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

District II  
PO Drawer 00, Artesia, NM 88211-0719

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

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

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

AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-045-33015		<sup>2</sup> Pool Code 71629	<sup>3</sup> Pool Name BASIN FRUITLAND COAL
<sup>4</sup> Property Code 34482	<sup>5</sup> Property Name PRI		<sup>6</sup> Well Number 1S
<sup>7</sup> GRID No. 22044	<sup>8</sup> Operator Name McELVAIN OIL & GAS PROPERTIES, INC.		<sup>9</sup> Elevation 5773'

<sup>10</sup> Surface Location

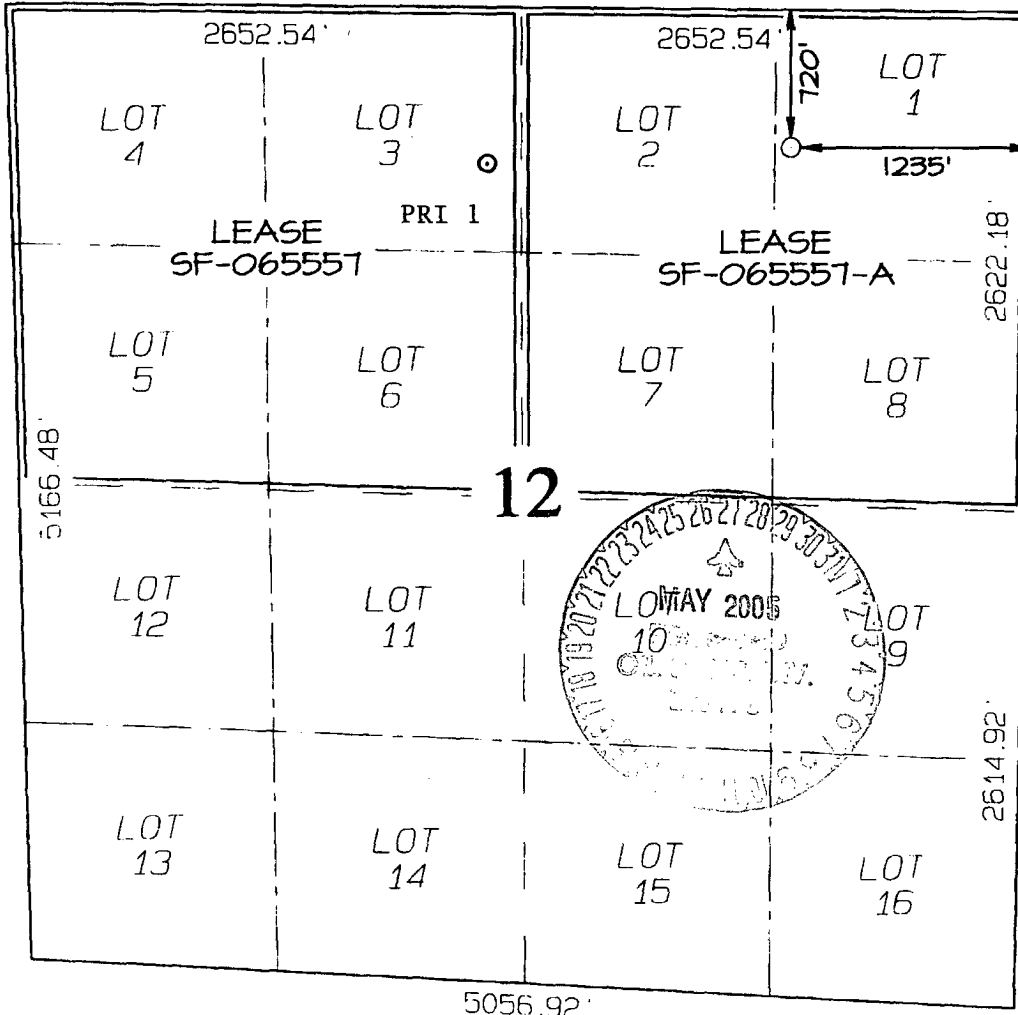
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	29N	12W		720	NORTH	1235	EAST	SAN JUAN

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 31 <sup>1/2</sup> 18 Acres - (N/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

*Robert E. Fielder*  
Signature  
Robert E. Fielder  
Printed Name  
Agent  
Title  
April 5, 2005  
Date

<sup>18</sup> 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: MARCH 11, 2005

Signature and Seal of Professional Surveyor

**JASON C. EDWARDS**  
Certificate Number 15269

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 May 27, 2004

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO.
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name PRI
8. Well Number 1S
9. OGRID Number 22044
10. Pool name or Wildcat Basin Fruitland Coal

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
McElvain Oil & Gas Properties, Inc

3. Address of Operator  
1050 17<sup>th</sup> St., Suite 1800 Denver, CO 80265-1801

4. Well Location  
 Unit Letter A : 720 feet from the North line and 1235 feet from the East line  
 Section 12 Township 29N Range 12W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5773' GL

Pit or Below-grade Tank Application  or Closure

Pit type Drilling Depth to Groundwater >100 ft. Distance from nearest fresh water well > 1000 ft. Distance from nearest surface water > 1000ft

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/>		<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Request for pit permit <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

McElvain Oil & Gas Properties, Inc. requests permission to construct a lined drilling pit in conjunction with the construction of this well location. The pit dimensions and location are shown on the attached Wellsite Layout drawing. The pit will be constructed in accordance with NMOCD guidelines. A closure permit will be submitted within six months of cessation of operations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit  or an (attached) alternative OCD-approved plan .

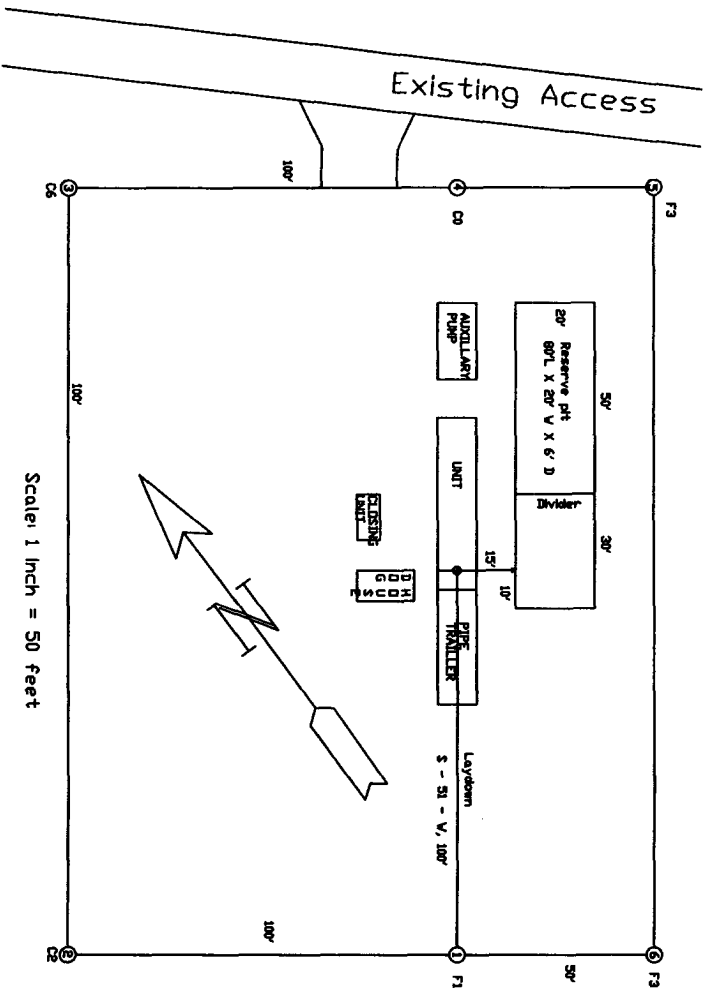
SIGNATURE Robert E. Fielder TITLE Agent DATE 04/05/2005

Type or print name Robert E. Fielder E-mail address: pmci@acs-online.net Telephone No. 505.632.3869  
**For State Use Only**

APPROVED BY: [Signature] DEPUTY OIL & GAS INSPECTOR, DIST. 30 DATE MAY 27 2005  
 TITLE \_\_\_\_\_

Conditions of Approval (if any): \_\_\_\_\_

WFS



EPFS

*McElvain Oil & Gas Properties, Inc.*

**Wellsite Layout**

PRI No. 1S

790' FNL - 1235' FEL

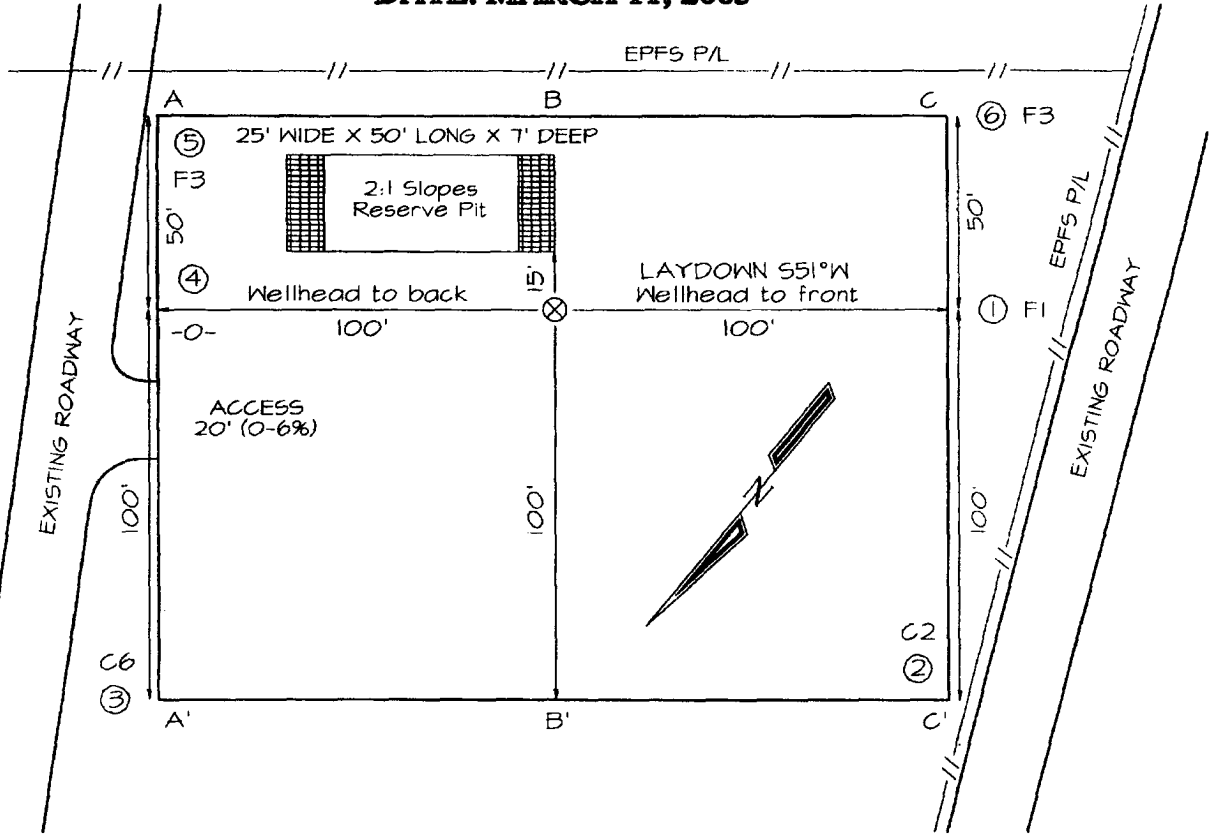
Section 12, T29N, R12W, NMPM

San Juan Co., New Mexico

**McELVAIN OIL & GAS PROPERTIES PRI #1S**  
**720' FNL & 1235' FEL, SECTION 12, T29N, R12W, NMPM**  
**SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 5773'**  
**DATE: MARCH 11, 2005**

PLAT NOTE:  
 \*SURFACE OWNER\*  
 Bureau of Land  
 Management

**LATITUDE: 36°44'44"**  
**LONGITUDE: 108°02'42"**  
 DATUM: NAD1927



A-A'							
5783'							
5773'	[Profile line with slope indicators]						
5763'							

B-B'							
5783'							
5773'	[Profile line with slope indicators]						
5763'							

C-C'							
5783'							
5773'	[Profile line with slope indicators]						
5763'							

Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

**McElvain Oil & Gas Properties, Inc.**  
**PRI No. 1S**  
**720' FNL & 1235' FEL**  
**Section 12, T29N, R12W, NMPM**  
**San Juan County, New Mexico**

**TEN POINT DRILLING PROGRAM**

1. **Surface Formation:** Nacimiento
2. **Surface Elevation:** 5773' GL.
3. **Estimated Formation Tops:**

<u>Formation</u>	<u>Top - feet</u>	<u>Expected Production</u>
Nacimiento	surface	
Ojo Alamo	579	
Kirtland	659	
Farmington	1419	
Fruitland	1629	GAS
Pictured Cliffs	1909	GAS
Lewis	2109	
TOTAL DEPTH	2259	

4. **Surface Hole Program:**

**Bit:** Drill an 8¾" hole to 200' using a retip mill tooth, IADC Class 115 or 116, bit. WOB: all. RPM: 70 - 100.

**Mud:** Use a fresh water base spud mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
0 - 200	8.6 or less	9.0-9.5	40 - 50	No Control

**Casing and Cementing:** A string of 7" 20 ppg J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 50 sacks (59.0 cf) of Class "B" cement (yield = 1.18 cf/sk) containing 3% CaCl<sub>2</sub> and 1/4 lb/sack celloflake. Slurry volume assumes 100% excess over calculated hole volume. If cement does not circulate to surface, cement will be topped off using 1" pipe down the 8¾" by 7" annulus. Minimum clearance between couplings and hole is 0.5470". 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.

WOC 12 HOURS. Nipple up 7 1/16" 2000# BOPE. Pressure test surface casing and BOPE to 600 psi for 15 minutes.

**Centralizers:** Run two (2) 7" X 8¾" regular bowspring centralizers. Install first one on stop ring in middle of shoe joint.

**Float Equipment:** Cement nose guide shoe thread locked. Also thread lock connection between first and second joint run.

**Drilling Program**  
**McElvain Oil & Gas Properties, Inc.**  
**PRI No. 1S**  
Page Two

**5. Production Hole Program:**

**Bit:** Drill a 6¼" hole to 2259' using a TCI, IADC Class 447 bit. WOB: 30-35K. RPM: 60 - 75. Reduce RPM to 55 - 65 through Ojo Alamo.

**Mud:** Use a fresh water base polymer and water system to drill this section. If hole conditions dictate, mud up with a fresh water base LSND mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
200 - 2259	8.6 - 8.8	9.0-9.5	28 - 35	10 - 12

Fresh water will be used for dilution and building volume. Sufficient materials will be on location at all times to maintain mud properties and to control any lost circulation problem or unforeseen abnormal pressures. The mud volume in the surface pit will be visually monitored and recorded on a routine basis.

Note: If mud up is required, raise **viscosity** to 55 - 60 for logging. Thin to 40 - 45 viscosity to run casing.

**pH** is to be maintained with lime or caustic soda at the recommended levels to assure drill pipe corrosion protection.

Drispac will be used for control of fluid loss.

Lost Circulation can occur in the Fruitland Coal and Pictured Cliffs formation. Mud weights should be controlled as low as possible with solids control equipment then as low as practical with water dilution.

**Pressure Control:** 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. Mechanical operation of pipe rams will be checked daily and blind rams will be checked on each trip out of hole. 4½" rams will be installed before running production 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.

**Logging Program:** Dual Induction and Compensated Neutron/Formation Density logs will be run from TD to the surface casing shoe.

**Casing and Cementing Program:** Run 4½" 10.5 ppg J-55 production casing from surface to TD and cement in a single stage with 100 sacks (255.0 cf) of Class B containing 3% sodium metasilicate extender, 5 pps Gilsonite and 1/4 pps celloflake. Lead slurry mixed at 11.8 PPG to yield 2.55 cf/sk. Tail in with 85 sacks (101.15 cf) of Class B with 0.25 pps celloflake, 0.3% FLA and 5 pps gilsonite mixed at 15.6 PPG to yield 1.19 cf/sk.

**Drilling Program**

**McElvain Oil & Gas Properties, Inc.**

**PRI No. 1S**

Page Three

**5. Production Hole Program: -continued**

Slurry volumes assume a 50% excess over gauge hole volume to circulate to surface. Minimum clearance between couplings and hole is 0.6250". 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 over pull, whichever is greater.

**Centralizers:** 5 - 4½" X 6¼" bowspring centralizers will be run across all prospective pays and 2 - 4½" X 6¼" turbolizers will be spaced such that one (1) is just below the base of the Ojo Alamo and one (1) in the Ojo Alamo.

**Float Equipment:** Cement nose guide shoe, 1 joint 4½" casing, and float collar.

**6. Auxiliary Equipment:**

An upper kelly cock will be utilized. The handle will be available on rig floor at all times

**7. Logging Program:**

Dual Induction and Compensated 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 and Testing Program:**

No cores or drill stem tests are planned.

**8. Abnormal Pressure:**

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

**Estimated Bottom Hole Pressure:**

250 - 300 psig.

**9. Anticipated Starting Date:**

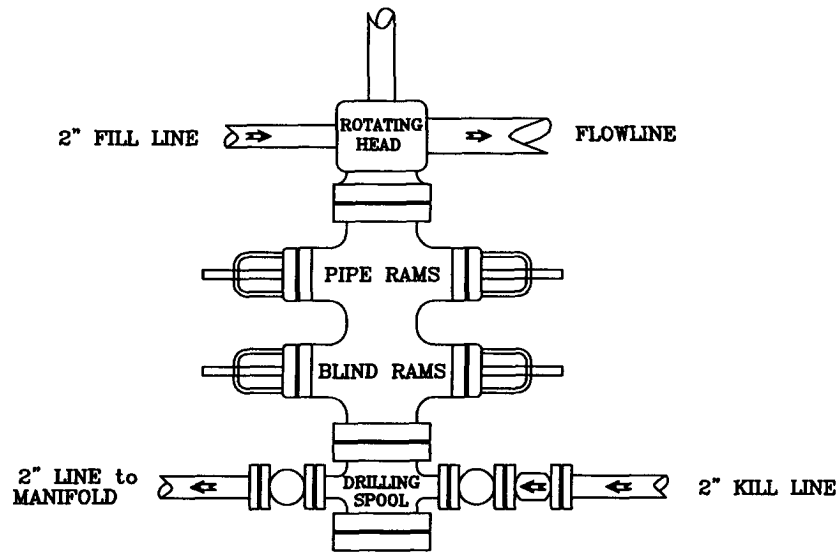
May 15, 2005

**Duration of Operations:** It is estimated a total of 6 days will be required for drilling operations and 5 days for the completion operation.



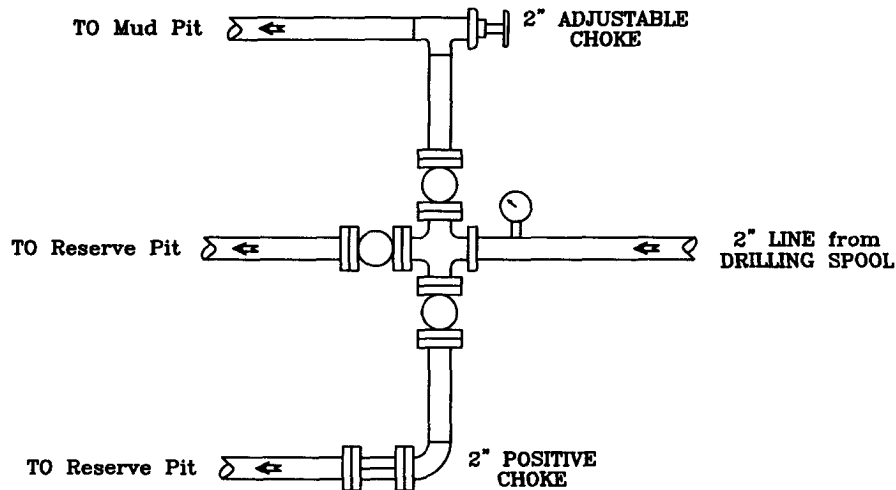
# PRESSURE CONTROL

## 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.*

PRI No. 1S

720' FNL - 1235' FEL

Section 12, T29N, R12W, NMPM  
San Juan County, New Mexico