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Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 09 2013

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS Field Office
Do not use this form for proposals to drill out to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other Salt Water Disposal

2. Name of Operator
McElvain Energy Inc.

3a. Address
1040 17th St. Suite 2500, Denver, CO, 80265-2080

3b. Phone No. (include area code)
303-893-0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1807 FSL - 1117 FWL, Section 20, T30N, R13W, NMPM

5. Lease Serial No.
NM09867

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Big Gulp SWD No. 1

9. API Well No.
~~30-045-26493~~ 35043

10. Field and Pool or Exploratory Area
Mesa Verde

11. Country or Parish, State
San Juan, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Step Rate Test
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

McElvain Energy proposes to conduct a step rate test on the Big Gulp SWD well in preparation for applying for increased injection pressure. See attached procedure.

Step rate test guidelines are attached
A Braden head test is required prior to the start of the step rate test
3 steps are required below and above the breakover point.

RCVD MAY 10 '13
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
William A. Merrick

Title District Engineer

Date 05/08/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Original Signed: Stephen Mason

Title

Date

MAY 09 2013

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

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)

NMOCD

McElvain Oil and Gas Properties Inc.
1050 17th Street, Suite 2500
Denver, CO. 80265-2080

May 5th 2013

Re: Big Gulp SWD #1, Administrative Order SWD-1209 maximum injection pressure increase.

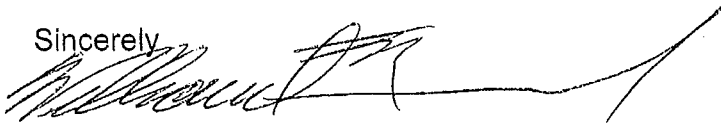
McElvain Oil & Gas Properties, Inc, OGRID # 22044 is operator of the Big Gulp SWD #1, API # 30-45-35043. Current maximum allowable injection pressure is 1070 psi. In anticipation of applying for an increase to that maximum we plan to conduct a step rate test on 5/10/13 at 0800 as outlined below.

- SI well 24 hrs prior to running step rate test.
- Set BHP bomb at top perf (3,779').
- Install pressure gauges on tubing and annulus.
- RU pump truck and establish injection with filtered produced water at .5 bpm for 30 minutes. Increase injection rate in .5 bpm increments and hold each rate for 30 minutes. Anticipated maximum rate is 5 BPM and 2500 psi if surface pressures indicate a parting pressure at a lower rate the test may be curtailed prior to the 5BPM. Maximum water requirements 2000 bbls.
- Record pressure at the end of each stage.
- Monitor the pressure fall-off for 30 minutes.
- Pull pressure bombs.
- Plot BHTP vs. injection rate to determine fracture parting pressure.
- RDMO pump truck.
- Return well to normal injection operations with a maximum pressure of 1070 psi.

All well head equipment is rated at 5000 psi and maximum pressure of the test is set at 2500 psi.

Upon completion of the step rate test and determination of the formation frac gradient an application for an increase of the maximum pressure will be applied for.

Sincerely,



Art Merrick
District Engineer
505-327-2679
505-320-8938 cell

Guidelines for conducting step-rate tests

The operator must submit a written procedure and rig-up diagram to the OCD at least 24 hours before starting the test. The procedure will contain the following information:

- A description of the mechanical configuration of the well.
- The history of injection pressures and volumes.
- The history of any fracture treatments and pressures especially ISIP.

A bottom hole pressure recorder will be required for wells deeper than 2000' and injection rates greater than 1 BPM.

A pressure gauge and recorder of the appropriate range will be used during the test.

Wells currently injecting must be shut-in at least 24 hours before the test unless the shut-in pressures indicate that the well has not adequately stabilized and a longer time is necessary.

Starting pump rates and pressures must be lower than the current rates and pressures if the well is currently injecting and there must be at least 3 steps below the .2psi/ft gradient and 3 steps above the break-over point. Wells that are not fractured should not be tested at pressures that exceed the fracture gradient.

Pumping equipment must be able to pump at the rates and pressures needed for the test.

Rate changes will be .5bpm or smaller unless the OCD witness determines that bigger rate changes are necessary due to small incremental increases in pressure.

Each step will be at least 15 minutes in duration unless otherwise determined by the OCD. Step duration must not be changed during the test.

The operator must have enough water on hand for the test.

The casing and bradenhead pressures will be monitored during the test.

All wellhead equipment must be rated for the anticipated pressures.