



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
6251 College Blvd. - Suite A
Farmington, New Mexico 87402
www.blm.gov/nm



In Reply Refer To:
3162.3-2 (21110)

August 15, 2017

OIL CONS. DIV DIST. 3
AUG 21 2017

Mr. Jim McKinney
McElvain Energy, INC.
1050 17th Street STE 2500
Denver, CO 80265

Dear Mr. McKinney:

Our records indicate that McElvain Energy, INC. is operator of the following wells:

- 1) Payne No. 1R; API: 30-045-29945; 1790' FNL & 790' FEL; sec.11, T.29N., R.12W.; San Juan County, New Mexico; Lease: NMNM 065557.
Well last produced in January 2017.

Title 43 CFR Section 3162.3-4 requires that the lessee shall promptly plug and abandon, condition as a service well, or condition as a water well, any well on a lease that is not used or useful for the purpose of the lease. Accordingly, you are required to advise this office by Sundry Notice within 30 calendar days of your intent to perform one of the following: a) Condition the well to a useful function, b) Temporarily abandon the well, c) Continued shut-in status, d) Permanently plug and abandon the well.

See attached General Requirements for Non-Producing wells on Federal leases.

The 30 calendar days commences upon receipt of this letter or seven days from the date it is mailed, whichever is less. Failure to comply within the 30 calendar days may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions, please contact William Tambekou at (505) 564-7746.

Sincerely,

A handwritten signature in black ink, appearing to be 'WT', enclosed within a large, horizontal oval loop.

William Tambekou
Petroleum Engineer
Petroleum Management Team

bcc: well file
NMOCD PV