

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**

**Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. <b>NM-97826</b>
2. Name of Operator <b>McElvain Oil and Gas Properties, Inc.</b>		6. If Indian, Allottee or Tribe Name
3a. Address <b>1050 17th, Street, Ste. 1800 Denver, Colorado 80265</b>	3b. Phone No. (include area code) <b>303-893-0933</b>	7. If Unit or CA/Agreement, Name and/or No. <b>RECEIVED NMNM100213</b>
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>2435' FNL &amp; 965' FWL Sec. 3, T25N, R2W Unit Letter "E"</b>		8. Well Name and No. <b>Elk Com #1C</b>
		9. API Well No. <b>30-039-29747</b>
		10. Field and Pool, or Exploratory Area <b>Blanco Mesaverde</b>
		11. County or Parish, State <b>Rio Arriba, NM</b>

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 <b>First Delivery</b>
	<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 recompleat 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 recompleat 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.)

Date: 10-6-2006  
Time: 10:00 AM  
SITP- 1500 psi  
SICP- 1700  
Initial Rate: 585 MCF/D  
Oil Tank No: GI-10787

Meter No: 86-829-01  
Orifice: 1.500"  
Range: 0-150"  
Spring: 0-500#  
Tube size: 3.07"

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

**Randy Elledge**

Title **Field Foreman**

Signature

*[Signature]*

Date **10-9-2006**

**ACCEPTED FOR RECORD**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

**OCT 11 2006**

Approved by

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.

Title

**FARMINGTON DISTRICT OFFICE**

Office

BY

*[Signature]*

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**

Site Security Plan  
for  
McElvain Oil and Gas Properties, Inc.

This plan is to be maintained at at McElvain's office in Denver, Colorado. The address is 1050 17<sup>th</sup> Street, Suite 1800, Denver Colorado, 80265. The telephone number is 303-893-0933. A copy of this plan is also at 2346 East 20<sup>th</sup> Street at the office of Elledge Oil and Gas, LLC. That phone number is 505-327-9267.

#### INITIAL INSPECTION PROGRAM

An initial inspection has been made of these facilities to insure that all the provisions have been adhered to.

#### SELF INSPECTION PROGRAM

Monthly inspections will be performed and a record of any problems found will be maintained and corrected. The inspection will consist of verifying tank gauges, inspection of tank seals, a check of the gas meter and an inspection of the production equipment for safe and proper operation.

#### SEALS AND RUN TICKETS

The pumper will keep a record of seals removed and installed and the reason for such action on the current monthly gauge and book report. These records will be retained for a period of six years at the main office.

The transporter/purchaser shall complete a run ticket prior to removing any oil from the lease. The run ticket shall include the name of the seller, the well name, the lease number, the location of the tank (quarter/quarter section, section, township, and range), the date, tank number, tank capacity, opening and closing gauges with temperature, number of seal removed, number of seal installed, observed gravity, BS&W, signature of gauger and the pumper.

#### THEFT/MISHANDLING OF OIL

Incidents of theft or mishandling of oil well be reported to the Bureau of Land Management's District office on the next business day after the discovery. A written report will be filed within ten business days. The report will contain the following information: Company name, name of person making report, well name, lease number, location being reported (quarter/quarter section, section, township, range), estimated volumes involved, description of what happened, the individual who discovered the incident, the date and time of discovery, and local law enforcement agencies that were notified.

#### WELL IDENTIFICATION

The well site will be clearly identified with a sign that contains the operator, lease number, section, township, range, county, state and the well name and number.

#### OIL STORAGE FACILITIES

GIANT WILL STRAP NEW OIL STORAGE TANKS ONLY AFTER THEY ARE 2/3<sup>rd</sup> FULL.

All storage facilities will be clearly identified with the assigned tank number, and all vacuum and pressure seals will be in place.

Accumulation of oil will be sold in a timely manner.

#### **SITE FACILITY DIAGRAM**

A current site facility diagram has been filed with the Bureau of Land Management in Farmington, New Mexico .

All new facilities will have a site security plan submitted within thirty days of final construction.

#### **WELL AND LEASES SUBJECT TO THIS PLAN**

See table #1

TABLE #1

Company	Well	Location	Lease	County
McElvain Oil and Gas API #30-039-29747 Lat: 36° 25' 39"N Long: 107° 02' 33"W	Elk Com #1C	E-3 25N-2W	NM-97826	Rio Arriba