RCVD DEC15'06
OIL CONS. DIV.
DIST. 3

Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2006 NOV 8 PM 12

RECEIVED
070 FARMINGTON NM

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☑ DRILL ☐ REENTER	5. Lease Serial No. **SF081087**
1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone	6. If Indian, Allotee or Tribe Name
	7. If Unit or CA Agreement, Name and No.
	8. Lease Name and Well No. **Weidemer No. 6**
2. Name of Operator **McElvain Oil & Gas Properties, Inc.**	9. API Well No. 30-045-34059
3a. Address **1050 17th Street, Suite 1800, Denver, CO 80265-1801**	3b. Phone No. *(include area code)* **303.893.0933x302**
	10. Field and Pool, or Exploratory **Basin Fruitland Coal**
4. Location of Well *(Report location clearly and in accordance with any State requirements.*)* At surface **1223' FSL - 1633' FWL, Section 34, T27N, R10W, NMPM** At proposed prod. zone **Same**	11. Sec., T. R. M. or Blk. and Survey or Area **N Section 34, T27N, R10W, NMPM**
14. Distance in miles and direction from nearest town or post office* **13 1/2 miles southeast of Bloomfield, NM**	12. County or Parish **San Juan** / 13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	**1223 ft.** / **1223 ft.**	16. No. of acres in lease **640.0**	17. Spacing Unit dedicated to this well **S/2 - 320.0 acs**
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**200 ft**	19. Proposed Depth **2528 ft.**	20. BLM/BIA Bond No. on file **LPM4138223**
21. Elevations (Show whether DF, KDB, RT, GL, etc.) **6704' GL**		22. Approximate date work will start* **12/01/2006**	23. Estimated duration **11 days**

~~This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4~~

24. Attachments

DRILLING OPERATIONS AUTHORIZED ARE ~~SUBJECT TO COMPLIANCE WITH ATTACHED~~ "GENERAL REQUIREMENTS".

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. 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 **11/06/2006**
Title **Agent**		
Approved by *(Signature)* AFM	Name *(Printed/Typed)*	Date 12/13/06
Title AFM	Office FFO	

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) File application for pit permit on NMOCD Form prior to constructing location.

NMOCD 12/22/06

RCVD DEC15'06
OIL CONS. DIV.
DIST. 3

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

2006 NOV 8 PM 3 10
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070 FARMINGTON NM

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹API Number	²Pool Code	³Pool Name
30-045-34059	71629	BASIN FRUITLAND COAL

⁴Property Code	⁵Property Name	⁶Well Number
301797	WEIDEMER	6

⁷OGRID No.	⁸Operator Name	⁹Elevation
22044	McELVAIN OIL & GAS PROPERTIES	6704

¹⁰ Surface Location

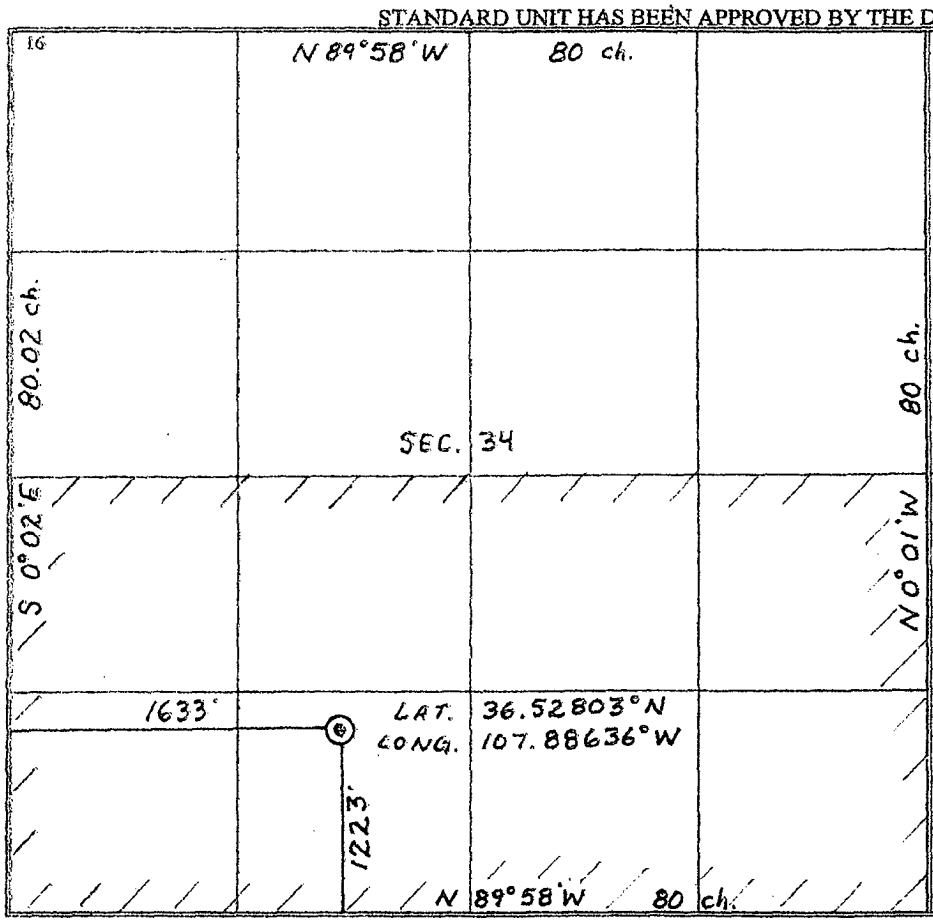
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	34	27N	10W		1223	South	1633	West	San Juan

¹¹ 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

¹²Dedicated Acres	¹³Joint or Infill	¹⁴Consolidation Code	¹⁵Order No.
320			

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



¹⁷ 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 pmci@advantas.net
Title and E-mail Address

November 6, 2006
Date

¹⁸ SURVEYOR CERTIFICATION

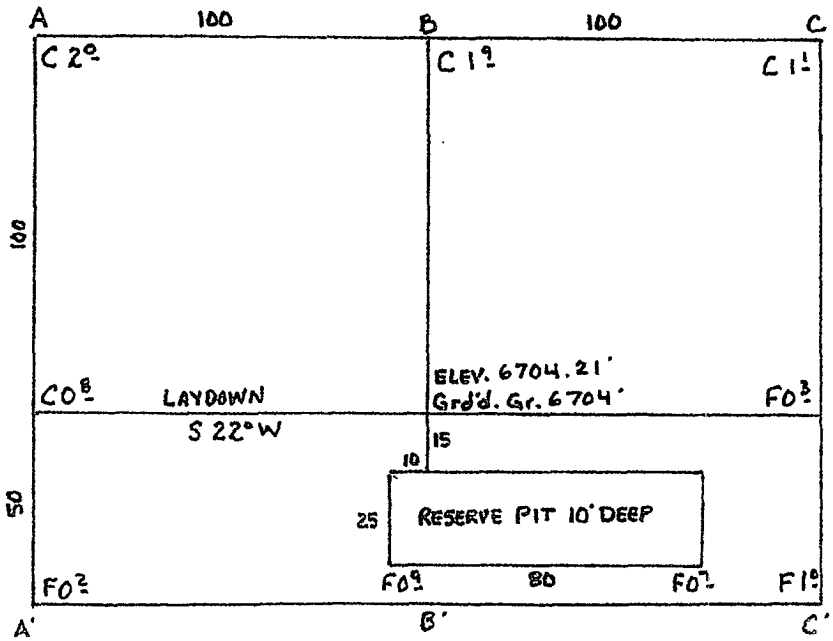
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

18 July 2006
Date of Survey

Signature and Seal of Professional Surveyor

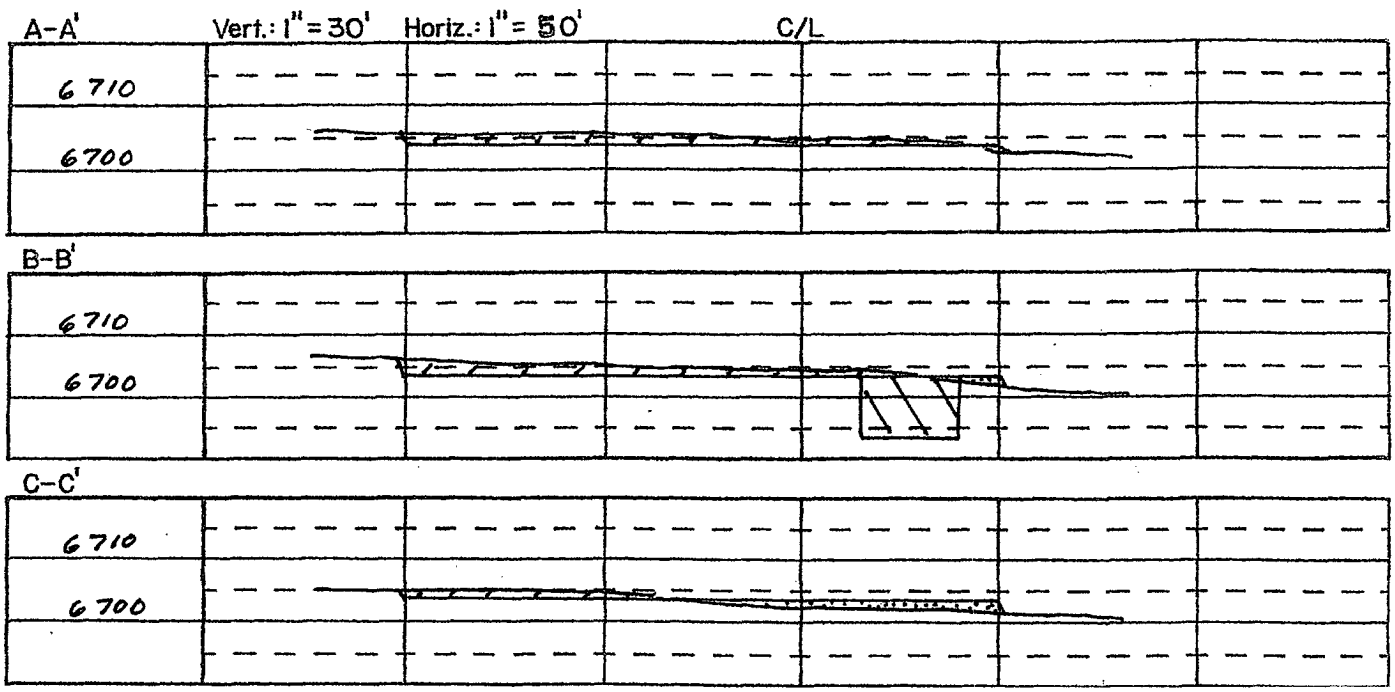
William E. Mahnke II
Certificate Number 8466

McELVAIN OIL & GAS PROPERTIES
WEIDEMER #6
1223'FSL & 1633'FWL
Sec.34, T27N, R10W, NMPM
San Juan Co., NM



SCALE : 1" = 50'

N



McElvain Oil & Gas Properties, Inc.
Weidemer No. 6
1233' FSL & 1633' FWL
Section 34, T27N, R10W, NMPM
San Juan County, New Mexico

TEN POINT DRILLING PROGRAM

1. **Surface Formation:** Nacimiento

2. **Surface Elevation:** 6704'GL.

3. **Estimated Formation Tops:**

Formation	Top - feet	Expected Production
Ojo Alamo	1418	
Kirtland	1525	
Fruitland	2028	GAS
Pictured Cliffs	2378	GAS
TOTAL DEPTH	2528	

4. **Surface Hole Program:**

Bit: Drill an 12¼" 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:

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

Casing and Cementing: A string of 8⅝" 24 ppf J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 140 sacks (165.2 cf) of Class "B" cement (yield = 1.18 cf/sk) containing 3% $CaCl_2$ 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 12¼" by 8⅝" annulus. Minimum clearance between couplings and hole is 1.3125". 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.

WOC 12 HOURS. Nipple up 11" 2000# BOPE. Pressure test surface stack to Full working pressure using test plug. Drill out cement to within 5 feet (±) of shoe. Pressure test surface casing to a minimum of 600 psig for 15 minutes.

Centralizers: Run two (2) 8⅝" X 12¼" 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.

5. Production Hole Program:

Bit: Drill a 7⅞" hole to 2528' 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:

Interval (ft)	Weight (ppg)	Ph	Vis(sec/qt)	Water Loss
200 - 2528	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 full working pressure and to a minimum of 600 psig prior to drilling the surface casing shoe. Mechanical operation of pipe rams will be checked daily and blind rams will be checked on each trip out of hole. 5½" 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 Epithermal Neutron/Formation Density logs will be run from TD to the surface casing shoe.

Casing and Cementing Program: Run 5½" 10.5 ppf J-55 production casing from surface to TD and cement in a single stage with 205 sacks (522.75 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 110 sacks (130.9 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.

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 1.8250". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

Centralizers: 5 - 5½" X 7⅞" bowspring centralizers will be run across all prospective pays and 3 - 5½" X 7⅞" turbolizers will be spaced such that one (1)is just below the base of the Fruitland coal, one just below the base of the Ojo Alamo and one (1) in the Ojo Alamo.

Float Equipment: Cement nose guide shoe, 1 joint 5½" 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 Epithermal 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:

1000 - 1250 psig.

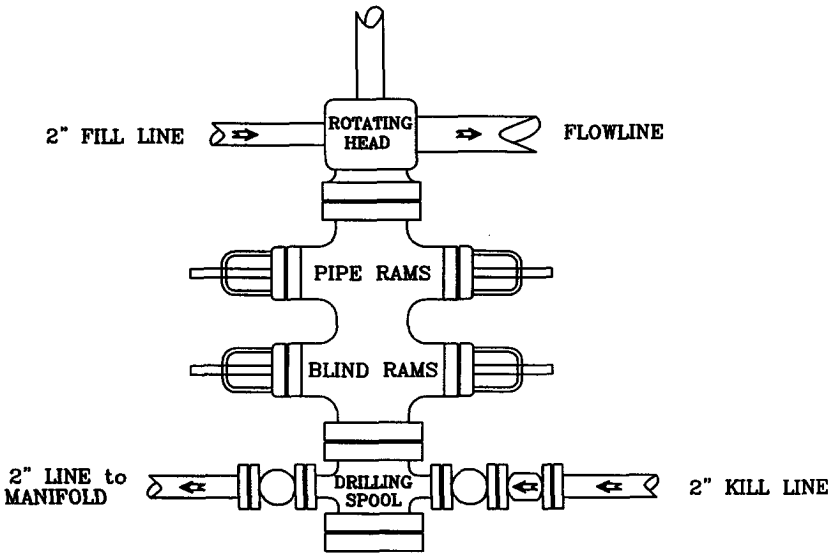
9. **Anticipated Starting Date:**

December 1, 2006

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

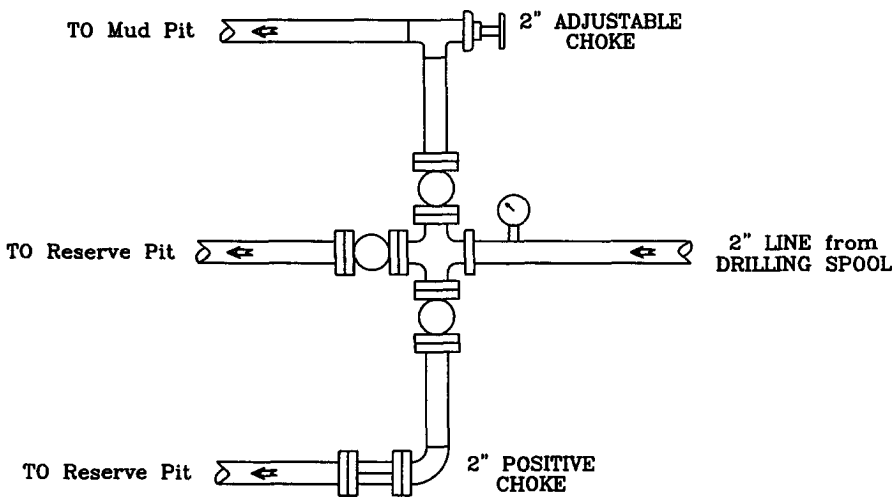
PRESSURE CONTROL

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.

Weidemer No. 6

1223' FSL – 1633' FWL

Section 34, T27N, R10W, NMPM

San Juan County, New Mexico