

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2007 MAY 14

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. AM NMSF078643
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator McElvain Oil & Gas Properties, Inc.		7. If Unit on CA Agreement, Name and No.
3a. Address 1050 17th Street, Suite 1800 Denver, CO 80265-1801	3b. Phone No. (include area code) 303.893.0933x302	8. Lease Name and Well No. Wildwood No. 3
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1495' FNL - 1455' FWL, Section 5, T29N, R13W, NMPM At proposed prod. zone same		9. API Well No. 30-045-34318
10. Field and Pool, or Exploratory Fulcher Kutz Pictured Cliffs		11. Sec., T. R. M. or Blk. and Survey or Area F Section 5, T29N, R13W, NMPM
12. Distance in miles and direction from nearest town or post office* 0.5 miles north of Farmington, 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) 1455	16. No. of acres in lease 520.58	17. Spacing Unit dedicated to this well NW/4 - 159.82 acs.
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2544	19. Proposed Depth 1420'	20. BLM/BIA Bond No. on file LPM4138223
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5326' GL	22. Approximate date work will start* 06/15/2007	23. Estimated duration 11 days

24. Attachments

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

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <i>Robert E. Fielder</i>	Name (Printed/Typed) Robert E. Fielder	Date 05/11/2007
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Title
Agent

Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 5/24/07
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Title AFM	Office FFO
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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 prior to constructing location.*

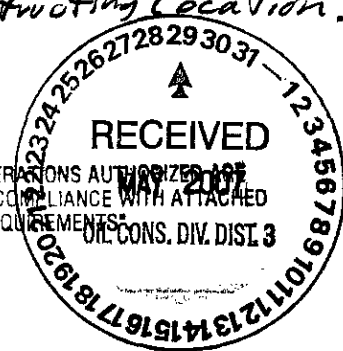
NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

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

NMOCD

06-07-07
BH

DRILLING OPERATIONS AUTHORIZED FOR
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"



District I
PO Box 1980, Hobbs, NM 88241-1980

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

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

RECEIVED
MAY 14 AM 11:38

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34318		*Pool Code 77200	*Pool Name FULCHER KUTZ PICTURED CLIFFS
*Property Code 35260	*Property Name WILDWOOD		*Well Number 3
*GRID No 22044	*Operator Name McELVAIN OIL & GAS PROPERTIES		*Elevation 5326'


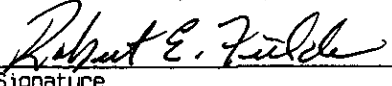

¹⁰ Surface Location

UL or lot no. F	Section 5	Township 29N	Range 13W	Lot Idn	Feet from the 1495	North/South line NORTH	Feet from the 1455	East/West line WEST	County SAN JUAN
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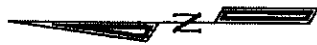
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 159.82 Acres - NW/4					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

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

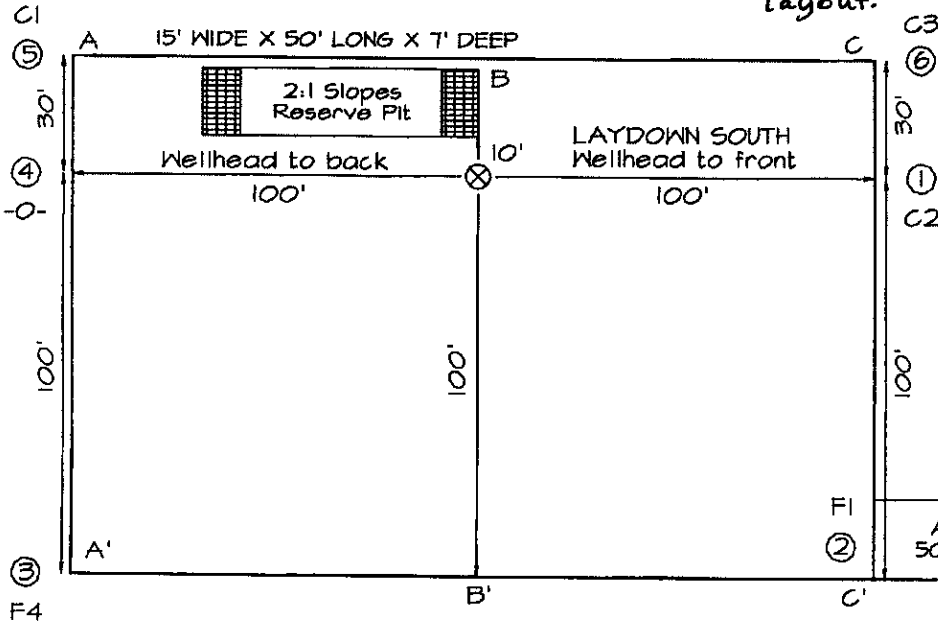
¹⁶ LOT 4 FEE 2647.92' 1316.04' 1455' 1320.00' 2640.00'				¹⁶ LOT 3 1495' LAT: 36.75886°N LONG: 108.23296°W DATUM: NAD83 SF078643 5				¹⁶ LOT 2 2601.06'				¹⁶ LOT 1 1320.00' 1320.00' 2640.00'			
												¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Robert E. Fielder Printed Name Agent Title May 8, 2007 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 Date of Survey: MARCH 17, 2006 Signature and Seal of Professional Surveyor JASON C. EDWARDS Certificate Number 15269			

McELVAIN OIL & GAS PROPERTIES WILDWOOD #3
1495' FNL & 1455' FWL, SECTION 5, T29N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 5326'
DATE OF SURVEY: MARCH 17, 2006



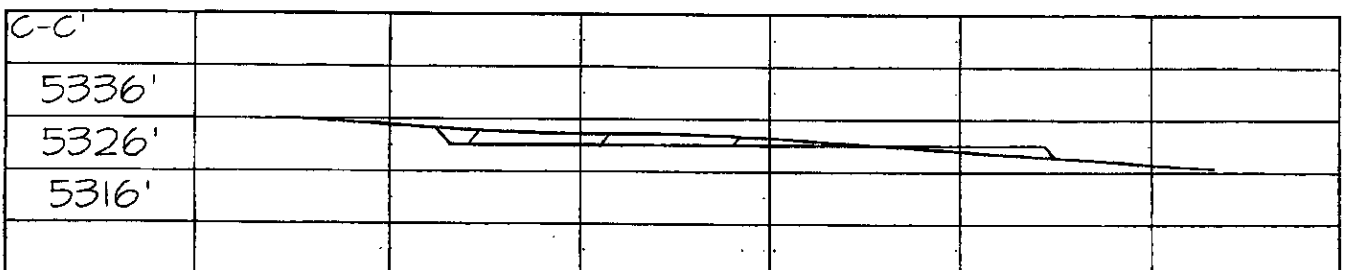
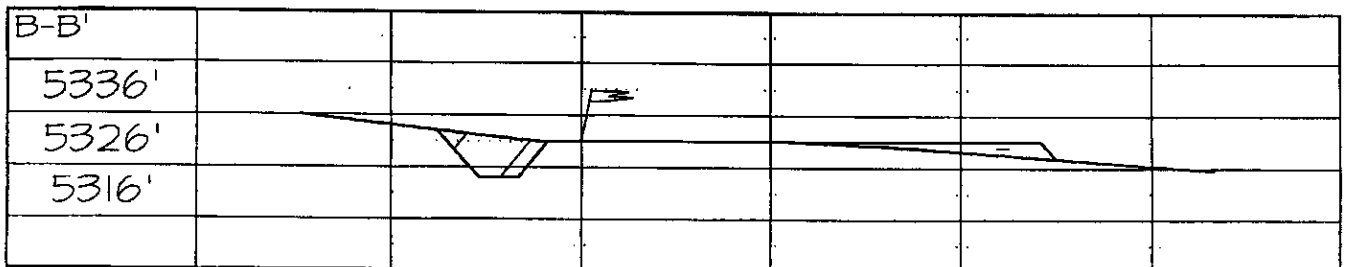
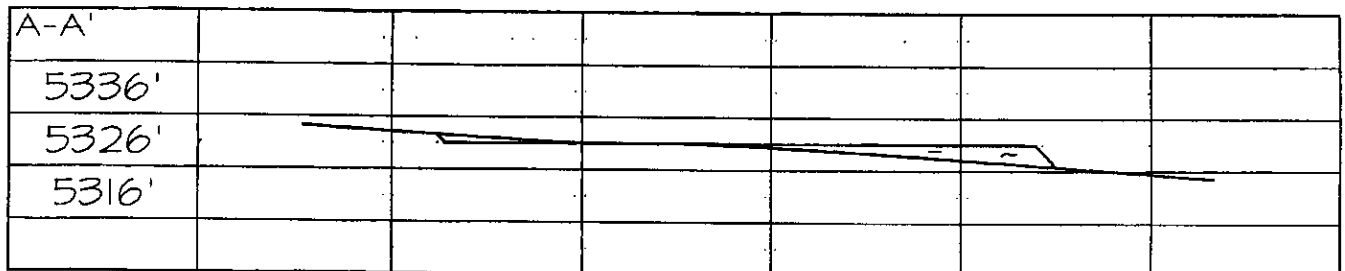
Note: Location rotated
180° from this
layout.

1/16th SECTION LINE / PROPERTY LINE



LATITUDE: 36.75886° N
LONGITUDE: 108.23296° W
 DATUM: NAD1983

1/16th SECTION LINE / PROPERTY LINE



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.
Wildwood No. 3
1495' FNL & 1455' FWL
Section 5, T29N, R13W, NMPM
San Juan County, New Mexico

TEN POINT DRILLING PROGRAM

1. **Surface Formation:** Ojo Alamo
2. **Surface Elevation:** 5326' GL.
3. **Estimated Formation Tops:**

<u>Formation</u>	<u>Top - feet</u>	<u>Expected Production</u>
Ojo Alamo	surface	
Kirtland	490	
Fruitland	880	
Pictured Cliffs	1110	GAS
Lewis	1270	
TOTAL DEPTH	1420	

4. **Surface Hole Program:**

Bit: Drill an 12 $\frac{1}{4}$ " 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 8 $\frac{5}{8}$ " 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% CaCl₂ 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 12 $\frac{1}{4}$ " by 8 $\frac{5}{8}$ " 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 BOPE to full working pressure using test plug. Drill out float and cement to within five feet of surface casing shoe. Test surface casing and BOPE to a minimum of 600 psig for 15 minutes.

Centralizers: Run two (2) 8 $\frac{5}{8}$ " X 12 $\frac{1}{4}$ " 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.
Wildwood No. 3
Page Two

5. Production Hole Program:

Bit: Drill a 7 $\frac{1}{4}$ " hole to 1420' using a TCI, IADC Class 447 bit. WOB: 30-35K. RPM: 60 - 75.

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 - 1420	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 using a test plug. Pressure test surface casing and BOPE 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. 5 $\frac{1}{2}$ " 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 5 $\frac{1}{2}$ " 15.5 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 0.25 pps celloflake. Lead slurry mixed at 11.8 PPG to yield 2.55 cf/sk. Tail in with 100 sacks (119.0 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.
Wildwood No. 3
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 0.9125". 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 7½" bowspring centralizers will be run across all prospective pays and 4 - 5½" X 7½" turbolizers will be spaced such that one (1) is just below the base of the Basal Fruitland Coal, one (1) above the Basal Fruitland Coal, one (1) 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 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:

650 - 900 psig.

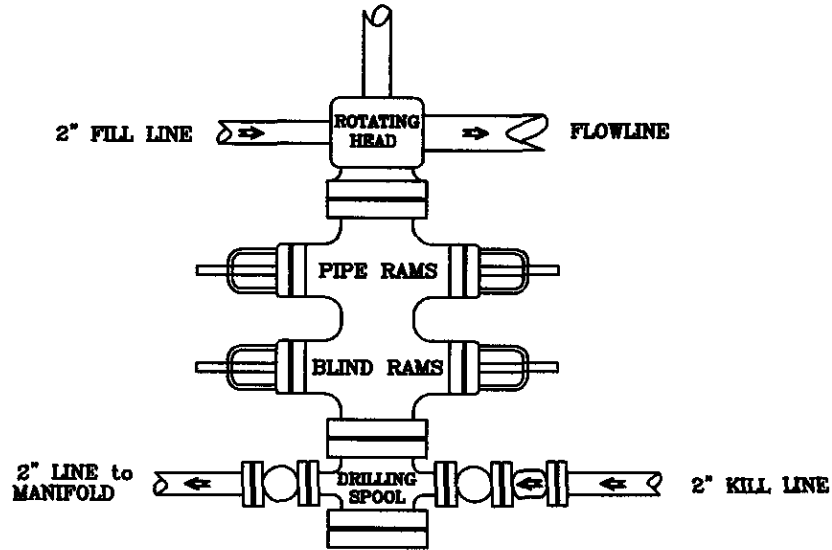
9. Anticipated Starting Date:

June 15, 2007

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

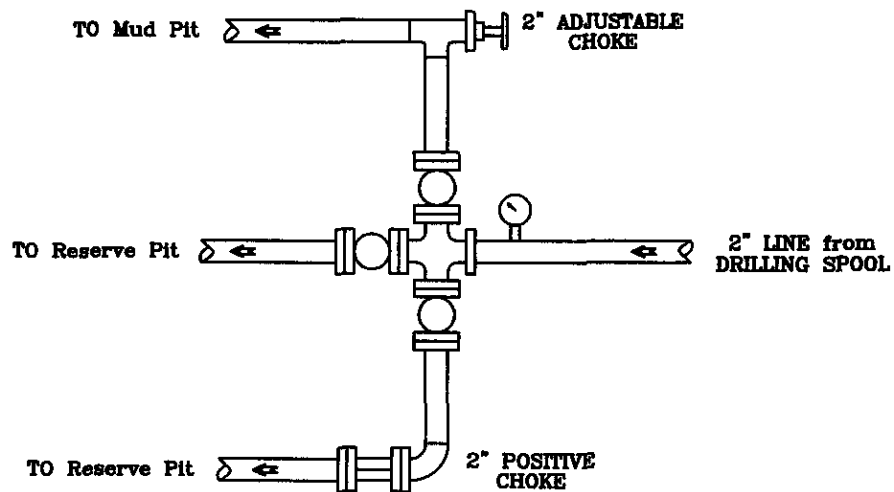
PRESSURE CONTROL

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.

Wildwood No. 3
1495' FNL - 1455' FWL
Section 5, T29N, R13W, NMPM
San Juan County, New Mexico