

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural ResourcesForm C-101
Revised June 10, 2003

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies☐ AMENDED REPORT**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address McElvain Oil & Gas Properties, Inc. 1050 17 th Street, Suite 1800 Denver, CO 80265		² OGRID Number 22044	³ API Number 30-045-32127
³ Property Code	⁵ Property Name Picway		⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	32	30N	13W		660	North	1160	West	San Juan

⁸ Proposed 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

⁹ Proposed Pool 1 Fulcher Kutz Pictured Cliffs	¹⁰ Proposed Pool 2
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¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 5355'
¹⁶ Multiple N	¹⁷ Proposed Depth 1492'	¹⁸ Formation Picured Cliffs	¹⁹ Contractor not selected	²⁰ Spud Date February 1, 2004

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
8.750"	7.000"	20	200'	55	surface
6.250"	4.500"	10.5	1492'	135	surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill 8 3/4" hole to 200'. Run and cement surface casing with returns to surface. WOC 12 hours. Nipple up 7 1/16" 2M BOPE. Test to minimum of 600 psi for 15 minutes. Drill 6 1/4" hole to 1492' using water and polymer. Log well. Run production casing and cement in a single stage with returns to surface. Move out drilling equipment. Run cased hole correlation logs. Test casing to 3500 psi for 15 minutes. Perforate select Pictured Cliffs intervals. Stimulate with foamed 2% KCl water based gel fluid and 2000 - 3000 # of sand per foot of perforated interval. Move in completion unit to run production tubing and pump if needed. See attached drilling program for details.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Robert E. Fielder</i>		Approved by: <i>[Signature]</i>	
Printed name: Robert E. Fielder		Title: DEPUTY OIL & GAS INSPECTOR, DIST. 98	
Title: Agent		Approval Date: JAN 14 2004 Expiration Date: JAN 14 2005	
E-mail Address: pmci@acs-online.net			
Date: January 13, 2004	Phone: (505) 632 - 3869	Conditions of Approval: Attached <input type="checkbox"/>	

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

District II
PO Drawer DD, 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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 77200	*Pool Name FULCHER KUTZ PICTURED CLIFFS
*Property Code 33344	*Property Name PICWAY		*Well Number 1
*OGRID No. 22044	*Operator Name McELVAIN OIL & GAS PROPERTIES		*Elevation 5355'

¹⁰ Surface Location

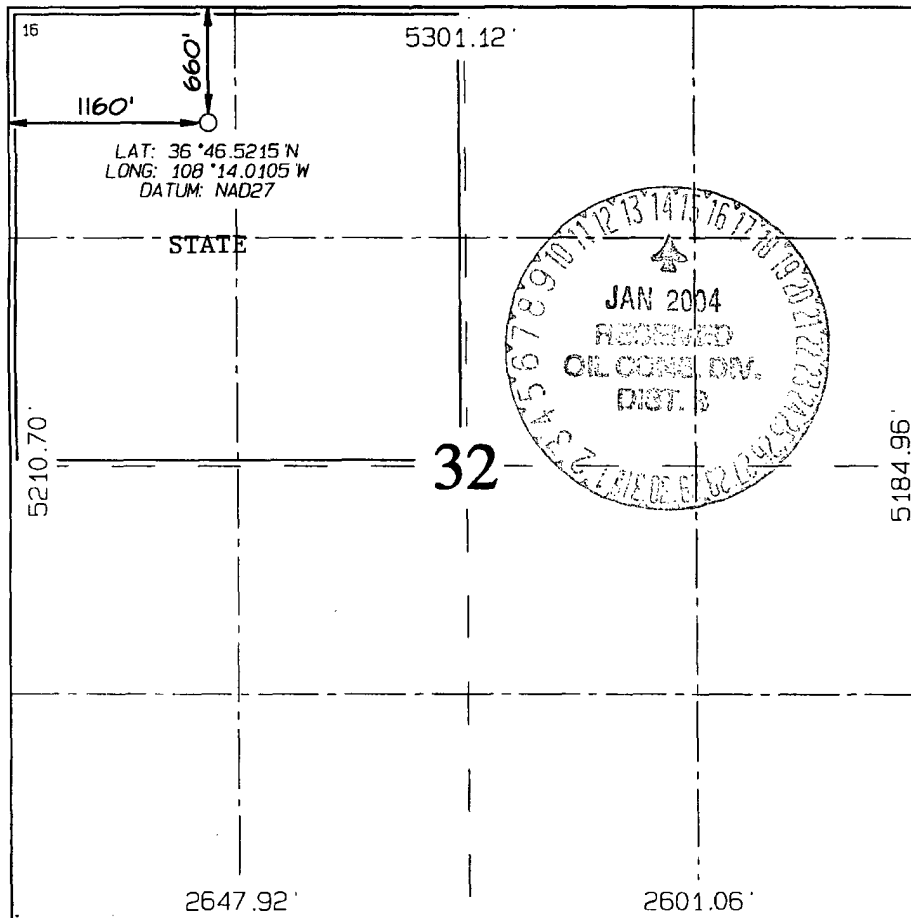
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	32	30N	13W		660	NORTH	1160	WEST	SAN JUAN

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

¹² Dedicated Acres 160.0 Acres - NW/4	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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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
Title

January 13, 2004
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

Survey Date: SEPTEMBER 19, 2003

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

Drilling Program
McElvain Oil & Gas Properties, Inc.
Picway No.1
Page Two

5. Production Hole Program:

Bit: Drill an 6 $\frac{1}{4}$ " hole to 1492' using TCI, IADC Class 447 bit. WOB: 35-45K. RPM: 60 - 75.

Mud: Use 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 - 1492	8.6 - 8.8	9.0-9.5	28 - 35	NC

Hole will be drilled to TD using polymer and drispac additions to water. If hole conditions dictate, mud up to properties listed above.

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 rig pits will be visually monitored and recorded on a routine basis.

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 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 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. 4 $\frac{1}{2}$ " 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: Run Dual Induction and Epithermal neutron / compensated density logs from TD to surface casing shoe.

Casing and Cementing Program: Run 4 $\frac{1}{2}$ " 10.5 ppf J-55 production casing from surface to TD and cement in a single stage with 70 sacks (148.4 cf) of 65/35 Class B POZ containing 5 pps Gilsonite and 0.25 pps celloflake mixed at 12.1 PPG to yield 2.12 cf/sk.. Tail in with 65 sacks (81.9 cf) of Class B with 2% CaCl₂, 0.5 pps gilsonite and 0.25 pps celloflake mixed at 15.2 PPG to yield 1.26 cf/sk.

Slurry volumes assume a 50% excess over gauge hole volume. Minimum clearance between couplings and hole is 0.1000". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb over pull, whichever is greater.