

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

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.

5. Lease Serial No.
LC-062170A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Parcell Federal #3

9. API Well No.
30-025-07893

10. Field and Pool, or Exploratory Area
Littman San Andres

11. County or Parish, State
Lea County, New Mexico

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
McElvain Oil & Gas Properties, Inc.

3a. Address
1050 - 17th Street, Suite 1800 Denver, Colorado 80265

3b. Phone No. (include area code)
(303) 893-0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1650' FSL & 330' FEL Sec. 8, T21S-R38E NMPM (Unit Letter 'I')

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

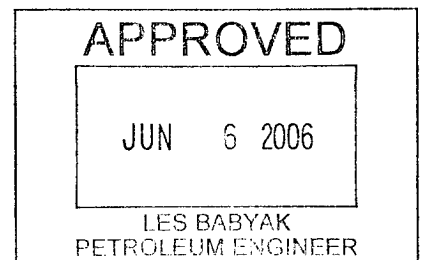
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="radio"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)
<input type="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<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
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input type="checkbox"/> Other _____

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 recomplete 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed on testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

McElvain Oil & Gas Properties, Inc. plans to re-establish production on the Parcell Federal #3 following a fishing job to remove the permanent packer, a clean-out of the open-hole section, and a staged 3000 gallon 15% HCL acid treatment. The work is estimated to take approximately 12 working days. The described work will commence following upgrades and enhancements to McElvain's adjoining water disposal facilities which are anticipated in the fall of 2006.

Please see attached Procedure & Wellbore Diagram.

APPROVED FOR 6 MONTH PERIOD
ENDING 11/17/06



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

E. Reed Fischer

Title Operations Engineer

Signature

Date May 17, 2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Chris Williams

Title *Dist. Supervisor*

Date *6/12/06*

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.

Office *H/H*

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 reverse)

McELVAIN OIL & GAS PROPERTIES, INC.

Parcell Federal #3 Well
NESE (Unit "I") Sec. 8, T21S-R38E
Lea County, New Mexico
API#: 30-025-07893
Federal Lease # LC-062170A

May 16, 2006

PURPOSE OF WORK: Acidize Open-hole San Andres Zone to Restore Production

Drill Floor Elevation: 3,576'
Original TD: 4,359'
PBSD: 4,359'

CASING:

8-5/8", 24#, J55, set @ 1,631' in 12.25" hole drilled to 1635'. Cemented w/450 sx 8% Gel & 100 sx Neat. Approximately 150 sx circulated to surface.

5.5", 14#, J55, @ 4,325' in 7.875" hole. Cemented w/200 sx 6% Gel & 150 sx Neat. Temperature survey run on 5/29/55 indicated TOC @ 2,740 to 2,900'.

FORMATION TOPS: (from federal "LOG of OIL or GAS WELL" form)

Anhydrite	1,610'
Salt	1,760'
Base of Salt	2,968'
Lime & Anhydrite	3,259'
Lime & Sand	3,367'
Lime	3,720'
Top San Andres Oil Zone	4,325'

PAY ZONE: (4.75" Open-hole San Andres completion. No perforations.)
4,325' - 4,359'

CURRENT TUBING ASSEMBLY: (Estimated from JoMac notes)

Unknown # jts 2.375", 4.7# tubing. Reported Depths: EOT @ 4,334', SN @ 4,300' (?), No TAC
Reported in well

CURRENT RODS & PUMP ASSEMBLY: (From JoMac notes)

2"x1.25"x12' RWBC pump, 75-3/4" & 96-5/8" rods (4275' of rods reported in well)

ANTICIPATED WELLBORE EQUIPMENT

There is the potential for a permanent injection packer to be located in this wellbore since this well was a former water injection well within the Littman San Andres Water Flood Unit.

PROCEDURE:

1. Check Dead-men. RU H2S detection equipment.
2. MIRU pulling unit & flat tank.
3. Unseat pump. Hot oil rods & tubing.
4. POOH w/rods & pump.
5. ND WH and NU BOPE.
6. Tag bottom w/tubing (no TAC reported). Pull & tally tubing.
7. Make up Bull Dog Bailer with 4.75" bit & hydrotest in hole to \pm 4500 psi.
8. Clean-out to \pm 4,359' with bailer.
9. POOH. LD bit and scraper.
10. MU packer, SN & tubing and TIH to set packer @ \pm 4,300'.
11. Acidize open-hole San Andres. ACID DESIGN #1 TO FOLLOW.
12. Swab test well.
13. POOH w/packer.
14. MU MA, Perf sub, SN, 4 jts tubing, TAC & tubing. TIH. Land tubing as deep as reasonable based upon fill tendencies of well.
15. ND BOPE & NU wellhead.
16. Run pump & rods.
17. RDMO pulling unit.

Miscellaneous:

- Determine which bearing bad on pumping unit & repair.
- Locate suitable engine for pumping unit.
- Check integrity of flow lines and battery manifold.
- Locate propane tank if well gas appears inadequate.

HISTORY: *(Well records incomplete).*

- 5/15/55 Spud.
- 5/27/55 Cut 5.25" Core from 4311 to 4327 (recovered 16 ft), then opened up core hole to 7.875" before running 5.5" casing.
- 5/29/55 Temperature survey called 2,740 to 2,900 feet.
- 5/30/55 Drilled out oil string w/4.75" bit to 4359' TD after displacing hole w/oil.
- 5/31/55 Dowell acidized OH section w/"XF-33M" acid by setting packer in OH section @ 4341' & treating above packer w/1000 gallons acid and below packer w/1500 gals acid. Displace w/oil. No natural test but 132 BOPD after acidizing (71.5 BO & 0 BW in 13 hours on 3/4" choke).
- 6/03/55 Pull tubing and Dowell performed "Acid Petro-Frac w/acid, oil & 15,000 lbs. sand". Apparently 10,000 gallons oil & acid @ 1.5 #/gal = 15K# sand.

- 6/05/55 Run tubing. Clean out to 4359 and land tubing @ 4334. No packer indicated.
- 11/14/55 GOR report indicating Parcell #3 still flowing @ 22 BOPD & 37 MCFGD.
- 7/01/64 Unitized into the Littman (San Andres) Unit & well renamed Littman #2-2.

It appears this well was one of the injection wells in the Littman (San Andres) Unit.

- 10/01/70 Termination of Littman San Andres Unit caused lease to revert back to the original working interest owner (whose successor was Elliott Oil). Well name changed back from "Littman (San Andres) Unit #2-2" to "Parcell #3".
- 10/28/70 Elliott Oil received surface commingling approval for 8 former Littman (San Andres) wells on the New Mexico side of the unit, provided the Nu Mex #1 is separately metered before dumping to the common tank battery since 7 of the wells are federal the Nu Mex is a State lease. Referenced 8 wells are as follows:
#3-1 TA'd but estimated @ 5 BOPD capability (now Wylie #1)
#3-2 Producing @ 6 BOPD (now Wylie #2)
#3-3 Water Injection well (now Wylie #3 SWDW)
#2-2 Water Injection well (now Parcell #3)
#2-3 TA'd but estimated @ 3 BOPD capability (east offset of E.M. Elliott B#6)
#1-1 Producing @ 5 BOPD (now Ohio Federal #1)
#4-1 Producing @ 7 BOPD (now Nu Mex #1)
#4-2 Water Injection well (west offset of Nu Mex #1)
5 of the wells will go into a common production battery: Wylie #1 & 2, #2-3 above, Ohio Fed #1, and Nu Mex #1 which will produce thru a separate treater).
- 7/16/86 Change Pump
- 10/05/89 Tubing leak. Change out pump and wellhead.
- 4/30/91 Change Pump.
- 7/07/92 Change Pump.
- 1/20/93 Change Pump due to stuck pump plunger.
- 1/13/97 BLM approved request to dispose of Parcell #3 (1 BWPD of San Andres water) & 4J (0.6 BWPD of Abo water) into Wylie #3 SWD well.
- 8/01/01 Change of Operator from Elliott Oil to McElvain Oil & Gas

Parcel 1 Federal #3
NESE-Unit I-Sec 8 T21S-R38E
Lea County New Mexico
API # 30-025-07893
San Andres Open-Hole

