



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

November 11, 2003

Lori Wrotenbery

Director
Oil Conservation Division

McElvain Oil and Gas Properties, Inc.
c/o **Properties Management & Consulting, Inc.**
P. O. Box 2596
Farmington, New Mexico 87499-2596

Attention: **R. E. (Bob) Fielder**

Re: *Administrative application on behalf McElvain Oil & Gas Properties, Inc. ("McElvain") dated October 10, 2003 for an unorthodox gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools for its proposed Brown Well No. 2 to be drilled 2285 feet from the South line and 855 feet from the West line (Lot 8/Unit L) of Irregular Section 9, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico.*

Dear Mr. Fielder:

This letter acknowledges receipt of the above-described administrative application on October 20, 2003. It has been assigned NMOCD administrative application reference No. *pMESO-330035302*. Please refer to this number in future correspondence with the Division.

Pursuant to the well density requirements of the special rules governing the Blanco-Mesaverde Pool, no more than two wells are permitted within a either quarter section that forms a standard 320-acre, more or less, gas spacing and proration unit [see subpart I.B (1) (e), attached]. My records indicate the McElvain's Brown Federal Well No. 1-R (API No. 30-045-29641), located at a standard gas well location 790 feet from the South line and 1550 feet from the West line (Lot 10/Unit N) of Irregular Section 9, is currently producing from the Mesaverde interval. My records further show that McElvain's Brown Federal Well No. 1 (API No. 30-045-11489), located 990 feet from the South and West lines (Lot 9/Unit M) of Irregular Section 9, is still an active well in the Blanco-Mesaverde Pool, but however has not produced since August, 1999. What is the status of the Brown Federal Well No. 1 and what are McElvain's plans for this well?

Since the submitted information is insufficient to review, the application was ruled as incomplete on November 11, 2003. Please submit the above stated information by Thursday, November 20, 2003.

In accordance with the Division's Engineering Bureau's policy the Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3462, mailed to the Division in Santa Fe, or e-mailed to me at "mstogner@state.nm.us." If the necessary information is not submitted, your application will be returned to you. Thank you for your assistance in this matter.

Sincerely,

Michael E. Stogner
Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec

Land Surveys.

B. Well density:

- (1) Up to four (4) wells may be drilled on a standard GPU, as follows:
 - (a) the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Mesaverde well;
 - (b) the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;
 - (c) the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section not containing more than one (1) Mesaverde well;
 - (d) at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;
 - (e) no more than two wells shall be located within either quarter section in a GPU; and
 - (f) any deviation from the above-described well density requirements shall be authorized only after hearing.



McElvain. QZ
NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

December 12, 2003

Lori Wrotenbery
Director

Oil Conservation Division

McElvain Oil and Gas Properties, Inc.
c/o Property Management & Consulting, Inc.
P. O. Box 2596
Farmington, New Mexico 87499-2596

Attention: R. E. (Bob) Fielder

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Dear Mr. Fielder:

On November 11, 2003, I sent a letter requesting additional information to support McElvain's application filed with the New Mexico Oil Conservation Division on October 20, 2003 (*administrative application reference No. pMES0-330035302*).

Approximately two years ago this bureau enacted a policy whereby any incomplete administrative filing older than 30 days is to be withdrawn and returned. This policy, as I understand, was adopted to better serve our customers and help assure a quicker turn around time by this bureau on administrative filings. To date you have not submitted the needed supplemental data necessary to complete McElvain's application; therefore, the application is deemed incomplete and in order to fully comply with our policy, is hereby **denied**. I am returning it to you at this time.

Thank you for your understanding and cooperation.

Sincerely,

Michael E. Stogner
Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, December 16, 2003 11:10 AM
To: 'John Steuble'
Cc: Bob Fielder(PMCI) (E-mail)
Subject: RE: Brown #2 unorthodox gas well location..Letter dated November 11,2 003



McElvain.02.doc



McElvain.01.doc

The application which this e-mail references was denied on Dec. 12 and returned to Mr. Fielder as incomplete, see copies of letters attached.

-----Original Message-----

From: John Steuble [mailto:johns@McElvain.Com]
Sent: Monday, December 15, 2003 4:15 PM
To: mstogner@state.nm.us
Cc: Bob Fielder(PMCI) (E-mail)
Subject: Brown #2 unorthodox gas well location..Letter dated November 11,2 003

Mr. Stogner...

McElvain is in the process of submitting a recompletion sundry to the BLM for the Brown #1 (API No. 30-045-11489). Our proposal is to permanently abandon the Mesaverde and recomplete in the Pictured Cliffs formation. I am hopeful to get this to the BLM this week and if you would like I will forward you a copy of the information provided.

John D. Steuble
Engineering Manager
McElvain Oil & Gas Properties, Inc.
303-893-0933 ext 302

Stogner, Michael

From: John Steuble [johns@McElvain.Com]
Sent: Monday, December 15, 2003 4:15 PM
To: mstogner@state.nm.us
Cc: Bob Fielder(PMCI) (E-mail)
Subject: Brown #2 unorthodox gas well location..Letter dated November 11,2 003

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John D. Steuble
Engineering Manager
McElvain Oil & Gas Properties, Inc.
303-893-0933 ext 302

Stogner, Michael

From: Stogner, Michael
Sent: Monday, January 26, 2004 11:21 AM
To: 'John Steuble'
Cc: 'Bob Fielder(PMCI) (E-mail)'
Subject: RE: Brown #2 unorthodox gas well location..Letter dated November 11,2 003

Messrs. Steuble and Fielder

This e-mail acknowledges the receipt of your resubmitted application for an unorthodox gas well location for McElvain's proposed Brown Well No. 2 (administrative application reference No. pMES0-330035302). To complete this application please forward me a copy of McElvain's sundry notice to the BLM for the plug-back and recompletion of the Brown Fed. #1 as referenced in your December 15th e-mail to me (see below). Thank you. Should you need a fax number please send to (505) 476-3462.

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, December 16, 2003 11:10 AM
To: 'John Steuble'
Cc: Bob Fielder(PMCI) (E-mail)
Subject: RE: Brown #2 unorthodox gas well location..Letter dated November 11,2 003

The application which this e-mail references was denied on Dec. 12 and returned to Mr. Fielder as incomplete, see copies of letters attached.

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To: mstogner@state.nm.us
Cc: Bob Fielder(PMCI) (E-mail)
Subject: Brown #2 unorthodox gas well location..Letter dated November 11,2 003

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John D. Steuble
Engineering Manager
McElvain Oil & Gas Properties, Inc.
303-893-0933 ext 302

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

01/25/04 11:19:09
OGOMES -TPEZ

API Well No : 30 45 11489 Eff Date : 07-01-1997 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 22044 MCELVAIN OIL AND GAS PROPERTIES INC
Prop Idn : 20969 BROWN FEDERAL

Well No : 001
GL Elevation: 6768

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: 9	9	32N	10W	FTG 990 F S FTG	990 F W	P
Lot Identifier:							
Dedicated Acre:	334.06						
Lease Type	: F						
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

*1-26-2004
looked at well file
nothing there*

*1/25 pull well file
- check to see if MCELVAIN
submitted P/A/renewal letter
before in Dec/Jan.*

McElvain Oil & Gas Properties, Inc.

Facsimile Transmittal Sheet

TO: Michael Stogwee FROM: John Steubke
 COMPANY: _____ DATE: 1-26-04
 FAX NUMBER: 505-476-3462 TOTAL PAGES INCLUDING COVER: 5
 PHONE NUMBER: _____ SENDERS REFERENCE NUMBER: _____
 RE: _____ YOUR REFERENCE NUMBER: _____

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS

Info on Brown #1.

John L.
303-893-0933
EXT 302

1050 17TH STREET, SUITE 1800, DENVER, CO 80265
 PHONE 303-893-0933 - FAX 303-893-0914

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.
NM-013367

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Brown Fed #1

9. API Well No.
30-045-11489

10. Field and Pool, or Exploratory Area
Pictured Cliffs

11. County or Parish, State
San Juan, NM

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, Co. 80265

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
990' FSL - 990' FWL M Sec 9 T-32N R-10W

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 type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<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 recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent intervals 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 90 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 once 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. proposes to PERMANENTLY ABANDON the Mesaverde by placing a CIBP at 5400' and capping with 50' of cement via a dump bailer. A second CIBP will be placed at 3650' and capped with 50' of cement via a dump bailer in order to reduce the amount of exposed pipe to potential frac pressures. A cement bond log will be run across the Pictured Cliffs interval. The Pictured Cliffs interval 3496'-3508' will be perforated, tested and if needed fracture stimulated.

A copy of the acreage dedication plat and well bore diagram is attached.

14. I hereby certify that the foregoing is true and correct

Name (Printed Type) John D. Steuble Title Engineering Manager

Signature *John D. Steuble* Date December 18, 2003

Approved by _____ Title _____ Date _____

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 enable the applicant to conduct operations thereon.

Office _____

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 or to any matter within its jurisdiction.

Instructions on reverse

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

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-11489	² Pool Code 71439	³ Pool Name Pictured Cliffs
⁴ Property Code 20969	⁵ Property Name Brown Federal	
⁷ OGRID No. 22044	⁶ Operator Name McElvain Oil & Gas Properties, Inc.	⁸ Well Number 1
		⁹ Elevation 6768'

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
M	9	32N	10W		990	South	990	West	San Juan

¹¹ Bottom Hole Location If Different From Surface

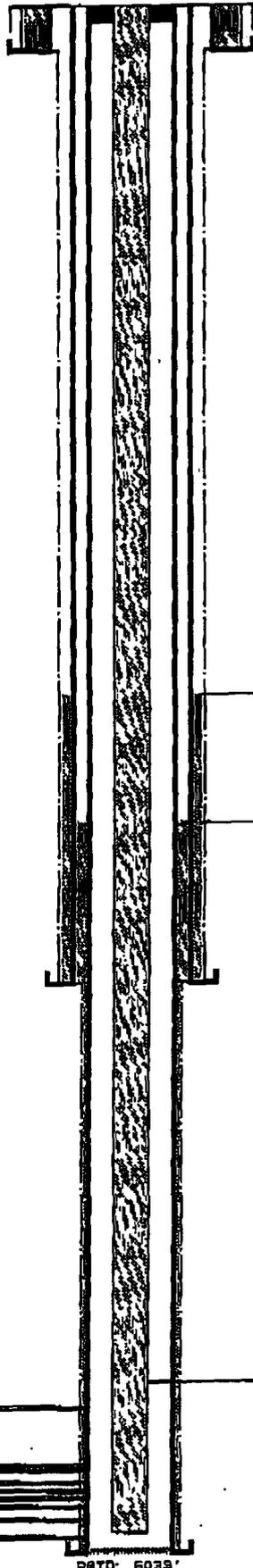
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 168.97	¹³ Joint or Infill	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

	NM 015545 Section 9	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>John Steuble</i> Signature John Steuble Printed Name Engineering Manager Title 12-23-2003 Date</p>
	NM 013367	

BROWN FED #1
SW/SW 8-32N-10W
API: 30-04B-1148B
EXISTING CONFIGURATION



SURFACE CASING in 10" hole
10 3/4" 32.788 J-55 # 3802
Cement: 100 SXS Regular cement
Circumfered to SURFACE

TOC @ 2880' (Temp survey)

TDC @ 3180' (Temp survey)

INTERMEDIATE CASING in 8 7/8" hole
7 5/8" 28.48 J-55 # 3802
Cement: 100 SXS Regular cement
100 SXS POZ +20# Flocelle +4# Grl
50 SXS 100% cement

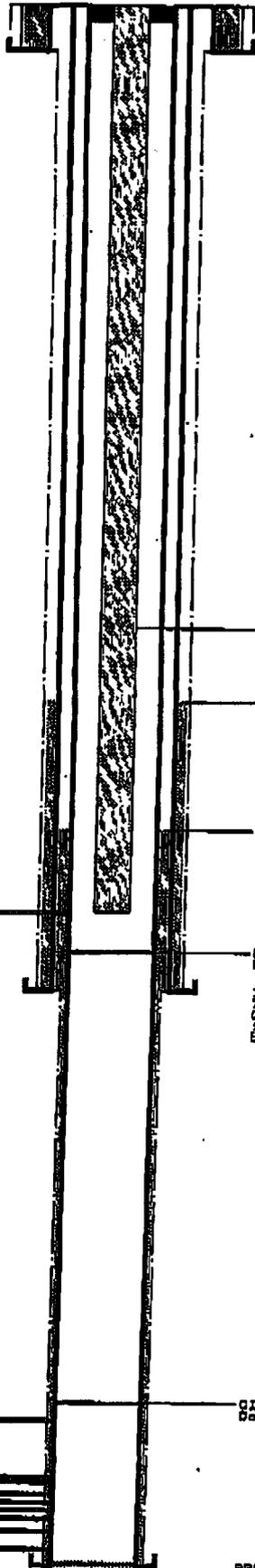
8 3/8" 4.78 J-55 # 3870
100% Data... actual footage unknown

- 40 Perfs 5468-5478
- 40 Perfs 5688-2706
- 38 Perfs 5718-5724
- 40 Perfs 5768-5775
- 40 Perfs 5798-5806
- 40 Perfs 5828-5838
- 40 Perfs 5861-5871
- 40 Perfs 5812-5823
- 40 Perfs 5883-5888

PSTD: 6023'
TD: 6052'

PRODUCTION CASING in 6 3/4" hole
6 1/2" 18.5# J-55 # 3880
Cement: 100 SXS Regular cement
100 SXS POZ +1/8 #75# Flake +2# Grl

BROWN FED #1
SK/SW 9-32N-10W
API: 30-045-11489
Pc Configuration



SURFACE CASING in 1 1/2\"/>
10 5/4\" J-55 @ 177'
Cement: 100 cxs Regular cement
Circulated to surface

2 3/8\" 4.75 J-55 @ 3500'
Notched Callan... 1 1/2\"... 1 1/2\"... Top

TOC @ 2680' (Temp survey)

TOC @ 3180' (Temp survey)

24 Perfs 3498-3508

CIP @ 3650'
Cap w/50' cement

INTERMEDIATE CASING in 5 7/8\"/>
7 5/8\" J-55 @ 3808'
Cement: 100 cxs Regular cement
100 cxs PDZ +200 lbs Cells +4K Gal
50 cxs neat cement

CIP @ 5400'
Cap w/50' cement

- 40 Perfs 5458-5478
- 40 Perfs 5688-5708
- 36 Perfs 5718-5724
- 40 Perfs 5788-5778
- 40 Perfs 5788-5808
- 40 Perfs 5828-5838
- 40 Perfs 5881-5871
- 40 Perfs 5943-5933
- 40 Perfs 5983-5993

PSTO: 6023'
TD: 6022'

PRODUCTION CASING in 5 3/4\"/>
15 1/2\" J-55 @ 6050'
Cement: 100 cxs Regular cement
150 cxs PDZ +1/8\" #7K Flsks +2K Gal

Casing: 0' to 6052'
VERT Scale: 1\"-400'