

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. SF-0655767
2. Name of Operator McElvain Oil and Gas Properties, Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 1050 17th St., Suite 1800 Denver, Colorado 80265	3b. Phone No. (include area code) 303-893-0933	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1675' FSL & 1035' FEL I-Sec.11-T29N-R12W		8. Well Name and No. PRI #3
		9. API Well No. 30-045-32667
		10. Field and Pool, or Exploratory Area Falcher Kutz PC
		11. County or Parish, State San Juan, NM

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

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

Date: 7-26-05
Time: 8:15 AM
SITP: 0
SICP: 100
Meter #: 86-097-01
Transporter: Enterprise
Range: 0-150"
PSI: 0-500#
Tube: 3.071
Orifice: .875
Lat. 36° 44' 17" N Long. 108° 03' 43" W



070 FARMINGTON NM
RECEIVED
AUG 3 AM 10 51

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Randy Elledge		Title Production Foreman
Signature <i>R. Elledge</i>		Date 7-26-2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title AUG 04 2005 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 entitle the applicant to conduct operations thereon.	Office FARMINGTON DISTRICT OFFICE BY <i>[Signature]</i>

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.

Site Security Plan
for
McElvain Oil and Gas Properties, Inc.

This plan is to be maintained at at McElvain's office in Denver, Colorado. The address is 1050 17th Street, Suite 1800, Denver Colorado, 80265. The telephone number is 303-893-0933. A copy of this plan is also at 2346 East 20th Street at the office of Joe Elledge. That phone number is 505-327-9267.

INITIAL INSPECTION PROGRAM

An initial inspection has been made of these facilities to insure that all the provisions have been adhered to.

SELF INSPECTION PROGRAM

Monthly inspections will be performed and a record of any problems found will be maintained and corrected. The inspection will consist of verifying tank gauges, inspection of tank seals, a check of the gas meter and an inspection of the production equipment for safe and proper operation.

SEALS AND RUN TICKETS

The pumper will keep a record of seals removed and installed and the reason for such action on the current monthly gauge and book report. These records will be retained for a period of six years at the main office.

The transporter/purchaser shall complete a run ticket prior to removing any oil from the lease. The run ticket shall include the name of the seller, the well name, the lease number, the location of the tank (quarter/quarter section, section, township, and range), the date, tank number, tank capacity, opening and closing gauges with temperature, number of seal removed, number of seal installed, observed gravity, BS&W, signature of gauger and the pumper.

THEFT/MISHANDLING OF OIL

Incidents of theft or mishandling of oil well be reported to the Bureau of Land Management's District office on the next business day after the discovery. A written report will be filed within ten business days. The report will contain the following information: Company name, name of person making report, well name, lease number, location being reported (quarter/quarter section, section, township, range), estimated volumes involved, description of what happened, the individual who discovered the incident, the date and time of discovery, and local law enforcement agencies that were notified.

WELL IDENTIFICATION

The well site will be clearly identified with a sign that contains the operator, lease number, section, township, range, county, state and the well name and number.

OIL STORAGE FACILITIES

All storage facilities will be clearly identified with the assigned tank number, and all vacuum and pressure seals will be in place.

Accumulation of oil will be sold in a timely manner.

SITE FACILITY DIAGRAM

A current site facility diagram has been filed with the Bureau of Land Management in Albuquerque, New Mexico and with the Bureau of Land Management in Farmington, New Mexico.

All new facilities will have a site security plan submitted within thirty days of final construction.

WELL AND LEASES SUBJECT TO THIS PLAN

See table #1