

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised August 1, 2011

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		WELL API NO. 30-045-35043
2. Name of Operator McElvain Energy, Inc.		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
3. Address of Operator 1050 17 th St, Suite 2500, Denver, CO 80265		6. State Oil & Gas Lease No. 38023
4. Well Location Unit Letter <u>L</u> : <u>1807</u> feet from the <u>South</u> line and 1117 feet from the West line Section <u>20</u> Township <u>30N</u> Range <u>13W</u> NMPM County <u>San Juan</u>		7. Lease Name or Unit Agreement Name Big Gulp
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5525 GL		8. Well Number #1 SWD
9. OGRID Number 22044		10. Pool name or Wildcat Mesaverde

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Step Rate Test <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

McElvain Energy plans to run a step rate test on the Big Gulp SWD #1 in preparation for a request for an increase in maximum injection pressure.

* File Sundry on a Federal form with the procedure
 Also note the Attached Guidelines for conducting a
 Step-rate test.

RCVD MAY 7 '13
 OIL CONS. DIV.
 DIST. 3

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE District Engineer. DATE 5/7/2013

Type or print name William A. Merrick E-mail address: artm@mcelvain.com PHONE: 505-327-2679

For State Use Only

APPROVED BY: _____ DATE _____

Conditions of Approval (if

DENIED

BY: Brandon Powell
 DATE: 5/8/13 (505) 334-6178

Guidelines for conducting step-rate tests

The operator must submit a written procedure and rig-up diagram to the OCD at least 24 hours before starting the test. The procedure will contain the following information:

- A description of the mechanical configuration of the well.
- The history of injection pressures and volumes.
- The history of any fracture treatments and pressures especially ISIP.

A bottom hole pressure recorder will be required for wells deeper than 2000' and injection rates greater than 1 BPM.

A pressure gauge and recorder of the appropriate range will be used during the test.

Wells currently injecting must be shut-in at least 24 hours before the test unless the shut-in pressures indicate that the well has not adequately stabilized and a longer time is necessary.

Starting pump rates and pressures must be lower than the current rates and pressures if the well is currently injecting and there must be at least 3 steps below the .2psi/ft gradient and 3 steps above the break-over point. Wells that are not fractured should not be tested at pressures that exceed the fracture gradient.

Pumping equipment must be able to pump at the rates and pressures needed for the test.

Rate changes will be .5bpm or smaller unless the OCD witness determines that bigger rate changes are necessary due to small incremental increases in pressure.

Each step will be at least 15 minutes in duration unless otherwise determined by the OCD. Step duration must not be changed during the test.

The operator must have enough water on hand for the test.

The casing and bradenhead pressures will be monitored during the test.

All wellhead equipment must be rated for the anticipated pressures.