

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

1a. Type of Work: <input type="checkbox"/> DRILL <input checked="" type="checkbox"/> REENTER		5. Lease Serial No. NM23032
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator McElvain Oil and Gas Properties, Inc.		7. If Unit or CA Agreement, Name and No. 32862
3a. Address 1050 17th Street #1800 Denver, CO 80265		8. Lease Name and Well No. New Horizon #1
3b. Phone No. (include area code) 303-893-0933		9. API Well No. 30-039-23630
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 990' FSL & 1850' FEL Sec. 2 T24N R2W At proposed prod. zone Same		10. Field and Pool, or Exploratory Blanco Mesaverde
14. Distance in miles and direction from nearest town or post office* Approximately 3 Miles northeast of Lindirith, NM		11. Sec., T., R., M., or Blk. and Survey or Area 0 Sec. 2 T24N R2W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'	16. No. of Acres in lease 320	17. Spacing Unit dedicated to this well 324.88 East Half of Section
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 6680' CIBP	20. BLM/BIA Bond No. on file LPM4138223
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7253' GL	22. Approximate date work will start* August 1, 2003	23. Estimated duration 2 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

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|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature John D. Steuble	Name (Printed/Typed) John D. Steuble	Date 7/9/2003
Title Engineering Manager		
Approved by (Signature) s/ John E Bristol	Name (Printed/Typed)	Date SEP 2 2003
Title Acting Assistant Field Manager	Office	

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

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)

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 30-039-23630	² Pool Code 72319	³ Pool Name Blanco Mesaverde
⁴ Property Code	⁵ Property Name New Horizon	⁶ Well Number 1
⁷ OGRID No. 22044	⁸ Operator Name McElvain Oil & Gas Properties, Inc.	⁹ Elevation 7253'

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
O	2	24N	2W		990	South	1850	East	Rio Arriba

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 320 32488	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

¹⁶	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature John Steuble Printed Name Engineering Manager Title 7-9-2003 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. October 10, 1984 Date of Survey Signature and Seal of Professional Surveyor: This location was originally surveyed by Edgar L. Risenhoover 5979 Certificate Number

McELVAIN OIL & GAS PROPERTIES, INC.

**New Horizon #1
990' FSL & 1850' FEL
Sec. 2-T24N-R2W
Rio Arriba County, New Mexico**

DRILLING PROGRAM

1. Surface Formation: San Jose
2. Surface Elevation: 7253'
3. Formation Tops:

<u>FORMATION</u>	<u>TOP</u>	<u>EXPECTED PRODUCTION</u>
Nacimiento	1570'	
Ojo Alamo	3003'	
Kirtland	3174'	
Fruitland	3252'	
Pictured Cliffs	3324'	
Lewis	3364'	
Cliffhouse	5034'	GAS
Menefee	5155'	
Pt Lookout	5507'	
Mancos	5736'	
Gallup	6269'	
Greenhorn	7626'	
Graneros	7680'	
Dakota	7778'	
TD	8065'	

4. Casing and Cementing Program:

Run and cemented as previously reported.

9 5/8" 36# J-55 @ 258' in 12 1/4" hole
Cemented with 135 sxs Class B +2% CaCl
Circulated to surface

5 1/2" 1697' 17# K-55 & 6391' 15.5# K-55 @ 8058' in 7 7/8" hole
DV @ 5819' & 3401'
Cement 1st stage with 10 bbl Mud Flush, 400 sxs 50/50 POZ +2% Gel +6 1/4 #/sk Gilsonite +1/4 #/sk flakes
(576 cf) Full returns while cementing

Cement 2nd stage with 10 bbl Mud Flush, 250 sxs 65-35 POZ +12% Gel +1/4 #/sk flakes Tailed with 200 sxs 50/50
POZ +2% Gel +1/4 #/sk flakes
(943 cf) Full returns while cementing

Cement 3rd stage with 10 bbl mud flush, 425 sx 65-35 POZ +12% Gel +1/4 #/sk flakes
Tailed with 75sx 50-50 POZ +2% Gel +6 1/4 #/sk Gilsonite +1/4 #/sk flakes
(1222 cf) Full returns until last 21 bbls of displacement
Circulate mud flush to surface when returns lost.
Cement top @ 900' (CBL)

P&A PLUGS: 4-26-91 to 5-1-91

6680' CIPB Tested casing to 1000 psig

4950'-5100' 20 sx Class C

Tag plug

Displace hole with 9.5# mud

2918'-3364' 60 sx Class C

1500'-1650' 20 sx Class C

Tag @ 2703'

1500'-1659' 20 sx Class C

Perf 4 sqz holes @ 330'

Pump down casing with cement returns to surface out of bradenhead

5. Pressure Control Equipment:

A double ram 3000 psi BOP and stripping head will be utilized during the clean out operations of the cement plugs.
A TIW valve will be available at all times during the cleanout operations.

6. Mud Program

Fresh water will be utilized will be utilized to drill all cement plugs. Once the plugs have been drilled the fresh water will be replaced with 2% KCl water for the completion .

7. Logging Program

A GR/CBL/CCL/VDL from 5850' to 4900' across the anticipated completion zone.

8. Coring and Testing

No cores or DST's are planned.

9. Estimated Pressures:

Estimated BHP after completion is ± 1800 psig

10. Other Information

This is a planned reentry of a P&A'd well. The purpose of the reentry is to complete zones within the Mesaverde formation. A 80' x 40' reserve pit will be built. Location anchors will be installed.

The casing was cut off approximately 4' below ground level and a dry hole marker installed during the plugging operations. The 9 5/8" will be cut off below the 5 1/2" casing stub and the 5 1/2" casing will be extended to the surface. A 3/8" steel plate will be placed on top of the 9 5/8" casing and welded to the 9 5/8" and 5 1/2". Isolation is insured because cement was circulated to surface between the 12 1/4" and 9 5/8" annulus during the original operations and cement was circulated to surface in the 9 5/8" and 5 1/2" annulus during plugging operations. A test port will be installed in the 3/8" plate and a line will be extended to the surface in order to provide for pressure monitoring. A 3000# flanged well head will be installed on the extended 5 1/2" casing. A culvert of sufficient diameter will be placed around the extended 5 1/2" casing to the top of the 9 5/8" and filled with cement after pressure testing of the casing has been conducted. The cement plug from surface to 330' will be drilled out. The casing and squeeze holes will then be tested to 3000 psig for 30 minutes. Should the squeeze holes leak the holes will be resqueezed and the process repeated until a successful pressure test is obtained. The remaining plugs will be drilled out down to the CIBP at 6680'. The hole will be circulated clean and 2% KCl water will be used to fill the hole. The casing will then be tested to 3000 psig for 30 minutes. A GR/CBL/CCL/VDL log will be run from 5850' to 4900' across the anticipated completion zone. Portions of the Mesaverde (5042'-5155') will be perforated. The perforation will be broke down with a with 15% HCl and ball sealers utilizing a packer and tubing. After breakdown the perfs will be swab tested. If swab test is positive zone will be frac'd with either slick water or an energized fluid.

The well will be flow tested. If commercial set production facilities and produce well.

If not commercial the well will be plug and abandoned as follows:

- Set a CIBP @ 5034' and cap with 50' of cement

- Set a 60 sx plug 2924'-3374'

- Set a 20 sx plug 1650'-1500'

- Set a 40 sx plug 350'-0'

- Cut off casing.

- Install dry hole marker

- Reclaim location