

|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------|-------------------------------------------|-----------------------------|-----------------|
| Submit To Appropriate District Office<br>State Lease - 6 copies<br>Fee Lease - 5 copies<br>District I<br>1625 N. French Dr., Hobbs, NM 88240<br>District II<br>1301 W. Grand Avenue, Artesia, NM 88210<br>District III<br>1000 Rio Brazos Rd., Aztec, NM 87410<br>District IV<br>1220 S. St. Francis Dr., Santa Fe, NM 87505                                                    | <b>State of New Mexico</b><br><b>Energy, Minerals and Natural Resources</b><br><br><b>Oil Conservation Division</b><br><b>1220 South St. Francis Dr.</b><br><b>Santa Fe, NM 87505</b> | <b>Form C-105</b><br>Revised June 10, 2003<br><br>WELL API NO.<br>30-045-32847<br>5. Indicate Type of Lease<br>STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/><br>State Oil & Gas Lease No. |                               |                                                                      |                                           |                             |                 |
| <b>WELL COMPLETION OR RECOMPLETION REPORT AND LOG</b>                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
| 1a. Type of Well:<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____<br><br>b. Type of Completion:<br>NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF.<br>WELL OVER BACK RESVR. <input type="checkbox"/> OTHER |                                                                                                                                                                                       | 7. Lease Name or Unit Agreement Name<br>OREO<br><div style="text-align: right;"> <b>RCVD APR 25 '08</b><br/> <b>OIL CONS. DIV.</b><br/> <b>DIST. 3</b> </div>                                                      |                               |                                                                      |                                           |                             |                 |
| 2. Name of Operator<br>McElvain Oil & Gas Properties, Inc.                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                       | 8. Well No. 1                                                                                                                                                                                                      |                               |                                                                      |                                           |                             |                 |
| 3. Address of Operator<br>1050 17 <sup>th</sup> St. Suite 1800, Denver, CO 80265                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                       | 9. Pool name or Wildcat<br><br>Basin Fruitland Coal                                                                                                                                                                |                               |                                                                      |                                           |                             |                 |
| 4. Well Location<br><br>Unit Letter K_: 1385 Feet From The South Line and 1360 Feet From The West Line<br><br>Section 32 Township 29N Range 13W NMPM SAN JUAN County                                                                                                                                                                                                            |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
| 10. Date Spudded<br>1/15/2008                                                                                                                                                                                                                                                                                                                                                   | 11. Date T.D. Reached<br>1/22/2008                                                                                                                                                    | 12. Date Compl. (Ready to Prod.)<br>4/2/2008                                                                                                                                                                       |                               |                                                                      |                                           |                             |                 |
| 13. Elevations (DF& RKB, RT, GR, etc.)<br>5882' GL 5887' KB                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                       | 14. Elev. Casinghead                                                                                                                                                                                               |                               |                                                                      |                                           |                             |                 |
| 15. Total Depth<br>1805                                                                                                                                                                                                                                                                                                                                                         | 16. Plug Back T.D.<br>1620                                                                                                                                                            | 17. If Multiple Compl. How Many Zones?                                                                                                                                                                             |                               |                                                                      |                                           |                             |                 |
| 18. Intervals Drilled By                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                       | 18. Intervals Rotary Tools Cable Tools                                                                                                                                                                             |                               |                                                                      |                                           |                             |                 |
| 19. Producing Interval(s), of this completion - Top, Bottom, Name<br>1481'-1498' & 1510'-1518' Fruitland Coal                                                                                                                                                                                                                                                                   |                                                                                                                                                                                       | 20. Was Directional Survey Made<br>No                                                                                                                                                                              |                               |                                                                      |                                           |                             |                 |
| 21. Type Electric and Other Logs Run<br>CBL/CCL/GR/VDL                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                       | 22. Was Well Cored                                                                                                                                                                                                 |                               |                                                                      |                                           |                             |                 |
| <b>23. CASING RECORD (Report all strings set in well)</b>                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
| CASING SIZE                                                                                                                                                                                                                                                                                                                                                                     | WEIGHT LB./FT.                                                                                                                                                                        | DEPTH SET                                                                                                                                                                                                          | HOLE SIZE                     | CEMENTING RECORD                                                     | AMOUNT PULLED                             |                             |                 |
| 8 5/8"                                                                                                                                                                                                                                                                                                                                                                          | 24#                                                                                                                                                                                   | 511'                                                                                                                                                                                                               | 12 1/4"                       | 365                                                                  | 25                                        |                             |                 |
| 5 1/2"                                                                                                                                                                                                                                                                                                                                                                          | 15.5#                                                                                                                                                                                 | 1665'                                                                                                                                                                                                              | 7 7/8"                        | 460                                                                  | 65                                        |                             |                 |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
| <b>24. LINER RECORD</b>                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                       |                                                                                                                                                                                                                    | <b>25. TUBING RECORD</b>      |                                                                      |                                           |                             |                 |
| SIZE                                                                                                                                                                                                                                                                                                                                                                            | TOP                                                                                                                                                                                   | BOTTOM                                                                                                                                                                                                             | SACKS CEMENT                  | SCREEN                                                               | SIZE                                      | DEPTH SET                   | PACKER SET      |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      | 2 3/8"                                    | 1566'                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
| 26. Perforation record (interval, size, and number)                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               | 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.                      |                                           |                             |                 |
| 1510'-1518" 0.43 36 holes                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               | DEPTH INTERVAL                                                       |                                           |                             |                 |
| 1481'-1498" 0.43 24 holes refrac 27 holes                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               | AMOUNT AND KIND MATERIAL USED                                        |                                           |                             |                 |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               | 1510-1518 500 gal 15% HCL, 697 gal Aqua Safe, 11,252# 16/30 sand     |                                           |                             |                 |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               | 1481-1498 500gal 15% HCL, 421 bbl Aqua Safe, 13,000# 16/30 sand      |                                           |                             |                 |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               | 1481-1498 - re 400 gal 15% HCL, 420gal aqua safe, 12,280# 16/30 sand |                                           |                             |                 |
| <b>28. PRODUCTION</b>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
| Date First Production<br>TBD                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                       | Production Method (Flowing, gas lift, pumping - Size and type pump)<br>Pumping                                                                                                                                     |                               |                                                                      | Well Status (Prod. or Shut-in)<br>Shut-In |                             |                 |
| Date of Test<br>4/22/2008                                                                                                                                                                                                                                                                                                                                                       | Hours Tested<br>24                                                                                                                                                                    | Choke Size<br>3/8"                                                                                                                                                                                                 | Prod'n For Test Period        | Oil - Bbl<br>0                                                       | Gas - MCF<br>9                            | Water - Bbl.<br>5           | Gas - Oil Ratio |
| Flow Tubing Press.                                                                                                                                                                                                                                                                                                                                                              | Casing Pressure<br>2                                                                                                                                                                  | Calculated 24-Hour Rate                                                                                                                                                                                            | Oil - Bbl.<br>0               | Gas - MCF<br>9                                                       | Water - Bbl.<br>5                         | Oil Gravity - API - (Corr.) |                 |
| 29. Disposition of Gas (Sold, used for fuel, vented, etc.)                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           | Test Witnessed By           |                 |
| 30. List Attachments<br>Deviation Survey                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
| 31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief                                                                                                                                                                                                                                          |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |
| Signature <i>Deborah K Powell</i>                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                       |                                                                                                                                                                                                                    | Printed Name Deborah K Powell |                                                                      | Title Eng Tech Supervisor                 |                             | Date 4/25/2008  |
| E-mail Address DebbyP@McElvain.com                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                       |                                                                                                                                                                                                                    |                               |                                                                      |                                           |                             |                 |

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## INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

| Southeastern New Mexico |                  | Northwestern New Mexico   |                  |
|-------------------------|------------------|---------------------------|------------------|
| T. Anhy                 | T. Canyon        | T. Ojo Alamo 0            | T. Penn. "B"     |
| T. Salt                 | T. Strawn        | T. Kirtland-Fruitland 856 | T. Penn. "C"     |
| B. Salt                 | T. Atoka         | T. Pictured Cliffs 1539   | T. Penn. "D"     |
| T. Yates                | T. Miss          | T. Cliff House            | T. Leadville     |
| T. 7 Rivers             | T. Devonian      | T. Menefee                | T. Madison       |
| T. Queen                | T. Silurian      | T. Point Lookout          | T. Elbert        |
| T. Grayburg             | T. Montoya       | T. Mancos                 | T. McCracken     |
| T. San Andres           | T. Simpson       | T. Gallup                 | T. Ignacio Otzte |
| T. Glorieta             | T. McKee         | Base Greenhorn            | T. Granite       |
| T. Paddock              | T. Ellenburger   | T. Dakota                 | T.               |
| T. Blinébry             | T. Gr. Wash      | T. Morrison               | T.               |
| T. Tubb                 | T. Delaware Sand | T. Todilto                | T.               |
| T. Drinkard             | T. Bone Springs  | T. Entrada                | T.               |
| T. Abo                  | T.               | T. Wingate                | T.               |
| T. Wolfcamp             | T.               | T. Chinle                 | T.               |
| T. Penn                 | T.               | T. Permian                | T.               |
| T. Cisco (Bough C)      | T.               | T. Penn "A"               | T.               |

## OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....  
No. 2, from.....to.....  
No. 3, from.....to.....  
No. 4, from.....to.....

## IMPORTANT WATER SANDS

**Include data on rate of water inflow and elevation to which water rose in hole.**

No. 1, from.....to.....feet.....  
 No. 2, from.....to.....feet.....  
 No. 3, from.....to.....feet.....

## LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness<br>In Feet | Lithology |
|------|----|----------------------|-----------|
|      |    |                      |           |

| From | To | Thickness<br>In Feet | Lithology |
|------|----|----------------------|-----------|
|      |    |                      |           |