

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/>		5. Lease Serial No. LC-069457
2. Name of Operator McElvain Oil & Gas Properties, Inc.		6. If Indian, Allottee or Tribe Name na
3a. Address 1050 - 17th Street, Suite 1800 Denver, Colorado 80265	3b. Phone No. (include area code) 303-893-0933	7. If Unit or CA/Agreement, Name and/or No. na
4. Location of Well (Footage, Sec, T., R., M., or Survey Description) 2240' FSL & 990' FWL (NWSW) Section 31, T18S-R34E		8. Well Name and No. McElvain # 10
		9. API Well No. 30-025-39520
		10. Field and Pool, or Exploratory Area EK - Bone Spring
		11. County or Parish, State Lea County, New Mexico

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 Notification of Intermediate Casing set & cementing
	<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.)

Notice of Setting & Cementing Intermediate Casing & Start of Production Hole:

An 11" intermediate hole was drilled to 3,460' below the surface casing set depth of 1,700'. This intermediate hole reached TD @ 10:00 P.M. on Jan. 19, 2010. 80 joints of new 8.625", 32#/ft, J55, ST&C casing was run to bottom, set at 3,460' KB, and cemented in a single stage by Halliburton following a fluid caliper survey (1769 ft3) to determine cement volumes. Halliburton pumped 980 sacks "EconoCem-HLC" LEAD cement mixed at 12.9 ppg and 1.84 cf/sk Yield followed by 200 sacks "HalCem-C" TAIL cement mixed at 14.8 ppg and 1.35 cf/sk Yield. An estimated 264 sacks were returned to surface and the entire slurry was pumped with full returns. The float held and there was no fallback. Slips were set, the casing cut-off, the casing spool installed and tested, and the BOPs nipped up and tested. Mann Welding Services, a 3rd party testing service performed and charted a 250 psi low pressure and 3,000 psi high pressure test (annular tested to 1,500 psi). After a total of 18 hours WOC drilling operations continued by drilling out the float collar. First new formation was drilled with a 7.875" bit at 7:15 A.M. on January 21, 2010.

RECEIVED

FEB 22 2010

HOBBSOCD

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

E. Reed Fischer

Title Senior Operations Engineer

Signature

Date

02/02/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

FEB 24 2010

Approved by

METROLEUM ENGINEER

Title

Date

FEB 21 2010

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

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.

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

(Instructions on page 2)

Davis Fluid Calipers, Inc.

P.O. BOX 1033 PHONE (505) 393-7463
HOBBS, NEW MEXICO 88240

WORK ORDER

DATE 1-14-10

RIG Silver Creek

LEASE Mc Elroy #10

CUST. ORDER NO. 1142-1012

COUNTY Lea

STATE NM

Mc Elroy #10

QUANTITY	DESCRIPTION	AMOUNT
	TO RUN THE DAVIS FLUID CALIPER TO DETERMINE IN CUBIC FEET THE TOTAL	
	ANNULAR VOLUME BEHIND <u>5 1/2"</u> CASING	
	IN A <u>11"</u> HOLE TO THE DEPTH OF <u>5450</u> FEET	
	TOTAL ANNULAR VOLUME OF THE 1st STAGE <u>1769</u> CUBIC FEET	
	TOTAL ANNULAR VOLUME OF THE 2nd STAGE _____ CUBIC FEET	
	PUMP DATA: MAKE & MODEL <u>Edwards</u>	
	LINER SIZE <u>6 1/2 x 10</u> S.P.M. <u>105</u> G.F.M. <u>57</u>	
	PUMP EFFICIENCY <u>95%</u> P.S.I. ON STAND PIPE <u>1500</u>	
	WASH-OUT <u>102 1/2</u>	
	BASE CHARGE <u>10</u>	<u>12.00 00</u>
	DEPTH CHARGE 1st STAGE	
	DEPTH CHARGE 2nd STAGE	
	MILEAGE CHARGE	

Thank You.
JESON

SUBTOTAL	<u>12.00</u>	<u>00</u>
TAX	<u>80</u>	<u>25</u>
TOTAL	<u>12.80</u>	<u>25</u>

RECEIVED BY _____

MAN WELDING SERVICES, INC

Company MCE/Levin Date 1-20-10
Lease MCE/Levin #10 County Lee
Drilling Contractor Silver Oak #9 Plug & Drill Pipe Size 11" C-22 4 1/2" ID

Accumulator Function Test - OO&GO#2

To Check - **USABLE FLUID IN THE NITROGEN BOTTLES** (III.A.2.c.i. or ii or iii)

- Make sure all rams and annular are open and if applicable HCR is closed.
- Ensure accumulator is pumped up to working pressure! **(Shut off all pumps)**
 1. Open HCR Valve. (If applicable)
 2. Close annular.
 3. Close **all** pipe rams.
 4. Open one set of the pipe rams to simulate closing the blind ram.
 5. For 3 ram stacks, open the annular to achieve the 50+ % safety factor. (5M and greater systems).
 6. **Record remaining pressure** 1350 **psi. Test Fails if pressure is lower than required.**
 - a. {950 psi for a 1500 psi system} b. {1200 psi for a 2000 & 3000 psi system }
 7. If annular is closed, open it at this time and close HCR.

To Check - **PRECHARGE ON BOTTLES OR SPHERICAL** (III.A.2.d.)

- Start with manifold pressure at, or above, maximum acceptable pre-charge pressure:
 - a. {800 psi for a 1500 psi system} b. {1100 psi for 2000 and 3000 psi system }
- 1. Open bleed line to the tank, slowly. **(gauge needle will drop at the lowest bottle pressure)**
- 2. Close bleed line. Barely bump electric pump and see what pressure the needle jumps up to.
- 3. **Record pressure drop** 1000 **psi. Test fails if pressure drops below minimum.**
- **Minimum:** a. {700 psi for a 1500 psi system} b. {900 psi for a 2000 & 3000 psi system }

To Check - **THE CAPACITY OF THE ACCUMULATOR PUMPS** (III.A.2.f.)

- Isolate the accumulator bottles or spherical from the pumps & manifold.
- Open the bleed off valve to the tank, {manifold psi should go to 0 psi} close bleed valve.
 1. Open the HCR valve, {if applicable}
 2. Close annular
 3. With **pumps** only, time how long it takes to regain the required manifold pressure.
 4. **Record elapsed time** min 40 sec. **Test fails if it takes over 2 minutes.**
 - a. {950 psi for a 1500 psi system} b. {1200 psi for a 2000 & 3000 psi system }

MAN

WELDING SERVICES, INC.

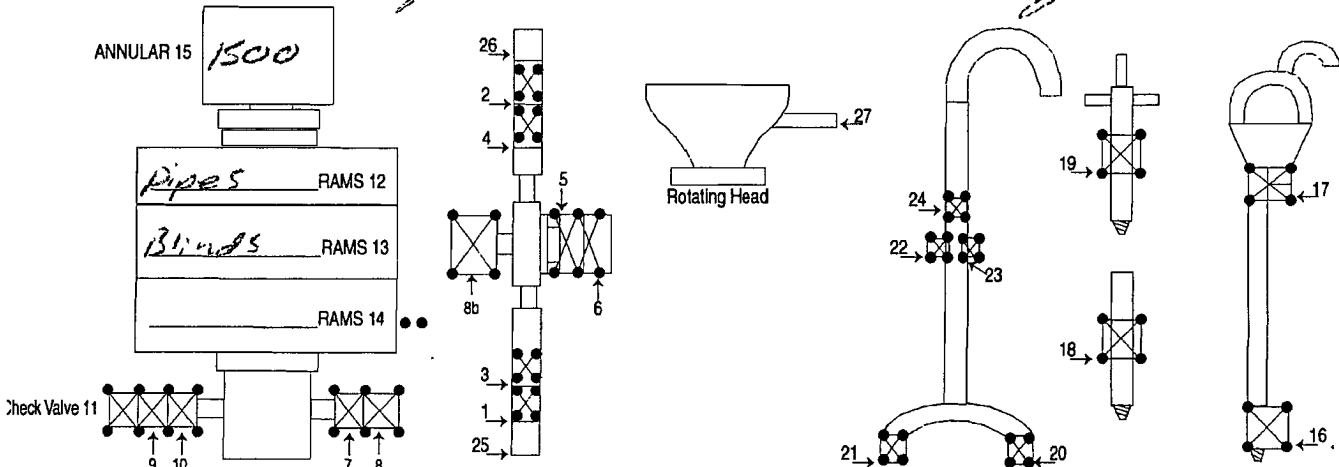
P.O. Box 1541 • Lovington, N.M. 88260
BUS: 505 396-4540 • FAX: 505 396-0044



INVOICE

B 6934

Company McElwain Date 1-20-10 Start Time 7:30 ☐ am ☒ pm
Lease McElwain #10 County Lea State NM
Company Man _____
Wellhead Vendor _____ Tester Duke Monnell
Drig. Contractor Silver Oak Rig # 9
Tool Pusher _____
Plug Type C-22 Plug Size 11" Drill Pipe Size 4 1/2"
Casing Valve Opened _____ Check Valve Open Yes



TEST #	ITEMS TESTED	TEST LENGTH	LOW PSI	HIGH PSI	REMARKS
1	13, 10, 25, 6, 26	10 min	250	3000	✓
2	13, 9, 1, 5, 2	10 min	250	3000	✓
3	13, 11, 3, 5, 11	10 min	250	3000	✓
4	12, 9, 7	10 min	250	3000	✓
5	12, 10, 7	10 min	250	3000	✓
6	15, 10, 7	10 min	250	1500	✓
7	10	10 min	250	3000	✓
8	18	10 min	250	3000	✓
9	16	10 min	250	3000	✓
10	11	10 min	250	3000	✓
11	14, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25	10 min	250	3000	✓

8 HR @ \$1000.00 = \$1000.00

HR @

Mileage 80 @ \$1.00 = \$80.00

Wellhead - \$100.00

SUB TOTAL \$1180.00

TAX \$ 63.42

TOTAL \$1243.42

