

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1301 W. Grand Avenue
Alamosa, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

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

☒ Oil Well ☐ Gas Well ☐ Other

RECEIVED

2. Name of Operator

McElvain Oil & Gas Properties, Inc.

MAY 12 2005

3a. Address

1050 17th Street, Ste. 1800 Denver, Colorado 80265

3b. Phone No. (include area code)

303.893.0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2310' FNL & 1593' FWL (SENW) Sec. 31, T18S-R30E NMPM

5. Lease Serial No.

USA LC-069111

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Parcell Federal #2

9. API Well No.

30-015-25851

10. Field and Pool, or Exploratory Area

Turkey Trk-7 RVRS-QN-GB-SA

11. County or Parish, State

Eddy County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="radio"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Set Common Tank</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>to Surface Commingle</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>Oil Production</u>

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.)

McElvain Oil & Gas Properties, Inc. (MOG) requests permission to produce 2 wells on separate federal leases to a common oil production tank. The two existing wells for which MOG wishes to set a common tank are the E.M. Elliott #4 well (Fed. Lse # NM-027279, API #30-015-25210), and the Parcell Federal #2 (Fed. Lse. #USA LC-069111, API #30-105-25851). Currently the wells produce to 2 separate and distinct oil tanks, both of which are located at the E.M. Elliott #4 well-site battery. MOG is requesting permission to consolidate the existing 2 tank battery into a 1 "common" oil tank battery at the existing E.M. Elliott #4 battery site. The base royalty interest owner and the working interest ownership is identical between the two wells. The sole royalty interest owner is the United States Department of Interior's Minerals Management Service. No gas is sold from the two listed wells, and only oil production will require allocation for production reporting purposes. In ordered to allocate production between the 2 wells, a monthly production test will be performed. Currently each well produces approximately 1.25 to 1.5 BOPD for a 2 well total of 2.5 to 3 BOPD. Consolidation of the 2 tanks into 1 common oil production tank will cut down on oil treating costs, allow for more frequent oil sales, improve the lease economics, and ultimately enhance oil recoveries and conservation of resources. MOG would like to start the battery consolidation within the next 2 weeks, provided BLM approval is received.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

E. Reed Fischer

Title **Operations Engineer**

Signature

Date **April 24, 2005**

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

MAY 10 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

**LES BABYAK
PETROLEUM ENGINEER**

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)