

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		520 Lease Serial No. SF081087	
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 & Gas Properties, Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address 1050 17th Street, Suite 1800 Denver, CO 80265-1801		8. Lease Name and Well No. Weidemer No. 7	
3b. Phone No. (include area code) 303.893.0933x302		9. API Well No. 30-045-34056	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1796' FNL - 1943' FWL, Section 34, T27N, R10W, NMPM At proposed prod. zone Same		10. Field and Pool, or Exploratory Basin Fruitland Coal	
14. Distance in miles and direction from nearest town or post office* 13 1/2 miles southeast of Bloomfield, NM		11. Sec., T. R. M. or Blk. and Survey or Area Section 34, T27N, R10W, NMPM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1796 ft. 844 ft.	16. No. of acres in lease 640.0	17. Spacing Unit dedicated to this well N/2 - 320.0 acs	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 125 ft.	19. Proposed Depth 2552 ft.	20. BLM/BIA Bond No. on file LPM4138223	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6703' GL	22. Approximate date work will start* 12/01/2006	23. Estimated duration 11 days	

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 5165.4

24. Attachments

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

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

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

25. Signature <i>Robert E. Fielder</i>	Name (Printed/Typed) Robert E. Fielder	Date 11/06/2006
---	---	--------------------

Title Agent

Approved by (Signature) <i>D. Markes</i>	Name (Printed/Typed)	Date 12/13/06
---	----------------------	------------------

Title AFH Office PFO

Application approval 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.
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 page 2)

File application for pit on OGD Form C-103 prior to constructing location.

NMOCD

12/22/06

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1400 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 E. 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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

RECEIVED
070 FARMINGTON
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number 30.045.34056	'Pool Code 71629	'Pool Name BASIN FRUITLAND COAL
'Property Code 301797	'Property Name WEIDEMER	'Well Number 7
'GRID No. 22044	'Operator Name McELVAIN OIL & GAS PROPERTIES	'Elevation 6703

16 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	34	27N	10W		1796	North	1943	West	San Juan

17 Bottom Hole Location If Different From Surface

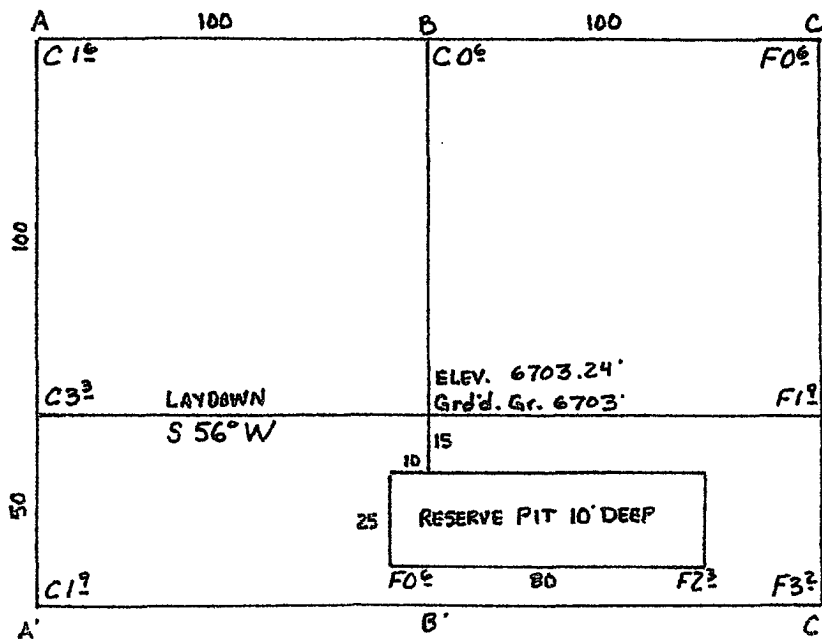
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

'Dedicated Acres 320	'Joint or Infill	'Consolidation Code	'Order No.
--------------------------------	------------------	---------------------	------------

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

	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Robert E. Fielder</i> Signature Robert E. Fielder Printed Name Agent pmci@advantas.net Title and E-mail Address November 6, 2006 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. 26 July 2006 Date of Survey <i>William E. Mahnke II</i> Signature and Seal of Professional Surveyor William E. Mahnke II Certificate Number 8466	

McELVAIN OIL & GAS PROPERTIES
 WEIDEMER #7
 1796'FNL & 1943'FWL
 Sec.34, T27N, R10W, NMPM
 San Juan Co., NM



SCALE : 1" = 50'



A-A'	Vert.: 1" = 30'	Horiz.: 1" = 50'	C/L
6710'	-----	-----	-----
6700'	-----	-----	-----
	-----	-----	-----
B-B'	-----	-----	-----
6710'	-----	-----	-----
6700'	-----	-----	-----
	-----	-----	-----
C-C'	-----	-----	-----
6710'	-----	-----	-----
6700'	-----	-----	-----
	-----	-----	-----

McElvain Oil & Gas Properties, Inc.

Weidemer No. 7

1796' FNL & 1943' FWL

Section 34, T27N, R10W, NMPM

San Juan County, New Mexico

TEN POINT DRILLING PROGRAM

1. **Surface Formation:** Nacimiento

2. **Surface Elevation:** 6703' GL.

3. **Estimated Formation Tops:**

<u>Formation</u>	<u>Top - feet</u>	<u>Expected Production</u>
Ojo Alamo	1437	
Kirtland	1542	
Fruitland	2082	GAS
Pictured Cliffs	2402	GAS
TOTAL DEPTH	2552	

4. **Surface Hole Program:**

Bit: Drill an 12¼" hole to 200' using a retip mill tooth, IADC Class 115 or 116, bit. WOB: all. RPM: 70 - 100.

Mud: Use a fresh water base spud mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
0 - 200	8.6 or less	9.0-9.5	40 - 50	No Control

Casing and Cementing: A string of 8½" 24 ppf J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 140 sacks (165.2 cf) of Class "B" cement (yield = 1.18 cf/sk) containing 3% CaCl₂ and 1/4 lb/sack celloflake. Slurry volume assumes 100% excess over calculated hole volume. If cement does not circulate to surface, cement will be topped off using 1" pipe down the 12¼" by 8½" annulus. Minimum clearance between couplings and hole is 1.3125". Prior to drilling out the shoe, casing and BOPE will be tested to a minimum of 600 psig. Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

WOC 12 HOURS. Nipple up 11" 2000# BOPE. Pressure test surface stack to Full working pressure using test plug. Drill out cement to within 5 feet (±) of shoe. Pressure test surface casing to a minimum of 600 psig for 15 minutes.

Centralizers: Run two (2) 8½" X 12¼" regular bowspring centralizers. Install first one on stop ring in middle of shoe joint.

Float Equipment: Cement nose guide shoe thread locked. Also thread lock connection between first and second joint run.

Drilling Program
McElvain Oil & Gas Properties, Inc.
Weidemer No. 7
Page Two

5. Production Hole Program:

Bit: Drill a 7 $\frac{1}{2}$ " hole to 2552' using a TCI, IADC Class 447 bit. WOB: 30-35K. RPM: 60 - 75. Reduce RPM to 55 - 65 through Ojo Alamo.

Mud: Use a fresh water base polymer and water system to drill this section. If hole conditions dictate, mud up with a fresh water base LSND mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
200 - 2528	8.6 - 8.8	9.0-9.5	28 - 35	10 - 12

Fresh water will be used for dilution and building volume. Sufficient materials will be on location at all times to maintain mud properties and to control any lost circulation problem or unforeseen abnormal pressures. The mud volume in the surface pit will be visually monitored and recorded on a routine basis.

Note: If mud up is required, raise **viscosity** to 55 - 60 for logging. Thin to 40 - 45 viscosity to run casing.

pH is to be maintained with lime or caustic soda at the recommended levels to assure drill pipe corrosion protection.

Driscap will be used for control of fluid loss.

Lost Circulation can occur in the Fruitland Coal and Pictured Cliffs formation. Mud weights should be controlled as low as possible with solids control equipment then as low as practical with water dilution.

Pressure Control: A 2M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to full working pressure and to a minimum of 600 psig prior to drilling the surface casing shoe. Mechanical operation of pipe rams will be checked daily and blind rams will be checked on each trip out of hole. 5 $\frac{1}{2}$ " rams will be installed before running production casing.

A full opening internal blowout preventor or drill pipe safety valve will be on the drill floor at all times and will be capable of fitting all connections.

Logging Program: Dual Induction and Epithermal Neutron/Formation Density logs will be run from TD to the surface casing shoe.

Casing and Cementing Program: Run 5 $\frac{1}{2}$ " 10.5 ppg J-55 production casing from surface to TD and cement in a single stage with 215 sacks (548.25 cf) of Class B containing 3% sodium metasilicate extender, 5 pps Gilsonite and 1/4 pps celloflake. Lead slurry mixed at 11.8 PPG to yield 2.55 cf/sk. Tail in with 105 sacks (124.95 cf) of Class B with 0.25 pps celloflake, 0.3% FLA and 5 pps gilsonite mixed at 15.6 PPG to yield 1.19 cf/sk.

Drilling Program
McElvain Oil & Gas Properties, Inc.
Weidemer No. 7
Page Three

5. Production Hole Program: -continued

Slurry volumes assume a 50% excess over gauge hole volume to circulate to surface. Minimum clearance between couplings and hole is 1.8250". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

Centralizers: 5 - 5½" X 7¾" bowspring centralizers will be run across all prospective pays and 3 - 5½" X 7¾" turbolizers will be spaced such that one (1) is just below the base of the Fruitland coal, one just below the base of the Ojo Alamo and one (1) in the Ojo Alamo.

Float Equipment: Cement nose guide shoe, 1 joint 5½" casing, and float collar.

6. Auxiliary Equipment:

An upper kelly cock will be utilized. The handle will be available on rig floor at all times

7. Logging Program:

Dual Induction and Epithermal Neutron / Formation Density will be run from TD to surface casing shoe. Bulk density will be presented on a 5 " scale through the coals. Deep induction curve will be merged onto the porosity log.

Coring and Testing Program:

No cores or drill stem tests are planned.

8. Abnormal Pressure:

Although not expected, abnormal pressures are possible in the Fruitland formation.

Estimated Bottom Hole Pressure:

1000 - 1250 psig.

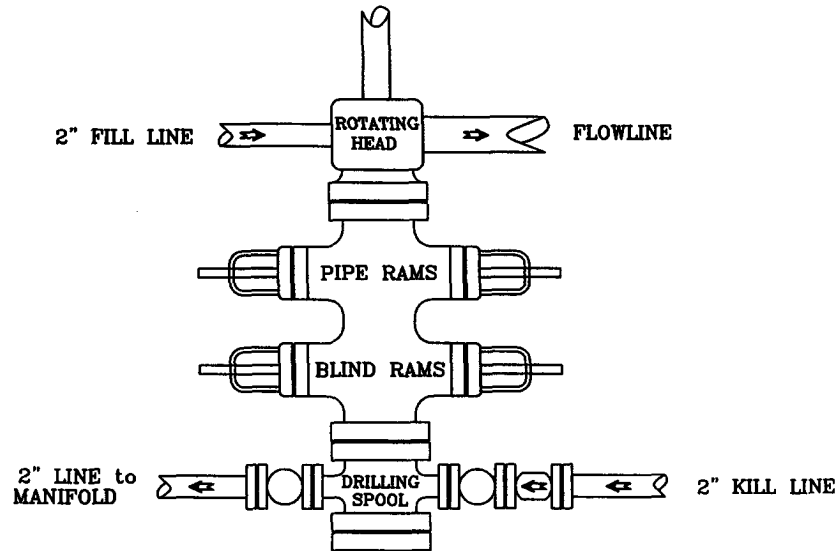
9. Anticipated Starting Date:

December 1, 2006

Duration of Operations: It is estimated a total of 6 days will be required for drilling operations and 5 days for the completion operation.

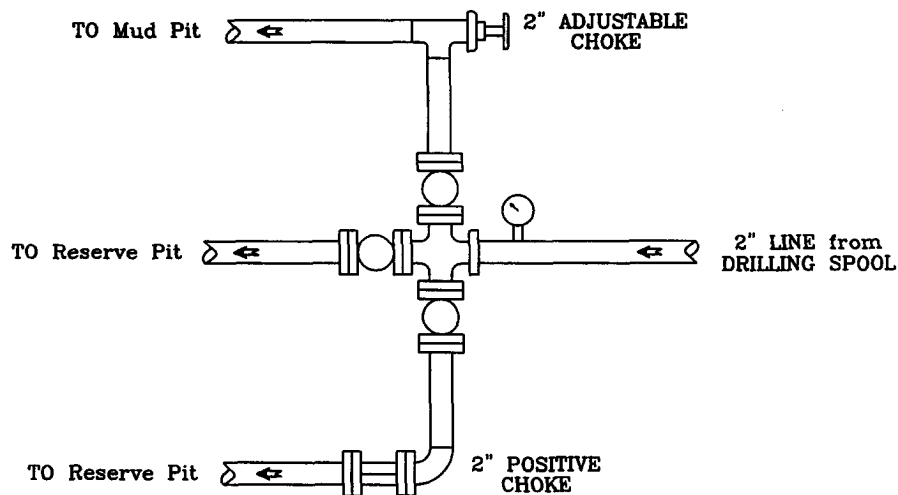
PRESSURE CONTROL

Wellhead Assembly



Preventer and Spools are to have a
6" Bore or larger and a 2000 PSI
or higher Pressure Rating

Choke Manifold



McElvain Oil & Gas Properties, Inc.

Weidemer No. 7

1796' FNL - 1943' FWL

Section 34, T27N, R10W, NMPM

San Juan County, New Mexico



McElvain Oil & Gas Properties, Inc.

Weidemer No. 7

San Juan Co., New Mexico

