

Submit 1 Copy To Appropriate District  
Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., 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 and Natural Resources

Form C-103  
October 13, 2009

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO.  
30-045-33325

5. Indicate Type of Lease  
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Argo

8. Well Number 1

9. OGRID Number  
22044

10. Pool name or Wildcat  
Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH  
PROPOSALS )

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator  
McElvain Oil & Gas Properties, Inc.

3. Address of Operator  
1050 17<sup>th</sup> Street, Suite 2500, Denver, CO 80265-2080

4. Well Location

Unit Letter E : 1798 feet from the North line and 414 feet from the West line  
Section 21 Township 30N Range 13W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5417' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: Extension

X

OTHER:

☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

McElvain Oil & Gas Properties, Inc. requests the final extension date of ~~09/01/2010~~ previously approved for this well be extended to 12/31/2010 due to restrictive covenant # 16 in the Grant of Easement we are currently negotiating with NM Dept. of Game and Fish. A copy of the page containing this covenant is attached. This will allow us to drill this well if NM Dept. of Game and Fish decides to enforce this covenant which extends past the current approved extension date.

McElvain Oil & Gas Properties, Inc. is well aware of current regulations regarding drilling of wells and will drill this well in compliance with the regulations currently in effect which include the Pit rules. We anticipate filing a pit permit for a closed loop system on this location as soon as we receive approval of the Grant of Easement.

If it becomes apparent we are not going to receive a final approval of the Grant of Easement by 12/31/2010 we will file a new application for permit to drill.

RCVD AUG 4 '10  
OIL CONS. DIV.  
DIST. 3

Spud Date:

Rig Release Date:

*Extend to 12/31/2010 - Final Extension*

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

*Robert E. Fielder*

TITLE Agent

DATE 08/04/2010

Type or print name Robert E. Fielder

E-mail address: pmci@advantas.net

PHONE: (505)320-1435

For State Use Only

Deputy Oil & Gas Inspector,

District #3

APPROVED BY:

*[Signature]*

TITLE

DATE AUG 09 2010

Conditions of Approval (if any):

*C-144 must be submitted and approved prior to construction of well pad.*

*[Signature]*

and members, in their official and individual capacities from and against any and all claims, causes, costs, judgments, liens, expenses, lawsuits, penalties, fines, proceedings, demands, damages or liabilities alleged or arising out of or attributable to, the acts or omissions of the Grantee. Any liability incurred by Grantor or the Department of Game and Fish in connection with this agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act. The indemnifications herein contained shall apply with equal force and effect to Grantee's obligation to comply with all the laws and regulations regarding the use of pesticides, fuels, lubricants, other hazardous materials of any kind, oil, petroleum products, flammable explosives, PCBs, asbestos, radioactive materials or waste, or hazardous toxics, contaminated or polluting materials, substances or wastes, including but not limited to "hazardous substances," "hazardous waste," "hazardous materials," "toxic substances," under any federal, state or local laws, ordinances or regulations relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal, or transportation of such materials. The obligations contained herein, and all other obligations of the Grantee in this easement shall be binding upon any successor in interest to Grantee, by operation of law or otherwise.

13. RIGHT TO CANCEL: Notwithstanding anything contained herein, Grantor may cancel this Agreement and all rights herein contained for violation of any of the covenants of this agreement; provided, however, that before any such cancellation shall become effective, Grantor shall mail to Grantee or any approved assignee, by certified mail addressed to the post office address of Grantee or such assignee, a thirty (30) day notice of intention to cancel, specifying the default for which the grant is subject to cancellation. No proof of receipt of notice shall be necessary and thirty (30) days after such mailing, Grantor may record cancellation unless Grantee shall have sooner remedied the default to the satisfaction of Grantor. Recording of the cancellation shall effect without any further act the termination of all rights created herein.

14. CONSERVATION: Grantee agrees to preserve and protect the natural environment conditions of the land encompassed in this grant, and to take those reclamation or corrective actions that are accepted soil and water conservation practices and that are deemed necessary by Grantor to protect the land from pollution, erosion, or other environmental degradation. Protective actions may be specified in writing by Grantor.

15. RECLAMATION: Grantee agrees to reclaim by grading, leveling, or terracing all areas within the easement and areas adjacent thereto disturbed by the construction or maintenance of the easement or operations thereon and to landscape such areas at its own costs and expense. Landscaping shall include the planting of native grasses, shrubs, or other vegetation so as to return disturbed areas to their natural state and prevent water and wind erosion. Selection of grasses, shrubs and other vegetation shall be subject to the direction of the New Mexico Department of Game and Fish.

16. GAME FAWNING/CALVING: Deer fawning and elk calving season is ongoing between May 15 and September 15 ("F&C Season"). For any activities to be undertaken by Grantee during the F&C Season, Grantee will provide written notice to

the DGF Area Officer not less than fifteen (15) days prior to the commencement of proposed activity. If the Area Officer notifies Grantee that such activities will negatively impact fawning and/or calving, Grantee will suspend such activities until after the F&C Season.

17. RECORDING: Grantee will record one copy of this document with the appropriate county clerk, and provide certified proof of filing within six months of this grant.

18. GATES, CATTLE GUARDS: Grantee will install a cattle guard or gate on any fence that crosses any new road to be built as a result of this grant. Any installed gate will be kept closed except for vehicle passage. Any fences that are damaged during any construction will be repaired. All such installations and repairs shall be at Grantee's sole cost.

19. NON-DEDICATION: The provisions of this Agreement shall not be deemed to constitute a dedication for, or donation to the public for public use, nor are any rights created in the general public.

20. ENFORCEMENT: Either party to the right-of-way may enforce its provisions at law or in equity. The rights and remedies established herein shall be deemed to be cumulative; and no one of such rights and remedies shall be exclusive of any other right or remedy which either party might otherwise have by virtue of the terms of this easement or under law. The exercise of any particular right or remedy shall not impair the right to exercise any other right or remedy.

21. NON-WAIVER; CONSENT: No waiver of default hereunder shall be implied from any omission by either party to take any action in respect to such default, if such default continues or is repeated. A waiver of any default in the performance of any provision contained in this easement shall not be deemed to be a waiver of any subsequent default in the performance of the same provision or any other provision contained herein. The consent or approval of either party to or of any act or request requiring consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar acts or requests.

22. SEVERABILITY: The invalidation of any of the provisions contained in this Agreement, or the application thereof to any person by legislation, judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other person, and the same shall remain in full force and effect.

23. NON-PUBLIC USE: Nothing herein contained shall be deemed to be a gift, donation or a dedication of any portion of any of the property, or other lands of Grantor, to or for the general public or for any public purpose whatsoever, including but not limited to, the tenants and permittees of either party, it being the intention that the rights herein shall be strictly limited to and for the purpose herein expressed. The provisions of this Agreement are for the exclusive benefit of the parties and not for the benefit of any