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AUG 06 2010

submitted in lieu of Form 3160-5

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Sundry Notices and Reports on Wells

Farmington Field Office
Bureau of Land Management

1. Type of Well Gas	5. Lease Number SF-065557
2. Name of Operator McElvain Oil & Gas Properties Inc	6. If Indian, All. or Tribe Name
3. Address & Phone No. of Operator 1050 17 th Street, Suite 1800 Denver, CO 80265-1807	7. Unit Agreement Name
Location of Well, Footage, Sec., T, R, M 1790' FNL & 1680' FWL, Section 12, T-29-N, R-12-W,	8. Well Name & Number Payne #2
	9. API Well No. 30-045-22119
	10. Field and Pool Fulcher Kutz
	11. County & State San Juan County, NM

12. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OTHER DATA

Type of Submission

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment

Type of Action

☒ Abandonment

☐ Recompletion

☐ Plugging Back

☐ Casing Repair

☐ Altering Casing

☐ Other -

☐ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut off

☐ Conversion to Injection

RCVD AUG 12 '10

OIL CONS. DIV.

DIST. 3

13. Describe Proposed or Completed Operations

McElvain proposes to Plug and Abandon the above well per the attached P&A procedure.

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

Signed Jim McKinney Title OPERATIONS ENGINEER Date 8/5/10
Jim McKinney

(This space for Federal or State Office use)

APPROVED BY Original Signed: Stephen Mason Title _____ Date AUG 10 2010
CONDITION OF APPROVAL, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly 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.

NNOC

Plug and Abandonment Procedure

July 7, 2010

Payne #2

Fulcher Kutz Pictured Cliffs
1790' FNL and 1680' FWL, Section 12, T29N, R12W
San Juan County, New Mexico / API 30-045-22119
Lat: N 36.74262097 / Lat: W 108.05347424

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be Class B, mixed at 15.6 ppg with a 1.18 cf/sx yield.

1. This project requires the Operator to obtain an approved NMOCD C-144 CLEZ for the use of an A-Plus steel tank to handle waste fluids circulated from the well and cement wash up.

1. Rods: Yes____, No X, Unknown____.
Tubing: Yes____, No X, Unknown____, Size____, Length____.
Packer: Yes____, No X, Unknown____, Type____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.

2. Open bradenhead valve. Establish rate down 2.875" casing with 20 bbls water, record pump rate and pressure. Monitor bradenhead for flow. If no flow or blow, then pump 6 - 7/8" RCN balls in additional water and monitor pressure, rate and volumes pumped, to confirm perforations are taking water and there is not a casing leak. If the bradenhead flows water or there are other indications of a casing leak, then MO and RU pulling unit to use 1-1/4" IJ tubing workstring to plug this well.

3. **NOTE: BLM requires a CBL log to be run on all wells where the cement did not circulate to surface or where a T.S. or CBL log was not previously run. This procedure is prepared with the understanding that it may be modified based on the TOC from the CBL.**

4. **Plug #1 (Pictured Cliffs interval, Fruitland, Kirtland and Ojo Alamo tops, 1976' – 447'):**
Establish rate into PC perforations with water. Mix and pump total of 41 sxs cement (long plug, 30% excess) and bullhead the down 2.875" casing: first pump 10 sxs cement, then drop 10 RCN balls, then pump 45 sxs cement and do not displace. Double valve and shut in well. WOC. Tag cement 50' above top of Ojo Alamo. TOH and LD tubing.

5. **Plug #2 (Surface casing, 151' – Surface):** Perforate 3 HSC squeeze holes at 151'. Establish circulation to surface out the 2.875" casing and bradenhead valve, circulate the BH annulus clean. Mix and pump approximately 35 sxs Class B cement down 2.875" casing and circulate good cement out casing and bradenhead valve from 151' to surface. SI well and WOC.

6. ND BOP and cut off wellhead below surface casing flange. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

Payne #2 Current

Fulcher Kutz Pictured Cliffs

1790' FNL & 1680' FWL, Section 12, T-29-N, R-12-W, San Juan County, NM

Lat: 36.74262097 Long: -108.053474 API 30-045-22119

Today's Date: 7/7/10
Spud: 7/22/76
Comp: 8/14/76
Elevation: 5790' GL
5794' KB

9" Hole

7" 20#, ST&C Casing set @ 101'
Cement with 35 sxs, circulated to surface

TOC @ 425' ('04 CBL)

Ojo Alamo @ 497'

Kirtland @ 664'

Fruitland @ 1630'

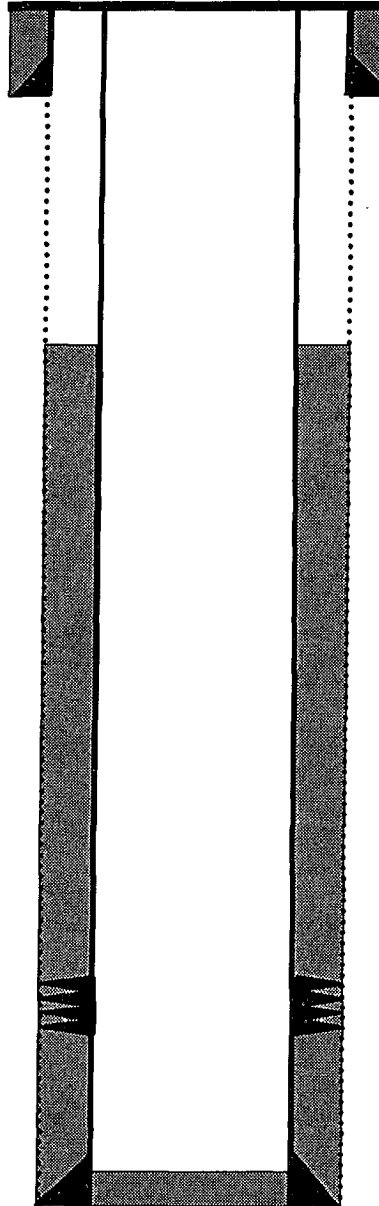
Pictured Cliffs @ 1908'

Pictured Cliffs Perforations:
1909' - 1926'

4.75" Hole

2.875" 6.5#, J-55 Casing @ 2057'
Cement with 135 sxs

2062' TD
1998' PBD



Payne #2 Proposed P&A

Fulcher Kutz Pictured Cliffs

1790' FNL & 1680' FWL, Section 12, T-29-N, R-12-W, San Juan County, NM

Lat: 36.74262097 Long: -108.05347424 API 30-045-22119

Today's Date: 7/7/10
Spud: 7/22/76
Comp: 8/14/76
Elevation: 5790' GL
5794' KB

9" Hole

7" 20#, ST&C Casing set @ 101'
Cement with 35 sxs, circulated to surface

Perforate @ 151'

Plug #2: 151' - 0'
Class B cement, 35 sxs

TOC @ 425' ('04 CBL)

Ojo Alamo @ 497'

Kirtland @ 664'

Plug #1: 1976' - 447'
Class B cement, 55 sxs
(long plug, 30% excess)

Fruitland @ 1630'

Pictured Cliffs @ 1908'

Pictured Cliffs Perforations:
1909' - 1926'

4.75" Hole

2.875" 6.5#, J-55 Casing @ 2057'
Cement with 135 sxs

2062' TD
1998' PBTB

