

Office

Energy, Minerals and Natural Resources

Revised August 1, 2011

District I - (575) 393-6161

1625 N. French Dr., Hobbs, NM 88240

District II - (575) 748-1283

811 S. First St., Artesia, NM 88210

District III - (505) 334-6178

1000 Rio Brazos Rd., Aztec, NM 87410

District IV - (505) 476-3460

1220 S. St. Francis Dr., Santa Fe, NM

87505

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-40305

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

VB20140000

7. Lease Name or Unit Agreement Name

Branch Ranch 35 State

8. Well Number

1

9. OGRID Number

22044

10. Pool name or Wildcat

North Hume (Wolfcamp)

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 Energy, Inc.

3. Address of Operator

1050 - 17th Street, Suite 2500 Denver, Colorado 80265

4. Well Location

Unit Letter G: 1980 feet from the North line and 1650 feet from the East lineSection 35 Township 15S Range 33E NMPM County Lea

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

4,149' GLE & 4,166' KBE (w/17' KB)

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 ☐OTHER: ☐

SUBSEQUENT REPORT OF:

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

Diversified Field Services began construction of the drill pad on April 10, 2012 and completed same on April 19, 2012.

Butch's Rathole Service set 40' of 20" conductor in a 30" hole and cemented to surface w/5 yards of Portland cmt on May 25, 2012.

Trans Pecos Trucking began moving Patriot Drilling's Rig # 1 to location on May 30, 2012.

Surface owner (Branch Ranch) was notified of pending move on May 28, 2012 and E.L. Gonzales of NMOCD was notified of pending spud on May 31, 2012.

The well was spud at noon on June 1, 2012. Drilling is conducted with a closed loop mud system w/all wastes hauled to 3rd party, commercial facilities.

A 17.5" hole was drilled to 1,685' KB before running 719' of new 13.375", 54.5 #/ft, J55, ST&C, Rng 3 casing followed by 966' of new 13.375", 48 #/ft, ST&C, Rng 3 casing. The string utilized a shoe, 1 shoe jt, a float collar and 6 centralizers. The casing was landed on bottom and cemented by Rising Star on June 4, 2012 with 1,100 sx of Type 'C' LEAD cement mixed at 13.5 ppg & 1.75 Yield followed by 300 sx of Type 'C' TAIL cement mixed at 14.8 ppg and 1.35 Yield. The casing was cemented to surface with full returns and recovered 167 bbls (535 sx) slurry to steel tank.

Casing cut-off, install of bradenhead, nipple up & test of BOPE, MU & TIH w/11" bit on BHA #2 to tag cmt top @ 1,630' & displacement of hole w/drillout fluids (brine) totaled 31 hours between cement plug bump to start of surface casing drill-out on June 5, 2012.

Spud Date:

June 1, 2012

Rig Release Date:

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

SIGNATURE E. Reed Fischer TITLE Operations Manager DATE June 17, 2012Type or print name E. Reed Fischer E-mail address: reedf@mcelvain.com PHONE: 303.893.0933 xtn 330

For State Use Only

APPROVED BY: E. Gonzales TITLE Staff Mgr DATE 6-26-2012

Conditions of Approval (if any):

JUN 26 2012