

Submit 1 Copy To Appropriate District Office
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

HOBBS OGD State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

JUL 12 2012
RECEIVED
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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.)		WELL API NO. 30-025-40305 ✓
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator McElvain Energy, Inc.		6. State Oil & Gas Lease No. VB20140000
3. Address of Operator 1050 - 17 th Street, Suite 2500 Denver, Colorado 80265		7. Lease Name or Unit Agreement Name Branch Ranch 35 State ✓
4. Well Location Unit Letter <u>G</u> ; 1980 feet from the <u>North</u> line and <u>1650</u> feet from the <u>East</u> line Section <u>35</u> Township <u>15S</u> Range <u>33E</u> NMPM County <u>Lea</u>		8. Well Number 1 ✓
		9. OGRID Number 22044 ✓
		10. Pool name or Wildcat North Hume (Wolfcamp)
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:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: DST, Drill to TD, Log, P&A <input checked="" type="checkbox"/>	

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.

After setting & cementing 8.625" intermediate casing on 6/9/12, a 7.875" bit was used to drill the production hole starting on 6/11/12. The hole was drilled into the projected Wolfcamp pay and a DST conducted from 10,082' to 10,217' on 6/22/12. Following retrieval of the DST tools, the hole was deepened and reached a 10,362' TD on 6/23/12 before being logged in one run with Schlumberger's PEX-HRLA Platform Express on 6/23/12. P&A operations started on 6/24/12 using Rising Star Services. Seven plugs were spotted from 10,250' to surface and three of the plugs were tagged according to plugging orders received from Mr. E.L. Gonzales of the Hobbs' NMOCD. Cementing operations concluded on 6/25/12 including cementing of the rat & mouse holes. The wellhead was cut-off and a below ground plate installed on 6/26/12. Patriot Rig # 1 was released at 0700 hours on 6/26/12. The rig was rigged down and waited for trucks until 7/2/12 when the rig was removed from location.

PLEASE REFER TO THE ATTACHED FOR MORE DETAILED OPERATIONAL INFORMATION

Spud Date:

June 1, 2012

Rig Release Date:

June 26, 2012

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 July 5, 2012

Type 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. Reed Fischer TITLE Dist. Mgr DATE 7-12-2012
Conditions of Approval (if any):

McELVAIN ENERGY, INC.

BRANCH RANCH 35 STATE # 1

SWNE Section 35, T15S, R33E

1,980' FNL and 1,650' FEL

Lea County, New Mexico

(State Lease # VB20140000)

API# 30-025-40305

Attachment - Subsequent Report of Operations NMOCD Form # C-103 Dated July 5, 2012

Drill TD: 10,362' (Driller's TD) 10,360' (Logger's TD)

ELog Formation Tops, Porosity Zones & Casing Depths (GLE - 4,149'; KBE - 4,166' w/17' KB):

<u>Formation</u>	<u>Depth</u>	<u>Remarks</u>
SURFACE CASING	1,685	(13.375", 48#/ft & 54.5#/ft - Cemented to Surface)
Rustler Anhydrite	1,700	
Top of Salt	1,742	
Base of Salt	2,786	
Yates	2,812	
INTERMEDIATE CSG	4,456	(8.625", 32 #/ft - Cemented to Surface)
Abo	7,964	
Wolfcamp	9,662	
Hume Wolfcamp Pay	10,170	Porosity Zone from 10,170 - 10,182'
Logger's TD	10,360	Driller's TD 10,362

DRILLSTEM TEST RESULTS (Test #1 Failed, Test #2 Results Below):

On bottom test from 10,082 to 10,217' KB in 7.875" hole.

Initial Flow = 28 minutes Initial Shut-in = 60 minutes

Final Flow = 90 minutes Final Shut-in = 323 minutes

Initial Hydrostatic	=	4,869 psi	Initial 1 st Flow	=	926 psi
Final 1 st Flow	=	959 psi	1 st Shut-in	=	2,053 psi
Initial 2 nd Flow	=	1,080 psi	Final 2 nd Flow	=	1,376 psi
2 nd Shut-in	=	1,623 psi	Final Hydrostatic	=	4,824 psi

DST (TEST #2) RECOVERY

Pipe Recovery: Reversed to tank, 17 bbls free oil (42.5 gravity @ 60 degrees), 13 bbls saltwater (91,000 mg/l chlorides), 4 bbls OGCM (40% oil) and 180 feet of saltwater below circulating sub (91,000 mg/l chlorides).

Sample Chamber (2,000 cc capacity) Recovery: 1,385 psi of pressure, 2.96 cf gas, 600 cc's free oil (42.5 gravity), 800 cc's saltwater (91,000 mg/l chlorides). GOR = 785 cf/bbl

DST (Test #2) REMARKS

Tool opened with a strong blow. GTS in 12 minutes w/60 psi on ½" choke. 100 psi in 20 minutes, 140 psi at end of 28 minutes first flow period. Reopened tool w/23 psi on ½" choke, 90 psi in 30 minutes, 112 psi in 45 minutes, 120 psi in 60 minutes, 120 psi in 75 minutes before declining after 78 minutes to 100 psi at end of final flow period.

CEMENT PLUG & PLUG TAG SUMMARY:

PLUG #1	10,250 – 10,020' (230')	60 Sx Class 'H'	TAG #1 – After 4 hrs WOC
Displace Hole with 9.5 ppg Plug Mud			
PLUG #2	9,725 – 9,600 (±125')	50 Sx Class 'H'	
PLUG #3	8,025 – 7,900 (±125')	50 Sx Class 'H'	
PLUG #4	4,560 – 4,340 (220')	75 Sx Class 'C'	TAG #2 – After 4 hrs WOC
PLUG #5	2,850 – 2,700 (±150')	40 Sx Class 'C'	
PLUG #6 (A)	1,800 – 1,700 (100')	45 Sx Class 'C'	TAG #3 – After 4 hrs WOC.
Tagged Plug #6 Too Low Due to Soft Top. Approval from E.L. Gonzales to Pump Additional 25 sacks Above Original Plug # 6.			
PLUG #6 (B)	1,700 – 1,603 (± 97')	25 Sx Class 'C'	
PLUG #7	250 – 0 (250')	85 Sx Class 'C'	

Filled rat and mouse hole with Class 'C' cement.

Cement from Rising Star Services out of Hobbs, New Mexico

Class 'H' mixed with 5.22 gals/sk water Yields 1.18 ft³/sk at 15.60 ppg

Class 'C' mixed with 6.33 gals/sk water Yields 1.33 ft³/sk at 14.80 ppg



COMPANY : McELVAIN ENERGY, INC.
LEASE : BRANCH RANCH "35" STATE
WELL NO. : # 1
FIELD : HUME NORTH (WOLFCAMP)
COUNTY/STATE : LEA/ NEW MEXICO

TEST DATE : 06/22/12
D.S.T. NO. : 2
TEST TKT. NO. : 26756
INVOICE NO. : 24305
ORDER NO. :

FORMATION	: WOLFCAMP LIME	HOLE SIZE (in)	: 7.875	ANCHOR LENGTH (ft):	135
INTERVAL (ft)	: 10082 TO 10217	DRILL PIPE ID (in)	: 3.82	TOOL LENGTH (ft)	: 52
TOTAL DEPTH (ft):	10217	DRILL COLLAR ID(in):	2.25	TOOL O.D. (in)	: 5
ELEVATION (ft)	: 4149	DRILL COLLAR feet	: 519	PACKER SIZE (in)	: 7.000

RECORDER DATA
AK1-KUSTER / AMERADA

TOP RECORDER: IN
RECORDER NO. : 5163
CAPACITY (psi): 10000
DEPTH (ft) : 10085
CLOCK NO. : 5163
DURATION (hrs): 99

BOTTOM RECORDER: OUT
RECORDER NO. : 13799
CAPACITY (psi): 7850
DEPTH (ft) : 10217
CLOCK NO. : 24222
DURATION (hrs): 24

MUD PROPERTIES

MUD TYPE : FRESH GEL/CHEM
MUD WT. (#/gal) : 9.20

WATER LOSS (cc) : 7.00
FILTER CAKE (in) : 2/32
VISCOSITY (sec) : 33

CHLORIDE PPM : 68000
RESISTIVITY(ohm-m): .065

EQUIPMENT DATA

CONVENTIONAL : YES
STRADDLE : NO
SELECTIVE ZONE : NO
SAMPLE CHAMBER : YES
GAS ANALYSIS : YES

ROTARY JARS : YES
NO. OF PACKERS : 2XL
SAFETY JOINT : YES
CIRCULATING SUB : YES
REVERSED OUT : YES

MULTIFLOW : NO
MILEAGE : YES
OPERATOR TIME : YES
OTHER : YES
SUNADA ELECTRONIC (2)

SUCCESSFUL : YES

PACKER FAILURE : NO

TOOL PLUG : NO

DECIDED NOT TO TEST : NO

FAIL TO REACH BOTTOM : NO

TIME INTERVAL DATA (min)

TOOL OPENED : 5:45 PM

TOTAL TEST TIME: 500

INITIAL FLOW : 28
SECOND FLOW : 90
THIRD FLOW :

INITIAL SHUT-IN: 60
SECOND SHUT-IN : 323
THIRD SHUT IN :

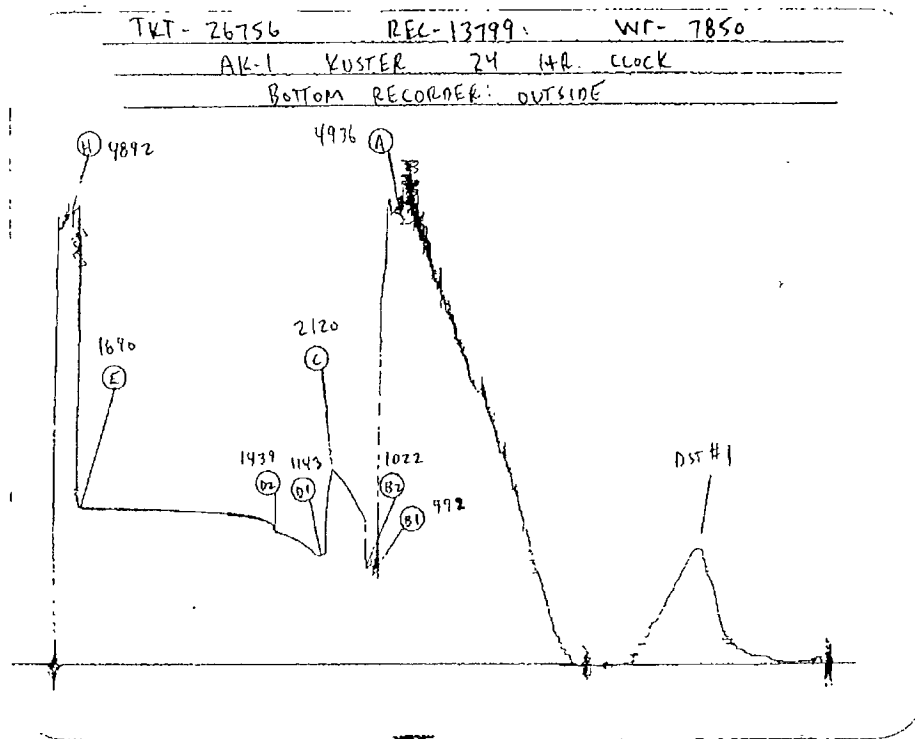
TEST TOOL OPERATOR: DEE WHITEHEAD



McELVAIN ENERGY, INC.

BRANCH RANCH "35" STATE # 1
D.S.T. NO. :2

		CORRECTED READING	FIELD READING
A	INITIAL HYDROSTATIC:	4869 PSI	4859 PSI
B-1	INITIAL FIRST FLOW :	926 PSI	PSI
B-2	FINAL FIRST FLOW :	959 PSI	952 PSI
C	FIRST SHUT-IN :	2053 PSI	2047 PSI
D-1	INITIAL SECOND FLOW:	1080 PSI	1102 PSI
D-2	FINAL SECOND FLOW :	1376 PSI	1376 PSI
E	SECOND SHUT-IN :	1623 PSI	1625 PSI
H	FINAL HYDROSTATIC :	4824 PSI	4702 PSI



PIPE RECOVERY RECOVERY DATA B.H. TEMP. (deg F) : 143 SAMPLE CHAMBER

GAS TO SURFACE 12 MIN. INTO FIRST FLOW PERIOD
PULLED TO FLUID @ 3200 FT. & REVERSED TO TANK APPROX
17 BBL. OF FREE OIL (42.5 GRAVITY @ 60 DEGREES)
13 BBL. OF SALTWATER (91,000 MG/L CHLORIDES)
4 BBL. OF OIL & GAS CUT MUD (40% OIL)
180 FT. OF SALTWATER BELOW CIRCULATING SUB
91,000 MG/L CHLORIDES - .0485 OHM @ 85 DEGREES

1385 LBS. OF PRESSURE
2.96 CU. FT. OF GAS
600 CC'S OF FREE OIL
(42.5 GRAVITY @ 60 DEG)
800 CC'S OF SALTWATER
91,000 MG/L CHLORIDES
GOR = 785 CU.FT./BBL.

TEST REMARKS

TOOL OPENED WITH A STRONG BLOW, GAS TO SURFACE IN 12 MIN WITH 60 LB ON 1/2 CHOKE (467 MCFPD), 100 LB (718 MCFPD) IN 20 MIN, 140 LB (968 MCFPD) AT END OF 30 MIN FIRST FLOW. REOPENED TOOL WITH 23 LB (236 MCFPD) ON 1/2", 90 LB. (655 MCFPD) IN 30 MIN, 112 LB (793 MCFPD) IN 45 MIN, 120 LB (793 MCFPD) IN 60 MIN, 120 LB (793 MCFPD) IN 75 MIN. & BEGAN DECREASING IN 78 MIN. TO 100 LB. (718 MCFPD) ON 1/2" CHOKE AT END OF THE 90 MIN. FINAL FLOW PERIOD.



Date: 6/24/12 Time: 100PM
 Truck Called: 6/24/12 100PM
 Arrived at job: 6/24/12 330PM
 Start Job: 6/24/12 645PM
 Finish Job: 6/26/12 1037PM
 Leave Location: 6/25/12 1100PM

Job Log

RISING STAR SERVICES LP.		Customer Name: MCELVAIN		Ticket Number:		H2012-2149	
P.O. BOX 61193		Lease Name: BRANCH RANCH 35 ST.					
MIDLAND, TEXAS 79711		Well #: 1		Supervisor: NATHAN HALL			
OFFICE # 432-617-0114		Type of Job: PTA		County: LEA			
FAX #432-339-0140		Date: 6/25/2012		CUSTOMER REPRESENTATIVE: DENNIS POMROY			
Tubing Size:		Casing size:	8 5/8	Drill Pipe:	4.5		
Tubing weight:		Casing weight:	32	Drill Pipe Weight:	16.6		
Tubing bbl/Inft		Total Casing Depth:	4468				
Retainer depth:				Annular Volume:			
Packer depth:		Open Hole:	7 7/8	BHST:			
Perfs:		Total OH Depth:	10362	BHCT:			
Holes in casing:		Displacement:	bbls	Maximum:	2000	Psi	
		Pre-Flush:	bbls				
Sks. Cement Additives							
Lead Cement:	250	CLASS H+.25%R-38					
	Cmt. Wt.	15.60	Yield	1.18	Gal/sk	5.22	Mixing Water: 31.07 :bbls
							Total Ft. ³ : 295.00 ft. ³
Tail Cement:	300	CLASS C+.25%R-38					
	Cmt. Wt.	14.80	Yield	1.33	Gal/sk	6.33	Mixing Water: 45.21 :bbls
							Total Ft. ³ : 399.00 ft. ³
	Cmt. Wt.		Yield		Gal/sk		Mixing Water: :bbls
							Total Ft. ³ : ft. ³
	Cmt. Wt.		Yield		Gal/sk		Mixing Water: :bbls
							Total Ft. ³ : ft. ³
Total sks:	550	sks.	Total Bbls. Cmt.:	123.60	:Bbls	Total Water for Job:	
Total Ft. ³ :	694	ft. ³	Total Mix Water:	76.29	:Bbls		

Acid Systems

Acid System:		Gallons				
Diverter:		Balls		Coarse Rock Salt		
Injection Rate:		Job Pressures		Job Log Remarks: ARRIVE IN YARD AND PRETRIP TRUCKS, AND PAPERWORK PRE CONVOY SAFETY MEETING LEAVE YARD ARRIVE ON LOCATION PERFORM JSA PRE RIG UP SAFETY MEETING SPOT TRUCKS RIG UP ALL IRON WAIT ON DRILL PIN PRE JOB SAFETY MEETING RIG UP TO DRILL PIPE		
Time	Rate:	Bbls in	Tbg psi.			Csg psi
100PM						
130PM						
200PM						
330PM						
331PM						
336PM						
340PM						
345PM						
400PM						
630PM						
645PM						
SERVICE REPRESENTATIVE: NATHAN HALL		Signature Please		CUSTOMER REPRESENTATIVE: X		
				Signature Please		



Ticket Number:

H2012-2149

Customer:

MCELVAIN

Date

6/25/2012

Lease: BRANCH RANCH 35 ST.

Well:

1

Job Type:

PTA

Time	Injection Rate:		Job Pressures		Job Log Remarks:
	Rate:	Bbls in	Tbg psi	Gsg psi	
658PM	1.5	10		300	PUMP FRESH WATER SPACER
700PM					SHUTDOWN AND BATCH UP CEMENT TO 15.6PPG
702PM	2	12.5		300	PUMP CEMENT-CLASS H/60 SACKS SET @ 10250"
708PM	1.1	3.5		300	PUMP FRESH WATER SPACER
711PM	8			700	START MUD DISPLACEMENT
713PM	8	20		700	MUD DISPLACEMENT
718PM	8	40		700	MUD DISPLACEMENT
719PM	8	60		700	MUD DISPLACEMENT
721PM	8	80		800	MUD DISPLACEMENT
723PM	8	100		1000	MUD DISPLACEMENT
726PM	8	120		1200	MUD DISPLACEMENT
728PM		139			SHUTDOWN AND SWITCH OVER TO WASH UP TO PIT
730PM					PULL 5 STANDS AND WAIT ON CEMENT
1130PM					TAG @ 10020"
1140PM					WAIT FOR RIG CREW TO LAY DOWN 15 JTS
1250AM					RIG UP TO DRILL PIPE
1254AM	2	10		300	PUMP FRESH WATER SPACER
1259AM					SHUTDOWN TO BATCH UP CEMENT TO 15.6PPG
100AM	3.5	10.5		200	PUMP CEMENT-CLASS H/60 SACKS SET @ 9725"
103AM	3.5	3.5		100	PUMP FRESH WATER SPACER
104AM	6.6			400	START MUD DISPLACEMENT
107AM	6.6	20		650	MUD DISPLACEMENT
110AM	6.6	40		650	MUD DISPLACEMENT
113AM	6.6	60		650	MUD DISPLACEMENT
116AM	6.6	80		1000	MUD DISPLACEMENT
118AM	6.6	100		1000	MUD DISPLACEMENT
120AM	6.6	120		1100	MUD DISPLACEMENT
122AM		132			SHUTDOWN AND SWITCH OVER TO WASH UP TO PIT
125AM					WAIT FOR RIG CREW TO LAY DOWN 52 JTS
255AM					RIG UP TO DRILL PIPE
300AM	2.5	10		200	PUMP FRESH WATER SPACER
304AM					SHUTDOWN TO BATCH UP CEMENT TO 15.6PPG
305AM	2.1	10.5		100	PUMP CEMENT-CLASS H/60 SACKS SET @ 8025"
310AM	1.75	3.5		100	PUMP FRESH WATER SPACER
312AM	8.9			300	START MUD DISPLACEMENT
314AM	8.9	20		600	MUD DISPLACEMENT
317AM	8.9	40		600	MUD DISPLACEMENT
319AM	8.9	60		800	MUD DISPLACEMENT
321AM	8.9	80		800	MUD DISPLACEMENT
323AM	8.9	100		800	MUD DISPLACEMENT
324AM		107			SHUTDOWN AND SWITCH OVER TO WASH UP TO PIT
330AM					WAIT FOR RIG CREW TO LAY DOWN 110 JTS
642AM					RIG UP TO DRILL PIPE
648AM	5	10		300	PUMP FRESH WATER SPACER&BATCH UP CEMENT TO 14.8PPG
651AM	4.3	17.5		300	PUMP CEMENT-CLASS C W/1%GACL2/75 SACKS SET @ 4560"
655AM	4.3	3.4		300	PUMP FRESH WATER SPACER
656AM	8			700	START MUD DISPLACEMENT
658AM	8	20		700	MUD DISPLACEMENT
702AM	8	40		700	MUD DISPLACEMENT
703AM		56			SHUTDOWN AND SWITCH OVER TO WASH UP TO PIT
705AM					PULL 5 STANDS AND WAIT ON CEMENT
1100AM					TAG @ 4340"
1115AM					WAIT FOR RIG CREW TO LAY DOWN 53 JTS
1250PM					RIG UP TO DRILL PIPE
1259PM	5	10		200	PUMP FRESH WATER SPACER&BATCH UP CEMENT TO 14.8PPG
101PM	3.1	9.4		200	PUMP CEMENT-CLASS C/40 SACKS SET @2850"
104PM	3.1	3.4		200	PUMP FRESH WATER SPACER
105PM	7			300	START MUD DISPLACEMENT

Thank you for your business, your patronage is greatly appreciated!!!

SERVICE REPRESENTATIVE: Signature Please

CUSTOMER REPRESENTATIVE: Signature Please

NATHAN HALL

X



H2012-2149

MCELVAIN

6/25/2012

Well: 1

Job Type: PTA

Job Log Remarks:

SERVICE REPRESENTATIVE:	Signature Please
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CUSTOMER REPRESENTATIVE:	Signature Please
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NATHAN HALL

X