Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD
AUG 30 2017
RECEIVED

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2

5. Lease Serial No.
NMNM12277

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM88498

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

8. Well Name and No.
PENNZOIL FED CO 01

2. Name of Operator
MCELVAIN ENERGY INC
Contact: TONY G COOPER
E-Mail: tony.cooper@mcelvain.com

9. API Well No.
30-025-27013-00-S1

3a. Address
1050 17TH STREET SUITE 2500
DENVER, CO 80265

3b. Phone No. (include area code)
Ph: 303-893-0933 Ext: 331

10. Field and Pool or Exploratory Area
LARICA

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 29 T18S R34E NWSE 1980FSL 1780FEL

11. County or Parish, State
LEA COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/
☐ Subsequent Report	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete
	☐ Change Plans	☒ Plug and Abandon	☐ Temporarily Aba
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal

INT TO PA PM R
P&A NR
P&A R

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

McElvain Energy, Inc. is submitting this sundry to obtain BLM approval for the attached plug and abandonment procedure for this well. This well needs to be P&A'd quickly so it does not pose a problem for our frac ops in section 29 which begin in November 2017

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Electronic Submission #385553 verified by the BLM Well Information System
For MCELVAIN ENERGY INC, sent to the Hobbs
Committed to AFMSS for processing by ZOTA STEVENS on 08/24/2017 (17ZS0014SE)

Name *(Printed/Typed)* KELLOFF JOE — Title VP PRODUCTION

Signature (Electronic Submission) — Date 08/22/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ZOTA STEVENS — Title PETROLEUM ENGINEER — Date 08/25/2017

Conditions of approval, if any, are attached. Approval of this notice 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.

Office Hobbs

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)

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

FOR RECORD ONLY
MWOCD 08/30/2017

McElvain Energy, Inc.

Plug and Abandonment Procedure

Well name:	**Pennzoil Federal #1**	Prepared By:	AJ Gibson
Date:	8/21/2017	**Operations:**	**Rex Glenn Sr. 575-910-6725**
Area:	Delaware Basin		
Field:	EK Oil Field	**Engineer:**	**AJ Gibson 303-881-6950**

Purpose: **Plug and abandon well.**

Well Information:

API Number:	30-025-27013
Surface Location:	Unit J, Sec. 29-T18S-R34E
KB:	18'
GL:	3,970'
Perforation Intervals:	13,388'-13,400' and 9,902'-9917'
PBTD:	13,575'
TOC:	8,450' (no CBL to verify)

Casing/Tubing:

13 3/8" 48# H-40, ST&C 8rd at 353'. Cmt'd w/ 300 sks class C w/ 2% CaCl, did not circulate, ran 1" tbg down annulus to 60', cmt'd w/ 100 sks class C, circ. 50 sks to surf.

8 5/8" 32# K-55, LT&C at 5,198'. Cmt'd w/ 1,500 sks Halliburton Lite w/ add., yield 1.92 cuft/sk, tailed in w/300 sks class C w/ 2% CaCl, circ. 25 sks cmt to surf.

5 1/2", 17# N-80 (20# bottom 3000') at 13,644', cmt'd w/ 925 sks class H cmt w/ .640 Halad 22, 1.4% CFR-2, 5# KCL, yield of 1.3 cuft/sk.

2.875" EUE, 6.5# at 13,340', N-80 and L-80 (unsure of grade?), 432 jts.

Previous Squeeze Job:

2/15/16 Set 5-1/2" cmt retainer at 5,950' on tbg, load csg w/ 34 bbls & put 400 psi on annulus. Sqz'd holes at 6,051' w/ 100 sks class C 65/35 cmt at 12.8 ppg w/ 1.9 yield, tail w/ 200 sks class C at 14.8 ppg w/ 1.33 yield, circulate out 8-5/8" annulus during job, did NOT get cmt to surface. Unsure of TOC.

2/16/16 Tag cmt at 5,942', drill out cmt, retainer at 5,950', and 12' cmt. Fell out at 6,073', cont. RIH to 6,112', circ hole clean, test csg to 1000 psi for 15 min w/ no leak off.

Formation Tops:

Rustler:	1760'
Yates:	3327'
Queen:	4565'
Penrose:	4840'
San Andres:	5362'
Delaware:	5600'
Brushy Canyon:	6552'
Bone Spring:	7796'
1st Bone Spring sand:	9018'
2nd Bone Spring sand:	9567'
3rd Bone Spring sand:	10,426'
Wolfcamp:	10,621'
Strawn:	12,325'
Atoka:	12,573'
Morrow:	12,935'

Procedure:

1. Contact BLM 24hrs prior to MIRU at 575-393-3612.
2. MIRU workover rig and components.
3. NU 3K or 5K BOP and prepare rig floor with EMI scanner to POOH w/ tubing.
4. Scan, strap and color stripe tubing while POOH.
5. RU wireline and RIH to set CIBP at 13,376'; POOH and PU gauge ring and RIH and tag CIBP to verify depth; POOH.
6. RIH and ~~dump bail~~ spot 25 sks of class H neat (16.4# 1.06 yield) cement at 13,376'. RD wireline. or dump bail 35'
7. WOC for at least 4hrs, RIH w/ tubing for tag of cement at ~~+/- 13,165'~~ 13,165.
8. Tag cement top and circulate 295 bbls of mud laden fluid to surface.
9. POOH to 12,985' and spot cement plug from 12,985' to 12,755' using 28 sks of class H neat (16.4# 1.06 yield) cement. WOC at least 4hrs and Tag.
10. POOH to 12,375' and spot cement plug from 12,375' to 12,145' using 28 sks of class H neat (16.4# 1.06 yield) cement. WOC at least 4hrs and Tag.

11. POOH to 10,671' and spot cement plug from 10,671' to 10,461' using 25 sks of class H neat (16.4# 1.06 yield) cement. WOC at least 4hrs and Tag.
12. POOH to surface and PU a treating packer on tubing and RIH and set at 9,882'; pressure test below treating packer and the annulus to 500psi and monitor for 15 minutes. (*Note –We will squeeze the perfs w/ 100 sks of class H neat (16.4# 1.06 yield) cement; the goal is slowly lock up the open perfs; we will not drill out and test squeeze zone. If negative pressure test for the annulus call into engineer.)
13. POOH to surface with treating packer and PU on tubing CIBP and RIH and set at 9,882'.
14. Once CIBP is set; tag CIBP to verify depth then spot 25 sks of class H neat (16.4# 1.06 yield) cement on top of the CIBP at 9,882'; POOH 1,000' and circulate tubing clean w/ mud laden fluid and POOH to surface and WOC for at least 4hrs.
15. RU gauge ring and RIH to tag cement top at ~~+/- 9,670'~~ 9670'; POOH.
16. Run GR/CCL/CBL from ~~+/- 9,670'~~ 9670' to surface; process log and report to engineer immediately the results of the GR/CCL/CBL. We will discuss the log then notify the BLM of the top of cement to receive guidance on the plugging procedure. Procedure is subject to change starting at Step 19 based on BLM guidance from the GR/CCL/CBL log.
17. RU perforating guns with 4SPF and RIH to perf at 7846', 7821', 7796, 7771', 7746', and 7721'. POOH with perforating guns.
18. RIH w/ tubing to 7,846' and spot 25 sks of class H neat (16.4# 1.06 yield) cement over entire perf interval in Step 17. WOC at least 4hrs and Tag.
19. POOH to 5,650' and spot cement plug from 5,650' to 5,494' using 25 sks of class C neat (14.8# 1.32 yield) cement. WOC at least 4hrs and Tag.
20. POOH to 5,249' and spot cement plug from 5,249' to 5,098'using 25 sks of class C neat (14.8# 1.32 yield) cement; WOC at least 4hrs and Tag. POOH tubing.
21. RU gauge ring and RIH to 3,387'; POOH.
22. RU perforating guns with 4SPF and RIH to perf at 3,377'; POOH.
23. RIH w/ tubing with cement retainer and set at 3,367'; squeeze with 25 sks of class C neat (14.8# 1.32 yield) cement, fill 3,377' to 3,367' with cement; sting out of cement retainer and spot cement plug from 3,367' to 3,237' using 25 sks of class C neat (14.8# 1.32 yield) cement; WOC at least 4hrs and Tag.
24. POOH to 2,010' and spot cement plug from 2,010' to 1,890' using 25 sks of class C neat (14.8# 1.32 yield) cement. WOC at least 4 hrs and Tag. POOH laying down tubing.
25. RU gauge ring and RIH to 413'; POOH.
26. RU perforating guns with 4SPF and RIH to perf at 403'; POOH.
27. Attempt to break circulation out of bradenhead and squeeze using 100 sks class C neat (14.8# 1.32 yield) until cement returns are seen; spot 50 sks class C neat (14.8# 1.32 yield) to surface. WOC and notify BLM at least 4hrs before cutting off wellhead and RDMO of workover rig.

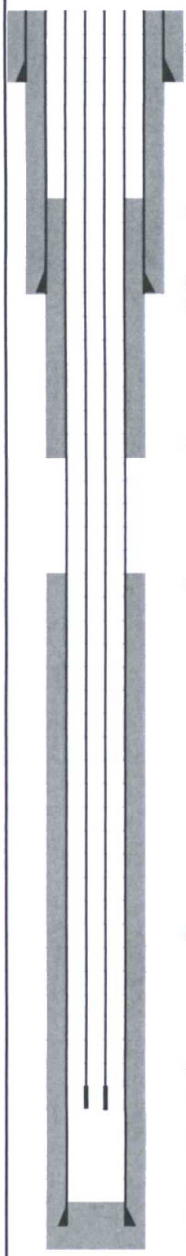
28. Cut off well head at the base of the cellar or 3 feet below final ground level (whichever is deeper) and install dry hole marker (see attached COA for inscription details); clean location.

Important Contacts:

McElvain Energy EHS-Tony Cooper 303-962-6489
McElvain Energy VP of Production-Joe Kelloff 303-808-2546
McElvain Energy Superintendent-Brian Odell 970-930-5868

Current Wellbore Diagram

McElvain Energy, Inc.
Pennzoil Federal Comm # 1
Unit J, Section 29, T18S-R34E
API #30-025-27013



KB 3,988'
GL 3,970'

Surface Casing

353' **13 3/8" 48# H-40, ST&C 8rnd**
Cmt'd w/ 300 sks Class C 2/ 2% CaCl, did not circulate, ran 1" tbg down annulus to 60', cmt'd w/ 100 sks Class C, circ 50 sks to surf.

Unsure of cmt top from 2/2016 squeeze

Intermediate Casing

5198' **8 5/8" 32# K-55, LT&C, cmt'd w/** 1,500 sks Halliburton Lite w/ add yield 1.92 cuft/sk, tailed in w/ 300 sks Class C w/ 2% CaCl
Circ. 25 sks cmt to surface

6,051' - 6,082' Csg holes, sqz'd 2/15/2016 tested to 1,000 psi for 15 min.

8450' TOC

9902-17' Bone Spring Carbonate perfs
Tested and treated in 2005, no fluid entry, no sign of squeeze may still be open.

Tubing: 2.875" EUE, 6.5#, N-80 and L-80 (unsure of grade?)

13,340' EOT - 432 jts 2-7/8", 2-7/8" SN with 2-7/8" notched collar

13388-400' Morrow perfs, original & re-perf 3/10/2016 w/ 1-11/16" thru tbg strip gun w/ 4 spf

13,575' PBTD (3/22/2016 - hard tag after cleanout following frac)

13,644' **5 1/2", 17# (20# bottom 3000'), cmt'd w/ 925 sks class H cmt w/ .640 Halad 22, 0.4% CFR-2, 5# KCL, yield of 1.3 cuft/sk**

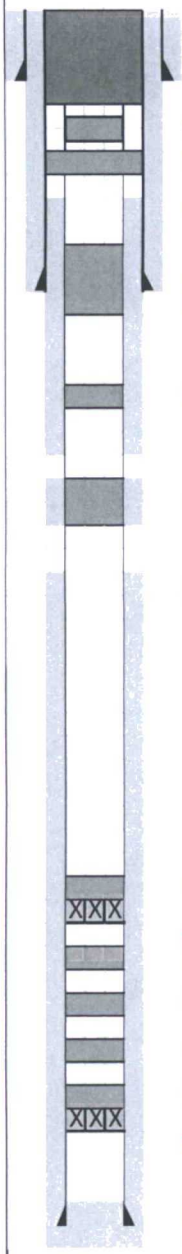
13,680' TD

Well History

12/1980	Completed in Morrow. Acdz w/ 1350 gal 7.5% "Morroflo HCl w/ 700 SCF N2
1993	Frac'd Morrow w/ x-linked borate, CO2
1995	Put on plunger lift
1996	Unsuccessful stinging out of pkr. Then jarred 4 hrs without success. Cut tbg @ 13044', leaving pkr & seal assembly in hole.
1/2005	Unsuccessful recompletion to Bone Spring Dolomite. Perf 9902-17' w/ 4 SPF Acdz w/ 1000 gals 20% HCL, re-perf 6 SPF w/ tbg conveyed guns. No fluid entry.
3/2005	Bone Spring (9902-17) Gelled acid frac, 12M gal Cudd 15% Ultragel HCl Swab 2 runs, Rec 5 BLW, tr oil. IFL 9400', FFL 9800'. -255 BLW
5/2005	Return to Morrow. DO scat cmt & CIBP 12,894-987' w/ air/foam unit. Put on plunger lift
9/2011	Broach tbg using slickline - no tight spots
6/2014	Swabbed well
1/11/16	Swabbed well 2 days. Rec 55 bbls heavy fluid (looks like drlg mud). IFL 1600', FFL 10,000' Unable to get below 11,000'. No gas flow
1/28/16	Swabbed well. IFL 9800'. Rec 13 bbls drlg mud. FFL 10,900'. Unable to get below 10,900' No gas flow
2/12/16	Pressure tested casing with RBP and Pkr, found holes from 6,051' - 6,082'. Establish injection rate @2-1/2 BPM at 500 psi. Pumped 24 bbls, broke circulation out the 8-5/8" annulus, circulated 207 bbls to pit.
2/15/16	Set 5-1/2" cmt retainer at 5,950' on tbg, load csg w/ 34 bbls & put 400 psi on annulus. Sqz'd holes at 6,051' w/ 100 sks Class C 65/35 cmt at 12.8 ppg w/ 1.9 yield, tail w/ 200 sks Class C at 14.8 ppg w/ 1.33 yield, circulate out 8-5/8" annulus during job, did NOT get cmt to surface.
2/16/16	Tag cmt at 5,942', drill out cmt, retainer at 5,950', and 12' cmt. Fell out at 6,073', cont. RIH to 6,112', circ hole clean, test csg to 1000 psi for 15 min w/ no leak off.
3/04/16	After several days of milling, fishing, cutting, etc. - recovered tbg, 14' Baker DB seal-bore pkr, 2-3/8" x 4' tbg sub, 2-3/8" profile nipple, and 2-3/8" x 4' tbg sub., RIH tag fill at 13,481'
3/7-3/14/16	RIH w/ 3-1/2" frac string and pkr, set at 13,180', load csg, attempt to pump, pressure up to 8975 psi, attempt to surge well, press. Incr to 9,500 psi at 1 BPM. RIH w/ 1-11/16" strip guns, perforate Morrow from 13,388' - 13,400' w/ 4 SPF, 48 holes. RU Baker, break down perfs at 6,800 psi & 0.5 bpm, increased rate to 1 BPM, pressure up to 8,750 psi. Baker analysis on scale, spearhead 1250 gals 15% NEFE-HCL acid at 2 BPM & 8646 psi, press. broke to 6500 psi. Frac Morrow w/ 24,372 gals 30# Gel / CO2 @ 50-60 quality foam w/ 18,338 lbs 20/40 sand staging from 0.5-3.5 ppg at 11.4 BPM & 8750 psi. Well screened out w/ 10,000 lbs sand in formation, SD, left 8,338 lbs sand in tbg. 687 bbls load to recover, pumped 85 tons CO2.
3/22/16	RIH w/ 2-7/8" notched collar, SN and 431 jts 2-7/8" prod. Tbg, tag fill at 13,308', clean out 267' of fill to 13,375'. Tag solid. Circ. Hole clean 3 hours, PU 1 jt tbg, land tbg at 13,340'
3/23-4/26/16	Swab, attempt to flow, attempt to drop plunger, swab, etc. Recover additional low, some intermitent gas. 341 bbls of load still to recover. Turn over to production.

Proposed P&A Wellbore Diagram

McElvain Energy, Inc.
Pennzoil Federal Comm # 1
Unit J, Section 29, T18S-R34E
API #30-025-27013



KB 3,988'
GL 3,970'

Surface Casing 353' 13 3/8" 48# H-40, ST&C 8rnd
Plug #11 403' to surface'; squeezed .

Plug #10 2,010' to 1,890'.

Plug #9 3,377' to 3,237'; squeezed.

Unsure of cmt top from 2/2016 squeeze

Intermediate Casing 5198' 8 5/8" 32# K-55, LT&C
Plug #8 5,249' to 5,098'.

Plug #7 10,671' to 10,461 '.

Plug #6 7,846' to 7,746'; perf'd every 25'.

8450' TOC

Plug #5 CIBP at 9,882' with 25 sk plug at 9,882'.

9902-17' Bone Spring Carbonate perfs
Plug #4 10,671' to 10,461 '.

Plug #3 12,375' to 12,145 '.

Plug #2 12,985' to 12,755 '.

Plug #1 CIBP at 13,376' with 25 sk plug at 13,3 76'.

13388-400' Morrow perfs, original & re-perf 3/10/2016 w/ 1-11/16" thru tbg strip gun w/ 4 spf

13,575' PBTD (3/22/2016 - hard tag after cleanout following frac)
13,644' 5 1/2", 17# (20# bottom 3000')
13,680' TD

Rustler 1760
Top of Salt 1900
Yates 3327
San Andres 5362
Delware 5600
Brushy Canyon ~~7796~~ 6552
Bone Spring 7796
Wolf Camp ~10621
Marrow 12935

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. **Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.**

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). **The BLM is to be notified a minimum of 4 hours prior to the wellhead being cut off to verify that cement is to surface in the casing and all annuluses. Wellhead cut off shall commence within ten (10) calendar days of the well being plugged. If the cut off cannot be done by the 10th day, the BLM is to be contacted with justification to receive an extension for completing the cut off.**
The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement, unless otherwise noted in COA (requirements will be attached). The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and three copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation objectives.