Form 3160-5
(June 2015)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

HOBBS OCD
NOV 27 2017
RECEIVED
OCD Hobbs

5. Lease Serial No.
NMNM116166

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.
MCELVAIN 02

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

9. API Well No.
30-025-27543-00-S1

3a. Address
1050 17TH STREET SUITE 1800
DENVER, CO 80265-1801

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

10. Field and Pool or Exploratory Area
EK

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 29 T18S R34E NWSW 2310FSL 660FWL

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/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☒ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

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 respectfully requesting approval to recomplete this well into the 2nd Delaware formation. The 2nd Bone Springs formation will be abandoned in this well. This well needs to be recompleted before McElvain begins hydraulic fracturing operations on 3 - 2nd Bone Springs wells in the immediate vicinity of this well. The hydraulic fracturing operations for the 3 newly drilled 2nd Bone Springs wells are scheduled to commence on December 1, 2017. Please see attached recompletion procedure for your review and approval.

New Wells.
EK 30 BS2 Fed Com 1H
EK 30 BS2 Fed Com 2H
EK 31 BS2 Fed Com 1H

Added cement plug in procedure between steps 17 and 18. Please refer to produce procedure.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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

Electronic Submission #394380 verified by the BLM Well Information System
For MCELVAIN OIL & GAS PROP INC, sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 11/09/2017 (18DLM0078SE)

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

Signature (Electronic Submission) — Date 11/08/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By CHARLES NIMMER — Title PETROLEUM ENGINEER — Date 11/15/2017

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 ****

MAS/OCD
11/27/2017

McElvain Energy, Inc.

Recompletion Procedure

Well name:	**McElvain #2**	Prepared By:	AJ Gibson
Date:	6/20/2017	**Field Operations:**	**Brian O'Dell 970-930-5868**
Area:	Delaware Basin		
Field:	EK Oil Field	**Engineer:**	**AJ Gibson 303-881-6950**
Purpose:	**Abandoned 2nd Bone Springs and Perf/Stimulate 2nd Delaware.**		

Well Information:

API Number:	30-025-27543
Production Casing:	5-1/2" 20# N-80
Production Casing ID:	4.778"
Production Casing Drift:	4.653"
PBTD:	10,951' MD
Production Tubing:	2-7/8" 6.5# N/L-80
Production Tubing ID:	2.441"
Production Tubing Drift:	2.347"
EOT:	9,715' MD
CIBP:	10,472' MD
Perforation Intervals:	9,510'-9,536' MD
TOC:	4,100' MD
KB	12'

Important Notes:

1) The number of joints, rods, and EOT in the hole are from the 2/14/2017 workover.
2) The tubing tally is from the 10/27/2016 workover and should only be used as a reference/comparison to the new tally totaled by strapping out of the hole on this workover.
3) There is a CIBP in the 5.5" production casing at 10,472' MD; noted 2/1984 completion report.
4) There is a 26K shear tool connecting the rod pump to the rod string.

Current Tubing and Rod Detail in the Hole

Tubing Detail:			Rod Detail:			
K.B.	12		Polish rod	1.5" x 26'	16	
303 Joints	9444.8		Pony's 10'	10	10	
TAC	3.5		111 7/8" rods	25	2775	
7 Joints	217.4		265 3/4" rods	25	6625	
M.H.	1.1	9678.8	9- 7/8" rods	25	225	
Perf sub	4		2'x3/4" Pony	2	2	
1 Joint	31.9		Shear tool	1	1	
Bull plug	0.5	9715.2	Pony's 1'	1	1	
			Pump 24'	24	24	9679

ITEMS TO PROCURE AND/OR SCHEDULE BEFORE THE WORKOVER

- Procure anchor testing services through Hobbs Anchor.
- Procure pulling unit from Tyler Well Service or Select Well Service.
- Procure through TFH a 7" 5K hydraulic BOP w/ 2.875" and 3.5" pipe/blind rams, TIW valves for 2.875"/3.5" tubing, rig mat, and pipe racks.
- Procure hot oil/water services through Standard/Penasco to unseat the pump.
- Schedule a 4.75" bit/scraper and a 5.5"x2.875" rental packer from Lea County Packers.
- Schedule a 5.5"CIBP, 2 cement bail runs and perforating with Capitan-Cutter Wireline.
- Schedule a 5K Kill Truck to test CIBP and frac string annulus.
- Schedule Lay-Down machine through Well Foam.
- Schedule 5,800' of 3.5" 9.3# CS Hydril N-80 rental tubing, 2.875" 8rd x 3.5" CS Hydril XO and pipe racks from Fork-lift Enterprises to be delivered.
- Schedule a 7" to 3.5" FracStack through Guardian to be installed on top of BOP.
- Set 4-500bls frac tanks manifold them together.
- Schedule frac equipment arrival and stimulation ops with Elite Well Services; insure they have PRV's per procedure below.
- Schedule flow back equipment with Pace Oilfield Services.

PULL RODS AND PUMP PROCEDURE:

1) MI anchor testers. Test deadman anchors. Replace as necessary. MO testers.
2) Check pressures on tbg & csg strings. Blow well down.
3) Lock out / tag out power source and flowline.
4) MI roustabout crew. Take down wellhead fence.
5) MIRU workover rig & rig mat. Latch on to rod string, remove carrier bar & bridle.

6) Hot oil / hot water casing with 50bbls. LD polish rod & stuff box. Rig up rod equipment. Attempt to unseat pump (Note: 26K shear tool), if successful go to step 7. If shear tool must be activated, POOH hole with rods and swab down tubing, proceed to step 8.
7) Hot oil / hot water w/chemical tubing with 20bbls then POOH rods observing the grade/diameter of the rods. RD rod equipment.
8) Send pump into Eunice Pump and Supply to be kept as inventory and have exact pump design that was POOH used to make new pump that will be RIH. Take samples of solids or paraffin retrieved from well and call Nalco for them to pick up.

POOH TUBING PROCEDURE:

9) ND well head and NU 7" 5K hydraulic BOP w/ 2.875" and 3.5" pipe/blind rams.
10) Release tbg anchor, set with 14K tension.
11) POOH and stand back tubing; tally and observe tubing for paraffin/corrosion while POOH.

RIH BIT/SCRAPER PROCEDURE:

12) MU 4.75" bit/scraper assembly on 2.875" tubing; RIH to +/- 9,500' MD.
13) POOH, stand back tubing. LD bit/scraper.

SET CIBP, BAIL CEMENT, SET RBP & PERF PROCEDURE:

14) MIRU Capitan wireline and RIH with 4.5" GR/JB to 9,500' MD.
15) RIH wireline/gamma ray/CCL w/ 5.5" 20# series CIBP and set at 9,490' MD per Capitan 2-17-17 CBL.
16) RU 5K Kill Truck; load and test CIBP to 1000 psi.
17) RIH and dump bail 35' of Class H "neat" cement; may take two runs.
18) RIH and perforate from 5766'-5770', 5775'-5788' and 5790'-5794' per Capitan 2-17-17 CBL with wireline guns/gamma ray/CCL as follows: 2SPF, 60° phasing, 0.40" EHD and 12 to 16 gm charges (42 shots total).
19) POOH and inspect the guns to ensure they all fired. RDMO wireline.

18.5) spot 25sx of cement from 7520'-7700' TOC Tag.

RIH PACKER & FRAC STRING PROCEDURE:

20) MU and RIH a 5.5"x2.875" 10K AS-1X rental packer with a 4' sub and mule shoe BHA on 3.5" 9.3# N-80 CS Hydril rental frac string; RU FracStack and set packer at 5,755' MD per Capitan 2-17-17 CBL. Set packer with 25 points in compression per packer technician.
21) RU 5K Kill Truck; load and test 5.5"x3.5" annulus to 1000 psi.

STIMULATE WELL PROCEDURE:

22) MIRU Elite Well Services on Fracstack and prepare to frac well per attached design.
    - Set PRV on treating line to 7000 psi.
    - Apply 500 psi on the 5.5"x3.5"annulus and monitor during frac; Set a 2nd PRV to 1000 psi.
    - Confirm we are getting good cross-linked fluid prior to pumping downhole (no delayed cross-linking).
    - Confirm we are pumping low-temp breaker.
    - Over flush bottom perf at 5,794' MD by 15 bbls with 20# linear gel.
23) RDMO Elite Well Services and SDFN to allow closure and gel to break.

FLOW BACK WELL PROCEDURE:

24) Check well head pressures and MIRU flow back equipment if needed to flow well until dead; call into engineer to discuss choke management strategy if well will flow.

RD FRACSTACK & POOH FRAC STRING PROCEDURE:

25) RDMO FrackStack.
26) Release 5.5"x2.875" 10K AS-1X rental packer and POOH LD 3.5" 9.3# N-80 CS Hydril rental frac string.

CLEANOUT WELL PROCEDURE:

27) RIH SandPump from Lea County Packers; RIH and cleanout sand to at least 6,000'; tie a 5K Kill Truck onto casing and pump 2% KCl Substitute water as needed to sand pump.
28) POOH LD tubing not needed to RIH production tubing string as below.

RIH TUBING PROCEDURE:

29) PU & run tubing hydro testing to 5000psi as follows *from bottom to top*:
    - 2-875" Bull Plug
    - 1 joint 2.875"6.5# N-80, 8rd Tubing
    - 2.875" X 4' perf sub
    - 2.875" SN (Set @ ~5,850' MD)
    - 4 joints 2.875" 6.5# N-80, 8rd Tubing
    - 5-1/2" x 2-7/8' TAC (Set @ ~5,730' MD; Redressed or New)
    - 5,730' 2-7/8"6.5# N-80, 8rd Tubing

30) Space out tubing to land w/ TAC tension at 15,000# over tubing weight; speak with Eunice Pump and Supply and engineer on TAC tension, if needed.
31) ND 5K BOP, set TAC with 15,000# over tubing weight and NU well head.

RIH RODS AND PUMP PROCEDURE:

32) PU & run rod string as follows *from bottom to top:*

- 16' Gas Anchor (New)
- 2.5"x 1.5"x 16' RWBC rod pump (New)
- 26K Shear Tool (New)
- 1"x 4' Centralizer
- 4-1"x 25' K-Bars
- 161-3/4" Rods
- 59-7/8" Rods
- 2-7/8"x 8' Pony Rods
- 1.25"x 22' Polished Rod
- 1.25"x 1.5"x 10' Polished Rod Liner (New)

33) Seat & space out pump. Replace polished rod liner and change out stuffing box rubbers. Pressure test tubing to 500 psi. Blead pressure then long stroke pump and confirm good pump action.
34) RDMO workover rig & equipment.

Important Contacts:

Lease Operator-Kevin Phillips 575-706-1770
McElvain Energy Field Ops-Brian Odell 970-930-5856
McElvain Energy Field Ops-Raleigh Henry 575-518-8210
McElvain Energy EHS-Tony Cooper 303-962-6489
McElvain Energy VP of Production-Joe Kelloff 303-808-2546
Tyler Well Service-Bobby Madren 575-602-3736
TFH-Raine Chaney-575-441-6638
Standard-Jim Seyers 575-441-0593
Hydrostatic-Neal Flower 575-369-7763
Nalco Chemical-Chad Letcher 575-513-2426
Hobbs Anchor-575-393-5718
Banta Roustabouts-Noe 575-631-9811
Eunice Pump and Supply-Ronnie Eaves 575-390-2678
J&J Rental-Nick Cruze 575-441-4108
Elite Well Service-JJ McGlasson 575-513-9621
Pace Oil Field Service-Al Perry 575-942-9050
Select Energy
Lea County Packers-Sam Lujan 575-390-0438
ForkLift Enterprise-Stan 575-964-5684
Well Foam-Mike Segars 432-425-5546
Guardian FracStack-Jaime Estrada 575-631-5065

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

Permanent Abandonment of Production Zone 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 this approval.

If you are unable to plug back 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 back. Failure to do so will result in enforcement action.

2. **Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822. For wells in 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.**

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. Subsequent Plug back Reporting and Completion Report: Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back 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 work was completed and supply current wellbore diagram.**

7. 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.