(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

4-06-71

OCD-HOBBS

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.
LC-0245247 5/31/06

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

1a. TYPE OF WORK
DRILL [X] DEEPEN [ ]

b. TYPE OF WELL
OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO. (302305)
McELVAIN FEDERAL # 6

2. NAME OF OPERATOR (22044)
McELVAIN OIL & GAS PROPERTIES, INC. (REED FISCHER 303-893-0933)

9. API WELL NO.
30-025-37948

3. ADDRESS AND TELEPHONE NO.
1050 17TH STREET SUITE 1800 DENVER, CO. 80265

10. FIELD AND POOL, OR WILDCAT
E-K BONE SPRING

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
2080' FSL & 530' FWL SECTION 25 T18S-R33E LEA CO. NM
At proposed prod. zone SAME
Unit L

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
SECTION 25 T18S-R33E

CAPITAN CONTROLLED WATER BASIN

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 35 miles Weat of Hobbs New Mexico

12. COUNTY OR PARISH
LEA CO.

13. STATE
NEW MEXICO

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
580'	1280	80
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1000'	10,500'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3839' GR.

22. APPROX. DATE WORK WILL START*
WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	Conductor 20"	NA	40'	Cement to surface with Redi-mix.
17½"	H-40 13 3/8"	48#	400'	440 Sx. circulate cement
12¼"	J-55 8 5/8"	32#	3700'	1000 Sx. circulate cement
7 7/8"	N-80 5½"	20#	10,500'	1155 Sx. Estimate TOC 3500'FS

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½"hole to 400'. Run and set 400' of 13 3/8" 48# H-40 ST&C casing. Cement with 440 Sx. of Class "C" cement + ¼# Celo-flakes/Sx. + 2% CaCl circulate cement to surface.
3. Drill 11" hole to 3700'. Run and set 3700' of 8 5/8" 32# J-55 ST&C casing. Cement with 800 Sx. of 35/65/ Class "C" POZ, + 5% NaCl, + 5#/Sx LCM, + 6% Bentonite, tail in with 200 Sx. of Class "C" cement + additives, circulate cement to surface.
4. Drill 7 7/8" hole to 10,500'. Run and set 10,500' of 5½" 20# N-80 LT&C casing. Cement with 1155 Sx. of Class "H" 50/50 POZ, + 5% bowc FL-25 + 0.7% bonding, + 2% Bentonite. Estimate top of cement 3500' from surface.

Witness Surface Casing

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.
SIGNED Janet Jamieson TITLE Agent DATE 05/27/06

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

/s/ Tony J. Herrell

JUN 15 2006

APPROVED BY _____ TITLE FIELD MANAGER DATE _____

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

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

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-37948	21650	E-K BONE SPRING

Property Code	Property Name	Well Number
30 2305	McELVAIN ~~FEDERAL~~	6

OGRID No.	Operator Name	Elevation
22044	McELVAIN OIL & GAS PROPERTIES, INC.	3839'

22044

Surface Location

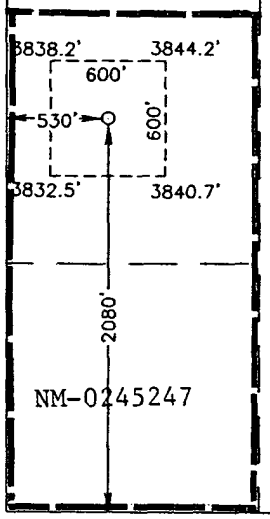
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	25	18-S	33-E		2080	SOUTH	530	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



GEODETIC COORDINATES
NAD 27 NME

Y=625285.9 N
X=718502.9 E

LAT.=32°43'01.18" N
LONG.=103°37'22.43" W

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Joe T. Janica Agent 05/27/06
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 11, 2006
Date Surveyed REVISION DATE: MAY 16, 2006 MR

Signature & Seal of Professional Surveyor

Ronald J. Eidson 5/17/06

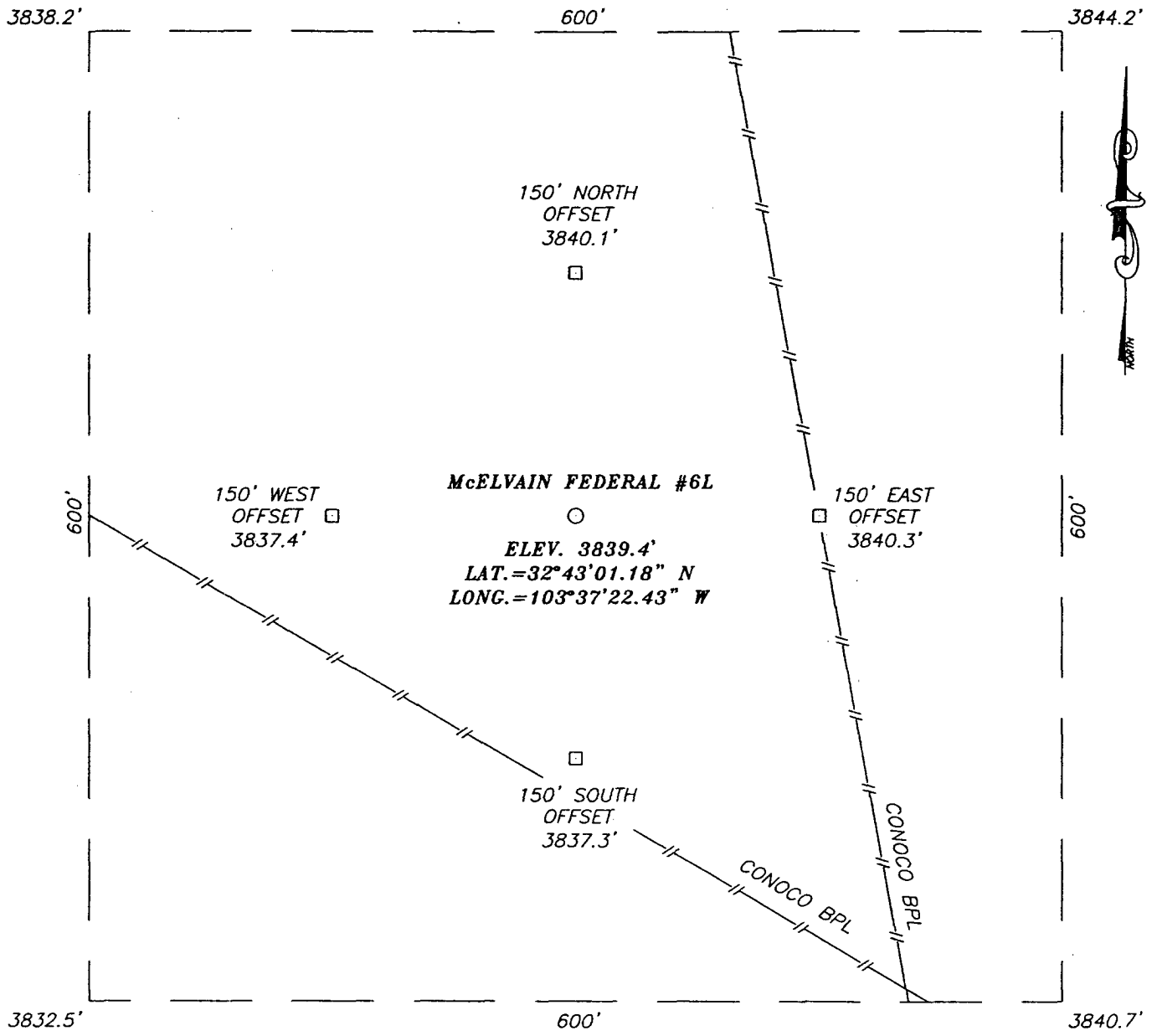
06.11.0807

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

EXHIBIT "A

SECTION 25, TOWNSHIP 18 SOUTH, RANGE 33 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

GOING NORTHWEST ON ST. HWY. #529, TURN LEFT 0.1 MILES PAST MILE MARKER 17. GO SOUTHWEST 0.1 MILES TO BEND IN CALICHE ROAD. CONTINUE SOUTH APPROX. 1.0 MILES ON CALICHE ROAD TO A "Y" INTERSECTION. STAY RIGHT AND GO SOUTHWEST APPROX. 1.5 MILES. TURN RIGHT ON A PIPELINE ROAD AND GO NORTHWEST APPROX. 0.15 MILES. THIS LOCATION IS APPROX. 170 FEET NORTH.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

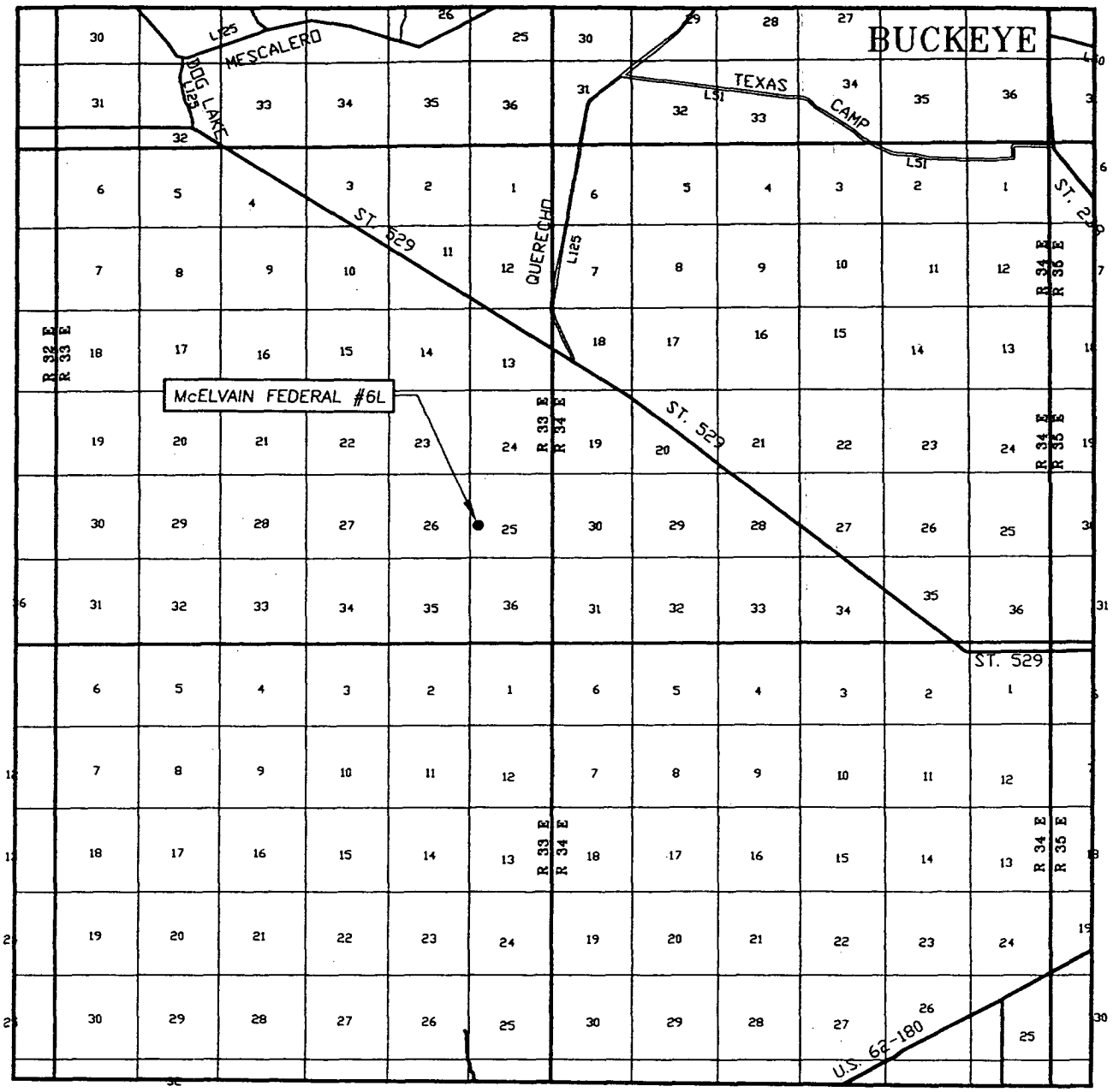
(505) 393-3117

McELVAIN OIL & GAS PROPERTIES, INC.

McELVAIN FEDERAL #6L
LOCATED 2080 FEET FROM THE SOUTH LINE
AND 530 FEET FROM THE WEST LINE OF SECTION 25,
TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 01/13/04	Sheet 1 of 1 Sheets		
W.O. Number: 06.11.0807	Dr By: M.R.	Rev 1:N/A	
Date: 05/16/06	Disk: CD#6	06110807	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 25 TWP. 18-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2080' FSL & 530' FWL

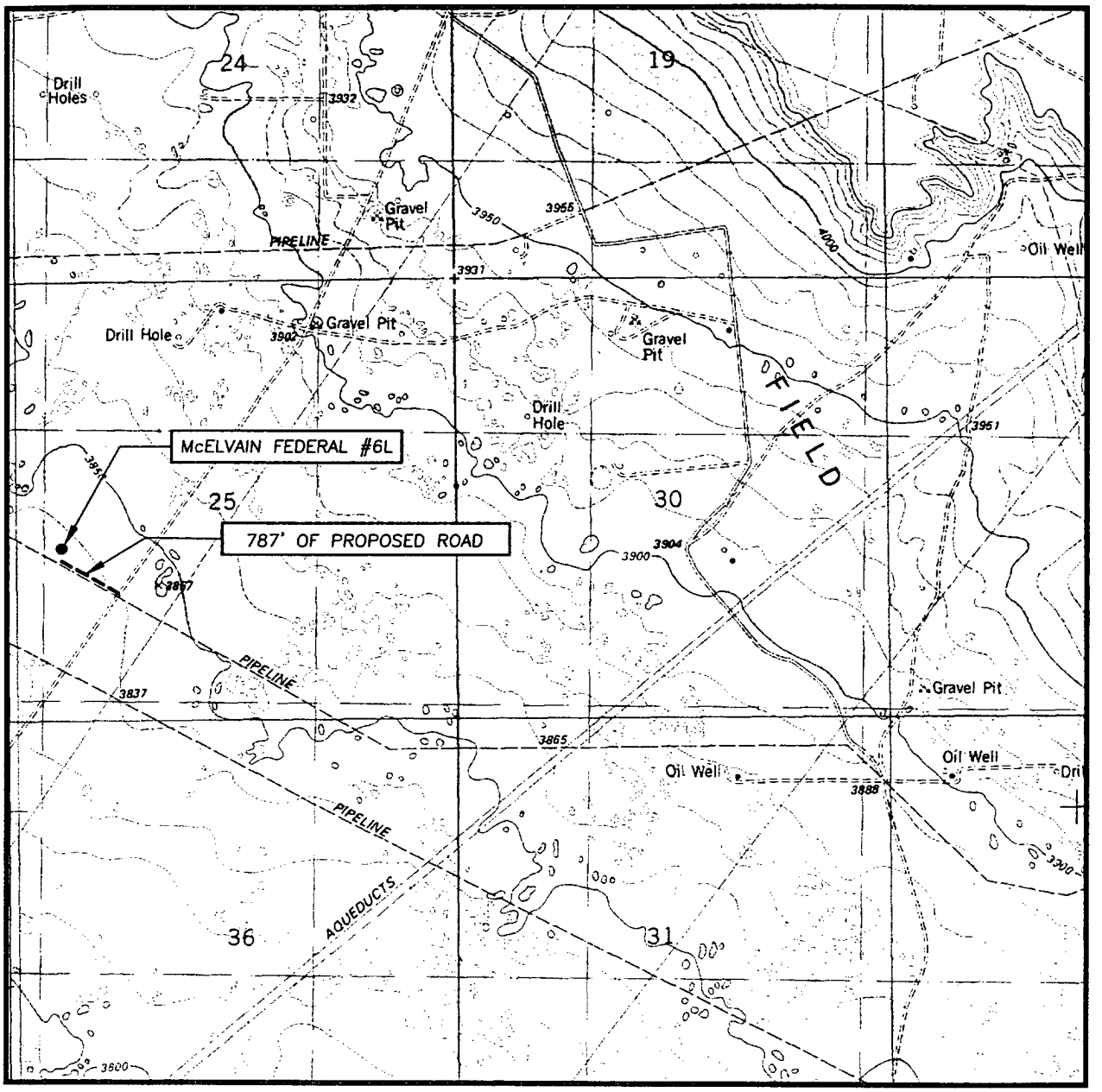
ELEVATION 3839'

OPERATOR McELVAIN OIL & GAS PROPERTIES, INC.

LEASE McELVIN FEDERAL

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
IRONHOUSE WELL, N.M. – 10'

SEC. 25 TWP. 18-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2080' FSL & 530' FWL

ELEVATION 3839'

OPERATOR McELVAIN OIL & GAS PROPERTIES, INC.

LEASE McELVAIN FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
IRONHOUSE WELL, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

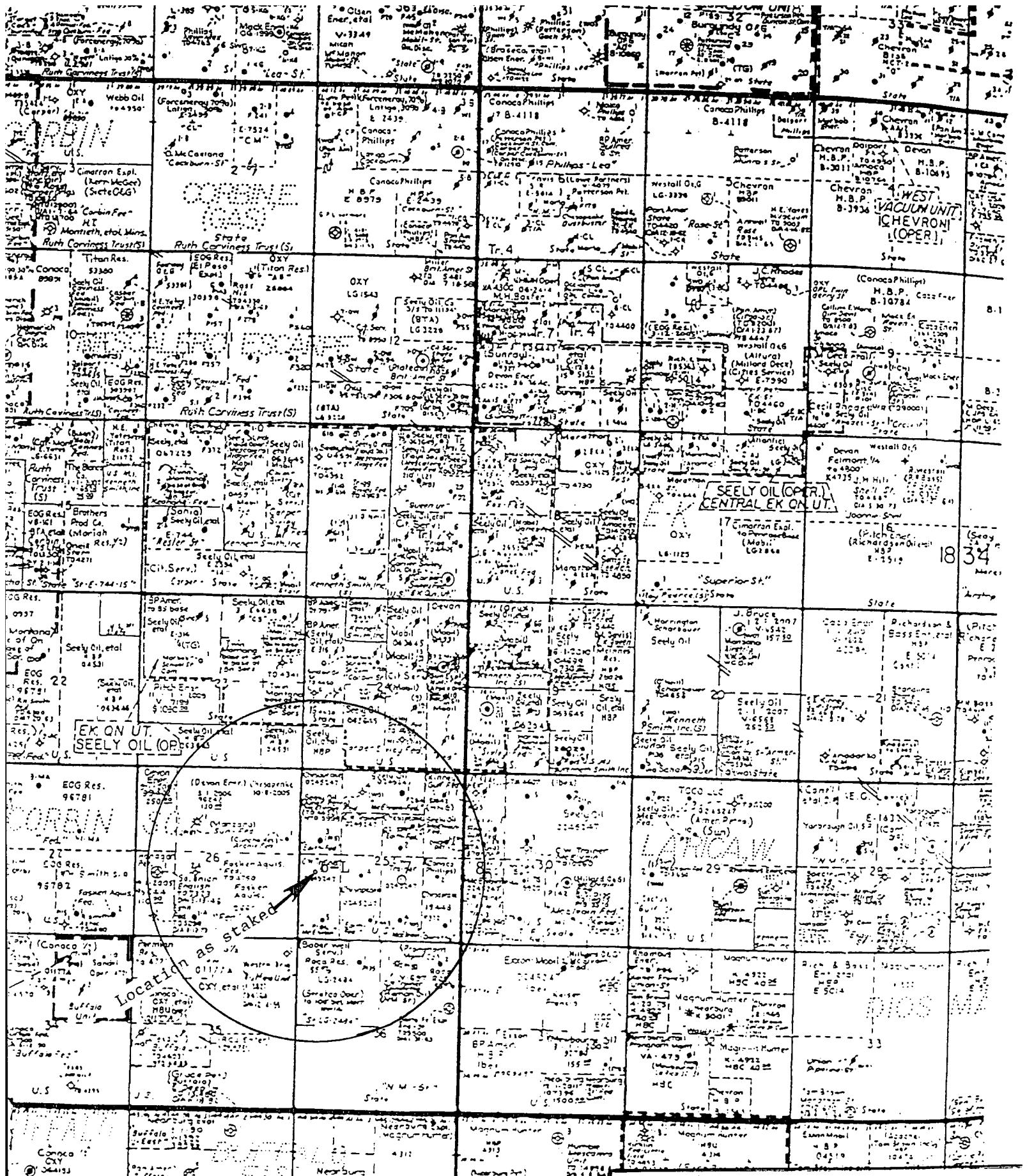
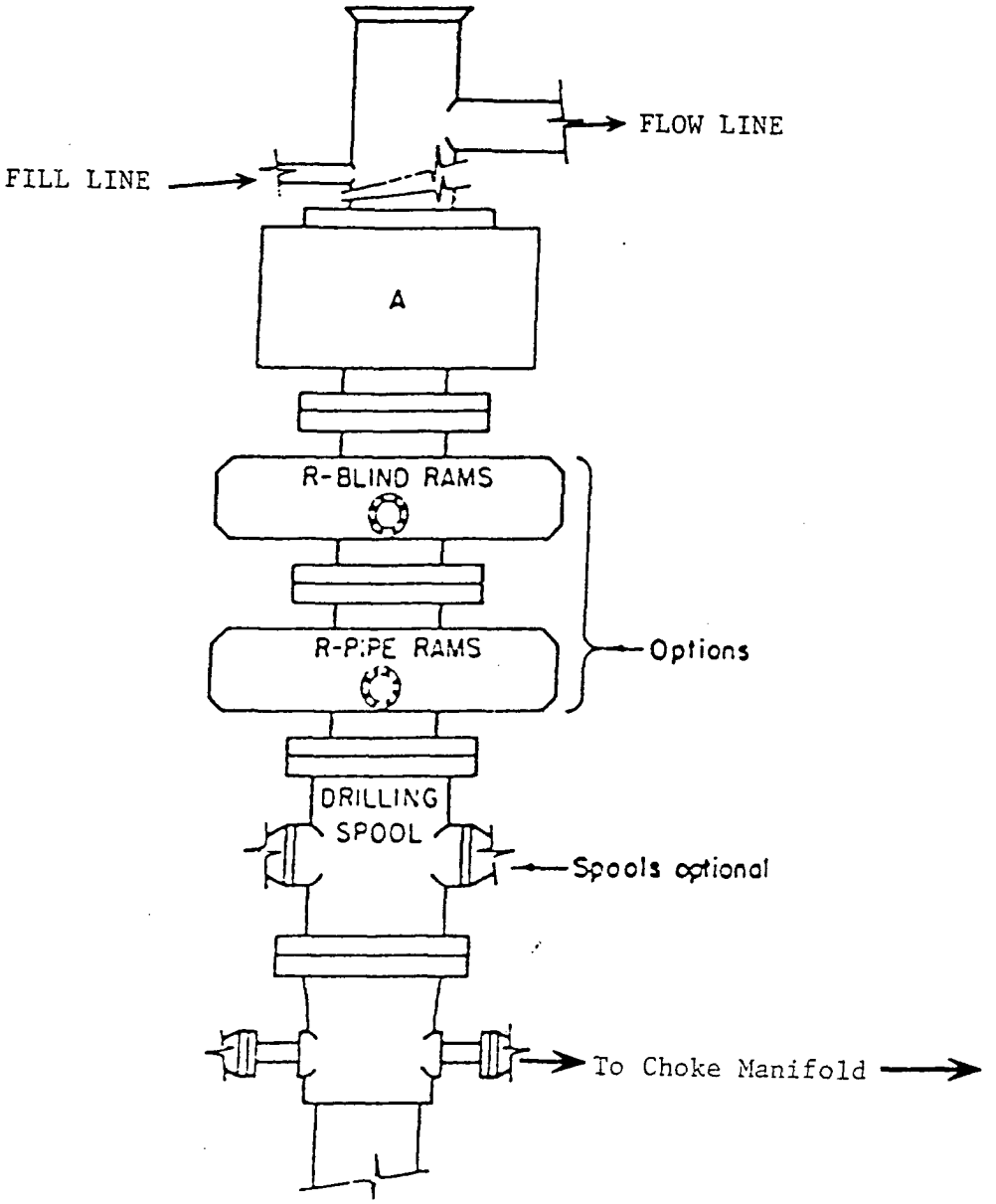


EXHIBIT "A-1"
ONE MILE RADIUS MAP

McELVAIN OIL & GAS PROPERTIES
McELVAIN FEDERAL # 6L
UNIT "L" SECTION 25
T18S-R33E LEA CO. NM



ARRANGEMENT SRRA

900 Series
3000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

McELVAIN OIL & GAS PROPERTIES
McELVAIN FEDEAL # 6L
UNIT "L" SECTION 25
T18S-R33E LEA CO. NM

APPLICATION TO DRILL

McELVAIN OIL & GAS PROPERTIES
McELVAIN FEDERAL # 6L
UNIT "L" SECTION 25
T18S-R33E LEA CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

1. Location: 2080' FSL & 530' FWL SECTION 25 T18S-R33E LEA CO. NM

2. Elevation above Sea Level: 3839' GR.

3. Geologic name of surface formation: Quaternery Aeolian Deposits.

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.

5. Proposed drilling depth: 10,500'

6. Estimated tops of geological markers:

Queen	4324'	1st Bone Spring Sd.	8784'
Delaware	5324	2nd Bone Spring Sd.	9409'
Bone Spring	7509'	3rd Bone Spring Sd.	10209'

7. Possible mineral bearing formations:

Queen	Oil
Delaware	Oil
Bone Spring	Oil

8. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
26"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-400'	13 3/8"	48#	8-R	ST&C	H-40
11"	0-3700'	8 5/8"	32#	8-R	ST&C	J-55
7 7/8"	0-10,500'	5½"	20#	8-R	LT&C	N-80

APPLICATION TO DRILL

McELVAIN OIL & GAS PROPERTIES
McELVAIN FEDERAL # 6L
UNIT "L" SECTION 25
T18S-R33E LEA CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 400' of 13 3/8" 48# H-40 ST&C Casing. Cement with 440 Sx. of Clsaa "C" cement + 2% CaCl, + ¼# Celo Flakes/ Sx, circulate cement to surface.
8 5/8"	Intermediate	Set 3700' of 8 5/8" 32# J-55 ST&C casing. Cement with 800 Sx. of 800 Sx. of Class "C" 35/65 POZ + 5% bwow NACL + ¼# Celo flakes/Sx, + 5#/Sx LCM-1, + 6% Bemntonite. tail in with200 Sx. of Class "C". Circulate cement.
5½"	Production	Set 10,500' of 5½" 20# N-80 LT&C casing. Cement with 1155 Sx. of Class "H" 50/50 POZ cement + .5% bowc FL-25, + .5% bowc FL-52A, + 2% Bentonite, estimate top of cement 3500' from surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nippled up on the 8 5/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
0-400'	8.6-9.0	34-36	NC	Fresh water spud mud add paper to control seepage.
400-3700'	8.4-10.1	28-34	NC	Brine water use paper to control seepage, use high viscosity sweeps to clean hole.
3700-8700'	8.4-9.3	28-29	Less than 15 cc	Cut Brine use paper to control seepage, use starch to control WL
8700-10,500'	9.0-9.3	30-32	15cc or less	Same as above use high viscosity sweeps to clean hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's , open hole logs, and casing viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

McELVAIN OIL & GAS PROPERTIES
McELVAIN FEDERAL # 6L
UNIT "L" SECTION 25
T18S-R33E LEA CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual Induction, SNP, LDT, GAMMA RAY, CALIPER from TD back to 8 5/8" casing shoe.

B. Gamma Ray, Neutron from 8 5/8" casing shoe back to surface.

C. Mud logger on hole at 3700' and remain on hole to TD.

D. No cores or DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 5000± PSI, and Estimated BHT 190°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 38 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Bone Spring formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an Oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.
The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

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.

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 6L – McELVAIN FEDERAL
Operator's Name: McELVAIN OIL & GAS PROPERTIES, INC.
Location: 2080' FSL & 530' FWL – SEC 25 – T18S – R33E – LEA COUNTY
Lease: NM-0245247

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding
B. Cementing casing: **13-3/8** inch **8-5/8** inch **5-1/2** inch
C. BOP tests

2 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The **13-3/8** inch surface casing shall be set at **400 feet** and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string. **Note: The operator will use the Alternative Conditions of Approval – Drilling (attached). Freshwater shall be used as the drilling medium from 400 ft to 1690 ft (Top Rustler Anhydrite).**

2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is **circulate cement to the surface.**

3. The minimum required fill of cement behind the **5-1/2** inch production casing is **cement shall tie back 200 ft into the 8-5/8 inch casing.**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **8-5/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is **3000** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

ALTERNATIVE CONDITIONS OF APPROVAL - DRILLING

Drilling Fluids, Casing and Cementing Requirements for Most of Lea County:

Casing and Cementing

Surface casing is to be set at a sufficient depth to protect useable water zones and cement circulated to surface. In areas where the salt section (Salado) is present, surface casing should be set at least 25 feet into the top of the Rustler Anhydrite and cement circulated to the surface.

As an alternative, surface casing may be set through the Santa Rosa Formation or other potable water bearing zones and circulate cement to surface. For wells requiring an intermediate casing string, such string shall be cemented to the ground surface. In the case where intermediate casing is not required the operator shall case and cement the production hole to the ground surface.

While drilling from the surface casing to the Rustler formation it is recommended that operators periodically sweep the hole with viscous low water loss pills to help build a filter cake across useable water zones in the redbeds.

Drilling Fluid

Fresh water or fresh water spud mud shall be used to drill to surface casing depth. If surface casing is set at a lesser depth than the top of the Rustler formation., fresh water spud mud may be used to drill down to the first salt in the Rustler Formation. after which brine or fresh water may be used.

Non-toxic or biodegradable water based polymers, drilling paper, starch and gels may be used in the mud system in order to retard seepage into the redbeds.

Two to five percent diesel or crude oil may be used in the redbed section in order to control heaving shales and mudstones.

Caustics and Lime shall not be used in the red beds but may be added when the Rustler formation is reached. However, sodium carbonate maybe used for alkalinity or ph control while drilling the redbeds above the Rustler formation.

Additionally, questions of whether an additive may be used should be referred to the Roswell Field office.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐
Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☐

Operator: McELVAIN OIL & GAS PROPERTIES, INC. Telephone: 303-893-0933 e-mail address: _____
Address: 1050 17th STREET SUITE 1800 DENVER, COLORADO 80265
Facility or well name: McELVAIN ~~FEDERAL~~ #6 API #: 30-025-37948 U/L or Qtr/Qtr L Sec 25 T 18S R 33E
County: LEA Latitude 32°43'01.2" Longitude 103°37'22.4" NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit
Type: Drilling ☒ Production ☐ Disposal ☐
Workover ☐ Emergency ☐
Lined ☒ Unlined ☐
Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume 18M bbl

Below-grade tank
Volume: _____ bbl Type of fluid: _____
Construction material: _____
Double-walled, with leak detection? Yes ☐ If not, explain why not.
_____

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) 100'+	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more 0	(20 points) (10 points) (0 points)	0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No 0	(20 points) (0 points)	0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more 0	(20 points) (10 points) (0 points)	0
	Ranking Score (Total Points) 0		0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.
Date: 06/06/06
Printed Name/Title Joe T. Janica / Agent Signature Joe T. Janica

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Date: JUN 20 2006
Printed Name/Title PETROLEUM ENGINEER Signature

JUN 2006
Received
Hobbs
OCD

The sender of this message has requested a read receipt. Click here to send a receipt.

Mull, Donna, EMNRD

From: Phillips, Dorothy, EMNRD **Sent:** Tue 6/20/2006 10:04 AM
To: Mull, Donna, EMNRD
Cc:
Subject: RE: Financial Assurance Requirement
Attachments:

None appear on Jane's list and all have blankets.

From: Mull, Donna, EMNRD
Sent: Tuesday, June 20, 2006 7:45 AM
To: Phillips, Dorothy, EMNRD
Cc: Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Financial Assurance Requirement

Dorothy,

Is the Financial Assurance Requirements for these Operators OK?

H L Brown Operating LLC (213179)
Mewbourne Oil Co (14744)
Melrose Operating Co (184860)
COG Operating LLC (229137)
Latigo Petroleum Inc (227001)
Marbob Energy Corp (14049)
Devon Energy Production Co LP (6137)
McElvain Oil & Gas Properties Inc (22044)

I have checked each Operator in the Inactive well list.

Please let me know. Thanks and have a nice day. Donna