

OCD-HOBBS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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.

5. Lease Serial No.
NM-0245247

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
McElvain Oil & Gas Properties, Inc.

3a. Address
1050 - 17th Street, suite 1800 Denver, Colorado 80265

3b. Phone No. (include area code)
(303) 893-0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FSL & 1980' FEL Section 25, T18S-R33E N.M.P.M.

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

8. Well Name and No.
McElvain # 7

9. API Well No.
30-025-38040

10. Field and Pool or Exploratory Area
E-K Bone Spring

11. Country or Parish, State
Lea County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Spud & Set Surface
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Casing
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleat 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 recompleat 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.)

Notice of Spud & Surface Casing Set:

20" conductor pipe was set at 80' in a 26" hole and cemented to surface on September 28, 2006.

McVay Drilling Rig # 7 started move in and rig up on October 5, 2006.

The well was spudded with a 17.5" bit at 8:00 A.M. on October 8, 2006.

13-3/8", 48 #/ft, H40, ST&C Surface Casing was set at 421' KB on October 8, 2006 and cemented to surface by BJ Services w/220 sx 35:65 POZ Type 'C' lead cement (12.4 Density, 1.99 Yield) followed by 200 sx of Type 'C' tail cement (14.8 Density, 1.34 Yield). An estimated 100 sx of cement was circulated to the reserve pit. The cementing operation was conducted with full returns throughout and witnessed by "Pat" from the BLM.

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

Name (Printed/Typed)
E. Reed Fischer

Title Operations Engineer

Signature

Date 01/08/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

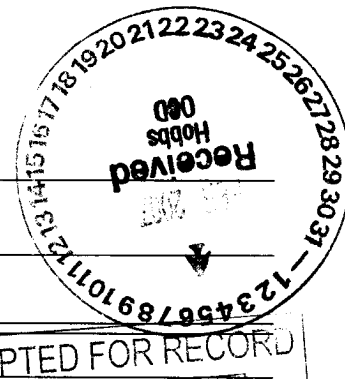
Date

Office

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.

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)



ACCEPTED FOR RECORD

FEB 2 2007

PETROLEUM ENGINEER

GWW

OCD-HOBBS

Form 3160-5
(February 2005)UNITED STATES
DEPARTMENT OF THE INTERIOR
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OMB No. 1004-0137
Expires: March 31, 2007**SUNDRY NOTICES AND REPORTS ON WELLS**
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1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
McElvain Oil & Gas Properties, Inc.

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

8. Well Name and No.
McElvain # 79. API Well No.
30-025-380403a. Address
1050 - 17th Street, suite 1800 Denver, Colorado 802653b. Phone No. (include area code)
(303) 893-093310. Field and Pool or Exploratory Area
E-K Bone Spring4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FSL & 1980' FEL Section 25, T18S R33E N.M.P.M.11. Country or Parish, State
Lea County, New Mexico

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<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Reach TD. Run
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Production Casing
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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Notice of Setting & Cementing Production Casing and Releasing the drilling rig:

A 7.875" production hole was drilled into the 3rd Bone Spring formation, reaching a TD of 10,385' on October 30, 2006. Following logs new 5.5", 17#, IPSCO 100, LT&C production casing was set at 10.365' KB and subsequently 2-stage cemented before releasing the rig @ 6:00 A.M. on November 2, 2006.

The production casing was cemented by BJ Services as follows:

1st Stage - 1310 sx 15:61:11 POZ Type 'C' (13.4 Density, 1.56 Yield). Full Returns during cementing.
Weatherford Stage Tool @ 4,999'. When opened, an estimated 80 bbls of Stage 1 cement was from above the tool.
The well was circulated at full returns for 6 hours before pumping the second stage of cement.
2nd Stage - Lead of 340 sx 35:65 POZ Type 'C' (12.4 Density, 2.1 Yield). Full Returns during cementing.
2nd Stage - Tail of 150 sx Type 'C' (14.8 Density, 1.33 Yield). Full Returns during cementing.

Note: A cement bond log run on November 9, 2006 indicated Top of Good Cement @ 2,275' KB (1427' above the intermediate casing shoe).

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

Name (Printed/Typed)
E. Reed Fischer

Title Operations Engineer

Signature

Date 01/08/2007

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