

OCD-HOBBS

Form 3160-5
(February 2005)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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 ☐ Other2 Name of Operator
McElvain Oil & Gas Properties, Inc.3a Address
1050 - 17th Street, Suite 1800 Denver, Colorado 802653b. Phone No (include area code)
(303) 893-0933 xtn 3304 Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FWL & 1,905' FSL (NWSW) Section 30, T18S-R34E

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

8. Well Name and No
McElvain # 89 API Well No
30-025-3801210 Field and Pool or Exploratory Area
EK Delaware11 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 checked="" 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 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 Request for Drilling Permit Extension
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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.)

McElvain Oil & Gas Properties, Inc. received approval dated July 13, 2006 to drill the captioned well. The approval allowed 1 year to drill the well. McElvain is requesting approval to extend the permitted time. The lease is currently held by production and McElvain intends to drill this permit following the termination of prairie chicken surface use restrictions and upon locating a suitable drilling rig.

SEE ATTACHED FOR
CONDITIONS OF APPROVALAPPROVED FOR 24 MONTH PERIOD
ENDING 7-13-09

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

E Reed Fischer

Title Senior Operations Engineer

Signature

Date 06/04/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ James Stovall

FIELD MANAGER

Date

JUN 26 2007

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

CARLSBAD FIELD OFFICE

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)

GWW

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: McElvain Oil & Gas Properties, Inc
Well Name & No. 8-McElvain
Location: 0660' FWL, 1905' FSL, Sec. 30, T-18-S, R-34-E, Lea County, NM
Lease: NM-0245247

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I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 4 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Lea County call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612
- B. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard.**
- C. 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.

II. CASING:

- A. The 8-5/8 inch surface casing shall be set **a minimum of 25 feet into the Rustler Anhydrite and above the salt at approximately 1720 feet** and cemented to the surface.
1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 12 hours for a non-water basin, 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 4. If cement falls back, remedial action will be done prior to drilling out that string.

Possible lost circulation in the Grayburg and San Andres formations.
Possible water and brine flows in the Salado and Artesia Group.

- B. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall extend a minimum of 200 feet inside the 8-5/8" casing.**

- C. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool I joints of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Section 17.
- B. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) PSI**.
- C. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
1. The tests shall be done by an independent service company.
 2. The results of the test shall be reported to the appropriate BLM office.
 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

Engineer on call phone (after hours): 505-706-2779

WWI 062607