

## OCD-HOBBS

Form 3160-5  
(August 2007)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010**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.  
NMNM0245247

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' FSL & 1980' FEL (SWSE) Section 25, T18S-R33E N.M.P.M.

Unit 0

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

8. Well Name and No.  
McElvain # 4 /9. API Well No.  
30-025-28997 /10. Field and Pool or Exploratory Area  
EK 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 type="checkbox"/> Other _____    |
|                                                       | <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 checked="" 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.)

Please refer to the attached sheet pertaining to disposal of produced water from the lease.

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APPROVED

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JJC

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)  
E. Reed Fischer

Title Senior Production Engineer

Signature

Date 03/10/2008

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

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)

| API #        | Well Name<br>Producing Zone<br>Location                    | Average<br>Water<br>BPD | TDS<br>mg/L | Water Analysis<br>-<br>pH | Chlorides<br>mg/L | Sulfates<br>mg/L | Water Storage Facility    |
|--------------|------------------------------------------------------------|-------------------------|-------------|---------------------------|-------------------|------------------|---------------------------|
| 30-025-28997 | McElvain # 4<br>Bone Springs<br>SWSE Section 25, T18S-R33E | 3.00                    | 192,484     | 6.40                      | 117,000           | 1,680            | 400 bbl coated steel tank |
| 30-025-29051 | McElvain # 5<br>Delaware<br>SWSW Section 25, T18S-R33E     | 15.00                   | 259,275     | 6.50                      | 161,000           | 760              | 400 bbl fiberglass tank   |
| 30-025-37948 | McElvain # 6<br>Delaware<br>NWSW Section 25, T18S-R33E     | 6.00                    | 269,023     | 6.50                      | 166,000           | 1,400            | 400 bbl fiberglass tank   |
| 30-025-38040 | McElvain # 7<br>Delaware<br>NWSE Section 25, T18S-R33E     | 5.00                    | 212,841     | 6.50                      | 131,000           | 1,680            | 400 bbl fiberglass tank   |
| 30-025-38012 | McElvain # 8<br>Delaware<br>NWSW Section 30, T18S-R34E     | 60.00                   | 265,136     | 6.30                      | 163,000           | 1,840            | 400 bbl fiberglass tank   |
| 30-025-38481 | McElvain # 9<br>Delaware<br>SENE Section 25, T18S-R33E     | <u>1.00</u>             | 260,460     | 6.40                      | 161,000           | 1,280            | 400 bbl fiberglass tank   |
|              | Average Total BWPD Production<br>from lease NMNM0245247    | 90.00                   |             |                           |                   |                  |                           |

Water is trucked from the individual on-site water storage tanks to commercial disposal facilities by I&W, Inc.

#### Disposal Facilities:

Primary: I & W, Inc.  
Walter Solt State SWD # 1  
SWD Well  
API # 30-015-25522  
NWSW Sec. 5, T18S-R28E  
Eddy County, New Mexico  
Permit # SWD - 318

Secondary: Judah Oil, LLC  
Oxy T-Bone Federal # 1  
SWD Well  
API # 30-015-32122  
NENW Sec. 33, T18S-R31E  
Eddy County, New Mexico  
Permit # SWD - 950

**CAPITAN CHEMICAL  
WATER ANALYSIS REPORT**

|               |                         |                             |
|---------------|-------------------------|-----------------------------|
|               | McElvain Oil & Gas      | Date Sampled : 02/22/08     |
| Lease Name :  | McElvain                | Capitan Rep. : Joe Hughes   |
| Well Number : | # 4                     | Company Rep. : Reed Fischer |
| Location :    | Lea County , New Mexico |                             |

**ANALYSIS**

|                                               |        |                                    |
|-----------------------------------------------|--------|------------------------------------|
| 1. pH                                         | 6.4    |                                    |
| 2. Specific Gravity @ 60/60 F.                | 1.125  |                                    |
| 3. CaCO <sub>3</sub> Saturation Index @ 80 F. | -0.119 |                                    |
| @ 140 F.                                      | +0.931 | 'Calcium Carbonate Scale Possible' |

**Dissolved Gasses**

|                     |                |     |
|---------------------|----------------|-----|
| 4. Hydrogen Sulfide | 0              | PPM |
| 5. Carbon Dioxide   | 191            | PPM |
| 6. Dissolved Oxygen | Not Determined |     |

**Cations**

|                            | mg/L           | / | Eq. Wt. | = | MEQ/L    |
|----------------------------|----------------|---|---------|---|----------|
| 7. Calcium (Ca++)          | 7,600          | / | 20.1    | = | 378.11   |
| 8. Magnesium (Mg++)        | 2,005          | / | 12.2    | = | 164.32   |
| 9. Sodium (Na+) Calculated | 64,141         | / | 23.0    | = | 2,788.73 |
| 10. Barium (Ba++)          | Not Determined | / | 68.7    | = | 0.00     |

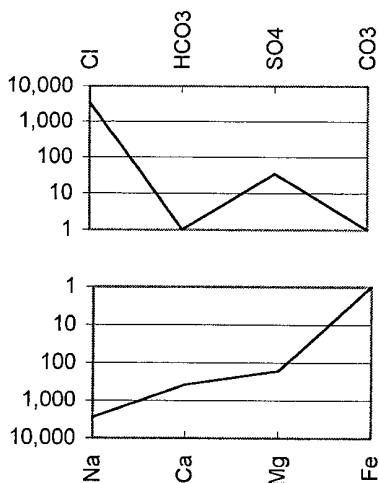
**Anions**

|                                      |         |   |      |   |          |
|--------------------------------------|---------|---|------|---|----------|
| 11. Hydroxyl (OH-)                   | 0       | / | 17.0 | = | 0.00     |
| 12. Carbonate (CO <sub>3</sub> =)    | 0       | / | 30.0 | = | 0.00     |
| 13. Bicarbonate (HCO <sub>3</sub> -) | 59      | / | 61.1 | = | 0.96     |
| 14. Sulfate (SO <sub>4</sub> =)      | 1,680   | / | 48.8 | = | 34.43    |
| 15. Chloride (Cl-)                   | 117,000 | / | 35.5 | = | 3,295.77 |

**Other**

|                                         |         |            |      |             |                                  |
|-----------------------------------------|---------|------------|------|-------------|----------------------------------|
| 16. Soluble Iron (Fe)                   | 8       | /          | 18.2 | =           | 0.44                             |
| 17. Total Dissolved Solids              | 192,484 |            |      |             |                                  |
| 18. Total Hardness As CaCO <sub>3</sub> | 27,250  |            |      |             |                                  |
| Calcium Sulfate Solubility @ 90 F.      | 2,173   |            |      |             | 'Calcium Sulfate Scale Possible' |
| 20. Resistivity (Measured)              | 0.065   | Ohm/Meters | @ 58 | Degrees (F) |                                  |

Logarithmic Water Pattern



**PROBABLE MINERAL COMPOSITION**

| COMPOUND                           | Eq. Wt. | X | MEQ/L    | = | mg/L    |
|------------------------------------|---------|---|----------|---|---------|
| Ca(HCO <sub>3</sub> ) <sub>2</sub> | 81.04   | X | 0.96     | = | 78      |
| CaSO <sub>4</sub>                  | 68.07   | X | 34.43    | = | 2,343   |
| CaCl <sub>2</sub>                  | 55.50   | X | 342.72   | = | 19,021  |
| Mg(HCO <sub>3</sub> ) <sub>2</sub> | 73.17   | X | 0.00     | = | 0       |
| MgSO <sub>4</sub>                  | 60.19   | X | 0.00     | = | 0       |
| MgCl <sub>2</sub>                  | 47.62   | X | 164.32   | = | 7,825   |
| NaHCO <sub>3</sub>                 | 84.00   | X | 0.00     | = | 0       |
| NaSO <sub>4</sub>                  | 71.03   | X | 0.00     | = | 0       |
| NaCl                               | 58.46   | X | 2,788.73 | = | 163,029 |