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Form 3160-5
(August 2007)

UNITED STATES

MAR 26 2008

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS

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.

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 20105. Lease Serial No.
NM-0245247

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other8. Well Name and No.
McElvain # 82. Name of Operator
McElvain Oil & Gas Properties, Inc.9. API Well No.
30-025-380123a. Address
1050 - 17th Street, Suite 1800 Denver, Colorado 802653b. Phone No. (include area code)
(303) 893-0933 xtn 33010. Field and Pool or Exploratory Area
EK Delaware4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FWL & 1905' FSL (NWSW) Sec. 30, T18S-R34E N.M.P.M.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 <u>Operation Summary</u> |
| | <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 recomple 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 recomple 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.)

The well was spud on 9/26/07 with an 11" hole. New 8.625", 32# surface casing was set @ 1728' KB (Logger's depth) on 9/28/07 and cemented to surface w/665 sx of cement. A 7.875" production hole reached TD @ 6036' KB (Logger's depth) on 10/07/07. The well was logged (Density/Neutron/Laterolog). New 5.5, 17#, J55, LT&C production casing was run to TD on 10/08/07 and cemented to surface in a single stage with full returns by BJ Services using 1,370 sx of 35:65 POZ 'C' Lead cement mixed @ 12.8 ppg & 1.89 Yield and followed by 600 sx of Premium 'C' Tail cement mixed @ 14.8 ppg and 1.33 Yield. An estimated 115 bbls of cement was circulated to surface with no fallback & United Drilling's Rig # 28 was released on 10/09/07.

The well was bond logged on 10/23/07 without pressure and the Top of Cement was verified at surface. A service rig was moved to location and completion operations commenced on 11/8/07. The 2nd Delaware sand was perforated from 5,771 to 5,780' w/3 spf on 11/09/07 and was subsequently swabbed dry from under a packer. The 2nd Delaware was then acidized w/1200 gals 15% NeFe acid on 11/12/07. All but 26 bbls of load were recovered via swab before the 2nd Delaware was fracture stimulated by BJ Services down casing on 11/19/07 w/76,000 lbs 16/30 & 14/30 sand in 56,552 gals of water. 705 bbls of frac load were recovered via swab before the well was cleaned out to the PBTD of 5953' and rodged up on 11/28/07. A pumping unit was installed on 12/13/07 and the well was shut-in to wait on arrival of production equipment (scheduled for 1/3/08), completion of the battery installation, connection to Frontier Field Services' gas gathering line and pending authorization to produce.

McELVAIN OIL & GAS REQUESTS THAT THE BLM HOLD ALL INFORMATION PERTAINING TO THIS WELL CONFIDENTIAL FOR THE MAXIMUM PERMISSIBLE AMOUNT OF TIME.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
E. Reed Fischer

Title Senior Operations Engineer

Signature

Date 01/02/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

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)

