RECEIVED

OCD-HOBBS

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBSOCD

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, 2010

5. Lease Serial No.
NMNM0245247

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 ☐ Other

8. Well Name and No.
McElvain # 7

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

9. API Well No.
30-025-38040

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

3b. Phone No. *(include area code)*
(303) 893-0933 xtn 330

10. Field and Pool or Exploratory Area
EK Delaware

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
1980' FSL & 1980' FEL (NWSE) Section 25, T18S-R33E 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			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☑ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other _____
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	_____
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☑ 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 recomplete 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 recompletion 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.

ACCEPTED FOR RECORD
MAR 26 2008
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

14. 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)

KZ

API #	Well Name Producing Zone Location	Average Water BPD	TDS mg/L	Water Analysis - pH	Chlorides mg/L	Sulfates mg/L	Water Storage Facility
30-025-28997	McElvain # 4 Bone Springs 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 Delaware SWSW Section 25, T18S-R33E	15.00	259,275	6.50	161,000	760	400 bbl fiberglass tank
30-025-37948	McElvain # 6 Delaware NWSW Section 25, T18S-R33E	6.00	269,023	6.50	166,000	1,400	400 bbl fiberglass tank
30-025-38040	McElvain # 7 Delaware NWSE Section 25, T18S-R33E	5.00	212,841	6.50	131,000	1,680	400 bbl fiberglass tank
30-025-38012	McElvain # 8 Delaware NWSW Section 30, T18S-R34E	60.00	265,136	6.30	163,000	1,840	400 bbl fiberglass tank
30-025-38481	McElvain # 9 Delaware SENW Section 25, T18S-R33E	1.00	260,460	6.40	161,000	1,280	400 bbl fiberglass tank
	Average Total BWPD Production 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 Facilties:

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

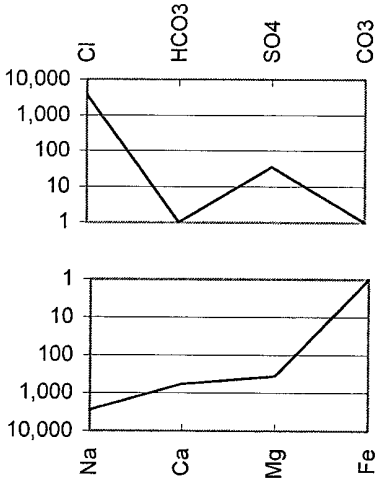
Secondary: Judah Oil, LLC
Oxy T-Bone Federal # 1
SWD Well
API # 30-015-32122
NENW Sec. 33, T18S-R31E
Eddy County, New Mexico
Permit # SWD - 950

CAPITAN CHEMICAL
WATER ANALYSIS REPORT

	McElvain Oil & Gas	Date Sampled	: 02/22/08
Lease Name	: McElvain	Capitan Rep.	: Joe Hughes
Well Number	: # 7	Company Rep.	: Reed Fischer
Location	: Lea County , New Mexico		

ANALYSIS						
1. pH	6.5					
2. Specific Gravity @ 60/60 F.	1.130					
3. CaCO3 Saturation Index @ 80 F.	+0.441	'Calcium Carbonate Scale Possible'				
@ 140 F.	+1.881	'Calcium Carbonate Scale Possible'				
Dissolved Gasses						
4. Hydrogen Sulfide	0	PPM				
5. Carbon Dioxide	342	PPM				
6. Dissolved Oxygen	Not Determined					
Cations	mg/L	/	Eq. Wt.	=	MEQ/L	
7. Calcium (Ca++)	11,500	/	20.1	=	572.14	
8. Magnesium (Mg++)	4,435	/	12.2	=	363 50	
9. Sodium (Na+) Calculated	64,167	/	23.0	=	2,789.88	
10. Barium (Ba++)	Not Determined	/	68 7	=	0.00	
Anions						
11. Hydroxyl (OH-)	0	/	17 0	=	0.00	
12. Carbonate (CO3=)	0	/	30.0	=	0 00	
13. Bicarbonate (HCO3-)	59	/	61.1	=	0.96	
14. Sulfate (SO4=)	1,680	/	48.8	=	34.43	
15. Chloride (Cl-)	131,000	/	35.5	=	3,690.14	
Other						
16. Soluble Iron (Fe)	0	/	18.2	=	0 00	
17. Total Dissolved Solids	212,841					
18. Total Hardness As CaCO3	47,000					
Calcium Sulfate Solubility @ 90 F.	1,357	'Calcium Sulfate Scale Possible'				
20. Resistivity (Measured)	0.060	Ohm/Meters	@ 58	Degrees (F)		

Logarithmic Water Pattern



PROBABLE MINERAL COMPOSITION

COMPOUND	Eq. Wt.	X	MEQ/L	=	mg/L
Ca(HCO3)2	81.04	X	0.96	=	78
CaSO4	68 07	X	34.43	=	2,343
CaCl2	55.50	X	536.75	=	29,790
Mg(HCO3)2	73.17	X	0.00	=	0
MgSO4	60.19	X	0.00	=	0
MgCl2	47.62	X	363.50	=	17,310
NaHCO3	84.00	X	0.00	=	0
NaSO4	71.03	X	0.00	=	0
NaCl	58.46	X	2,789.88	=	163,097