

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTOCD-HOBBS
RECEIVED

MAR 04 2009

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-116166
2. Name of Operator McElvain Oil & Gas Properties, Inc.		6. If Indian, Allottee or Tribe Name na
3a. Address 1050 - 17th Street, Suite 1800 Denver, Colorado 80265	3b. Phone No. (include area code) 303 893-0933	7. If Unit or CA/Agreement, Name and/or No. na
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 900 FWL & 1980' FSL, Sec. 29, T18S-R34E (NWSW Unit 'L')		8. Well Name and No. McElvain 'A' # 2
		9. API Well No. 30-025-39250
		10. Field and Pool, or Exploratory Area EK Delaware
		11. County or Parish, State Lea County, New Mexico

12. CHECK 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 checked="" 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 Drill Deeper than
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Permitted from 6,000
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	to 6,225'

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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall 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 permission to drill the subject well to 6,000' and bottom the well into the Lower Cherry Canyon member of the Delaware formation. This permission was received via an approved APD on August 4, 2008.

The well was spud on January 3, 2009 and based upon drilling shows (or lack thereof), McElvain requested approval on the afternoon of January 15th to extend the depth of the well to around 6,200', yet remain in the Lower Cherry Canyon member of the Delaware formation. Verbal approval was received by McElvain Oil & Gas from Roger Hall of the Carlsbad BLM the evening of January 15, 2009.

The well was initially bottomed at 6,101 feet on the afternoon of January 16th. Following electric logs and McElvain's decision to complete the well, an additional 124' of rat-hole was drilled to facilitate the completion attempt. The final TD of 6,225' was reached the morning of January 17, 2009. This 6,225' TD bottoms the well in the permitted Lower Cherry Canyon member of the Delaware formation and a completion will be attempted in a Delaware sand at approximately 6,000'. Subsequent notice of the final drilling, casing and cementing operations will be forthcoming.

McELVAIN OIL & GAS REQUESTS THAT ALL WELL INFORMATION BE HELD CONFIDENTIAL FOR THE MAXIMUM ALLOWABLE PERIOD 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

1-17-2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Roger D. Hall

Petroleum Engineer

FEB 28 2009

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

CFO

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)