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AUG 25 2009

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBSOCD

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
June 16, 2008

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address McElvain Oil & Gas Properties, Inc. 1050 17th St. Ste 1800-Denver CO 80265		² OGRID Number 22044
³ Property Code 37796		⁴ Property Name Caprock State 27
⁵ Proposed Pool 1 Airstrip, Bone Spring (960)		⁶ Well No 1
⁷ Proposed Pool 2 Dios Mano; Delaware (96194)		

⁷ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	18S	34E		420	South	1980	West	Lea

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 4009
¹⁶ Multiple Single	¹⁷ Proposed Depth 10,500	¹⁸ Formation Bone Spring	¹⁹ Contractor	²⁰ Spud Date 10/01/2009

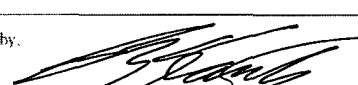
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5	13 3/8	48 & 54.5	1850	1575	Surface
11	8 5/8	32	3400	935	Surface
7 8/16	5.5	17	10500	2-stage total 1785 sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Diverter on surface hole. RU 13-3/8" 5M Class III BOPs after setting surface casing and test with rig pumps before drilling intermediate hole. After setting intermediate casing retest 5M Class III BOPs w/3rd party testers prior to drilling out intermediate casing.

Permit Expires 2 Years From Approval Date Unless Drilling Underway

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature 	Approved by: 		
Printed name E. Reed Fischer	Title PETROLEUM ENGINEER		
Title Sr. Operations Engineer	Approval Date SEP 24 2009	Expiration Date	
E-mail Address ReedF@McElvain.com			
Date 8/14/09	Phone 303-893-0933-X330	Conditions of Approval Attached ☐	

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State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 960	Pool Name Airstrip - Bone Spring
Property Code	Property Name Caprock ."27" State	Well Number 1
OGRID No. 22044	Operator Name McELVAIN OIL & GAS PROPERTIES	Elevation 4009'

Surface Location

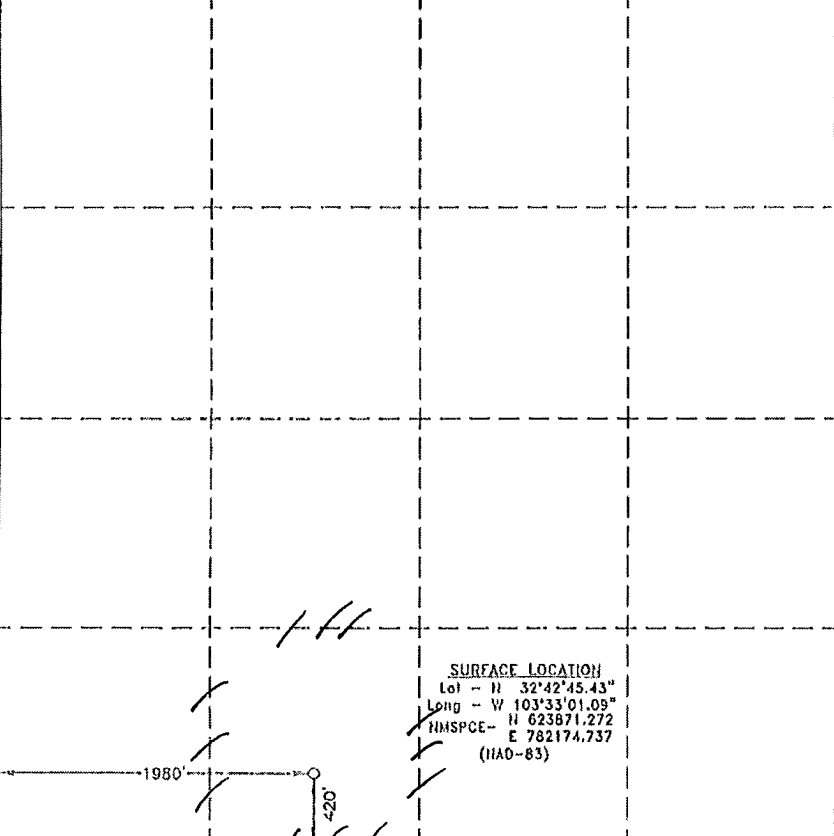
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	27	18 S	34 E		420	SOUTH	1980	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

 SURFACE LOCATION Lot - N 32°42'45.43" Long - W 103°33'01.09" HMSPC- N 623871.272 E 782174.737 (HMO-83)	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>E. Reed Fischer</i> 9/4/09 Signature Date E. Reed Fischer Printed Name
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.
	Date Surveyed Signature & Seal of Professional Surveyor 7977
	Certificate No. Gary L. Jones 7977 BASIN SURVEYS