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Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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.

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1 Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other	5. Lease Serial No. NM-0245247
	6. If Indian, Allottee or Tribe Name: na
	7. If Unit of CA/Agreement, Name and/or No.: na
	8. Well Name and No.: McElvain # 9
2. Name of Operator: McElvain Oil & Gas Properties, Inc.	9. API Well No.: 30-025-38481
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' FNL & 1980' FWL (SENW) Section 25, T18S-R33E N.M.P.M. Unit F	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 TA 2nd Delaware
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	Re-Cmplt 1st Delaware
☐ Final Abandonment Notice	☐ Convert to Injection	☑ Plug Back	☐ Water Disposal	the cmgle both Dlwrs

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.)

McElvain Oil & Gas Properties, Inc. (MOG) is requesting permission to Temporarily Abandon the current 2nd Delaware perforations from 5,614 - 5,630' in order to recomplete and produce the well from the proposed new perforations in the 1st Delaware from 5,330' - 5,346'. Once reservoir pressure from the 1st Delaware declines to a level which won't over-whelm the existing 2nd Delaware reservoir pressure, MOG would like to remove the plug used to TA the 2nd Delaware perforations and commingle production from both the 1st and 2nd Delaware zones. Royalty and working interest ownership between the 1st and 2nd Delaware zones is identical.

MOG would like to start this operation the 1st week of January 2010. The operation is estimated to take approximately 14 days and should be finished before the lesser prairie chicken stipulation kick in on March 1st. There will be no additional surface disturbance required for this recompletion operation.

Please refer to the attached recomplete procedure.

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

No monitors to be onsite.

Submit Subsequent Sundry - Include well test.

14 I hereby certify that the foregoing is true and correct Name *(Printed/Typed)*: E. Reed Fischer	Title: Senior Operations Engineer
Signature: E Reed Fischer	Date: 12/22/2009

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date: DEC 29 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	WESLEY W. INGRAM PETROLEUM ENGINEER

NM OCD 01/05/2010

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)

McELVAIN OIL & GAS PROPERTIES, INC.
McElvain # 9
SENW Sec. 25, T18S-R33E
Lea County, New Mexico
API # 30-025-38481

1st Delaware Re-completion Proposal – December 21, 2009

Drill TD: 5,998' (Driller) PBTD: 5,755' KB (TOC above CIBP) KB: 10'

CASING:

14" Conductor set @ 80' in 26" hole. Cemented to surface with 10 yards ready-mix.

8.625", 32#, J55, ST&C @ 1,718' in 11" hole.
BJ Services cemented w/425 sacks Premium Plus 'C' Lead mixed at @ 13.5 ppg & 1.70 Yield + 200 sacks Premium Plus 'C' Tail mixed @ 14.8 ppg & 1.34 Yield. Full Returns. Circulated 16 bbls cement to surface.

5.5", 17#, J55, LT&C @ 5,998' in 7.875" hole.
Cemented w/925 sacks 35:65 POZ Premium Plus 'C' Lead mixed @ 12.8 ppg & 1.89 Yield + 725 sacks 50:50 POZ Premium Plus 'C' Tail mixed @ 14.4 ppg and 1.25 Yield. Full returns. Circulate 40 bbls cement to surface. Displace w/3% KCl.

From CBL dated November 25, 2007: TOC @ Surface

FORMATION TOPS: (*KB Elevation = 3,876'*)

Yates	3,180'
7 Rivers	3,644'
Queen	4,360'
Penrose	4,622'
San Andres	4,990'
Delaware	5,289'
1st Delaware Sand	5,324'
2nd Delaware Sand	5,526'
3rd Delaware Sand	5,780'

EXISTING PERFORATIONS & PLUGs:

5,804' – 5,814'	(10')	3rd Delaware Perfs Perforated 9/28/07
5,790'		CIBP set 10/2/07 w/Cmt Cap, TOC @ 5,755'
5,614' - 5,630'	(16')	2nd Delaware Perfs Perforated 10/3/07

PROPOSED PERFORATIONS:

5,330' - 5,346'	(16')	1st Delaware Perfs 3 spf, 120 degree phased

CURRENT ROD, PUMP & TBG SET-UP (*TAC @ 5,546', SN @ 5,679', EOT @ 5,710'*):
Rods & Pump: 61 – 7/8" Grade 'D' Rods, 160 – ¾" Grade 'D' Rods, 4 – 1.5" KBars, 2.5"x1.25"x16' RHBC pump w/4' rod guide sub, 1"x16' Gas Anchor.
Tubing (2.875", 6.5#/ft, J55, EUE): 170 jts., TAC, 4 jts, SN, 3.5" Slotter MA

PROPOSED PROCEDURE:

1. Prior to Re-complete, shut down pumping unit and shut well in for 3 days before shooting fluid level. Return the well to production prior to hot-oiling.
2. 48 – 72 hours prior to the start of re-complete operations:
   - Hot oil casing (± 60 bbls OIL) and flowline. Use oil & paraffin solvent when hot-oiling casing. Return well to production to recover load oil prior to rig arrival.
   - Notify Calsbad BLM (575) ~~234-5972~~ of re-complete operations. 361-2822
   - Notify rancher, Ken Smith (575) 390-3093 of re-complete operations.
3. MIRU Service rig, flow back tank, toilet & 5 jts tbg from inventory. Blow well down thru bypass to production tank.
4. Unseat pump & POOH w/rods and pump. A new rod design for producing the 1st Delaware will be provided and will indicate which rods should get laid down from the original string.
5. ND adapter flange. Release TAC. NU BOPE on 7-1/16" 5M tubinghead. TEST
6. Drop down to tag bottom then pull & tally tubing. Lay down all but approximately 5,500' of tubing.
7. RU wire line & pack-off. Make Gauge ring run to approximately 5,600'. MU 6K CIBP & set same @ ± 5,590' (note: casing collar @ 5,574').
8. Load hole w/produced Delaware water and test casing to 3,000 psi.
9. Perforate 5,330 to 5,346' at 3 spf, 120 degree phased. RD wireline. (Note: Collar @ 5334')
10. MU Pkr w/SN on top & Hydro-test in hole to 5,000 psi.
11. With Pkr hanging, swab well down to ± 3,500'.
12. Set Pkr @ ± 5,230. (Note: Collar @ 5,215')
13. Swab test well.
14. If necessary acidize perfs w/750 gals 15% HCL utilizing ball sealers. Design to follow.
15. Swab back acid load.
16. Rel. pkr. Run pkr thru perfs. POOH w/pkr.
17. ND BOPE & NU frac valve.
18. Frac well. Design to follow.
19. RD frac valve & NU BOPE.
20. MU SN on tubing & TIH.
21. Tag & mark bottom. PU & Swab test well until sand clears up.
22. POOH w/tbg.
23. MU bit on bailer & clean out well. POOH w/bailer.
24. Make up & run tapped bull plug, 1 jt tbg, perf sub, SN, tbg (enough tbg. to keep TAC 300' above top perf), TAC (set for 35K shear) & tbg. Tag bottom then PU & swab test w/TAC hanging.
25. When sand clears up & before well gets spunky, retag bottom to check for fill then PU & land perf sub a minimum of ± 100' below bottom perf.
26. ND BOPE. Set TAC w/± 10-12K tension. NU wellhead.
27. MU pump on rod string (pump & rod design to be provided). RIH, space-out & land pump.
28. Load & test tubing.
29. RD pulling unit.
30. Return well to production.
31. Establish steady production & then run Dynamometer.