

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTRECEIVED
OCD-HOBBS
FEB 08 2010
HOBBSOCDFORM 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 <input checked="" type="checkbox"/>		5. Lease Serial No. LC-069457
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) 2240' FSL & 990' FWL (NWSW) Section 31, T18S-R34E		8. Well Name and No. McElvain # 10
		9. API Well No. 30-025-39520
		10. Field and Pool, or Exploratory Area EK - Bone Spring
		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 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 checked="" type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Build Location, Spud Set & Cmt Surface Csg. Test BOPs.
	<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 recompleat 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 recompleat 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. notified the BLM's Ms. Trishia Bad Bear on December 16, 2009 of plans to build a drill pad on our McElvain # 10 well location. Construction on the pad, designed for a closed loop mud system, began on December 28, 2009 by Gandy Corporation. Construction was completed on January 6, 2010. On January 7, 2010 Big Guns set & cemented 40 feet of 20" conductor in a 26" hole. On January 11, 2010 Silver Oak Drilling Rig # 9 began moving to and rigging up on location. The well was spud at 1:00 A.M. on January 13, 2010. The 17.5" surface hole topped the Rustler anhydrite at 1,668' and drilling stopped @ 1,700'. No noticeable water was encountered during the drilling of this 1,700' surface casing hole. The surface casing string consisted of 784' of new 13-3/8", 54.5 #/ft, J55, ST&C casing on bottom followed by 915' of new 13-3/8", 48 #/ft, H40, ST&C casing on top. Halliburton furnished the shoe on bottom, the float collar on top of the shoe joint and 10 centralizers. Halliburton cemented in a single stage with 1180 sacks of "ExtendaCem" LEAD cement mixed @ 13.5 ppg w/1.75 Yield followed by 250 sacks of "HalCem" Type 'C' cement mixed @ 14.8 ppg w/1.35 Yield. The top plug was bumped and the float held after circulating an estimated 155 bbls (approx. 495 sx) to surface. The job was pumped w/full returns. There was no fall back and cementing was completed @ 5:20 P.M. on January 16, 2010. The casing was cut off and a new 13-3/8" 3K wellhead installed & tested before NU of the rig's 13-3/8" Class III BOPE. Man Welding Services, a 3rd party testing service, then performed a 250 psi low pressure test and a 3,000 psi high pressure test (annular to 1,500 psi) on the BOPE. The test was charted (see attached). Drilling resumed at 8:45 P.M. on January 17, 2010 when an 11" bit started drilling the intermediate hole section.

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

E. Reed Fischer

Title Senior Operations Engineer

Signature

Date

01/20/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Date

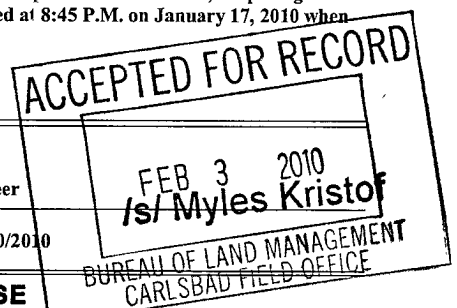
FEB 08 2010

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)



MCElvain #10

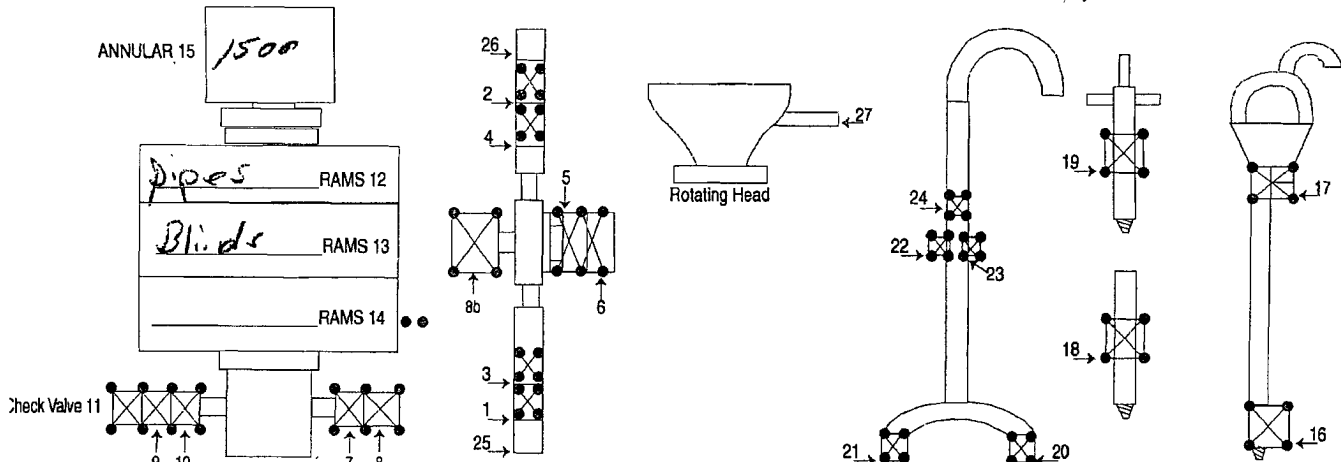
MAN WELDING SERVICES, INC.

P.O. Box 1541 • Lovington, N.M. 88260
BUS: 505 396-4540 • FAX: 505 396-0044



INVOICE
B 6932

Company MCElvain Date 1-17-10 Start Time 7:30 ☒ am ☐ pm
Lease MCElvain #10 County Lea State NM
Company Man _____
Wellhead Vendor _____ Tester Dirk Netherly
Drig. Contractor S. Iver Oak Rig # 49
Tool Pusher _____
Plug Type C-22 Plug Size 12" Drill Pipe Size 4 1/2 x 8
Casing Valve Opened _____ Check Valve Open yes



TEST #	ITEMS TESTED	TEST LENGTH	LOW PSI	HIGH PSI	REMARKS
1	13, 9, 25, 6, 26	10 min	250	3000	✓ Range on 4" manifold (7) Leak test
2	13, 10, 1, 5, 2	10 min	250	3000	✓
3	13, 11, 3, 5, 4	10 min	250	3000	✓
4	12, 9, 8	10 min	250	3000	✓ good
5	12, 10, 7	10 min	250	3000	✓
6	15, 10, 7	10 min	250	1500	✓
7	19	10 min	250	3000	✓
8	18	10 min	250	3000	✓
9	16	10 min	250	3000	✓
10	17	10 min	250	3000	✓
					ant's

HR @ \$1000.00 = \$1000.00

HR @

Mileage 80 @ \$1.00 = \$80.00

Welding 2.500.00
S. Iver Oak

SUB TOTAL \$1180.00

TAX \$63.12

TOTAL \$1243.12

McElvain #10

MAN WELDING SERVICES, INC

Company McElvain Date 1-16-10
Lease McElvain #10 County Lea
Drilling Contractor Silver Creek #9 Plug & Drill Pipe Size 12" C-22 4 1/2 x 8

Accumulator Function Test - OO&GO#2

To Check - USABLE FLUID IN THE NITROGEN BOTTLES (III.A.2.c.i. or ii or iii)

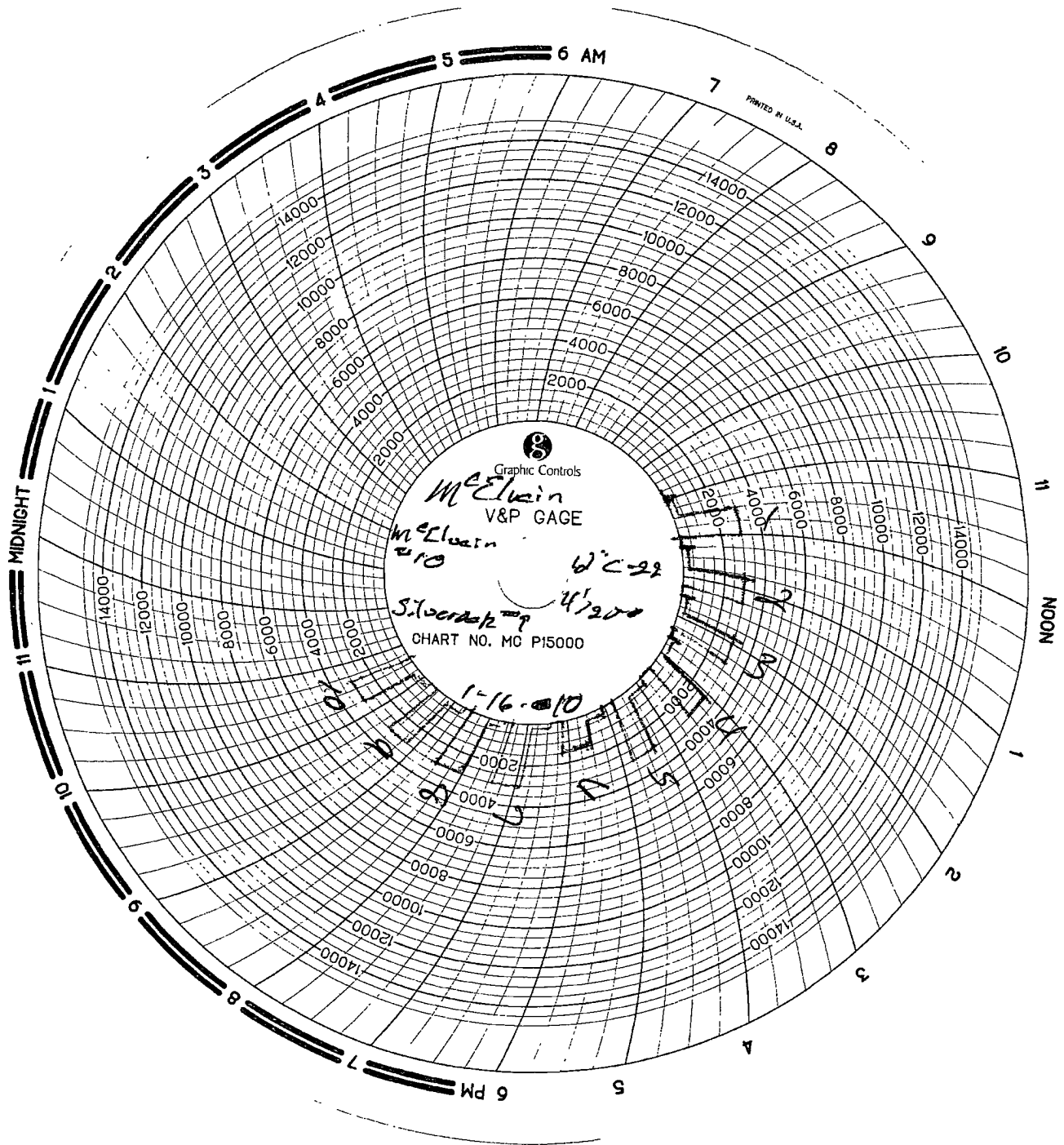
- Make sure all rams and annular are open and if applicable HCR is closed.
- Ensure accumulator is pumped up to working pressure! **(Shut off all pumps)**
 1. Open HCR Valve. (If applicable)
 2. Close annular.
 3. Close **all** pipe rams.
 4. Open one set of the pipe rams to simulate closing the blind ram.
 5. For 3 ram stacks, open the annular to achieve the 50+ % safety factor. (5M and greater systems).
 6. **Record remaining pressure** 250 **psi. Test Fails if pressure is lower than required.**
 - a. {950 psi for a 1500 psi system} b. {1200 psi for a 2000 & 3000 psi system }
 7. If annular is closed, open it at this time and close HCR.

To Check - PRECHARGE ON BOTTLES OR SPHERICAL (III.A.2.d.)

- Start with manifold pressure at, or above, maximum acceptable pre-charge pressure:
 - a. {800 psi for a 1500 psi system} b. {1100 psi for 2000 and 3000 psi system}
- 1. Open bleed line to the tank, slowly. **(gauge needle will drop at the lowest bottle pressure)**
- 2. Close bleed line. Barely bump electric pump and see what pressure the needle jumps up to.
- 3. **Record pressure drop** 1000 **psi. Test fails if pressure drops below minimum.**
- **Minimum:** a. {700 psi for a 1500 psi system} b. {900 psi for a 2000 & 3000 psi system}

To Check - THE CAPACITY OF THE ACCUMULATOR PUMPS (III.A.2.f.)

- Isolate the accumulator bottles or spherical from the pumps & manifold.
- Open the bleed off valve to the tank, {manifold psi should go to 0 psi} close bleed valve.
 1. Open the HCR valve, {if applicable}
 2. Close annular
 3. With **pumps** only, time how long it takes to regain the required manifold pressure.
 4. **Record elapsed time** 1:35 **. Test fails if it takes over 2 minutes.**
 - a. {950 psi for a 1500 psi system} b. {1200 psi for a 2000 & 3000 psi system}



McElvain #10
Charted BOP test
original Nipple Up after Surface Casing Set
Jan. 16, 2010