

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-104 RECEIVED

MAY 27 2010
HOBBSDFORM 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 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	7 If Unit or CA/Agreement, Name and/or No. na
3b Phone No (include area code) 303-893-0933	8. Well Name and No. McElvain # 10
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2240' FSL & 990' FWL (NWSW) Section 31, T18S-R34E	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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<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
			<input checked="" type="checkbox"/> Other Notification - Compl Ops Finished. WO gas pipe line

- 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.)

OPERATIONS UPDATE & Notification of the cessation of swab testing & release of the service rig:

Following the frac on 3/10/10, the well was cleaned out & swab tested until 3/26/10 when the service rig was moved off location. Approximately 52.5% of the frac load had been recovered and the decision was made to build a battery and place the well on pump. Battery construction began on 4/12/10. A heater treater and the oil & water storage tanks were delivered on 4/14/10. Battery construction was mostly completed by 4/22/10 when operations were shut down to await the arrival of a Frontier Field Services gas pipe line. It is estimated that the gas pipe line will be operable and that the well can be placed on production in early June 2010.

PLEASE KEEP ALL INFORMATION 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

04/22/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Title

Date

MAY 22 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)

JUN 01 2010

ACCEPTED FOR RECORD
CANYON FIELD OFFICE