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Form 3160-5  
(April 2004)  
MAR 18 2011  
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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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  
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator McElvain Oil & Gas Properties, Inc.

3a. Address  
1050 - 17th Street, Suite 1800 Denver, Colorado 80265

3b. Phone No. (include area code)  
303-893-0933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2240' FSL & 990' FWL (NWSW) Section 31, T18S-R34E

5. Lease Serial No.  
LC-069457

6. If Indian, Allottee or Tribe Name  
na

7. If Unit or CA/Agreement, Name and/or No.  
na

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 checked="" 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 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 checked="" type="checkbox"/> Recomplete     | <input checked="" type="checkbox"/> Other Notification - Remplt |
|  | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | from 2nd Bone Sprg  |
|  | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            | to 1st Bone Spring  |

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 shall 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 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.)

Notification of Intent to Recomplete from 2nd Bone Spring to 1st Bone Spring formation:

As soon as a frac date can be determined, McElvain O&G intends to set a RBP over the currently producing 2nd Bone Spring perforations from 9,532-9,598' gross interval in order to recomplete the well in the 1st Bone Spring sand from perforations between 9,032-9,054'. The 1st Bone Spring sand would then be shot with 3 spf, 120 degree phasing. The new perforations would be swab tested from under a packer, broken down with approximately 1,500 gals of 15% (HCl) NeFe acid and eventually fracture stimulated down casing with an estimated 120,000 lbs 20/40 sand (at 0.5 to 4.0 ppg sand concentration) in approximately 99,500 gals of 20# cross-linked gelled fluid. The 1st Bone Spring sand would be pump tested before retrieving the RBP and commingling both the 1st and 2nd Bone Spring perforations.

McElvain plans to move a service rig onto location approximately one week ahead of the yet unknown frac date. Recomplete operations should total approximately 2 - 1/2 weeks. The current "rough estimate" for our start of operations is the 1st week of April 2011.

PLEASE KEEP ALL INFORMATION CONFIDENTIAL FOR THE MAXIMUM ALLOWABLE PERIOD OF TIME.

CONFIDENTIAL

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

E. Reed Fischer

Title Senior Operations Engineer

Signature

Date

02/23/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

Office

Date

APPROVED

MAR 14 2011

/s/ Chris Walls

BUREAU OF LAND MANAGEMENT

CARLSBAD FIELD 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)

KG MAR 21 2011  
PETROLEUM ENGINEER