

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

001

5. LEASE DESIGNATION AND SERIAL NO.

UTU- 66426

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

na

1a TYPE OF WORK

DRILL

DEEPEN

PLUG BACK

B TYPE OF WELL

OIL

GAS

SINGLE

MULTIPLE ZONE

7. UNIT AGREEMENT NAME

na

8. FARM OR LEASE NAME

na

2. NAME OF OPERATOR

McElvain Oil and Gas Properties, Inc.

9. WELL NO.

Hanging Rock Fed. 7-14

3. ADDRESS OF OPERATORS

1050 17th Street, Suite 1800. Denver CO 80265

10. FIELD OR LEASE NAME

Oil Springs

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement)

at surface 600' FSL, 1,980' FWL SESW 4404973Y 39.78377 647764Y -109.27445

11. Sec., T., R., M., OR BLK

AND SURVEY OR AREA Section 7, T12S, R24E

At proposed prod. Zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

65.9 MILES SOUTH OF VERNAL, UTAH

12. COUNTY OR PARISH

Uintah

13. STATE

Utah

15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any)

886'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED TO THIS WELL

160

18. DISTANCE FROM PROPOSED LOCATION * TO NEAREST WELL, DRILLING COMPLETED.

1,600'

19. PROPOSED DEPTH

4,132

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATION (SHOW WHETHER DF. RT, GR, etc.)

6,050' GL

22. APPROX. DATE WORK WILL START

ASAP

PROPOSED CASING AND CEMENT PROGRAM

Table with 5 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 12 1/4" hole with 9 5/8" casing and 7 7/8" hole with 4 1/2" casing.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposed in to deepen or plug back, give data on proposed productive zone and proposed new productive zone. If proposal is to drill or deepen directional, give pertinent data on subsurface location and measure and true vertical depths. Give blowout preventer program, if any.

24

SIGNATURE

William A Ryan

Agent

TITLE

DATE

June 18, 2003

(This space for Federal or State Office Use)

PERMIT NO.

13-047-35083

APPROVAL DATE

APPROVED BY

Bradley G Hill

TITLE

BRADLEY G. HILL ENVIRONMENTAL SCIENTIST III

DATE

07-21-03

*See Instructions on Reverse Side

Title 18 U. S. C. Section 1001, makes 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.

Federal Approval of this Action is Necessary

Ten Point Plan

McElvain Oil & Gas Properties Inc.

Hanging Rock Fed. 7-14

Surface Location SE ¼, SW ¼, Section 7, T12S, R24E

1. Surface Formation:

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>	<u>Type Zone</u>	<u>Max. Press</u>
Green River	Surface	+6,062' KB		
Green River Oil Shale	382'	+5,680		
Uteland Butte Limestone	2,382'	+3,680'		
Wasatch	2,482'	+3,580'	Gas	1,200 psi
Mesaverde	4,082'	+1,980'	Gas	1,900 psi
T.D.	4,132'	+1,930'		

3. Producing Formation Depth:

Formation objective includes both the Wasatch and Mesaverde

4. Proposed Casing:

<u>Hole Size</u>	<u>Hole Interval</u>	<u>Csg Size</u>	<u>Setting Depth</u>	<u>Casing New/Used</u>
12 ¼	0'-320'	9 5/8	300'-320	New
7 7/8	320'- TD	4 ½	T.D.	New

Minimum Safety Factor

<u>Csg Size</u>	<u>Csg Wt./Ft</u>	<u>Csg Grade</u>	<u>Csg Thread</u>	<u>Csg Collapse</u>	<u>Csg Burst</u>	<u>Csg Tensile</u>
9 5/8	32.3	H-40	ST&C 8rd	1,370 psi	2,270 psi	250,000#
4 ½	10.5	J-55	ST&C 8rd	4,010 psi	4,790 psi	146,000#

If conductor drive pipe is used, it will be left in place if its total length is less than 20 feet below the surface. If the total length of the drive pipe is equal to or greater than 20 feet, it will be pulled prior to cementing surface casing, or it will be cemented in place. The minimum diameter of the conductor drive pipe will be 13 3/8".

SELF-CERTIFICATION STATEMENT

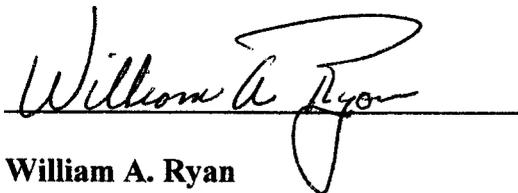
The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Please be advised that McElvain Oil and Gas Properties, Inc. are considered to be the operator of the following well.

**Hanging Rock Fed 7-14
SE 1/4, SW 1/4, Section 7, T. 12, R. 24 E.
Lease UTU-66426
Uintah County, Utah**

McElvain Oil and Gas Properties, Inc. is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond LMP-4138223 provides state wide bond coverage on all Federal lands.

A handwritten signature in black ink that reads "William A. Ryan". The signature is written in a cursive style and is positioned above a solid horizontal line.

**William A. Ryan
Agent
Rocky Mountain Consulting
350 S. 800 E.
Vernal UT 84078
435-789-0968 Office
435-828-0968 Cell
435-789-0970 Fax
rmcwar@hotmail.com**

Cement Program:

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amount</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
9 5/8	Premium Plus 2% Calcium Chloride .25 lb/sk. Cello Flake	230 sks. +/-	1.18 cu. ft./sk.	15.6 lbs./gal.

Guide Shoe, 1 jt, Baffle, 3 Centralizers, (Center 1st jt, top fist jt, top second jt)

4 1/2 Lead. (2800'-surface)

Hi Fill V cmt	200 sks. +/-	3.85 cu. ft./sk.	11.0 lbs./gal.
16% Gel			
1% EX-1			
5#/sk Gilsonite			
1.5#/sk Granulite			
.2% HR-7			
3% Salt			

Tail (T.D.-2,800')

Thixotropic	260 sks. +/-	1.52 cu. ft./sk.	14.2 lbs./gal.
2% gel			
.5% Halad			
.3% CFR-3			
2% Micro-Bond			
.1% Super CBL			

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 2,000 psi.

A 2000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to the minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./Qt.</u>	<u>Fluid Loss MI/30 Mins.</u>	<u>Mud Type</u>
0-320	Air	----	No Control	
320-1,950'	Water	----	No Control	Water/Gel
1,950-T.D.	9.0-9.7	30	8-10	Water/Gel

7. Auxiliary Equipment:

Upper Kelly Cock, full opening stabbing valve, 2 1/2" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 1,950' to T.D.
- d) Logging:

Type	Interval
Array Induction-Gamma Ray-SP-Caliper	T.D. to Surf. Csg
High Resolution Spectral Density-PEF	T.D. to Surf. Csg
Compensated Neutron, Microlog	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated. Other wells drilled in the area have not encountered over pressured zones or H2S.

Operator requests a variance to regulations requiring a straight run blooie line (When possible a straight run blooie line will be used).

Operator requests a variance to regulations requiring an automatic ignitor or continuous pilot light on the blooie line.

Operator requests a variance to regulations requiring the blooie line be 100' in length. To reduced location excavation, the blooie line will be 75' in length.

10. Drilling Schedule:

The anticipated starting date is August 1, 2003. Duration of operations expected to be 7 days.

McELVAIN OIL AND GAS PROPERTIES, INC

13 POINT SURFACE USE PLAN

FOR WELL

HANGING ROCK FED. 7-14

LOCATED IN

SE 1/4, SW 1/4

SECTION 7, T. 12 S., R. 24 E., S.L.B.&M.

UINTAH, UTAH

LEASE NUMBER: UTU-66426

SURFACE MANAGER/OWNER:

BUREAU OF LAND MANAGEMENT

1. Existing Roads

To reach the McElvain Oil and Gas Properties, Inc. well Hanging Rock 7-14, in Section 7, T12S, R24E, from Vernal, Utah:

Starting in Vernal, Utah proceed in an easterly, then southerly direction from Vernal Utah along U.S. State Highway 40 approximately 4.0 miles to the junction of State Highway 45; exit right and proceed in a southerly, then southeasterly direction approximately 36.0 miles to Bonanza, Utah proceed in a southerly direction approximately 5.0 miles to mile marker 1. You will exit left (south) off of the paved road onto a gravel road. A BLM sign will indicate this is the access road to Douglas Pass. Proceed south on the gravel road approximately 3 miles to a Y in the road (Greeks Corral) stay right. Proceed 8 miles to the Rainbow junction. Stay right on the Kings Well road proceed in southwesterly direction approximately 7.7 miles to the junction of this road and an existing road to the south; turn left and proceed in a southerly direction approximately 0.9 miles to the beginning of the proposed access road.

Total distance from Vernal, Utah to the proposed well location is approximately 65.9 miles.

All existing roads to this point are State or County Class D roads.

Some up grading will be performed on the existing road between the Kings Well road and the location.

Please see the attached map B for additional details.

New construction will start at this point.

2. Planned access road

The proposed location will require approximately (.4 miles +/-) 1,056 feet of new road construction.

The new road will be built to the following standards:

A) Approximate length	2,104 Ft.
B) Right of Way width	30 Ft.
Running surface	18 Ft.
C) Maximum grade	5%
D) Turnouts	None
E) Major cuts and fills	None
F) Culvert	None
G) Surfacing material	Native Soil
H) Fence crossing	None
I) Road flagged	Yes
J) Access road surface manager/owner	BLM
K) Pipe line crossing	None
L) Stream crossings	None
M) All new construction on lease	Yes

Please see the attached location Map B for additional details.

A right of way will be required for the proposed access road.

250 feet of lease in Section 12, T12S, R23E
1,854 feet on lease in Section 7, T12S, R24E

Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and

Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989). This is also referred to as the Gold Book.

HR 7-8
HR 7-10
Section 7, T12S, R24E

The road will be constructed to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction shall include ditching, draining, graveling, crowning, and capping the road bed as necessary to provide a well constructed safe road. Prior to construction, the road shall be cleared of any snow cover and allowed to dry completely. Travel off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type (unless specified differently). Crossings will be constructed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of the drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading will not be conducted during muddy conditions. Should mud or dust holes develop, they will be filled in and detours around them avoided.

Tucker 8-12
Section 8, T12S, R24E

Center Fork 17-4
Section 17, T12S, R24E

- G) Shut in well None
- H) Injection well None
- I) Monitoring or observation well None

Please see the attached map C for additional details.

4. Location of tank batteries, production facilities, and production gathering service lines.

A) Production Facility

All production facilities are to be contained within the proposed location site. Please see the attached plat for a typical gas well equipment and piping plan.

3. Location of existing wells

The following wells are located within a one mile radius of the location site.

- A) Water well None
- B) Abandoned well None
- C) Temp. abandoned well None
- D) Disposal well None
- E) Drilling/Permitted well None
- F) Producing well **Eight**

HR 12-2
HR 12-8
HR 12-9
Section 12, T12S, R23E

HR 7-6

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Juniper Green** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required **paint color is Juniper Green.**

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

If the well is capable of economic production a gas gathering line will be required.

B. Gas Gathering Line

The Operator proposes building approximate **2,600 feet of steel gas gathering line** if an economic well is drilled and completed.

The gathering line will start at the proposed location and be constructed to a tie in point on an existing gathering line in **Section 12, T12S, R23E**.

Please see map D for gathering line location.

The gathering line will require an off lease right-of-way.

600 ft of line of lease in Section 12, T12S, R23E.

2000 ft on lease in Section 7, T12S, R24E.

The line will be a 2" steel line.

Max operating pressure will be 500 psi.

The operating temperature of the gathering system will reflect the day and nighttime ambient temperature of the area.

There are no plans for additional compression or pumping stations at this time.

An archeological survey will be conducted along the pipeline access rout.

The gathering line will not be hydrostatically tested.

The surface line will be removed when there is no need for the gathering line. Prior to removing the line an onsite will be held with

the BLM to insure removal and reclamation will conform to all applicable BLM regulations and requirements.

There will be no additional surface disturbances required for the installation of a gathering line. **The pipeline will be welded on location and pulled to the tie in point. The line will then be boomed off to the side of the road.**

The gas meter run will be located within 500' of the well head. The gas line will be buried or anchored down from the well head to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tanks strapped in place prior to any deliveries. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing the subject well will be trucked from **Rose Wood Resources flowing water well, Well # 5A . In Section 24, T11S, R23E. Water permit number 49-1547.**

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravels or pit lining material will be obtained from private sources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately 8-10 ft. deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will not be lined unless the pit is blasted or soil conditions would warrant a pit liner.

If a plastic liner is required by the BLM or used by the operator it will be a nylon reinforced liner. It will be a minimum of 12 mil thickness with sufficient bedding (i.e. weed free straw, or hay; felt; or soil) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rock to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit.

The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. Produced water after initial production will be trucked to an authorized disposal pit or injection well.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location. All trash will be removed to an authorized land fill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the drilling and work over rig is moved off the location the well site area will be cleaned and all refuse removed.

F) Hazardous Material Statement

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, or completion of the well. Furthermore, extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored, transported, or disposed of in association with the drilling, testing or completion of the well.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout and location.

The proposed location has been staked at 600' FSL, 1,980' FWL.

Well-site layout

Location dimensions are as follow:

- | | |
|---------------|----------------|
| A) Pad length | 325 ft. |
| B) Pad width | 170 ft. |
| C) Pit depth | 8 ft. |
| D) Pit length | 135 ft. |
| E) Pit width | 70 ft. |

- F) Max cut **26.6 ft.**
- G) Max fill **10.1 ft.**
- H) Total cut yds. **18,390 cu. yds.**
- I) Pit location **north side**
- J) Top soil location **corner 6**
- K) Access road location **north side**
- L) Flare pit **corner C**

Please see the attached location diagram for additional details.

The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig is moved off the location. Pits will be fenced and maintained until clean-up.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,000 cubic yards of material. **Topsoil will be stockpiled in one distinct pile.** Placement of the topsoil is noted on the attached location plat. **The topsoil pile from the location will be seeded as soon as the soil is stock piled** with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. **The pit area will be seeded when the soil has been spread.** The unused portion of the location (the area outside the dead men) will be recontoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

A) Producing location

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be recontoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

If a plastic nylon reinforced line is used, it shall be turned and perforated before backfilling of the reserve pit.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

a) Seeding dates:

Seed will be spread when the top soil is stock piled and when reclamation work is performed.

b) Seed Mix

The seed mix and quantity required will be

B) Dry Hole/Abandoned Location

At such time as the well is plugged and abandoned, the operator will submit a subsequent report of abandonment and the BLM will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Manager/Owner:

Location	Bureau of Land Management
Access road	Bureau of Land Management
Pipeline	Bureau of Land Management

12. Other information

A) Vegetation:

The vegetation coverage is slight. The majority of the existing vegetation consists of sage brush. Rabbit brush, bitter brush and Indian rice grass are also found on the location.

B) Dwellings:

There are no dwellings or other facilities within a one mile radius of the location.

C) Archeology and Paleontology :

The location has been surveyed. A copy of the surveys will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations which would affect such sites will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest live water is Bitter Creek 5.5 Miles west of the proposed location.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without AO approval.

F) Notification:

The Bureau of Land Management will be notified as follows.

- a) **Location construction**
At least forty eight (48) hours prior to construction of location and access roads
- b) **Location completion**
Notification will be given 24 hr prior to moving the drilling rig on location.
- c) **Spud notice**
At least twenty-four (24) hours prior to spudding the well.
- d) **Casing string and cementing**
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) **BOP and related equipment tests**
At least twenty-four (24) hours prior to initial pressure tests.
- f) **First production notice**
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than ninety 90 days.
- g) **Completion and work over**
At least twenty-four (24) hours prior to moving the rig on location.

Division of Wildlife Resource
434-636-0260

Division of Oil, Gas, and Mining.
801-538-5340

G) Flare pit:

The flare pit will be located in corner C of the reserve pit out side the pit fence and 100 feet from the bore hole on the **north side of the location**. All fluids will be removed from the pit within 48 hours of occurrence.

H) Wildlife

McEvain voluntarily will restrict drilling and surface disturbing

activities. No drilling and surface disturbing activities will be conducted between November 15, 2003 and April 1, 2004.

I) Onsite

Onsite Date: June 17, 2003

Onsite attendants	
Stephanie Howard	BLM
Dixie Saddler	BLM
Bill Ryan	Agent

Onsite Date May 2003

Onsite attendants	
Uintah Engineering	
Floyd Bartlett	DWR
Bill Ryan	Agent

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan

Rocky Mountain Consulting
350 South 800 East
Vernal, Utah 84078

Office	435-789-0968
Fax	435-789-0970
Cellular	435-828-0968
E-Mail	rncwar@hotmail.com

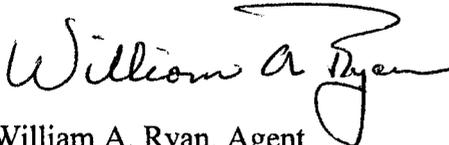
All lease operations will be conducted in such a manner that full compliance is made with all applicable laws and regulations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by **McElvain Oil and Gas Properties, Inc.** and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date June 18, 2003

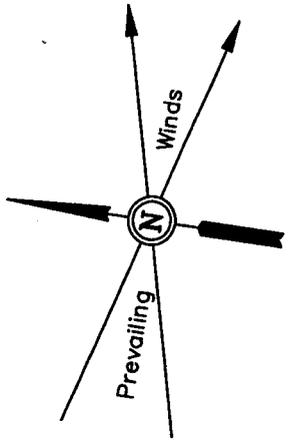
A handwritten signature in cursive script that reads "William A. Ryan". The signature is written in black ink and is positioned above the printed name of the signatory.

William A. Ryan, Agent
Rocky Mountain Consulting

McELVAIN OIL & GAS PROP., INC.

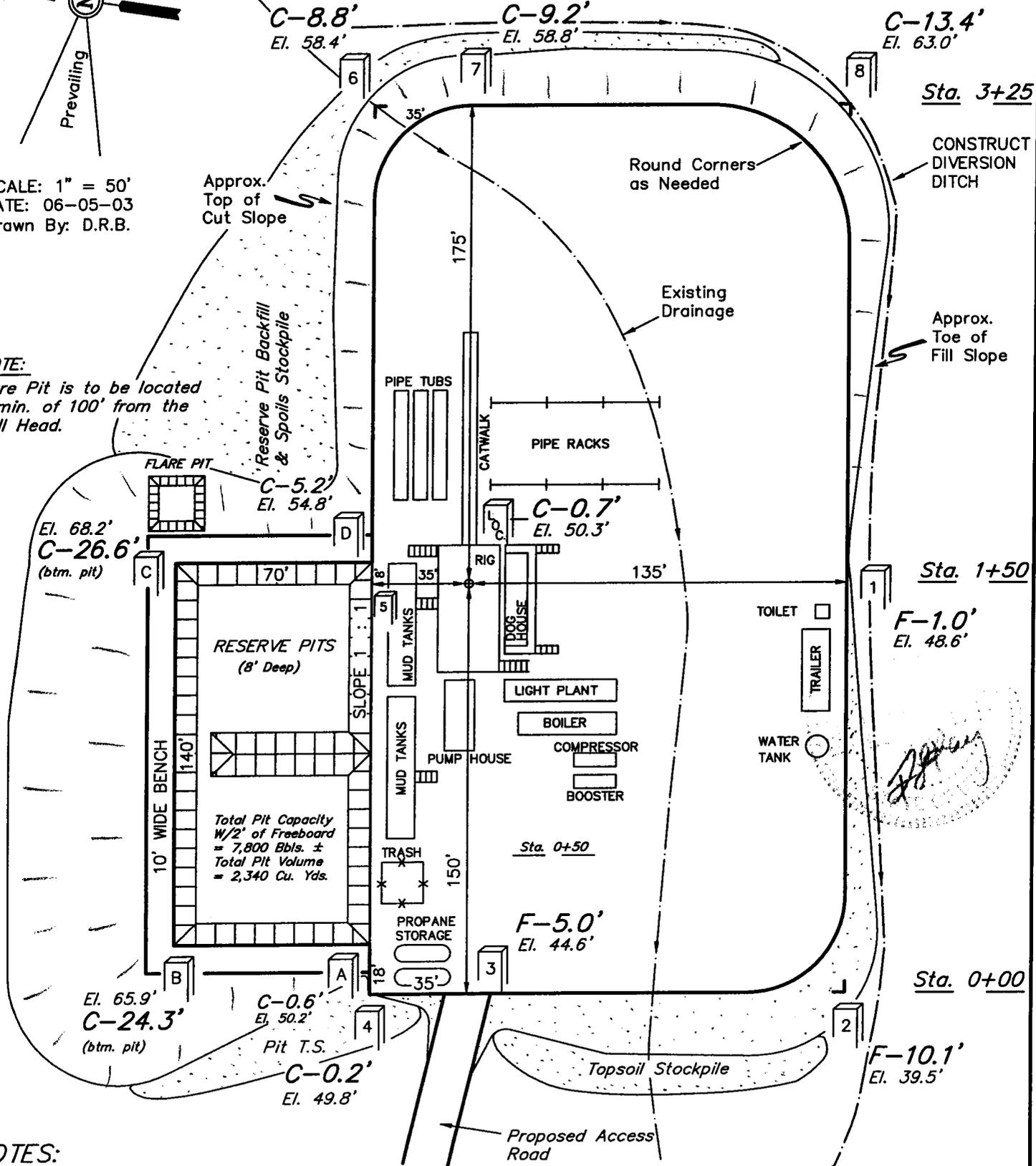
FIGURE #1

LOCATION LAYOUT FOR
 HANGING ROCK FEDERAL #7-14
 SECTION 7, T12S, R24E, S.L.B.&M.
 600' FSL 1980' FWL



SCALE: 1" = 50'
 DATE: 06-05-03
 Drawn By: D.R.B.

NOTE:
 Flare Pit is to be located
 a min. of 100' from the
 Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 6050.3'
 FINISHED GRADE ELEV. AT LOC. STAKE = 6049.6'

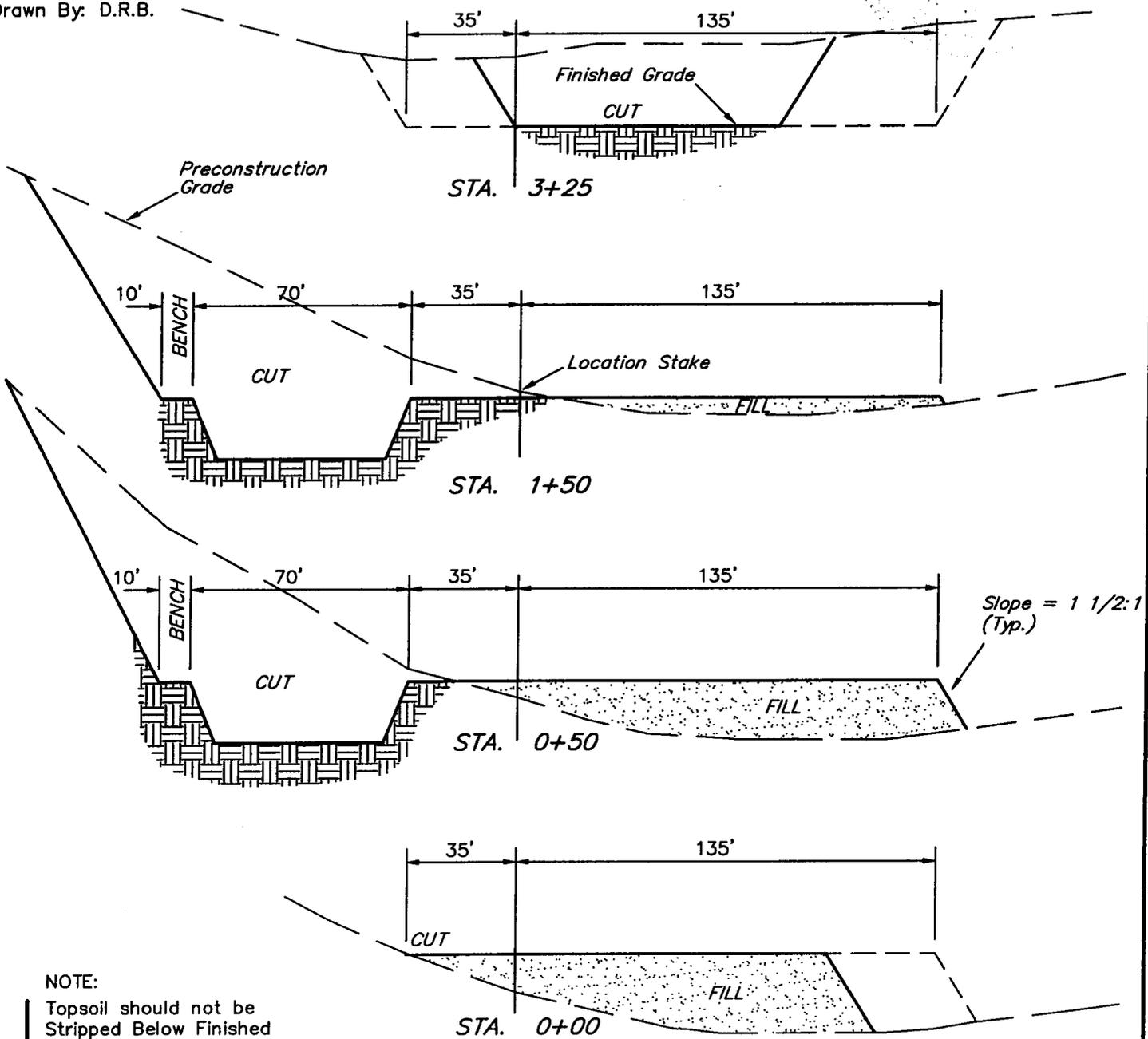
McELVAIN OIL & GAS PROP., INC.

FIGURE #2

**TYPICAL CROSS SECTIONS FOR
HANGING ROCK FEDERAL #7-14
SECTION 7, T12S, R24E, S.L.B.&M.
600' FSL 1980' FWL**

1" = 20'
X-Section Scale
1" = 50'

DATE: 06-05-03
Drawn By: D.R.B.



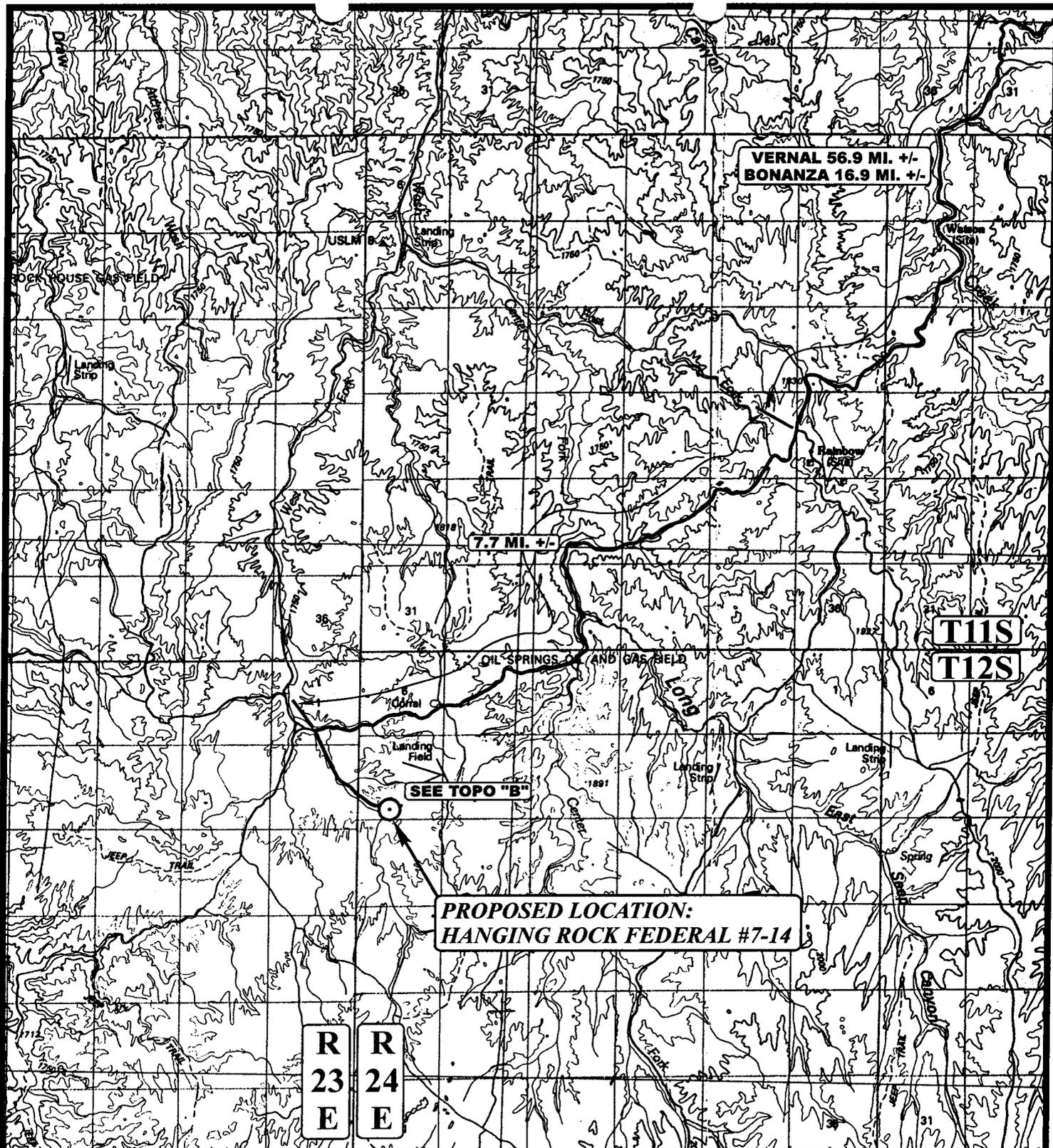
NOTE:
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,260 Cu. Yds.
Remaining Location	= 17,190 Cu. Yds.
TOTAL CUT	= 18,390 CU.YDS.
FILL	= 5,260 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 12,850 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,430 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 10,420 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



**PROPOSED LOCATION:
HANGING ROCK FEDERAL #7-14**

LEGEND:

⊙ PROPOSED LOCATION

McELVAIN OIL & GAS PROP., INC.

**HANGING ROCK FEDERAL #7-14
SECTION 7, T12S, R24E, S.L.B.&M.
600' FSL 1980' FWL**



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



**TOPOGRAPHIC
MAP**

6	4	03
MONTH	DAY	YEAR

SCALE: 1:100,000 | DRAWN BY: K.G. | REVISED: 00-00-00



McELVAIN OIL & GAS PROP., INC.
HANGING ROCK FEDERAL #7-14
 LOCATED IN UTAH COUNTY, UTAH
 SECTION 7, T12S, R24E, S.L.B.&M.

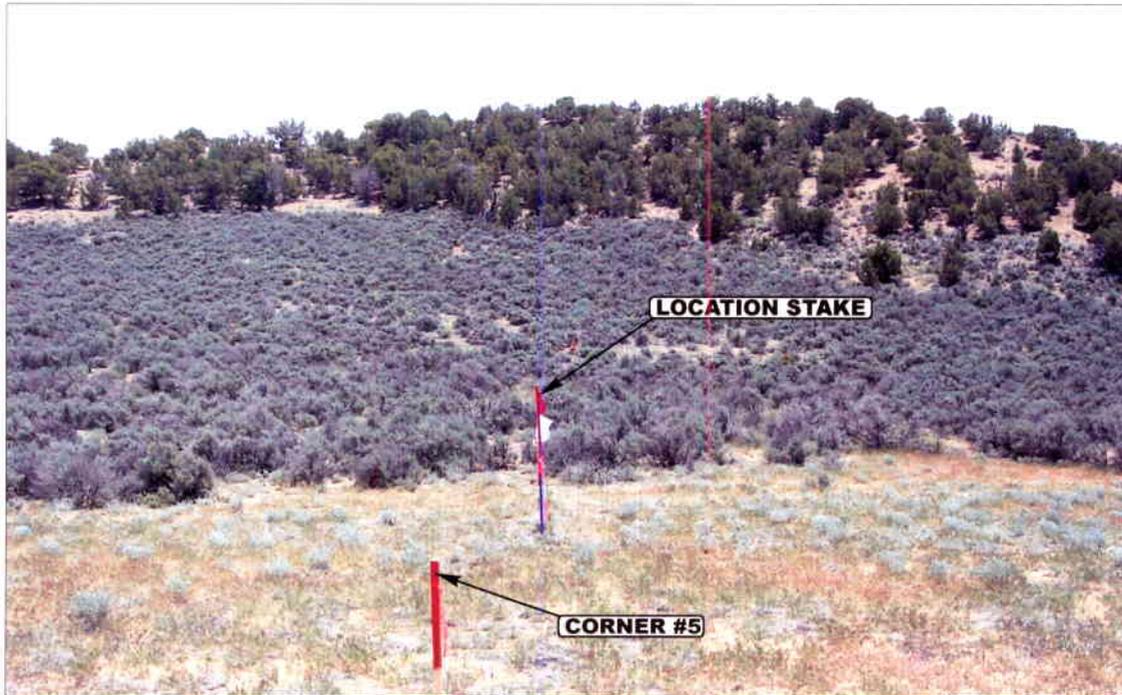


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

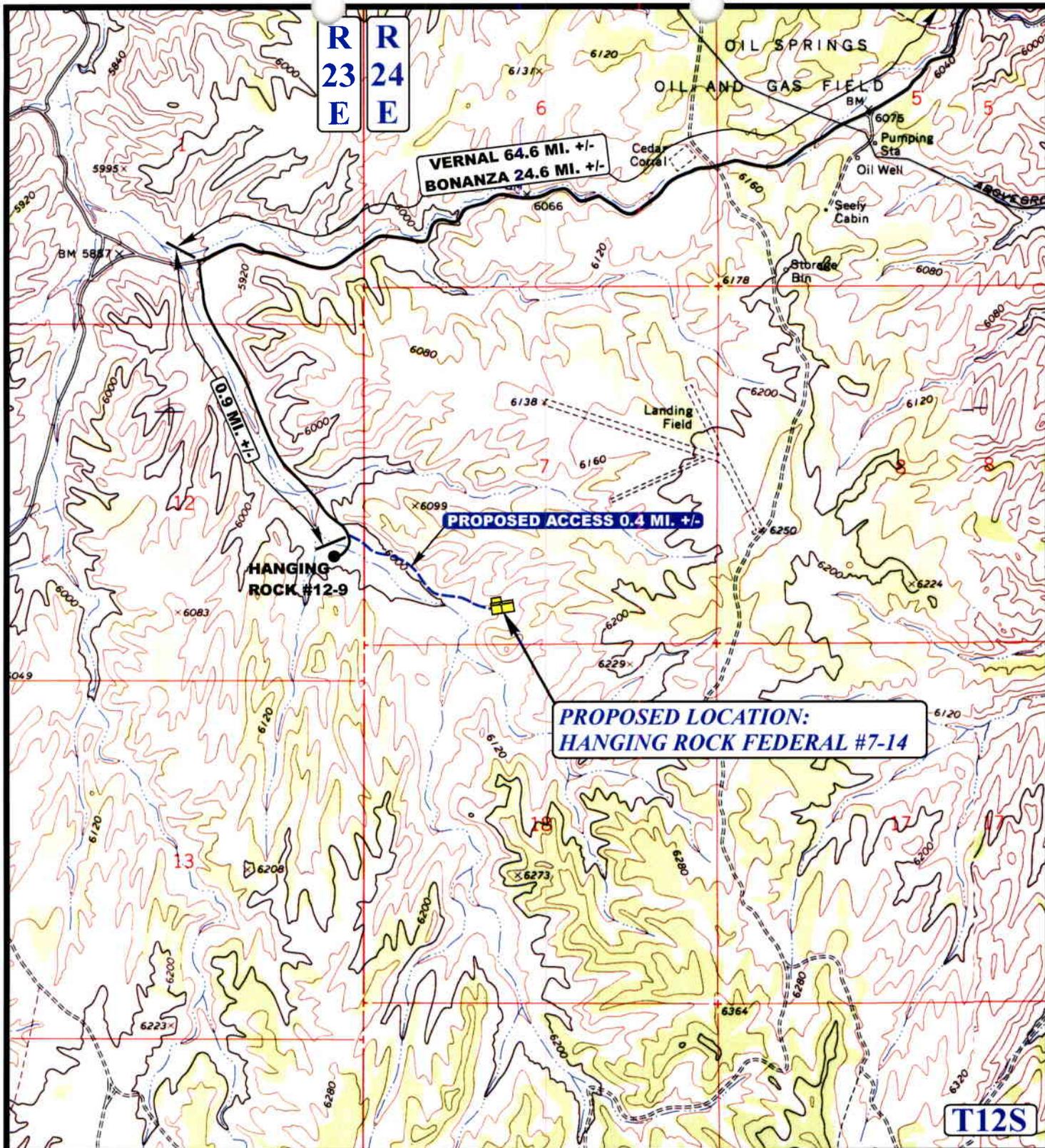
CAMERA ANGLE: EASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	6	4	03	PHOTO
TAKEN BY: D.K.	MONTH	DAY	YEAR	
DRAWN BY: K.G.	REVISED: 00-00-00			



LEGEND:

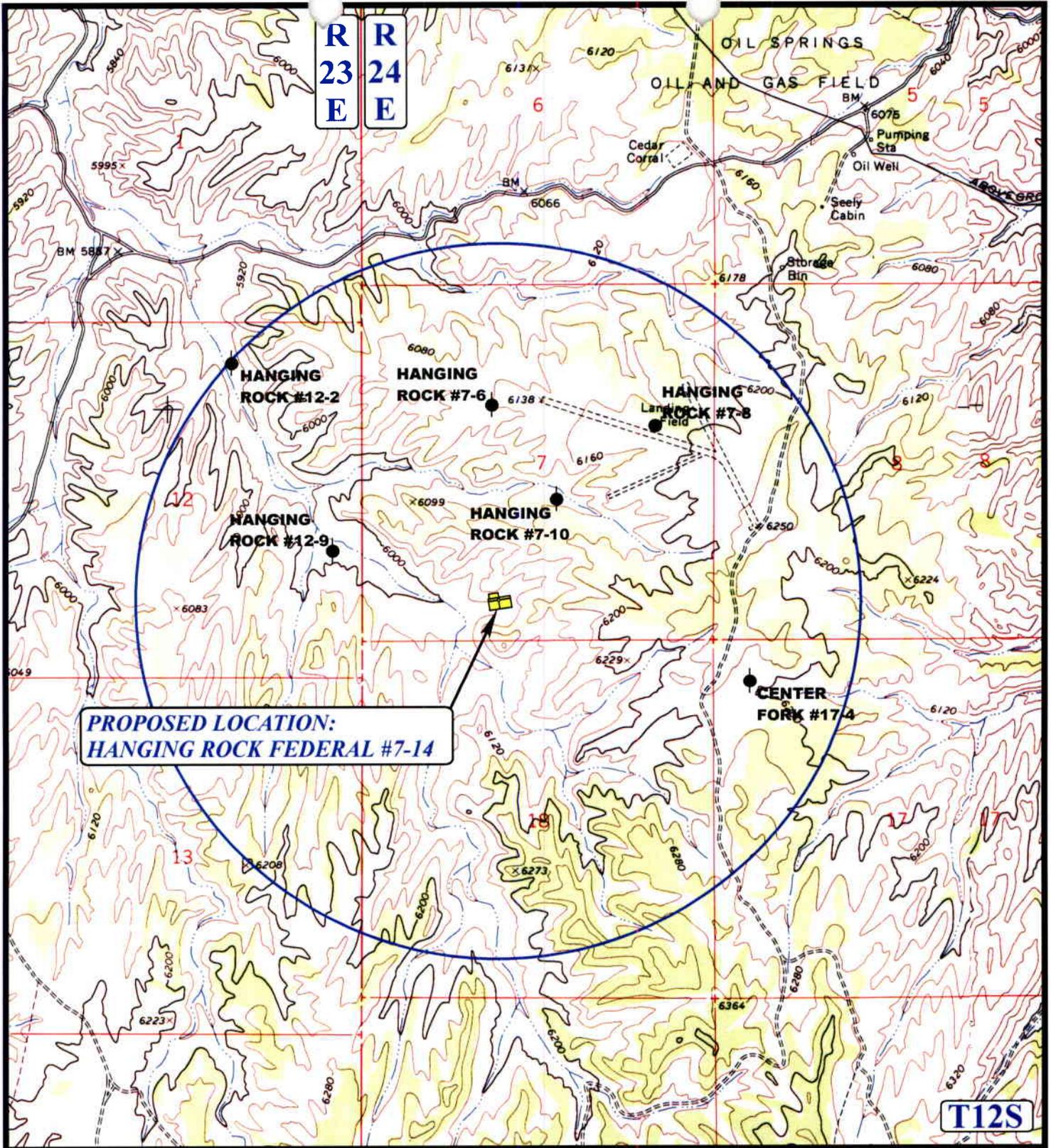
- PROPOSED ACCESS ROAD
- EXISTING ROAD



McELVAIN OIL & GAS PROP., INC.
HANGING ROCK FEDERAL #7-14
 SECTION 7, T12S, R24E, S.L.B.&M.
 600' FSL 1980' FWL

UELS Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP **6 4 03**
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: K.G. REVISED: 00-00-00 **B**
 TOPO



LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

McELVAIN OIL & GAS PROP., INC.

**HANGING ROCK FEDERAL #7-14
SECTION 7, T12S, R24E, S.L.B.&M.
600' FSL 1980' FWL**



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

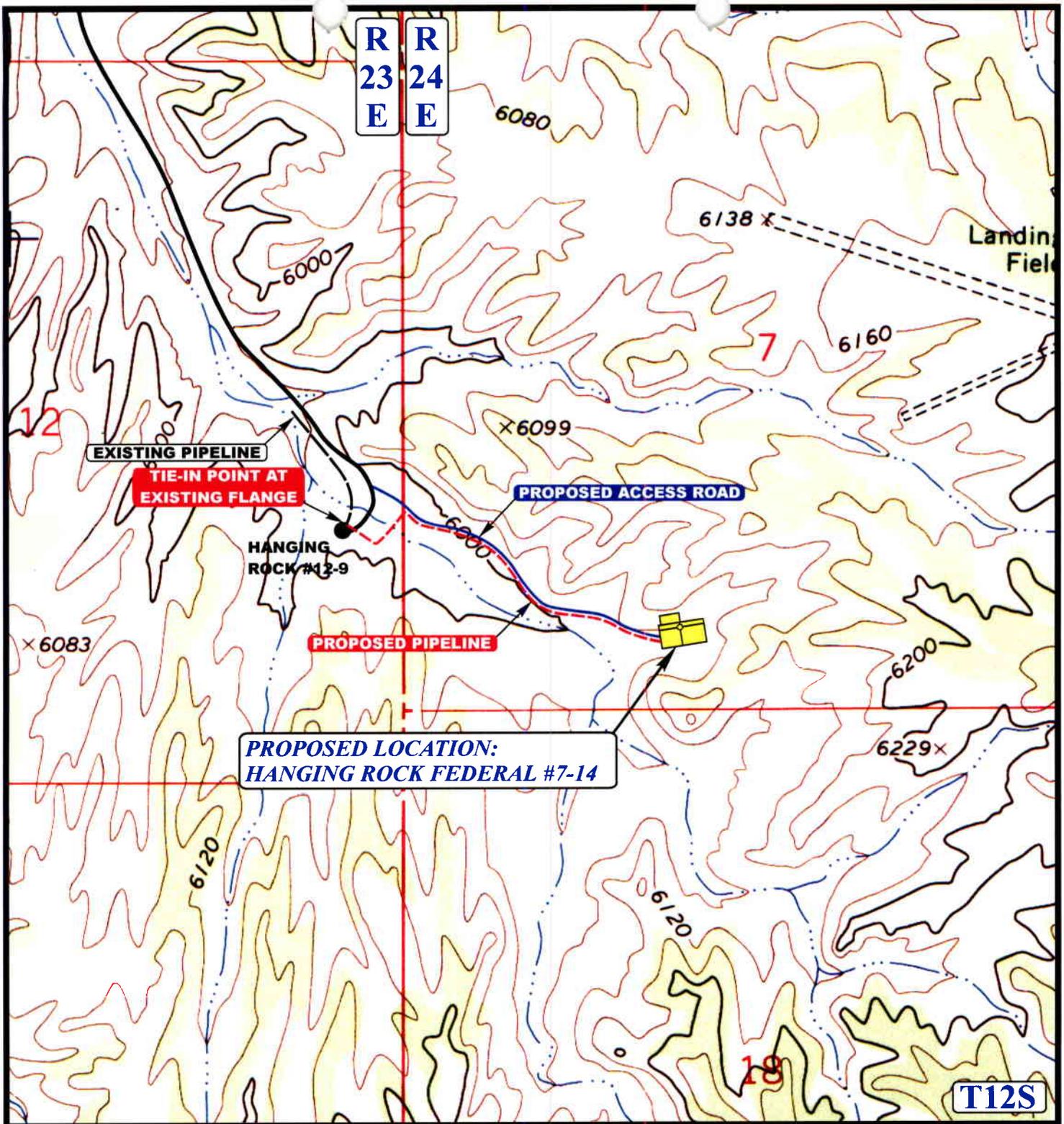


**TOPOGRAPHIC
MAP**

6 4 03
MONTH DAY YEAR



SCALE: 1" = 2000' DRAWN BY: K.G. REVISED: 00-00-00



APPROXIMATE TOTAL PIPELINE DISTANCE = 2,600' +/-

LEGEND:

- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED ACCESS



McELVAIN OIL & GAS PROP., INC.

**HANGING ROCK FEDERAL #7-14
SECTION 7, T12S, R24E, S.L.B.&M.
600' FSL 1980' FWL**



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

6	4	03
MONTH	DAY	YEAR

SCALE: 1" = 1000'

DRAWN BY: K.G.

REVISED: 00-00-00



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/08/2003

API NO. ASSIGNED: 43-047-35083

WELL NAME: HANGING ROCK FED 7-14
OPERATOR: MCELVAIN OIL & GAS (N2100)
CONTACT: WILLIAM RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

SESW 07 120S 240E
SURFACE: 0600 FSL 1980 FWL
BOTTOM: 0600 FSL 1980 FWL
UINTAH
OIL SPRINGS (635)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU-66426
SURFACE OWNER: 1 - Federal

LATITUDE: 39.78377

PROPOSED FORMATION: MVRD

LONGITUDE: 109.27445

RECEIVED AND/OR REVIEWED:

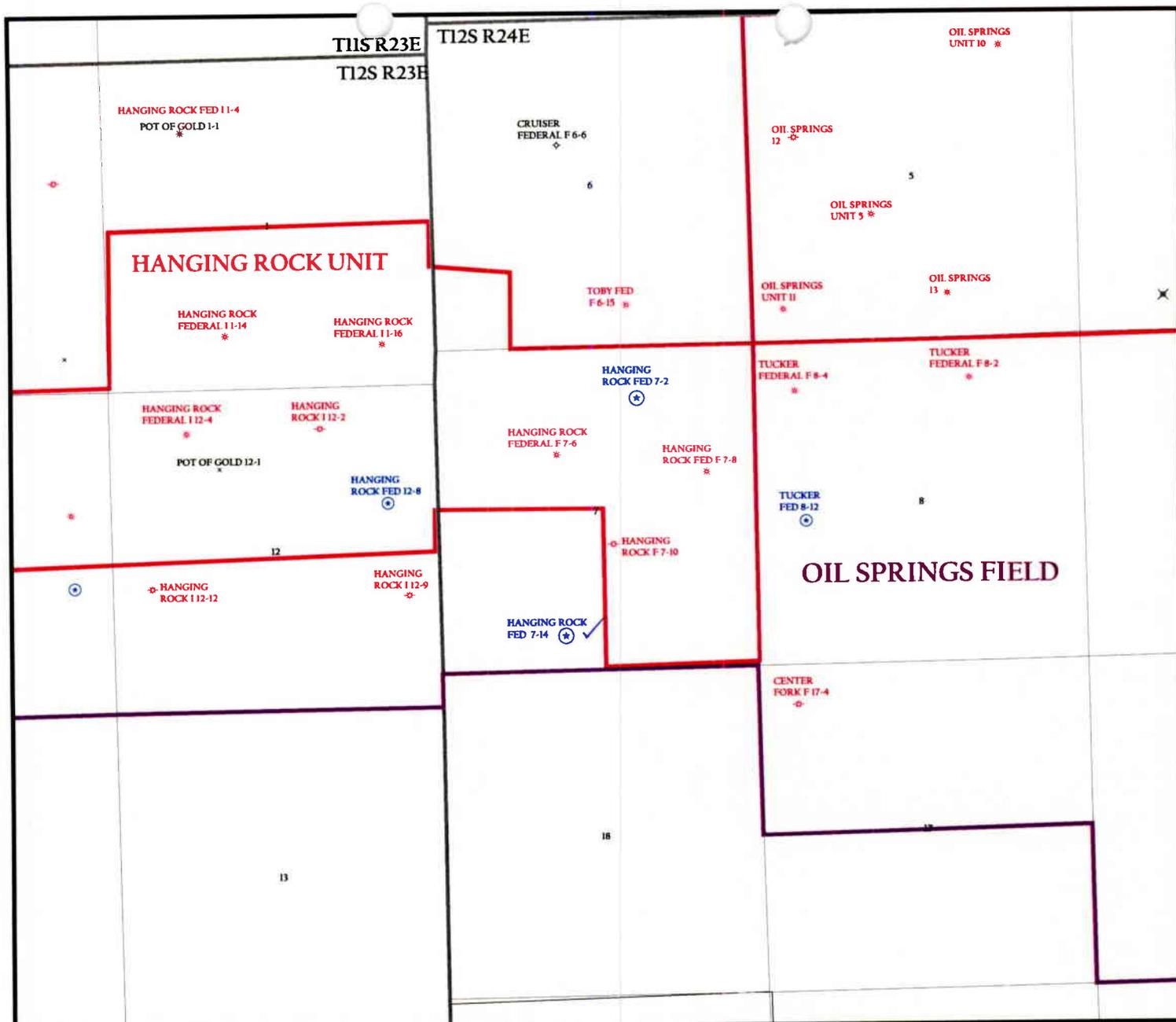
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. LMP-4138223)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-1547)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

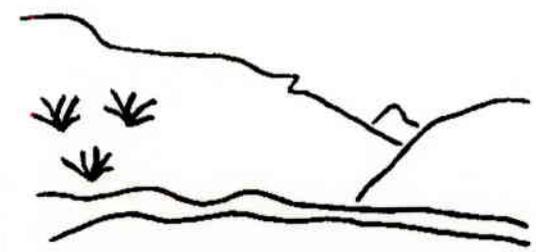
- R649-2-3.
- Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- federal approval
2- spacing strip



OPERATOR: MCELVAIN O&G PROP (N2100)
 SEC. 7 T.12S, R.24E
 FIELD: OIL SPRINGS (635)
 COUNTY: UINTAH
 SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining

- Wells**
- GAS INJECTION
 - GAS STORAGE
 - LOCATION ABANDONED
 - NEW LOCATION
 - PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - SHUT-IN GAS
 - SHUT-IN OIL
 - × TEMP. ABANDONED
 - TEST WELL
 - WATER INJECTION
 - WATER SUPPLY
 - WATER DISPOSAL

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED



PREPARED BY: DIANA MASON
 DATE: 9-JULY-2003



Stat of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

July 21, 2003

McElvain Oil and Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265

Re: Hanging Rock Federal 7-14 Well, 600' FSL, 1980' FWL, SE SW, Sec. 7, T. 12 South,
R. 24 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-35083.

Sincerely,



John R. Baza
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: McElvain Oil and Gas Properties, Inc.
Well Name & Number Hanging Rock Federal 7-14
API Number: 43-047-35083
Lease: UTU-66426

Location: SE SW **Sec.** 7 **T.** 12 South **R.** 24 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

005

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

5. LEASE DESIGNATION AND SERIAL NO. UTU- 66426

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

6. IF INDIAN, ALLOTTEE OR TRIBE NAME na

1a. TYPE OF WORK

DRILL [X] DEEPEN [] PLUG BACK []

7. UNIT AGREEMENT NAME na

B. TYPE OF WELL

OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [] MULTIPLE ZONE []

8. FARM OR LEASE NAME na

2. NAME OF OPERATOR

McElvain Oil and Gas Properties, Inc.

9. WELL NO.

Hanging Rock Fed. 7-14

3. ADDRESS OF OPERATORS

1050 17th Street, Suite 1800. Denver CO 80265

10. FIELD OR LEASE NAME

Oil Springs

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement)

at surface 660' FSL, 1,980' FWL

11. Sec., T., R., M., OR BLK

AND SURVEY OR AREA Section 7, T12S, R24E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

65.9 MILES SOUTH OF VERNAL, UTAH

43.047135083

12. COUNTY OR PARISH

Uintah

13. STATE

Utah

15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drtg. Unit line, if any)

886'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED TO THIS WELL

160

18. DISTANCE FROM PROPOSED LOCATION * TO NEAREST WELL, DRILLING COMPLETED.

1,600'

19. PROPOSED DEPTH

4,132

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATION (SHOW WHETHER DF, RT, GR, etc.)

6,050' GL

22. APPROX. DATE WORK WILL START

ASAP

PROPOSED CASING AND CEMENT PROGRAM

Table with 5 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 12 1/4" hole with 9 5/8" casing and 7 7/8" hole with 4 1/2" casing.

JUL 07 2003

RECEIVED SEP 12 2003

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposed in to deepen or plug back, give data on proposed productive zone and proposed new DIV. OF OIL, GAS & MINING productive zone. If proposal is to drill or deepen directional, give pertinent data on subsurface location and measure and true vertical depths. Give blowout preventer program, if any.

24

SIGNATURE

William A Ryan TITLE

Agent

DATE

June 18, 2003

(This space for Federal or State Office Use)

PERMIT NO.

APPROVAL DATE

NOTICE OF APPROVAL

APPROVED BY

Handwritten signature TITLE

Assistant Field Manager

Mineral Resources

DATE

09/09/2003

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

Title 18 U. S. C. Section 1001, makes 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.

CONDITIONS OF APPROVAL ATTACHED

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: McElvain Oil & Gas Properties Inc.

Well Name & Number: HANGING ROCK FEDERAL 7-14

API Number: 43-047-35083

Lease Number: UTU – 66426

Location: SESW Sec. 07 TWN: 12S RNG: 24E

Agreement: N/A

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application 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.

Submit an electronic copy of all logs run on this well in LAS format. This submission will replace the requirement for submittal of paper logs to the BLM.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands encountered to John Mayers of this office prior to setting the next casing string or requesting plugging orders. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **2M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint. Surface casing setting depths are based on ground level elevations only.

As a minimum, the usable water and other valuable resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Mahogany oil shale, identified at 502 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vapor proof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries and tested for meter accuracy at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, you must contact one of the following individuals:

Ed Forsman (435) 828-7874
Petroleum Engineer

Kirk Fleetwood (435) 828-7875
Petroleum Engineer

BLM FAX Machine (435) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids

CONDITIONS OF APPROVAL
For The Surface Use Program Of The
Application For Permit To Drill

- The operator has committed to suspend construction and drilling activities between November 15 and April 15 to protect crucial winter range for mule deer.
- A plastic liner and a felt liner are required in the pit.
- The facilities must be painted olive black.
- The seed mix for this location shall be:

Beardless bluebunch wheatgrass	<i>Pseudoroegneria spicata sp.inermis</i>	3 lbs./acre
Winterfat	<i>Ceratoides lanata</i>	3 lbs./acre
Needle and Threadgrass	<i>Stipa comata</i>	3 lbs./acre
Indian ricegrass	<i>Oryzopsis hymenoides</i>	3 lb./acre

-All poundage is in pure live seed.

-Reseeding may be required if first seeding is not successful.

- 4 to 6 inches of topsoil should be stripped from the location and windrowed as shown on the cut sheet. The topsoil shall then be broadcast seeded with the recommended seed mix immediately after it has been windrowed and the seed walked into the soil with a dozer.
- The topsoil from the reserve pit should be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be recontoured and the topsoil respread, and the area shall be seeded in the same manner as the location topsoil.
- Once the location is plugged and abandoned, it shall be recontoured to natural contours, topsoil respread where appropriate, and the entire location seeded with the recommended seed mix. Seeding should take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

006

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.

5. Lease Serial No.
UTU-66426

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Hanging Rock Fed #7-14

9. API Well No.
43-047-35083

10. Field and Pool, or Exploratory Area
Oil Springs

11. County or Parish, State
Uintah, UT

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

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

3a. Address
1050 17th Street #1800 Denver, CO 80265

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 1980' FWL Sec. 7 T12S R24E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="radio"/> 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="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>SPUD</u>
	<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 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.)

The well was spud on 10/13/2003 by Stubbs & Stubbs Oilfield.

Stubbs and Stubbs air drilled 312' of 12 1/4" hole and ran 9 5/8" 32.2#/ft H-40 new csg to 304'. Ran 4 centralizers, Shoe and baffle one jt off bottom.

Rigged up Halliburton to cmt csg. Pumped 160 sks, Type 5 cmt, 2% CaCl, .25#/sk Flocele Cmt wt. 15.6 ppg, Yield 1.18 cuft/sk One hundred percent excess. Good returns through out the job. Pumped green cmt to pit Cmt remained at surface at the end of the job.

Jammie Sparger on location for the BLM.

RECEIVED
JAN 15 2004

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **John D. Steuble** Title **Engineering Manager**

Signature *John D. Steuble* Date **1/12/2004**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

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 reverse)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

007

ENTITY ACTION FORM

Operator: McElvain Oil & Gas Properties Operator Account Number: N 2100
 Address: 1050 17th St. Suite 1800
city Denver
state CO zip 80285 Phone Number: (303) 893-0933 *X302*

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304734730	Hanging Rock Fed. #11-9	NESE	11	12S	23E	Utah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	14016	10/31/03	1/29/04		
Comments: <i>mved</i>						

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304735083	Hanging Rock Fed. #7-14	SESW	7	12S	24E	Utah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	14017	10/13/03	1/29/04		
Comments: <i>mved</i>						

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304735085	Hanging Rock Fed. #12-15	SWSE	12	12S	23E	Utah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	14018	10/29/03	1/29/04		
Comments:						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

John Steuble

Name (Please Print)

John Steuble

Signature

Engineer

Title

1/26/2004

Date

(52000)

RECEIVED

JAN 27 2004

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

009

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 type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. UTU-66426
2. Name of Operator McElvain Oil & Gas Properties, Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 1050 17th St., Suite 1800, Denver, CO 80265	3b. Phone No. (include area code) 303-893-0933	7. If Unit or CA/Agreement, Name and/or No. Hanging Rock WS MV
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 1980' FWL Sec. 7 T12S R24E		8. Well Name and No. Hanging Rock Fed #7-14
		9. API Well No. 43-047-35083
		10. Field and Pool, or Exploratory Area Oil Springs
		11. County or Parish, State Uintah, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="radio"/> 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="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Status Update
	<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 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.)

Waiting on rig.
No activity.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) John D. Steuble		Title Engineering Manager
Signature <i>John D. Steuble</i>		Date 5/27/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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 reverse)

RECEIVED
JUN 01 2004
DIV. OF OIL, GAS & MINING

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log, *Drilling Reports*
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: MCELVAIN OIL & GAS PROPERTIES INC Today's Date: 05/10/2004

Well:	API Number:	Drilling Commenced:
HANGING ROCK FED 7-14 T12S R24E SEC 07	4304735083	10/13/2003
HANGING ROCK FED 12-15 T12S 23E SEC 12	4304735085	10/29/2003
HANGING ROCK FED 11-9 T12S R23E SEC 11	4304734730	10/31/2003

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

JUN 03 2004

010

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.

5. Lease Serial No.
UTU-66426

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Hanging Rock WS MV

8. Well Name and No.
Hanging Rock Fed #7-14

9. API Well No.
43-047-35083

10. Field and Pool, or Exploratory Area
Oil Springs

11. County or Parish, State
Uintah, UT

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 St., Suite 1800, Denver, CO 80265

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 1980' FWL Sec. 7 T12S R24E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="radio"/> 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="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Status Update
	<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 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.)

Waiting on rig.
No activity.

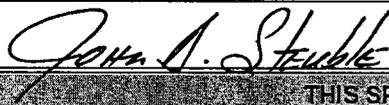
RECEIVED
JUN 03 2004

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

John D. Steuble

Title Engineering Manager

Signature



Date 6/1/04

DIV. OF OIL, GAS & MINING

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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 reverse)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

011

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 and Gas Properties, Inc.

3a. Address
1050 17th Street #1800 Denver, CO 80265

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 1980' FWL Sec. 7 T12S R24E (SESW)

5. Lease Serial No.
UTU-66426

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Hanging Rock WS MV

8. Well Name and No.
Hanging Rock Fed #7-14

9. API Well No.
43-047-35083

10. Field and Pool, or Exploratory Area
Oil Springs

11. County or Parish, State
Uintah, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="radio"/> 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="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Reach TD,</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Run Casing, Wait on</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>Completion Attempt</u>

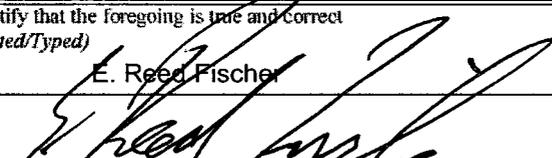
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths 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.)

Following the shut down for winter stipulations, Excell Rig #14 was moved in, rigged up and drilling operations were continued July 7, 2004. The well reached total depth of 4137' KB (4124' GLE) on July 13, 2004. The well was logged by Schlumberger on July 14th. New 4.5", 11.6#/ft, J55, LT&C casing was run to 4109' KB and two-stage cemented on July 15th by Halliburton as follows: Float shoe @ 4109, Float collar @ 4063, Halliburton Stage Tool @ 2022. Utilized 16 centralizers including 3 centralizers over bottom 3 joints casing, across all zones of interest, and Stage Tool. Halliburton cemented 1st stage w/425 sks PREM AG @ 14.2 ppg, 1.52 Yield. Opened Stage Tool and circulate 4 hours before pumping second stage lead cement w/130 sks HI FILL MOD @ 11.0 ppg, 3.85 Yield, followed by second stage tail cement of 50 sks PREM AG Neat @ 15.8 ppg, 1.15 Yield. Full returns throughout 1st and 2nd stages. Recovered approximately 1 bbl cement to surface on 2nd stage. Floats held. No cement fall back. Set slips w/full weight of string. Rig Release @ 2100 hours on 7/15/04. Rig moved off hole on 7/16/04 to Hanging Rock Federal #12-15 well.

Waiting on completion rig.

Please see attached reports for detail.

14. I hereby certify that the foregoing is true and correct
 Name (Printed/Typed) **E. Reed Fischer** Title **Operations Engineer**

Signature  Date **7/20/04**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

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 **RECEIVED**

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 reverse)

JUL 26 2004
 DIV. OF OIL, GAS & MINING

Well Name: HANGING ROCK FEDERAL 7-14	Operator: McElvain Oil & Gas Properties
Location: SE/SW Of Sec.7, T12S, R24E	County: Uintah County, Utah
Spud Date: 10/10/03	API No.: 43-047-35083
RIG: Excell Drilling Co. #14	Supervisor: Jim Hoch
Type of work: Drilling	Commenced Drilling: 7/07/04

10/10/03 Contacted BLM and reported the start of construction, contacted Ed Forsman Stubbs and Stubbs started construction, finished location. Contacted BLM and reported that drilling would start on surface hole. Contacted BLM, reported that surface csg would be cemented on Friday 10/10/03 at 6:00 pm. All contacts made to Ed Forsman. Stubbs and Stubbs air drilled 312' of 12 1/4" hole and ran 9 5/8 csg to 304.1'. Ran 4 centralizers, shoe and baffle one jt off bottom. Rigged up Halliburton to cmt csg. Pumped 160 sks, type 5 cmt, 2% CaCl, .25#/sk Flocele cmt wt. 15.6 ppg, Yield 1.18 cuft/sk. 100% excess. Good returns through out the job. Pumped green cement to pit. Cement remained at surface at the end of the job. Jamie Sparger on location for the BLM. Well head will be installed 10/14/03. Access road has 2 ft of dust. Road will have to be watered and bladed before the rig can move in.

Present TD: 317' KB Progress 24 Hours: 317'

7/7/04 RU and repair Excell Rig #14. Pressure test BOPE (accumulator, kill, choke and manifold line/valves, pipe and blind rams, upper & lower kelly cocks, stabbing valve) with low test of 500 psi for 10 minutes and high test of 2000 psi for 10 minutes. Annular preventer low tested to 500 psi and high tested to 1500 psi. All tests good. Tests witnessed by Jaime Sparger of the Vernal BLM. Notified Carol Daniels of Utah DOGM on 7/6/04 and Ed Forsman of Vernal BLM on 7/7/04 of continuation of operations. At end of report time (0600 on 7/8/04) drilling rat and mouse hole.

Present TD: 317' KB Progress 24 Hours:

7/8/04 Drill Rat Hole. Nipple up rotating head. Drill Mouse hole. Change packing in Swivel. Pick up 6 1/4" Spiral D.C.s. Drill Cement. Topped cement at 274' Drilling formation 317' KB to 420' KB.

Present TD: 420' KB Progress 24 Hours: 103'

7/9/04 Circulate & survey: 1/2° at 376'. Drilling: 376' to 701'. Rig service. Drilling: 701' to 793'. Trip for screen. Drilling: 793' to 950'. Circulate & survey: 1 1/2° at 892'. Drilling (drilling with 5000 M on bit.) 950' to 1508'. Circulate & survey: 3° at 1440'. Drilling: 1508' to 1699'. Circulate & survey: misrun.

Present TD: 1699' KB Progress 24 Hours: 1279'

7/10/04 Drilling: 1699' to 1728'. Circulate and survey: 1° @ 1680'. Drilling: 1728' to 1853'. Circulate and survey: 3 1/4° @ 1823'. Drilling: 1853' to 1947'. Circulate and survey: 1 1/4° @ 1913'. Drilling: 1947' to 2042'. Circulate and survey: 2 1/2° @ 1980'. Drilling: 2042' to 2133'. Circulate and survey: 2 1/2° @ 2075'. Drilling: 2133' to 2291'.

Well Name: HANGING ROCK FEDERAL 7-14	Operator: McElvain Oil & Gas Properties
Location: SE/SW Of Sec.7, T12S, R24E	County: Uintah County, Utah
Spud Date: 10/10/03	API No.: 43-047-35083
RIG: Excell Drilling Co. #14	Supervisor: Jim Hoch
Type of work: Drilling	Commenced Drilling: 7/07/04

Present TD: 2295' KB Progress 24 Hours: 596'

7/11/04 Circulate and Survey: 2 3/4° @ 2265'. Drilling: 2295' to 2513'. Circulate and survey: 2 1/4° @ 2483'. Drilling: 2513' to 2577'. Trip to change jets in bit. Drilling: 2577' to 2750'.

Gas shows: 2206' - 2247' 952 units
2430' - 2470' 1190 units
Back ground gas 10 U trip gas 291 u at 2566' max 1190 units
connection gas Trace
Lithology: Sandstone 10% Shale 90%

Present TD: 2750' KB Progress 24 Hours: 455'

7/12/04 Drilling: 2750' to 2825'. Circulate and Survey: 1° @ 2767'. Drilling: 2825' to 3127'. Circulate and Survey: 1 1/4° @ 3069'. Drilling: 3127' to 3722'. Circulate & survey.

Gas Shows: 3378'-3403' Peak 683 units / Back ground 40 units

Present TD: 3722' KB Progress 24 Hours: 972'

7/13/04 Circulate and survey: 3/4° @ 3692'. Drilling: 3722' to 3818'. Rig Service. Work on pump. Drilling: 3818' to 3977'. Circulate and survey: 1 1/4° @ 3945'. Drilling: 3977' to 4137'. Short trip to casing. Circulate and condition mud. Trip out of hole to log.

Lithology: Sandstone 70% Shale 30%
Gas: No shows.

Present TD: 4137' KB Progress 24 Hours: 415'

7/14/04 Trip out to log. RU Schlumberger and log. TIH with D.C.s. TIH to condition hole. Circulate and condition hole. Short trip, 15 stands. Circulate and RU casing crew. Lay down D.P. and D.C.s. RU to run 4 1/2" 11.6 lb. J-55 Casing.

Present TD: 4137' KB

7/15/04 **Run 4 1/2" 11.6 lb. J-55 casing: Casing set at 4109.00'.** Rig down casing crew. RU Halliburton to 2-stage cement long string. Cement 1st stage with 425 sx PREM AG, weight 14.20, yield 1.52, water 7.55. Circulate and wait on cement, 4 hours.

Well Name: HANGING ROCK FEDERAL 7-14	Operator: McElvain Oil & Gas Properties
Location: SE/SW Of Sec.7, T12S, R24E	County: Uintah County, Utah
Spud Date: 10/10/03	API No.: 43-047-35083
RIG: Excell Drilling Co. #14	Supervisor: Jim Hoch
Type of work: Drilling	Commenced Drilling: 7/07/04

No cement to surface. Cement 2nd stage: Lead with 130 sx HI FILL MOD., weight 11.00, yield 3.85, water 23.33; Tail with 50 sx PREM AG NEAT, weight 15.80, yield 1.15, water 5.00. Cement to surface: last barrel of displacement. Full returns, both stages. Nipple down and set slips. String weighs 40,000/50,000 psi. on slips. Clean mud tanks. Rig released at 21:00 on 7/15/04.

1 float shoe: set at 4108.00'
1 float collar: set at 4062.52'
1 D.V. tool: set at 2022.44'
16 centralizers

Present TD: 4137' KB

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

012

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 and Gas Properties, Inc.

3a. Address
1050 17th Street #1800 Denver, CO 80265

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 1980' FWL Sec. 7 T12S R24E (SESW)

5. Lease Serial No.
UTU-66426

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Hanging Rock WS MV

8. Well Name and No.
Hanging Rock Fed #7-14

9. API Well No.
43-047-35083

10. Field and Pool, or Exploratory Area
Oil Springs

11. County or Parish, State
Uintah, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="radio"/> 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="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Initial Completion
	<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 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.)

McElvain Oil & Gas proposes to perform the initial completion for this well as follows:

Move in pulling unit. Drill out and pressure test the DV tool @ 2022'. Continue to cleanout to the PBDT estimated @ 4060'. Displace hole with 3% KCl. Run CBL. Swab well down. Perforate Wasatch from 3384-90' followed by a perforation breakdown w/3% KCl. Swab/flow test. Depending on the test/production quality, either (1) produce 3384-90 perfs separately, or (2) abandon perfs via CIBP and 35' of dumpballed cement prior to moving uphole for additional test, or (3) set a temporary composite plug over existing perfs prior to moving up-hole for additional testing. Currently, additional uphole zones of interest are in the Wasatch formation from 3310-14', and 2446-51', and in the Green River formation from 2213-19. It is anticipated that all perforated zones will be broken down w/3% KCl water. Depending on the anticipated economics of each individual zone, one or more of the above perforations may be commingled and the well placed on production.

Please see the attached procedure for more detail.

The above described work is anticipated to start on or around August 30, 2004.

accepted by the
Utah Division of
Oil, Gas and Mining Federal Approval Of This
Action Is Necessary

Date: 9/2/04
By: [Signature]

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)
E. Reed Fischer
Signature
[Signature]

Title
Operations Engineer
Date
August 26, 2004

* ~~GR~~ and Wasatch are to be commingled
An application in accordance with R649-3-22
must be submitted and approved
prior to commingling

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.

SENT TO OPERATOR
Title
9-3-04
Office
CHD

Date
RECEIVED
AUG 30 2004

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 or cause to be made any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

McELVAIN OIL & GAS PROPERTIES, INC.
Hanging Rock Federal # 7-14
SESW Sec. 7, T12S-R24E
Uintah County, Utah
API # 43-047-35083

Initial Completion - August, 2004

Drill TD: 4137'

PBTD: 4063' (est)

KB: 13'

CASING:

9 5/8", 32.30#, H-40 @ 314' in 12 1/4" hole

Cemented with 160 sacks Halliburton Type V Premium. 15.6 ppg and 1.18 ft³/sk.

Full Returns. Circulated to surface

4 1/2", 11.6#, J55 @ 4109' in 7 7/8" hole.

1st stage cemented w/425 sacks Halliburton AG 300 cement @ 14.2 ppg and 1.52 ft³/sk

Full Returns. Circulate dye but no cement to surface after opening DV tool.

Halliburton DV tool @ 2,022' KB.

2nd stage Lead of 130 sacks Hi Fill Mod cement @ 11.0 ppg and 3.85 ft³/sk

2nd stage Tail of 50 sack Premium AG 300 neat cement @ 15.80 ppg and 1.15 ft³/sk.

Full returns. Circulated approximately 1 bbl cement to surface.

FORMATION TOPS:

Uteland Butte: 2,315'

Wasatch: 2,391'

Mesaverde: 3,914'

PROPOSED PERFORATIONS: (Note: *The below procedure assumes commercial commingled production from Wasatch perms from 3384-90 and 3310-14).*

3,384 to 3,390' Wasatch

3,310 to 3,314' Wasatch

2,446 to 2,451' Wasatch

2,213 to 2,219' Green River

PROCEDURE:

1. Dig out & fill in rat and mouse holes. Pull cellar ring. Backfill with shale or gravel around wellhead. Grade off location.
2. Install & test tubing-head and tree.
3. Check condition of dead-men utilized during drilling operations.
4. Provide BLM a minimum of 24 hour notice prior to move in of pulling unit as follows: Ed Forsman 435.828.7874 or Kirk Fleetwood 435.828.7875.
5. MIRU Pulling Unit, pump, tank and power swivel.
6. NU BOPE (have stripping head available).
7. MU 3 7/8" bit, bit sub, 6-drill collars, XO and 2 3/8" tubing & TIH to top of cement.
8. Drill out cement and DV at 2022' with water.
9. Pressure test DV tool to 500 psig following drill out.
10. Continue to PU tubing and RIH to PBTD @ ± 4062'.
11. Circulate hole clean. Displace hole with clean 3% KCl.

12. POOH with tubing. Lay down collars.
13. MIRU WL unit. (Bring pack-off for running CBL under pressure and riser for perforating). RIH with GR/CCL/CBL/VDL from PBTD to 100' above cement top. Correlate with Schlumberger's Platform Express of 7/14/04, Run #1. (Obtain 10 hard copies: retain 1 copy, provide 2 copies to Ivan Sadler, and send remaining 7 copies to Denver).
Note: Run CBL under 1000 psi only if bond is suspect.
14. PT casing, DV tool & BOPE to 2500 psi.
15. RIH with profile nipple and tubing to $\pm 3800'$.
16. Swab well down to $\pm 2800'$ for perforating under-balanced. (SEE NOTES IN "REMARKS" ON POSSIBLE USE OF "STIMGUN" PERFORATING).
17. POOH with tubing.
18. RU riser. RIH with casing gun and **perforate 3384 to 3390** with deep penetrating charges at 4 spf, 90 degree phasing. Correlate with Schlumberger's Platform Express Log dated 7/14/04, Run #1.
19. POOH with gun. RD riser & move out wire line.
20. TIW with $\pm 4'$ tubing sub, full bore lok-set packer, 'XN' nipple, 1 joint tubing, 'X' nipple and tubing. Set packer at $\pm 3,325'$ (If well gassing, use tubing disk below packer or surface set blanking plug in 'XN'. Break disk w/swab line sinker bar or retrieve plug via slick line after setting packer).
21. RU pump truck & break down perforations with $\pm 3\%$ KCL utilizing an estimated 36 RCN balls (1.3 gravity).
22. Swab & flow test new perforations. Obtain a water sample at the end of the test period.
23. Run slick-line pressure bombs with a minimum 12 hour shut-in.
24. Retrieve pressure bombs following shut-in period.
25. Release packer. Drop down $\pm 10'$ below perms w/packer and scrape balls off perms.
26. POOH w/packer.
27. RU WL. Set composite bridge plug at $\pm 3375'$. (Note: If 3384-90 zone uneconomic, set CIBP instead of composite plug @ 3375'. SEE NOTES IN "REMARKS").
28. TIW with $\pm 4'$ tubing sub, full bore lok-set packer, 'XN' nipple, 1 joint tubing, 'X' nipple and tubing. Set packer at $\pm 3275'$.
29. Pressure test plug and tubing to 2000 psig for 15 minutes with 3% KCL water.
30. Swab well down to leave a fluid level of $\pm 2800'$ when perforating.
31. POOH w/packer.
32. RU riser and RIW with casing guns to **perforate 3310 to 3314'** with deep penetrating charges at 4 spf, 90 degree phasing. Correlate with Schlumberger's Platform Express Log dated 7/14/04, Run #1.
33. POOH with gun. RD riser & move out wire line.
34. TIW with $\pm 4'$ tubing sub, full bore lok-set packer, 'XN' nipple, 1 joint tubing, 'X' nipple and tubing. Set packer at $\pm 3275'$ (If well gassing, use tubing disk below packer or surface set blanking plug in 'XN'. Break disk w/swab line sinker bar or retrieve plug via slick line after setting packer).
35. RU pump truck & break down perforations with $\pm 3\%$ KCL utilizing an estimated 24 RCN balls (1.3 gravity).
36. Swab & flow test new perforations. Obtain a water sample at the end of the test period.
37. Run slick-line pressure bombs with a minimum 12 hour shut-in.
38. Retrieve pressure bombs following shut-in period.

39. Slick-line set blanking plug in 'XN' nipple if necessary to get out of hole.
40. Release packer. Drop down $\pm 10'$ below perfs w/packer and scrape balls off perfs.
41. POOH w/packer.
42. MU & RIH with 3-7/8" bit, pump-off bit sub w/float, 4' sub, 'XN' nipple, and tubing.
43. RU power swivel and foam circulation unit.
44. Drill out composite plug and cleanout to float collar @ $\pm 4,063'$.
45. Land tubing at $\pm 3384'$
46. ND BOPE & NUWH.
47. Drop ball and pump off the bit sub w/foam unit.
48. Swab or blow well around with foam unit to clean-up.
49. RDMO foam unit and pulling unit.

NOTE:

DO NOT USE LIQUID KCl SUBSTITUTE in COMPLETION FLUIDS

REMARKS:

- Provide at least 24 hours notice before moving a rig to location **and** prior to abandonment of any zone to 1) BLM's Mr. Ed Forsman @ 435.828.7874 or Mr. Kirk Fleetwood @ 435.828.7875 and to 2) Utah Division of Oil, Gas and Mining's Mr. Don Jarvis @ 801.538.5338. Note contact information on morning reports.
- McElvain prefers to produce from a single zone, and to avoid commingled production. Although this procedure is written for commingled production from the bottom two Wasatch zones, economic production from any single zone will likely delay further uphole testing.
- McElvain is considering "StimGun" perforating to avoid the cost of zone breakdowns via pump truck. StimGun perforating is being reviewed for all zones except 3310-3314'.
- If any zone tests wet, and high fluid levels are detected when setting an abandoning CIBP and moving uphole, CIBPs may be pressure tested down casing and not under packer.
- Permanent abandonment of any perforations via a CIBP will require a 35 foot cement cap if dump-bailed and 50' cement cap if pumped. Due to the small interval between the 3384-90 and the 3310-14 perforations, the above procedure does not include the cement cap if a CIBP is utilized to abandon the 3384-90 perforations. Final abandonment will require the appropriate cement cap.
- 2.375", 4.7 #/ft, J55, EUE tubing in stock in Bunning's Yard in Grand Junction, Colorado. Provide a minimum of 48 hours notice to "Jackie" with Bunning @ 1.800.445.8854, or call Bourland and Leverich's John Stewart @ 1.800.530.4397.
- A combo production unit and 1 – 400 bbl production tank are in stock at Natco's yard in Vernal at 435.789.1796. Natco can set tank, platform and stairway with their crane truck provided they receive 4 – 5 days notice.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

013

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.

5. Lease Serial No.
UTU-66426

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Hanging Rock WS MV

8. Well Name and No.
Hanging Rock Fed #7-14

9. API Well No.
43-047-35083

10. Field and Pool, or Exploratory Area
Oil Springs

11. County or Parish, State
Uintah, UT

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

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

3a. Address
1050 17th Street #1800 Denver, CO 80265

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 1980' FWL Sec. 7 T12S R24E (SESW)

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="radio"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="radio"/> 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 checked="" type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input type="checkbox"/> Other _____

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.)

Produced water will be stored in a tank on location and then trucked to one of the following state approved disposal facilities.

- LaPoint Recycle & Storage Sec. 12, T5S-R19E Uintah County, Utah
- MC & MC Sec. 12, T6S-R19E Uintah County, Utah
- Ace Disposal Sec. 2, T6S-R20E, Uintah County, Utah
- R.N. Industries Sec. 5, T9S-R22E Uintah County, Utah

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**

**RECEIVED
OCT 04 2004**

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **E. Reed Fischer** Title **Operations Engineer** DIV. OF OIL, GAS & MINING

Signature  Date **9/30/04**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

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 reverse)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2004

013 WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No.
UTU-66426

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.
Hanging Rock WS MV

8. Lease Name and Well No.
Hanging Rock Federal 7-14

9. API Well No.
43-047-35083

10. Field and Pool, or Exploratory
Oil Springs

11. Sec., T., R., M., on Block and Survey or Area
Sec. 7, T12S-R24E

12. County or Parish
Uintah

13. State
Utah

17. Elevations (DF, RKB, RT, GL)*
6063' KB, 6050' GL

1a. Type of Well Oil Well Gas Well Dry Other

b. Type of Completion: New Well Work Over Deepen Plug Back Diff. Resrv.,
Other _____

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

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

3a. Phone No. (include area code)
303.893.0933

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At surface **660' FSL & 1980' FWL Sec. 7, T12S-R24E (SESW)**
At top prod. interval reported below **same**
At total depth **same**

14. Date Spudded **7/8/04**

15. Date T.D. Reached **7/13/04**

16. Date Completed D & A Ready to Prod.
9/28/04

18. Total Depth: MD **4137** TVD **4137**

19. Plug Back T.D.: MD **2396** TVD **2396**

20. Depth Bridge Plug Set: MD **2431** TVD **2431**

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)
Rec 12-20-04 (Platform Exp) Density/Neutron/Induction/SP/GR/CAL+ Hole Vol & CBL

22. Was well cored? No Yes (Submit analysis)
Was DST run? No Yes (Submit report)
Directional Survey? No Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12 1/4	9.625/H40	32.3	13	314	NA	160 sx Type V	34	surface	0
7 7/8	4.5/J55	11.6	13	4109	2018	425 sx AG	115	2018-1st Stg	0
						130 sx Lite	89	1780 to Surf	2nd Stage Lead
						50 sx Neat	58	DV to 1780	2nd Stage Tail

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2.375	2191	2175						

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Green River	2213	2219	3384 - 3390	0.35"	36	Below CIBP & Cmt @ 3375
B)			3310 - 3314	0.41"	16	Below CIBP & Cmt @ 3274
C)			2446 - 2451	0.41"	20	Below CIBP & Cmt @ 2431
D)			2213 - 2219	0.35"	36	Producing

26. Perforation Record

Depth Interval	Amount and Type of Material
3384 - 3390	3% KCl breakdown (10 bbls)
3310 - 3314	240 gals of 7.5% HCl
2446 - 2451	3% KCL breakdown (4 bbls)
2213 - 2219	No Breakdown or Stimulation

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
9/28/04	9/28/04	24	→	0	474	0		0.62	Flowing
Choke Size	Tbg. Press. Flwg.	Csg. Press. Pkr	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
11/64	S1560 F		→	0	474	0		Flowing to Sales	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg.	Csg. Press. Pkr	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

RECEIVED
OCT 04 2004

DIV. OF OIL, GAS & MINING

3b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Well Name	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
			→						

3c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Well Name	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
			→						

4. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

1. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
Green River		2315	Sand, Shale & gas in producing zone		
Uteland Butte	2315	2391	Limestone, Sand & Shale		
Wasatch	2391	3914	Sand & Shale w/non-commercial gas		
Mesaverde	3914		Sand & Shale		

2. Additional remarks (include plugging procedure):

Please see attached completion report summary.

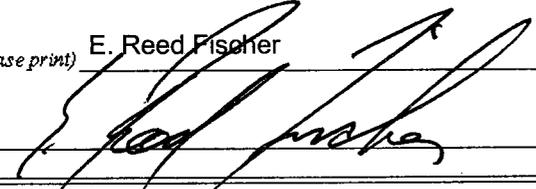
Cement was dumptailed over all CIBPs set over abandoned perforated zones. (CIBPs @ 3375, 3274 & 2431).

Ed Forsman of Vernal BLM was contacted 9/9/04 on 3375 CIBP, 9/10/04 on 3274 CIBP, and 9/13/04 on 2431 CIBP. Hard Copies of OH logs previously mailed. LAS (electronic copy of OH logs) emailed to Vernal BLM office. CBL Log enclosed. Enclosed are Sundry Notices on Date of First Production (9/28/04) and anticipated water disposal facilities.

3. Circle enclosed attachments:

- 1. Electrical/Mechanical Logs (1 full set req'd.)
- 2. Geologic Report
- 3. DST Report
- 4. Directional Survey
- 5. Sundry Notice for plugging and cement verification
- 6. Core Analysis
- 7. Other:

4. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)**

Name (please print) E. Reed Fischer Title Operations Engineer
 Signature  Date 9/30/04

RECEIVED
OCT 04 2004

DIV. OF OIL, GAS & MINING

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

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.

5. Lease Serial No.	UTU-66426
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA/Agreement, Name and/or No.	Hanging Rock WS MV
8. Well Name and No.	Hanging Rock Fed #7-14
9. API Well No.	43-047-35083
10. Field and Pool, or Exploratory Area	Oil Springs
11. County or Parish, State	Uintah, UT

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator McElvain Oil and Gas Properties, Inc.	
3a. Address 1050 17th Street #1800 Denver, CO 80265	3b. Phone No. (include area code) 303-893-0933
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 1980' FWL Sec. 7 T12S R24E (SESW)	

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="radio"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="radio"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="radio"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<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	

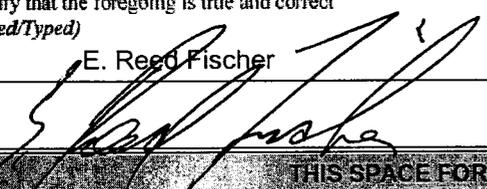
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths 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.)

The subject well's initial sale of gas began on Wednesday September 28, 2004 into the Canyon Gas Resources pipe line.

The well is selling approximately 400 MCFGD, no oil or condensate and an average of 4 BWPD.

RECEIVED

~~OCT 04 2004~~

14. I hereby certify that the foregoing is true and correct		
Name (Printed/Typed)	E. Reed Fischer	Title Operations Engineer
Signature		Date 9/30/04

DIV. OF OIL, GAS & MINING

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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 reverse)

Well Name: HANGING ROCK FEDERAL 7-14

Operator: McElvain Oil & Gas Properties

Location: SE/SW Of Sec.7, T12S, R24E

County: Uintah County, Utah

Spud Date: 10/10/03

API No.: 43-047-35083

Type of work: Completion

Supervisor: Marcus Wolfe

- 8/30/04 Set up contractors for pending work , wait for rig to road in. Met rig in Bonanza, lead in to location. Spotted in on well, shut down for day. Crew will get BOP in the morning at Port in Wyoming.
Blm:Left Massage for Ed Forsman on 08/27/2004,Confirmed on 08/30/2004 w/ Kirk Fleetwood, may proceed w/completion.
- 8/31/04 RU service unit, set rig pit and pump. Laid lines from pump to rig and tank. Unload drill collars, nipple up BOP, spotted swivel. Used water truck to load rig pit. Shut bop shut down for day. Will test BOP in a.m. to 1000 psi.
- 9/1/04 Crew on location. Had safety meeting. Started unit. Pressured tested BOP to 500#, no leaks. TIH w/bit, x-over, 6 collars and x-over. TIH w/55 jts. of tubing. Tagged cement at @ 1917'. RU swivel, hoses and stripping head. Started drilling on cement, drilled down to 2022', tagged D.V. tool. Drilled out D.V. tool. Circulated hole until returns were clean. TIH w/1jt., RD swivel, rigged up to run pipe. TIH w/tubing and tagged @ 4063'. Circulated hole w/65 bbls. of 3% KCl.(57 bbls. Capacity, 8 bbls over). Pressured tested to 500# for 15 min., no leaks. TOO H w/123 jts. to collars. TOO H laying down collars, subs and bit. SI, shut down for day. Wait on log truck, truck hung up on job, will be on location in the morning.
- 9/2/04 Wire-line crew on location. Had safety meeting. Wait on rig crew. RU wire-line. Rig crew on location at 7:45 a.m. Wire-line truck had computer issues. Logged well for PBD @ 4064' to surface, well had spotty cement between 3328' and 3362', 3452' and 3598'. Has good bond at depths to be perforated. Pressured tested casing and BOP to 2500 psi., no leak. TIH w/notched collar, seating nipple, and 123 jts. of tubing to 3900'. RU swab tools. TIH with swab. IFL @ surface. Swab well down to @1800'. RD swab tools. TOO H w/tubing and seating nipple. RU wire-line to perforate well. **Perforate from 3384' to 3390' with Computalog at 6 spf, 60 degree phasing using a 2-7/8" StimGun w/4' propellant sleeve. 36 holes total, all fired.** No reaction from well after perforating. Fluid level remained the same. TIH w/6' sub, Xn-nipple, packer, 1jt. X-nipple, 104 jts.. Set packer @ 3333'. End of tubing at 3343'. RU swab. TIH w/swab, IFL @ 1800'. Made 2 swab runs and recovered 8 bbls. Well was on a vacuum after each run. Shut well in, shut down for day. **Note: a 8' correction was made in cased hole log to correlate with open hole log.**
- 9/3/04 Crew on location. Had safety meeting, started unit. SITP: 35 psi. SICP: 0 psi. Blew well down. Made one swab run, no fluid level, recovered no fluid. Water truck on location. Loaded tubing w/15 bbls. of 3%. Started break down, IP 2500 psi @ .5bbl/min. Pumped 10 bbls. Pressure broke back to 1700 pai. at 3/4 bbls./min. Stop pumping, ISP 1500 psi. Load to recover: 25

Well Name: HANGING ROCK FEDERAL 7-14

Operator: McEwen Oil & Gas Properties

Location: SE/SW Of Sec.7, T12S, R24E

County: Uintah County, Utah

Spud Date: 10/10/03

API No.: 43-047-35083

Type of work: Completion

Supervisor: Marcus Wolfe

bbls. Open well to tank, let well flow back 3 bbls. RU swab tools, TIH w/swab. IFL @ surface. Made 4 swab runs and recovered 15.5 bbls. EFL dry to x nipple, well on vacuum after runs. Wait for 30 min. Made one swab run, recovered 1/2 bbl. Wait for 30 min. Made one run and rec no fluid, recovered 19 bbls of load, 6 bbls. left. Changed drill line on rig. Made 2 swab run and recovered 2 bbls. IFL 2800', EFL x-nipple, no show of gas. Water was black and contained solids. Shut well in, shut down until 09/08. Total load 25 bbls. TLR: 21 bbls.

9/4/04 SITP: 85 psi. SICP: 0 psi.

9/5/04 SITP: 385 psi. SICP: 0 psi.

9/6/04 SITP: 480 psi. SICP: 0 psi.

9/7/04 SITP: 560 psi. SICP: 0 psi.

9/8/04 Crew on location. SITP: 600 psi. SICP 0 psi. Had safety meeting. Started rig, blew well down. RU swab. TIH. IFL 2200'. Made two runs and recovered 4 bbls. Well goes on vacuum after each run. Wait on pump truck and acid. MIRU Big 4 pump-truck, **pumped 40 gallons of 15% acid, 200 gallons of 7.5% acid**, 12 bbls. to load. Started injection @ 3100 psi at 6.5 bbls. per min. Broke back 200 psi. Pumped 10 bbls. past perfs. Ending injection rate 2940 psi at 6.6 bbl/min. ISP 1550 psi. Load to recover is 28 bbls. RD pump truck. RU swab. TIH. IFL @ surface. Made 4 runs and recovered 14 bbls. No fluid level. Let well sit for 30 mins. TIH w/swab. IFL 2800'. Made 2 runs, recovered 2 bbls. No fluid level last run. Let well sit for 30 mins. TIH w/swab. IFL 3300'. Made 1 run, recovered no fluid, no fluid level, no show of gas. Shut down for day. Tubing left open over night. TLR: 16 bbls., of a 28 bbl. load.

9/9/04 Crew on location, TP: 0 psi. CP 0 psi. Had safety meeting, started rig. RU swab. TIH. IFL 1700'. Made two runs and recovered 6 bbls. Goes on vacuum after each run. Let well sit for 30 mins. Made one swab run. IFL 3000'. FFL 3300'. Recovered 0.5 bbl. Let well sit for 15 mins. Made one swab run. IFL 3100'. FFL 3300'. Recovered 0.25 bbl. TOO H w/104 jts. of tubing, x-nipple, 1jt., packer, x-n nipple and 6' sub. MIRU wire-line. RU Riser. Ran CCL, GR. Log from PBTD 4048' to 2380'. Tied new log w/open hole log. TOO H w/log tools. **TIH w/CIBP & 4' perf gun**. Ran CCL. Strip correlated w/cased and open hole logs. **Set CIBP @ 3375'. Picked up off CIBP, set back down. Pulled up to 3310-3314'. Shot 4' of perfs (4 shots/foot 90* phasing)**. RD wire-line. TIH w/x-n nipple, 6' sub, packer (arrow 1-x) 1 jt., x-nipple and 104 jts. Set packer. Loaded tubing w/10 bbls.

Well Name: HANGING ROCK FEDERAL 7-14

Operator: McEwen Oil & Gas Properties

Location: SE/SW Of Sec.7, T12S, R24E

County: Uintah County, Utah

Spud Date: 10/10/03

API No.: 43-047-35083

Type of work: Completion

Supervisor: Marcus Wolfe

Pressure tested to 2500 psi. for 10/mins. Test good. Unset packer, pulled 3 jts. Set packer at 3270', loaded tubing with 6 bbls. Pumped 8 bbls. Pressured up to 1500 psi. @ 0.5 bbls/min. Broke back to 1000 psi @ 1bbl/min. ISIP was 1000 psi. After 5 min. was 600 psi. Made 5 runs and recovered 16 bbls. INF @ surface. FFL 3240', no show of gas. Shut well in, shut down for day. Total load: 21 bbls. TLR: 16 bbls. TLTR: 5 bbls.

9/10/04 Crew on location . SITP 110 psi. SICP 0 psi. Had safety meeting. Started rig. RU swab. TIH. IFL 2000'. Made two runs and recovered 5 bbls. Fluid is gas cut. Let well sit for 30 minutes. Slight blow on tubing. Made one swab run. IFL 3100'. FFL 3200'. Recovered 0.25 bbl. Let well sit for 15 minutes. Made one swab run, no fluid level, recovered no fluid. Let well sit for 45 min. Slight blow on tubing. Made 1 run. IFL 3100. Recovered 0.25 bbls. Tubing on vacuum after run. Let well sit for 1 hour. Slight blow on tubing. Made 1 run. IFL 3150'. Recovered 0.25 bbls. Tubing on vacuum after run. Shut well in, shut down for day. **Called Dan Jarvis with the State of Utah @ 11:45 am. Left a message of intentions. Called Ed. with the Blm @ 11:45 am. Discussed intentions of plugging ,and he approved. Stop by BLM office and met Ed Forsman.** Total load to recover: 21 bbls. TLR: 20 bbls. TLTR: 1 bbls.

9/11/04 Crew on location. SITP 560 psi. SICP 0 psi. Had safety meeting. Started rig. RU swab. TIH. IFL 2400'. Made two runs and recovered 2 bbls. Fluid is gas cut. Let well sit for 1 hour. Slight blow on tubing. Made one swab run. IFL 3100'. FFL 3200'. Recovered 0.25 bbl. Let well sit for 1 hour. Made one swab run. No fluid level. Recovered 1/8 bbl. Unset packer. TOO H w/tubing and x-nipple, packer, sub, and x-n-nipple. MIRU wire-line. RU dump-bailer. TIH w/2 sx of cement. **Capped CIBP @ 3375'**. Fluid level @ 2200'. TOO H. RU CCL., setting tool, and CIBP. **TIH w/CIBP. Set at 3274'. TOO H w/tools. RU dump-bailer. TIH w/2 sx of cement. Capped CIBP @ 3274'**. TOO H with tools. RU CCL, and 6' gun. TIH. Ran strip of collars, correlated w/CCL/GR cased hole. Correlated w/open hole. **Shot perf at 2446' to 51' (2448'- 2453' on cased hole log). Shot 5 foot, 4/foot @ 90*, total of 20 shots, 20mm. 29-30 in. penetration.** FL 2300'. TOO H w/tools. RD wire-line. TIH w/x-nipple, 6'sub, packer, 1 jt., x-nipple, and 75 jts. of tubing. Set packer @ 2416'. Made 2 swab runs. INF 1800'. Recovered 1 bbl. No fluid in hole. Well on vacuum after runs. Let well sit 1 hour. Made 2 swab runs. INF 2400'. Recovered 0.10 bbl. No fluid in hole. Well on vacuum after runs. Shut well in, shut down for day.

9/12/04 Crew on location. SITP 60 psi. SICP 0 psi. Had safety meeting. Started rig. RU swab. TIH. IFL 2400'. Made two runs and recovered 0 bbls. Water truck on location. Loaded tubing with 14 bbls. Started to do break down.

Well Name: HANGING ROCK FEDERAL 7-14

Operator: McErvain Oil & Gas Properties

Location: SE/SW Of Sec.7, T12S, R24E

County: Uintah County, Utah

Spud Date: 10/10/03

API No.: 43-047-35083

Type of work: Completion

Supervisor: Marcus Wolfe

Pumped 1 bbl. per min. at 2200 psi. Broke back to 2000 psi after 1 bbl. Pumped 4 bbls. total. ISIP was 1400 psi. After 5 minutes: 1300 psi. Flowed back well for 10 min. Recovered 1 bbl. RU swab tools. IFL at surface. Recovered 14 bbls. in 4 runs. Well dry to x-nipple. Let well sit for 30 min. Made 1 swab run, no fluid in hole, no show of gas. Shut well in, shut down for day. Pumped 18 bbls. Load. TLR: 15 bbls. TLTR: 3 bbls.

9/13/04 Crew on location. SITP 0 psi. SICP 0 psi. Had safety meeting. Started rig. RU swab. TIH. IFL 2400'. Made two runs and recovered 0 bbls. Unset packer lowered packer to 2511', set packer. Loaded tubing w/water. Pressured tested well to 2100 psi. for 15 min., tested good. Unset packer. RU swab to find fluid level. TIH. IFL1800'. Pumped 12 bbls. of 3 % KCl to bring fluid level up to perforate. RU swab to find fluid level. TIH. IFL 800'. RD swab tools, RU tools to TOO. TOO w/tubing. Laid down 46 jts., stood back 76 jts., x-nipple, packer, 6' sub and x-n-nipple. Shut well in, shut down for day. Wire-line set up for am. **Called Ed Forsman at BLM. at 9:30 am. Asked for P&A orders. He will call back with necessary information. Called Dan Jarvis with State of Utah at 10:00 am. BLM to set P&A orders.**

9/14/04 Crew on location. SICP 0 psi. Had safety meeting. Started rig, wait on wireline. Wire-line on location, RU wire-line. Wire-line had problems getting Gamma Ray tool to work, started to work. TIH w/log tools, logged from 3245' to 1000'. Had trouble reading gamma ray. **Set CIBP at 2431' dump bailed 35' on top of plug.** Did not Perforate because of bad gamma ray log. Run new gamma ray in am. Called for gamma ray tool. RD wire-line. Shut well in, shut down for day.

9/15/04 Crew on location. SICP 0 psi. Had safety meeting. Started rig. Wire-line on location. RU wire-line. RU CCL/GR tools. TIH w/tools, logged from 2410' to 1000'. TIH w/perf gun. Ran CCL. Strip correlated w/open hole and cased hole GR log (9/15/04). Gun didn't fire. TOO. TOO w/live gun. Had bad ground in gun, fixed problem. TIH w/perf gun, ran CCL. Strip correlated w/open hole and cased hole GR log (9/15/04). **Perforated well from 2213' to 2219' w/6 shots per foot 60* w/ stem collar, 36 shots total.** Well had good blow, TOO. TOO w/gun, well unloaded fluid, shut well in. ISP: 560 psi. RU flow line to tank, well flowing at 330 psi. with valve 1/4 open, unloaded hole, 14 bbls. Flowed well until no fluid was being recovered: 330 psi. Shut well in: ISP: 760 psi. RU 24/64 choke. Flowed well through 24/64 choke nipple @ 640 psi. for 4.5 hours w/no fluid recovered. Shut well in: ISP 680 psi. Locked rams in BOP. Shut down for day.

Well Name: HANGING ROCK FEDERAL 7-14

Operator: McElvain Oil & Gas Properties

Location: SE/SW Of Sec.7, T12S, R24E

County: Uintah County, Utah

Spud Date: 10/10/03

API No.: 43-047-35083

Type of work: Completion

Supervisor: Marcus Wolfe

9/16/04 Crew on location. SICP: 860 psi. Had safety meeting. Started rig. Flowed well thru 3/8" choke @ 600 psi., recovered no fluid. Changed out choke nipple to see if pressure would change, ran new 3/8" choke. Flowed well thru 3/8" choke @ 600 psi., recovered no fluid. Wire-line and Weatherford on location. Started RU of tools to run packer. RU BHA. TIH w/wire-line set packer and BHA, set center of packer at 2175'. TOOH w/wire-line. TIH w/over shot of on/off tool and tubing. Spaced well out, landed tubing in well-head. Flanged up well, tubing set in compression. Dropped bar 1 1/8" x 7.28, broke glass disc. Shut well in, shut down for day. ISIP: 720 psi.

Tubing String (KB: -13'):	Length:	set at:
1 Jt of tubing :	31.46	44.46
1-2' and 1-6' subs:	8.09	52.55
66 Jts.:	2089.09	2141.64
X-nipple:	1.10	2140.24
1 Jt of tubing:	31.28	2171.52
on/off tool:	1.30	2172.82
Arrow set 1-x packer:	6.18	2179.00 2175 center
6' sub:	6.07	2185.07
X-N nipple:	1.28	2186.35
4' sub:	4.16	2190.51
Glass disc sub:	0.41	2190.92
Notched collar :	0.41	2191.33

9/17/04 Rig crew traveled to location. RDMO Pulling Unit to HRF #7-2. Wait on Battery Construction and Pipe Line.

9/20/04 MIRU Production Logging Services. RU slickline and run pressure gradient survey from mid perfs at 2216' with 100' stops from 2200' to 1800' and 500' stops from 1800' to 300'. BHP = 851 psig, surface pressure = 803 psig. No fluid in tubing. Possible top of fluid below 2200'. RDMO slickline. Wait on battery construction and pipe line.

9/28/04 The well was **turned on to sales @ 7:50 A.M. on 9/28/04**. Initial pressures of 830 psi SITP & 0 psi SICP (packer in hole). Turn-on was through a 11/64" variable choke to a 198 psi sales line. Note: Meter scrolls over @ 8:00 A.M. Sales credited to 9/27/04 = 4 MCFG. Note: \$59,200 tangible costs include cost of separator/dehy combo, production tank, estimated roustabout installation charges and estimated valve and fittings charges for battery.

9/29/04 Well sold 474 MCFG on 11/64" choke into 196 psi sales line. No measurable oil or water was produced to the tank. At gauge time rate had fallen to 299 MCFGD and choke was opened up to 30/64" to help well unload. Immediate

Well Name: HANGING ROCK FEDERAL 7-14

Operator: McErvin Oil & Gas Properties

Location: SE/SW Of Sec.7, T12S, R24E

County: Uintah County, Utah

Spud Date: 10/10/03

API No.: 43-047-35083

Type of work: Completion

Supervisor: Marcus Wolfe

fluid to tank then dry as well rate climbed back to 500 MCFGD. Choke back & leave well flowing to sales on 12/64" choke.

9/30/04 Well sold 449 MCFG on 11/64" choke into 192 psi sales line w/FTP = 420 psi. Well produced 6 1/2 BW and no oil past 24 hours. At gauge time rate had fallen to 300 MCFGD and choke was opened up to 14/64".

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.

5. Lease Serial No.
UTU-66426

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

Oil Well Gas Well Other

7. If Unit of CA/Agreement, Name and/or No.
N/A

8. Well Name and No.
Hanging Rock Fed #7-14

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

9. API Well No.
43-047-35083

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

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

10. Field and Pool or Exploratory Area
Oil Springs

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 1980' FWL, SESW Sec. 7 T12S-R24E

11. Country or Parish, State
Utah County, Utah

12. CHECK THE 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 type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input checked="" 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 recomplate 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 proposes to plug and abandon the Hanging Rock Federal #7-14 (API# 43-047-35083) by the following procedure:

CIBP @ 2135' with 35' cement (± 3 sxs)
Plug Mud 2100' to 370'
Perforate @ 370'
370' cement plug in production csg and annulus plug 370' to Surface (± 135 sxs)
Cut off wellhead
Install Dry Hole Marker

Please see attached P&A Wellbore Diagram

COPY SENT TO OPERATOR
Date: 8-3-07
Initials: [Signature]

Accepted by the
Utah Division of
Oil, Gas and Mining

Federal Approval Of This
Action Is Necessary

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Barbara Martin

Title Engineer

Signature

[Signature of Barbara Martin]

Date 07/24/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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)

RECEIVED
JUL 26 2007

DIV. OF OIL, GAS & MINING

Hanging Rock Fed 7-14

SESW Sec 7 T12S-R24E

Uintah County Utah

API # 43-047-35083

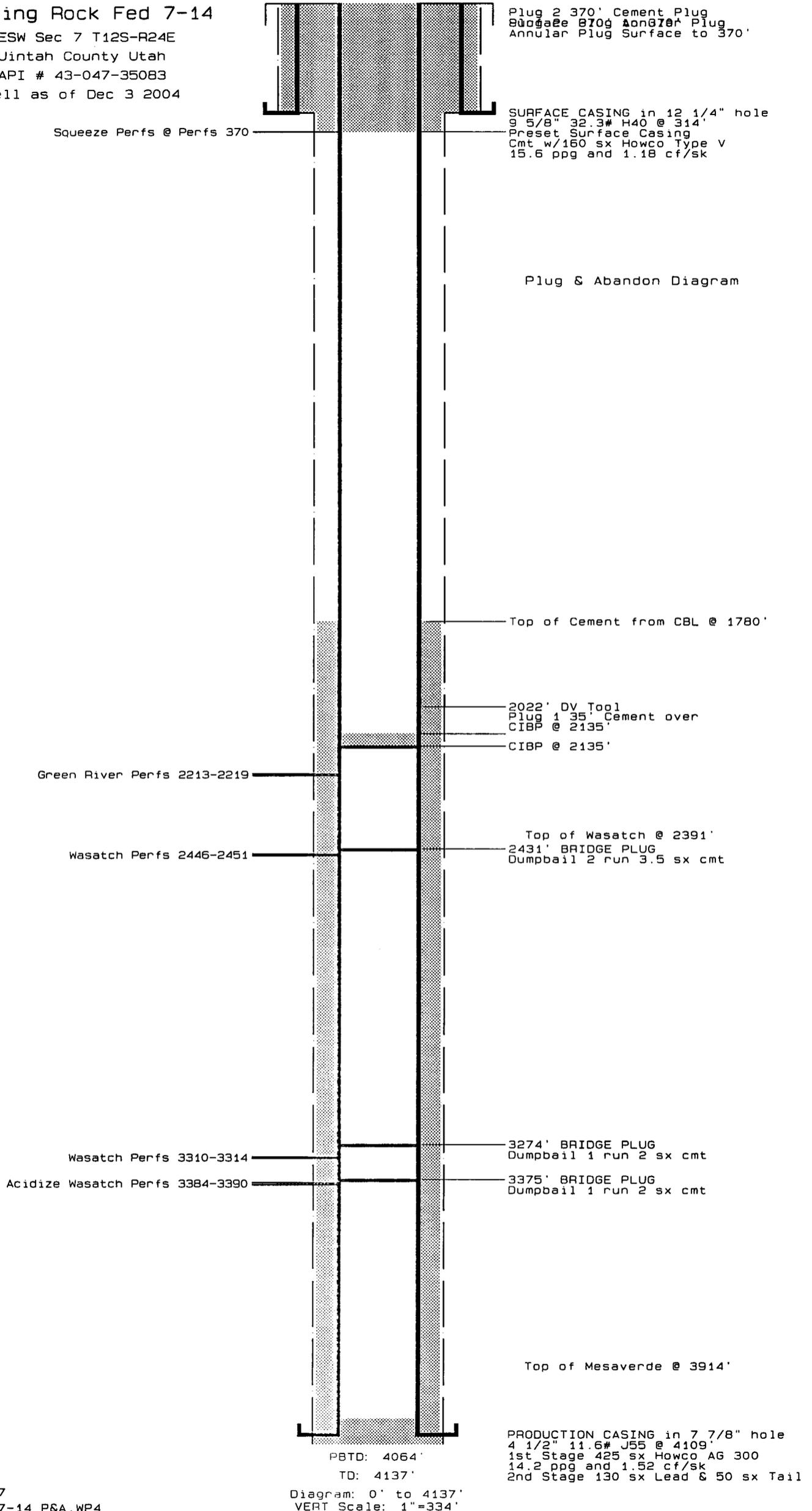
Well as of Dec 3 2004

Plug 2 370' Cement Plug
Surface to 370'
Annular Plug Surface to 370'

Squeeze Perfs @ Perfs 370

SURFACE CASING in 12 1/4" hole
9 5/8" 32.3# H40 @ 314'
Preset Surface Casing
Cmt w/160 sx Howco Type V
15.6 ppg and 1.18 cf/sk

Plug & Abandon Diagram



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.

5. Lease Serial No.
Refer to attached well list

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No. Refer to attached well list
2. Name of Operator McElvain Oil & Gas Properties, Inc.		8. Well Name and No. Refer to attached well list
3a. Address 1050 17th Street, Suite 1800, Denver, CO 80265		9. API Well No. Refer to attached well list
3b. Phone No. (include area code) (303) 893-0933		10. Field and Pool or Exploratory Area Oil Springs
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Refer to attached well list		11. Country or Parish, State Utah County, Utah

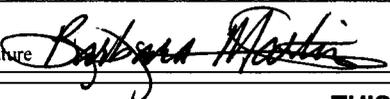
12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

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 type="checkbox"/> Recomplete	<input type="checkbox"/> Other <u>Requesting to Haul</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>water & residue cement</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>to existing reserve pit</u>

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 recomplate 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. is plugging several wells and would like to request to haul left over water and residue cement from the plugging locations to existing reserve pits located on the Hanging Rock Federal 1-8 (API # 43-047-36042) and/or Tucker Federal 8-6 (API # 43-047-36837) to settle solids and/or evaporate liquids. Please see attached list of plugging well locations.

RECEIVED
AUG 15 2007

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Barbara Martin	Title Engineer	DIV. OF OIL, GAS & MINING
Signature 	Date 08/13/2007	

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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.

McElvain Oil & Gas Properties, Inc.
P&A List of Wells

<u>Lease Number</u>	<u>Well Name</u>	<u>Unit</u>	<u>API #</u>	<u>Well Location</u>
UTU-57455	Hanging Rock Fed I # 12-12	N/A	43-047-33096	NWSW Sec. 12, T12S-R23E
UTU-57455	Hanging Rock Fed I # 12-9	N/A	43-047-33101	NESE Sec. 12, T12S-R23E
UTU-57455	Hanging Rock Fed I # 12-2	Hanging Rock Unit	43-047-32936	NWNE Sec. 12, T12S-R24E
UTU-57455	Hanging Rock Fed I #10-13	N/A	43-047-33098	SWSW Sec. 10, T12S-R23E
UTU-57455	Hanging Rock Fed #12-8	Hanging Rock Unit	43-047-34439	SENE Sec. 12, T12S-R23E
UTU-57455	Hanging Rock Fed I #15-7	N/A	43-047-33099	SWNE Sec. 15, T12S-R23E
UTU-66426	Hanging Rock Fed #7-14	N/A	43-047-35083	SESW Sec. 7, T12S-R24E

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.

5. Lease Serial No.
UTU-66426

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.
N/A

1. Type of Well

Oil Well Gas Well Other

8. Well Name and No.
Hanging Rock Federal #7-14

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

9. API Well No.
43-047-35083

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

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

10. Field and Pool or Exploratory Area
Oil Springs

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)
660' FSL & 1980' FWL (SESW) Sec. 7, T12S-R24E

11. Country or Parish, State
Utah County, Utah

12. CHECK THE 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 type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input checked="" 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 recomplate 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 recomplate 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 plugged and abandoned the Hanging Rock Federal #7-14 (API# 43-047-35083) by the following procedure:

Set CIBP & set w/ Wireline @ 2135' cap with 12 sxs cement
Cement plug 569' to Surface with 44 sxs cement
Cut off wellhead
Install Dry Hole Marker
(BLM Inspector Cade Taylor)

9/12/07

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Barbara Martin

Title Engineer

Signature



Date 10/12/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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)

RECEIVED

OCT 15 2007

DIV. OF OIL, GAS & MINING