

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



558

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____

e-mail Address _____

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87502
2005 JUN 15 PM 12 26

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: McElvain Oil & Gas Properties, Inc.
OPERATOR ADDRESS: 1050 - 17th Street, Suite 1800 Denver, Colorado 80265
APPLICATION TYPE:
 Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)
LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No BLM was notified by Sundry Notice & has subsequently approved of our request to surface commingle the production on May 10, 2005.

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code: Turkey Track: 7 RVRs-QU-GB-SA Code # 61020
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify) Production Test

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

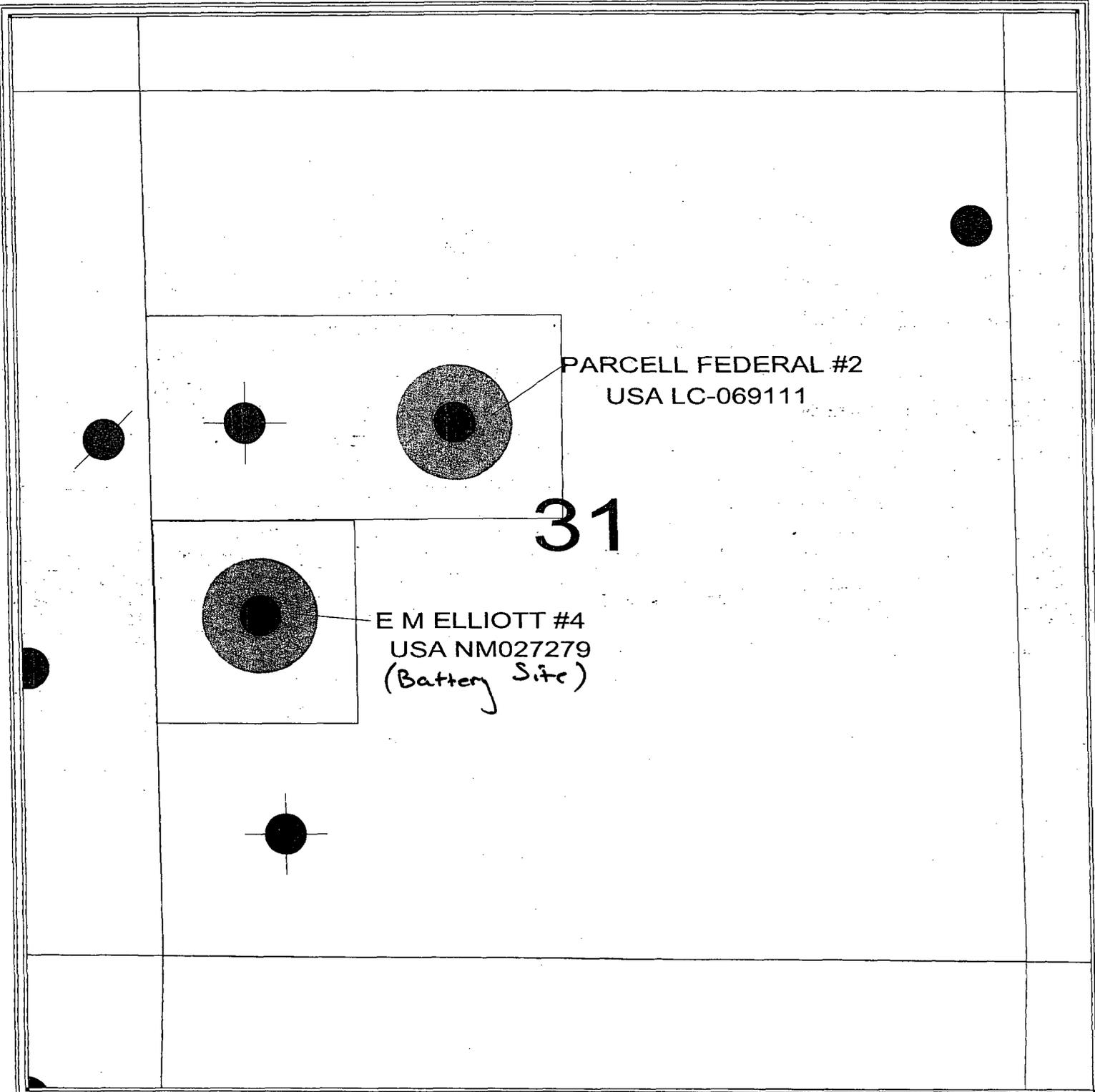
(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE: E. Reed Fischer TITLE: Operations Engineer DATE: June 10, 2005
TYPE OR PRINT NAME E. Reed Fischer TELEPHONE NO.: 303.893.0933 xtn 330
E-MAIL ADDRESS: reedf@mcelvain.com



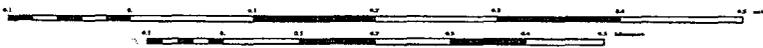
PARCELL FEDERAL #2
USA LC-069111

31

E M ELLIOTT #4
USA NM027279
(Battery Site)



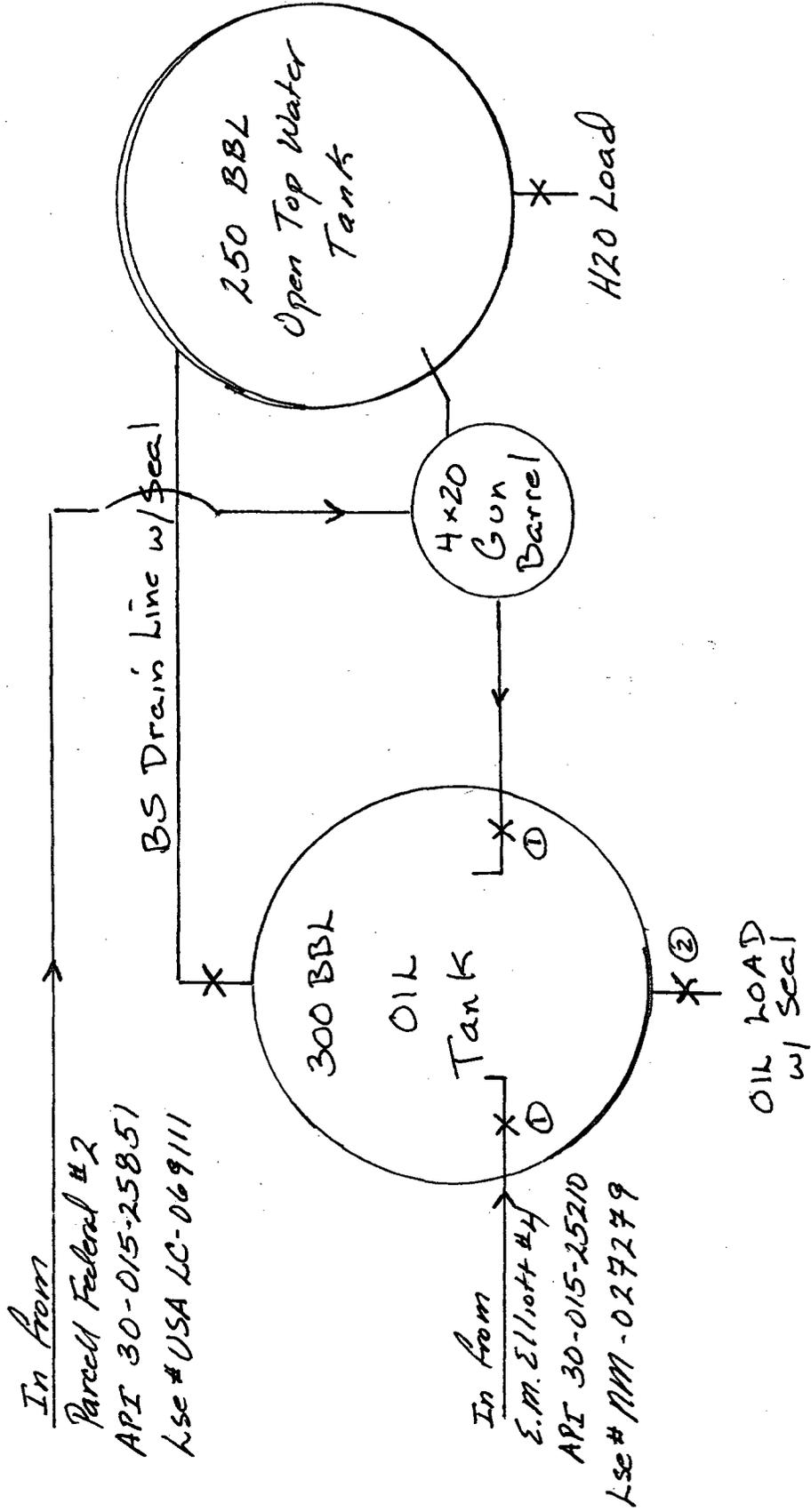
Scale 1:10000.



McElvain Oil & Gas		
SENM		
18S 30E Section 31		
Well/Lease Details		
		6/7/2005
HKD	Scale 1:10000.	Eddy/battery.gpf

McELVAIN OIL & GAS PROPERTIES, INC.

Elliott Battery Site Diagram
 E.M. Elliott #4 & Parcell Federal #2
 Section 31, T18S-R30E
 Eddy County, New Mexico



- ① Valves - Open at Production, closed at Sale
- ② Valve - Closed & Sealed at Production, Open at Sale

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

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

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FSL & 660' FWL (NWSW) Sec. 31, T18S-R30E (NMPM)

5. Lease Serial No.
USA NM-027279

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
E.M. Elliott #4

9. API Well No.
30-015-25210

10. Field and Pool, or Exploratory Area
Turkey Trk-7 RVRS-QN-GB-SA

11. County or Parish, State
Eddy County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="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 <u>Set Common Tank</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>to Surface Commingle</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>Oil Production</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.)

McElvain Oil & Gas Properties, Inc. (MOG) requests permission to produce 2 wells on separate federal leases to a common oil production tank. The two existing wells for which MOG wishes to set a common tank are the E.M. Elliott #4 well (Fed. Lse # NM-027279, API #30-015-25210), and the Parcell Federal #2 (Fed. Lse. #USA LC-069111, API #30-105-25851). Currently the wells produce to 2 separate and distinct oil tanks, both of which are located at the E.M. Elliott #4 well-site battery. MOG is requesting permission to consolidate the existing 2 tank battery into a 1 "common" oil tank battery at the existing E.M. Elliott #4 battery site. The base royalty interest owner and the working interest ownership is identical between the two wells. The sole royalty interest owner is the United States Department of Interior's Minerals Management Service. No gas is sold from the two listed wells, and only oil production will require allocation for production reporting purposes. In ordered to allocate production between the 2 wells, a monthly production test will be performed. Currently each well produces approximately 1.25 to 1.5 BOPD for a 2 well total of 2.5 to 3 BOPD. Consolidation of the 2 tanks into 1 common oil production tank will cut down on oil treating costs, allow for more frequent oil sales, improve the lease economics, and ultimately enhance oil recoveries and conservation of resources. MOG would like to start the battery consolidation within the next 2 weeks, provided BLM approval is received.

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED**

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

E. Reed Fischer

Title **Operations Engineer**

Signature



Date **April 24, 2005**

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date **MAY 10 2005**

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

**LES BABYAK
PETROLEUM ENGINEER**

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)

OPERATOR'S COPY

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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1050 17th Street, Ste. 1800 Denver, Colorado 80265

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2310' FNL & 1593' FWL (SENW) Sec. 31, T18S-R30E NMPM

5. Lease Serial No.
USA LC-069111

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Parcell Federal #2

9. API Well No.
30-015-25851

10. Field and Pool or Exploratory Area
Turkey Trk-7 RVRS-QN-GB-SA

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<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 Set Common Tank
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Approved by

Title

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Office

APPROVED

MAY 10 2005

LES BABYAK

PETROLEUM ENGINEER

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(Instructions on reverse)

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Certified Fee		
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Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.88	

Sent To **Patricia Pepler**

Street, Apt. No., or PO Box No. **346 5th Street**

City, State, ZIP+4 **Mead, CO 80542-9707**

PS Form 3800, June 2002 See Reverse for Instructions

(970) 535-4658

7004 0550 0001 0800 8910

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Postage	\$	6-13-05 Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.88	

Sent To **Mr. Steve Elliott**

Street, Apt. No., or PO Box No. **Elliott Industries Ltd. Partnership
PO Box 3300**

City, State, ZIP+4 **Roswell, NM 88202**

PS Form 3800, June 2002 See Reverse for Instructions

7004 0550 0001 0800 8997

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.88	

Sent To **Mr. George Hall**

Street, Apt. No., or PO Box No. **Elliott-Hall Company LP
PO Box 1231**

City, State, ZIP+4 **Ogden, UT 84402**

PS Form 3800, June 2002 See Reverse for Instructions

7004 0550 0001 0800 8860

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Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.88	

Sent To **Mr. Charles L. Parcell**

Street, Apt. No., or PO Box No. **5460 So. Indigo Drive**

City, State, ZIP+4 **Gold Canyon, AZ 85218**

PS Form 3800, June 2002 See Reverse for Instructions

(508) 349-1469