

ABOVE THIS LINE FOR OMSION USE ONLY

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



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.

Jordan L. Kessler
 Print or Type Name

Jordan L. Kessler
 Signature

 Title

jlkessler@hollandhart.com
 e-mail Address

7/17/15
 Date

NSL7337
Operator: McElvain Energy Inc
Well: E-K 339 BS2 Federal
Com #4H
API: 30-075-42700
Pool: E-K Bone Springs
#1: 21650
 RECEIVED OOD
 2015 JUL 17 P 2:31

HOLLAND & HART^{LLP}



Jordan L. Kessler
Associate

Phone (505) 988-4421

Fax (505) 983-6043

jlkessler@hollandhart.com

RECEIVED OGD
2015 JUL 17 P 2:31

July 17, 2015

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 29 BS2 Federal Com No. 4H Well in the W/2 W/2 of Section 29, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Catanach:

McElvain Energy, Inc. (OGRID No. 22044) seeks administrative approval of an unorthodox well location for its **EK 29 BS2 Federal Com No. 4H Well** to be completed within the E-K; Bone Spring Pool (Pool Code 21650) underlying Section 29, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This well will be drilled from a surface location 175 feet from the South line and 100 feet from the East line (Unit P) of Section 30. The first perforation will be located 330 feet from South line and 725 feet from the West line (Unit O) and the last perforation will be 330 feet from the North line and 656 feet from the West line of Section 29 (Unit B). The E-K; Bone Spring Pool is governed by the Special Rules as adopted by Division Order R-4981. These Special Rules require 80-acre spacing units and further require that the completed interval for a well be located within 150 feet of the center of the quarter-quarter section. As a result, the completed interval for this proposed well will be unorthodox because it is closer than 510 feet from the northern, southern, and southeastern boundaries of the project area. Approval of the unorthodox completed interval will allow for efficient spacing of horizontal wells and thereby prevent waste.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **EK 29 BS2 Federal Com No. 4H Well** encroaches on the spacing and proration units to the North, South, and Southeast.

Exhibit B is a land plat for Section 29 and the surrounding sections that shows the proposed **EK 29 BS2 Federal Com No. 4H Well** in relation to adjoining units and existing wells.

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☉



Exhibit C is a list of the parties affected by the encroachment to the North, South, and Southeast. Each of the parties listed on Exhibit C have been provided notice of this application by certified mail, and has been advised that if they have an objection it must be filed in writing with the Division within 20 days from the date the Division receives this application. In addition, a courtesy copy of this application has been provided to the Bureau of Land Management and to the New Mexico State Land Office.

Your attention to this matter is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "J. L. Kessler".

Jordan L. Kessler
ATTORNEY FOR MCELVAIN ENERGY, INC.

cc: Bureau of Land Management
620 E. Green Street
Carlsbad, NM 88220

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (505) 353-8181 Fax (505) 353-0780

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (505) 748-1253 Fax (505) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3420 Fax (505) 476-3422

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-42704	Pool Code	Pool Name
Property Code	Property Name EK 29 BS2 FEDERAL COM	Well Number 4H
OGRID No.	Operator Name McELVAIN ENERGY, INC	Elevation 3904

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	30	18 S	34 E		175	SOUTH	100	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	29	18 S	34 E		330	NORTH	656	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>N: 628821.3 E: 768996.1 (NAD83)</p> <p>N: 628640.1 E: 769593.2 (NAD83)</p> <p>N: 623342.4 E: 767043.1 (NAD83)</p> <p>N: 623356.6 E: 769645.7 (NAD83)</p> <p>N: 623378.0 E: 769645.7 (NAD83)</p>	<p>330.015'</p> <p>656'</p> <p>510'</p> <p>510'</p> <p>175'</p> <p>100'</p>	<p>BOTTOM HOLE LOCATION Lat - N 32°43'30.24" Long - W 103°35'20.26" NAD83- E 770252.7 (NAD-83)</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Email Address _____</p>
			<p>SURFACE LOCATION Lat - N 32°42'42.99" Long - W 103°35'28.94" NAD83- E 769543.9 (NAD-83)</p>
			<p>DECEMBER 10, 2014</p> <p>Date Surveyed _____</p> <p>Signature _____ of Professional Surveyor</p> <p>Certificate No. 7977</p>
			<p>SCALE: 1" = 1000'</p> <p>WO Num.: 31339</p>

EXHIBIT

A

McElvain Energy, Inc.
EK 29 BS2 Federal Com #4H
NSL Notice Plat
Sec. 29, T18S, R34E
Lea County, NM

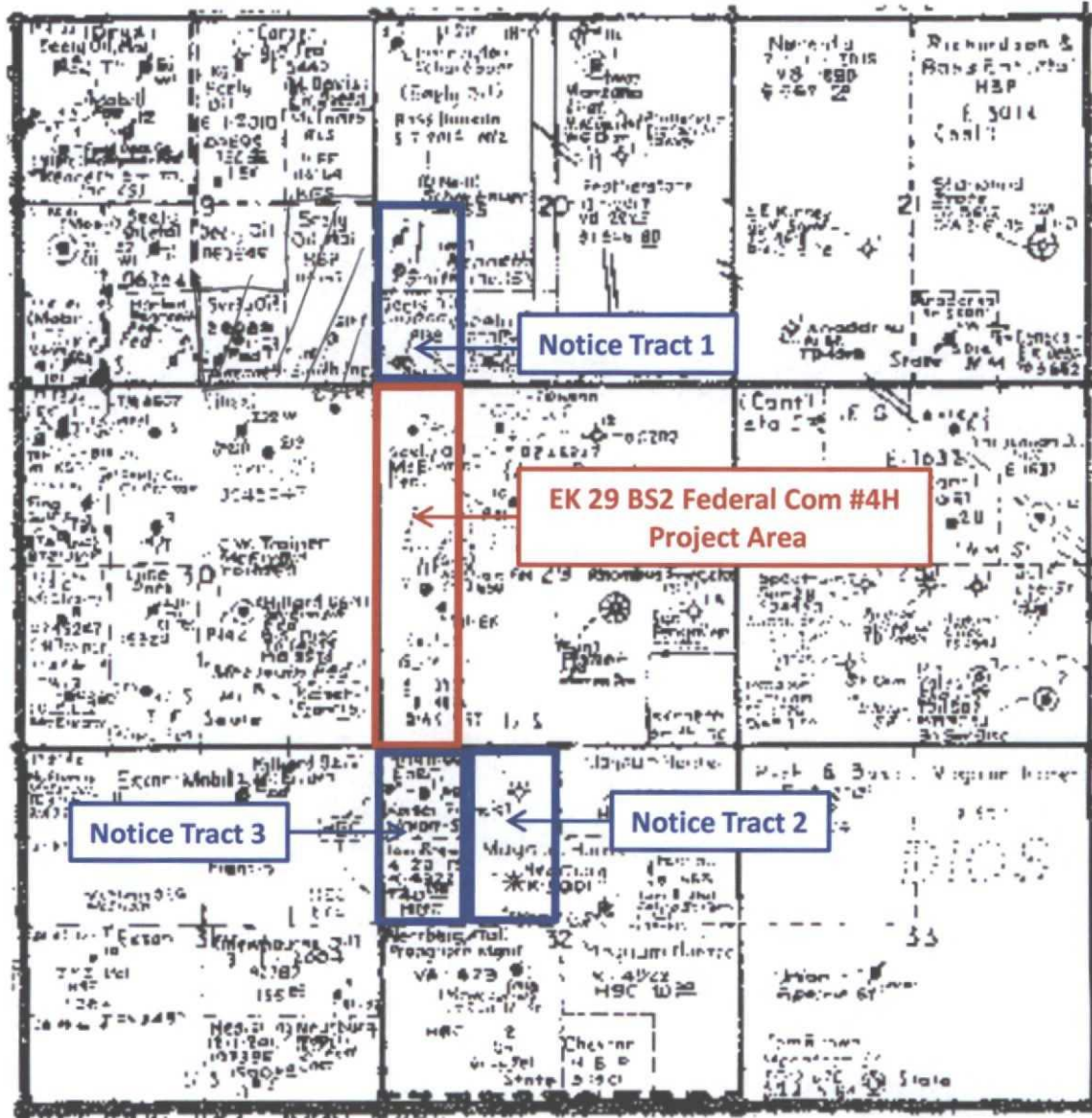


Exhibit C

Rhombus Operating Co., Ltd.
200 N. Loraine, Suite 1270
Midland, Texas 79701

COG Operating, LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

WTG Exploration INC
401 West Wadley
Midland, TX 79705

WTG Exploration INC
211 North Colorado Street
Midland, TX 79701

Continental Compressor
Corporation
P.O. Box BRC
Wichita Falls, TX 76307

Continental Compressor
Corporation
5 Ruth Road
Crested Butte, CO 81224

Matador E & P Company Inc
8340 Meadow Road Suite 150
Dallas TX 75231

Viersen Oil & Gas
6450 South Lewis Suite 200
Tulsa, OK 74136

A.H. Gonzales Oil Co
2195 Fallview Drive
Pueblo, CO 81006

Jo Ann Davis
2006 Gulf Avenue
Midland, TX 79705

Mewbourne Oil Company
P.O. Box 7698
Tyler, TX 75711

Mewbourne Oil Company
3901 South Broadway Avenue
Tyler, TX 75701

James D Moring and
Dorothy D Moring, his wife
303 West Wall, Suite 1000
Midland, TX 79701

Coyote Oil and Gas, LLC
P.O. Box 1708
Hobbs, NM 88241

Schlagal Brothers
c/o E.G.L. Resources Inc
P.O. Box 10886
Midland, TX 79702

Brady M. Lowe
308 Comet
Austin, TX 78734

R. C. Schlagal and
Alice R. Schlagal, his wife
202 North Eisenhower
Midland, TX 79701

CWM 2000-B II Ltd
P.O. Box 7698
Tyler, TX 75711

DelMar Holdings LP,
f/k/a Parks & Lettrell Inc
1221 Lamar, Suite 1328
Houston, TX 77010

S.E.S. Energy, Ltd
P.O. Box 1250
Midland, TX 79702

Petratis Oil & Gas INC
508 West Wall Street, Suite
1250
Midland, TX 79701

Manta Oil & Gas Corp
508 West Wall Street, Suite
1250
Midland, TX 79701

EGL Resources Inc
508 West Wall Street, Suite
1250
Midland, TX 79701

Finwing Corp
508 West Wall Street, Suite
1250
Midland, TX 79701

Mexco Energy Corporation
P.O. Box 10502
Midland, TX 79702

C.W. Trainer
P.O. Box 754
Midland, TX 79702

Marvin C. Gross
P.O. Box 358
Roswell, NM 88202

Don O. Chapell
2200 Ross Avenue, Suite 3838
Dallas, TX 75201

Altura Energy Ltd
P.O. Box 1528
Monahans, TX 79756

HOLLAND & HART



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

jlkessler@hollandhart.com

July 17, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 29 BS2 Federal Com No. 4H Well in the W/2 W/2 of Section 29, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Rick Harris
McElvain Energy, Inc.
(303) 962-6487
Rick.Harris@McElvain.com

Sincerely,

Jordan L. Kessler

ATTORNEY FOR MCELVAIN ENERGY, INC.

Holland & Hart

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

McMillan, Michael, EMNRD

From: Jordan L. Kessler <JLKessler@hollandhart.com>
Sent: Wednesday, August 12, 2015 5:18 PM
To: McMillan, Michael, EMNRD
Cc: Michael Feldewert
Subject: Supplemental notice for McElvain NSL applications
Attachments: 3827_001.pdf; Additional notice requirements for NSL applications.DOCX

Dear Mr. McMillan,

Pursuant to your instruction, we sent additional notice letters to parties on August 12, 2015, for the wells below. Parties were noticed where the diagonal encroachment by the completed interval was closer than 783 feet. Each party received a notice letter (attached) and a copy of the application requesting an unorthodox location.

The following additional tracts were provided notice of the NSL application:

EK 30 BS2 Fed Com No. 1H:

SW/4 of Section 20

EK 29 BS2 Fed Com No. 3H:

SE/4 of Section 20 and SW/4 of Section 20

EK 29 BS2 Fed Com No. 4H:

SW/4 of Section 20; SE/4 of Section 19

Please see the attached list of parties who were provided notice for each individual well. If you have any additional questions, please feel free to give me a call.

Best,
Jordan
Jordan Lee Kessler
Associate
Holland & Hart LLP
110 North Guadalupe Suite 1
Santa Fe, NM 87501
Phone (505) 988-4421
Fax (505) 983-6043
E-mail: JLKessler@hollandhart.com



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

EK 30 BS2 Fed Com No. 1H:

COG Operating, LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

EK 29 BS2 Fed Com No. 3H:

Matador Production Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240

EK 29 BS2 Fed Com No. 4H:

Santa Fe Exploration Co
P.O. Box 9368
El Paso, TX 79845

Santa Fe Exploration Co
P.O. Box 1136
Roswell, NM 88202

Cimarron Exploration Company
4401 North Mesa, Suite 201
El Paso, TX 79913

Cimarron Exploration Company
500 North Main Street #101
Roswell, NM 88201

Seely Oil Company
815 West 10th Street
Fort Worth, TX 76102

Patricia Dean Boswell, Trustee under
Revocable Trust Agreement
dated June 13, 1988
1320 Lake Street
Fort Worth, TX 76102

Burnett Oil Co
801 Cherry Street, Suite 1500
Fort Worth, TX 76102

CEB Oil Co
1320 Lake Street
Fort Worth, TX 76102

Merlyn W. Dahlin and wife Ruth Dahlin
3220 North Freeway
Fort Worth, TX 76111

EAB Oil Co
1320 Lake Street
Fort Worth, TX 76102

Express Air Drilling Inc.
3838 Oak Lawn Avenue
Two Turtles Creek Village
Dallas, TX 75219

James Robert Hill, Virginia Glenn Hill Lattimore
and John A Styrsky, Trustees of the
Houston and Emma Hill Trust Estate
500 Throckmorton, Suite 2803
Fort Worth, TX 76102

James Robert Hill, Virginia Glenn Hill Lattimore
and John A Styrsky, Trustees of the
500 West 7th Street, Suite 1802 Unit 16
Fort Worth, TX 76102

John P. Oil Co.
1320 Lake Street
Fort Worth, TX 76102

PVB Oil Company
1320 Lake street
Fort Worth, TX 76102

J. Cleo Thompson and
James Cleo Thompson Jr.
325 North St. Paul, Suite 4300
Dallas, TX 75201

Wes-Tex Drilling Company
P.O. Box 3739
Abilene, TX 79604

SSV&H Associates
815 West 10th Street
Fort Worth, TX 76102

Linda Sheryl Seely Van Sickle
901 North Craig Street
Victoria, TX 77901

Michael J Havel and wife
Kathleen A Havel
7607 Chalkstone
Dallas, TX 75248

David L Henderson and wife
Dawn Henderson
815 West 10th Street
Fort Worth, TX 76102

Santa Fe Operating partners
550 West Texas, Suite 1300
Midland, TX 79701

Santa Fe Operating partners
840 Gessner #1400
Houston, TX 77024

TOC- Gulf
P.O. Box 2159
Dallas, TX 75221

Bellwether Exploration Company
1221 Lamar, Suite 1600
Houston, TX 77010

Pure Energy Group Inc
153 Treeline Park, Suite 220
San Antonio, TX 78209

Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, TX 77056

Manix Royalty Ltd.,
f/k/a Fenix Royalty LLC
P.O. Box 2818

Midland, TX 79702

T.H. McElvain
1050 17th Street, Suite 2500
Denver, CO 80265

The Ibox Company, a partnership composed of Lester Clark, H. B. Street, E. Bruce Street and M.
Boyd Street
300 North Breckenridge Avenue
Breckenridge, TX 76424

Conoco Phillips Company,
f/k/a Continental Oil Company
P.O. Box 2197
Houston, TX 77252

Pennzoil United Inc.
100 West 10th Street
Wilmington, DE 19801

Tuco Inc.
6900 West Interstate 40
Amarillo, TX 79106

Patsy B. Carr
3004 Speedway Avenue
Wichita Falls, TX 76308

C. W. Stumhoffer
3108 Overton Parks Drive
Fort Worth, TX 76109

Rorkes Drift LLC
207 South Fourth Street
Artesia, NM 88210