

|                       |          |              |                         |             |                            |
|-----------------------|----------|--------------|-------------------------|-------------|----------------------------|
| 01-23-2017<br>DATE IN | SUSPENSE | ENGINEER LRL | 01-24-2017<br>LOGGED IN | NSL<br>TYPE | PLEL 1702437052<br>APP NO. |
|-----------------------|----------|--------------|-------------------------|-------------|----------------------------|

2-13-17

ABOVE THIS LINE FOR DIVISION 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] *McELVAIN ENERGY, INC. [#22044]*  
 [A] Location - Spacing Unit - Simultaneous Dedication *WELL: EK 30 B92 FED. COM. NO. 2H*  
☒ NSL ☐ NSP ☐ SD *API: 30-025-*  
 Check One Only for [B] or [C] *POOL: E-K; Bone Spring [#21650]*  
 [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

*JL K*  
Signature

Attorney  
Title

1/23/17  
Date

jlkessler@hollandhart.com

e-mail Address

RECEIVED 000  
2017 JAN 23 P 12:51

HOLLAND & HART<sup>LLP</sup>



Jordan L. Kessler  
Associate  
Phone (505) 988-4421  
Fax (505) 983-6043  
jlkessler@hollandhart.com

January 23, 2017

**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

RECEIVED  
2017 JAN 23 P 12:51

**Re: Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 30 BS2 Federal Com No. 2H Well in the W/2 E/2 of Section 30, 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 30 BS2 Federal Com No. 2H Well** to be completed within the E-K; Bone Spring Pool (Pool Code 21650) underlying Section 30, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This well will be drilled from a surface location 150 feet from the South line and 876 feet from the East line (Unit P) of Section 30. The first perforation will be located 330 feet from South line and 1,980 feet from the East line (Unit O) and the last perforation will be 330 feet from the North line and 1,980 feet from the East line (Unit B) of Section 30. 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 and southern boundaries of the project area. Approval of the unorthodox completed interval will allow for efficient spacing of horizontal wells and thereby prevent waste.

**Exhibit 1** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **EK 30 BS2 Federal Com No. 2H Well** encroaches on the spacing and proration units to the North and South.

**Exhibit 2** is a land plat for Section 30 and the surrounding sections that shows the proposed **EK 30 BS2 Federal Com No. 2H Well** in relation to adjoining units and existing wells.

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 [www.hollandhart.com](http://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. ☐

HOLLAND & HART<sup>LLP</sup>



**Exhibit 3** is a list of the parties affected by the encroachment to the North and South. Each of the parties listed on Exhibit 3 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.

**Exhibit 4** is a notice of publication in Lea County directed to the unlocatable interest owner.

Your attention to this matter is appreciated.

Sincerely,

Jordan L. Kessler  
ATTORNEY FOR McELVAIN ENERGY, INC.

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

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (505) 833-6161 Fax (505) 833-6720

DISTRICT II  
911 S. First St., Artesia, NM 88210  
Phone (505) 746-1222 Fax (505) 746-0700

DISTRICT III  
1000 Edo Brazos Rd., Aztec, NM 87410  
Phone (505) 834-0170 Fax (505) 834-0170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87506  
Phone (505) 475-6400 Fax (505) 475-6463

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87506

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

|               |  |                   |
|---------------|--|-------------------|
| API Number    | Pool Code                              | Pool Name         |
| Property Code | Property Name<br>EK 30 BS2 FEDERAL COM | Well Number<br>2H |
| OGED No.      | Operator Name<br>McELVAIN ENERGY, INC  | Elevation<br>3894 |

Surface Location

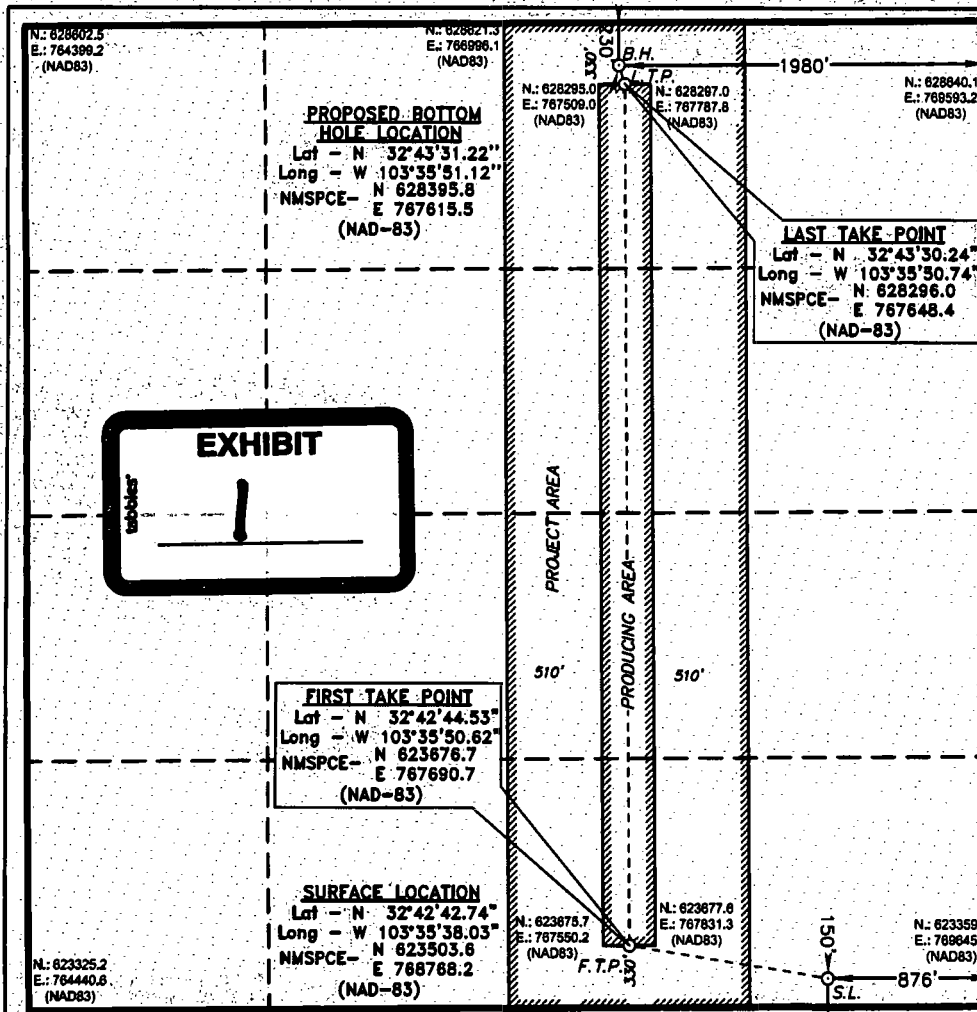
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 30      | 18 S     | 34 E  |         | 150           | SOUTH            | 876           | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B             | 30      | 18 S     | 34 E  |         | 230           | NORTH            | 1980          | EAST           | 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



OPERATOR CERTIFICATION

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 undivided 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.

Signature

Date

Printed Name

Email Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date Surveyed

Signature of Registered Professional Surveyor

Certificate No. 7977

Surveyor Name

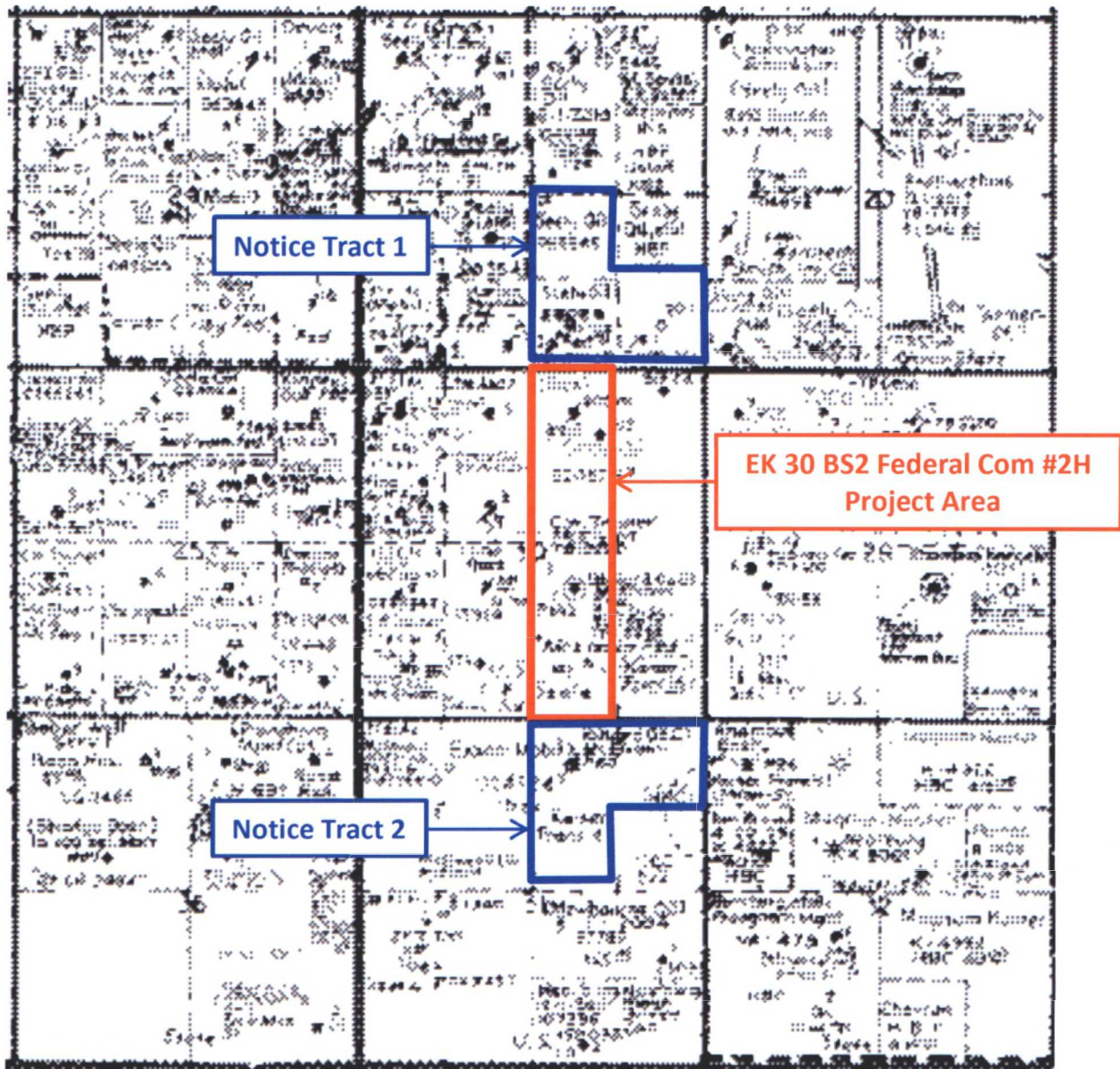
Surveyor Address

Surveyor Phone

Surveyor Fax

Surveyor Email

McElvain Energy, Inc.  
EK 30 BS2 Federal Com #2H  
NSL Notice Plat  
Sec. 30, T18S, R34E  
Lea County, NM



### **EXHIBIT 3**

**Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 30 BS2 Federal Com No. 2H Well in the W/2 E/2 of Section 30, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.**

#### **TRACT 1**

Apache Corporation  
2000 Post Oak Boulevard,  
Suite 100  
Houston, TX 77056  
7016 1370 0000 0804 1091

Conoco Phillips Company  
P.O. Box 2197  
Houston, TX 77252  
7016 1370 0000 0804 1886

Patricia Dean Boswell, Trustee under  
Revocable Trust Agreement  
dated June 13, 1988  
1320 Lake Street  
Fort Worth, TX 76102  
7016 1370 0000 0804 1855

Wes-Tex Drilling Company, LP  
400 Pine Street  
Abilene, Texas 79601  
7016 1370 0000 0804 0902

Michael J. Havel  
14902 Preston Road #408-768  
Dallas, Texas 75254  
7016 1370 0000 0804 0933

Express Air Drilling Inc.  
3838 Oak Lawn Avenue  
Suite 1525  
Dallas, Texas 75219  
7015 1520 0002 0438 8079

SSV&H Associates  
815 W. 10th Street  
Fort Worth, Texas 76102  
7015 1520 0002 0438 8048

Bellweather Exploration  
Company  
1221 Lamar, Suite 1600  
Houston, Texas 77010  
7016 1370 0000 0804 1107

Burnett Oil Company  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102-6881  
7016 1370 0000 0804 1879

TOC- Gulf  
P.O. Box 2159  
Dallas, TX 75221  
7016 1370 0000 0804 0889

Dawn Henderson  
815 W. 10th Street  
Fort Worth, Texas 76102  
7016 1370 0000 0804 0919

Linda Sheryl Seely Van Sickle  
901 North Craig Street  
Victoria, TX 77901  
7016 1370 0000 0804 1121

EAB Oil Company  
1320 Lake Street  
Ft. worth, Texas 76102  
7015 1520 0002 0438 8062

EAB Oil Company  
1320 Lake Street  
Ft. Worth, Texas 76102  
7015 1520 0002 0438 8031

Pennzoil United Inc.,  
100 West 10th Street  
Wilmington, DE 19801  
7016 1370 0000 0804 1114

CEB Oil Company  
1320 Lake Street  
Ft. Worth, Texas 76102  
7016 1370 0000 0804 1862

J. Cleo Thompson and James  
Cleo Thompson, Jr. LP  
325 N. St. Paul, Suite 4300  
Dallas, Texas 75201  
7016 1370 0000 0804 0896

David L. Henderson  
815 W. 10th Street  
Fort Worth, Texas 76102  
7016 1370 0000 0804 0926

John P. Oil Company  
1320 Lake Street  
Ft. Worth, Texas 76102  
7015 1520 0002 0438 8086

PVB Oil Company  
1320 Lake Street  
Ft. Worth, Texas 76102  
7015 1520 0002 0438 8055

Seely Oil Company  
810 W. 10th Street  
Fort Worth, Texas 76102  
7015 1520 0002 0438 8024

Manix Royalty Ltd.  
P.O. Box 2818  
Midland, Texas 79702  
7015 1520 0002 0438 8017

Devon SFS Operating, Inc.  
Division of Devon Energy  
333 West Sheridan Ave.  
Oklahoma City, OK 73102  
7015 1520 0002 0438 8833

Tuco, Inc.  
6900 I-40 Frontage Road  
Amarillo, Texas 79106  
7015 1520 0002 0438 8802

James Robert Hill, Virginia Glenn Hill  
Lattimore and John A. Styrsky, Trustees of  
the Houston & Emma Hill Trust Estate  
500 W. 7th Street, Suite 1802  
Ft. Worth, Texas 76102-4700  
7015 1520 0002 0438 8772

Stumhoffer Family Partnership, LP  
Jennifer Stumhoffer Pinchal  
P.O. Box 100416  
Fort Worth, Texas 76185  
7015 1520 0002 0438 8741

## **TRACT 2**

The Gross Family LP  
P.O. Box 358  
Roswell, NM 88202  
7015 1520 0002 0438 8666

MBOE, Inc.  
4925 Greenville Avenue  
Suite 915  
Dallas, TX 75206  
7015 1520 0002 0438 8710

Brady M. Lowe  
308 Comet  
Austin, TX 78734  
7015 1520 0002 0438 8697

Pure Energy Group  
153 Treeline Park  
San Antonio, Texas 78209  
7015 1520 0002 0438 8000

Cimarron Exploration Company  
500 North Main Street, Suite 101  
Roswell, New Mexico 88201  
7015 1520 0002 0438 8826

Rorkes Drift, LLC  
207 South Fourth Street  
Artesia, New Mexico 88210  
7015 1520 0002 0438 8796

Everett L. Andrews, Jr. and Adelaide Y.  
Thomsen, as Co-Trustees of the Ruth G.  
Dahlin Revocable Trust dated February 18,  
2004. Everett L. Andrews' address:  
1715 North Wolcott Avenue  
Chicago, Illinois 60622  
7015 1520 0002 0438 8765

Mexco Energy Corporation  
P.O. Box 10502  
Midland, TX 79702  
7015 1520 0002 0438 8734

PetroVest Group Inc  
2409 Kirby Road  
Rowlett, TX 75088  
7015 1520 0002 0438 8703

Larry K. Lowe  
2313 Broadway  
Lubbock, TX 79401  
7015 1520 0002 0438 8680

T.H. McElvain  
1050 17th Street, Suite 2500  
Denver, CO 80265  
7015 1520 0002 0438 7997

Ibex Partnership, Ltd.  
300 N. Breckenridge Avenue  
Breckenridge, Texas 76424  
7015 1520 0002 0438 8819

Patsy B. Carr  
3004 Speedway Avenue  
Wichita Falls, Texas 76308  
7015 1520 0002 0438 8789

Adelaide Thomsen address:  
11117 Blue Sky Drive  
Haslet, Texas 76052  
7015 1520 0002 0438 8758

Mika Petroleum LLC  
P.O. Box 600490  
Dallas, TX 75360  
7015 1520 0002 0438 8727

Health Asset Management  
Lea County, NM

Loretta D. Lowe  
7235 Villa Maria Lane  
Austin, TX 78759  
7015 1520 0002 0438 8673

HOG Partnership LP  
(Verdad Oil & Gas, General Partner)  
5950 Cedar Springs Road, Suite 242  
Dallas, TX 75235  
7015 1520 0002 0438 8543

McGary Living Trust- SPH  
Brian McGary, Trustee  
Bank of America, N.A., Agent  
P.O. Box 830308  
Dallas, TX 75283-0308  
7015 1520 0002 0438 8574

McElvain Energy Fund 2011, LLC  
1050 17th Street, Suite 2500  
Denver, CO 80265  
7015 1520 0002 0438 8604

Kaiser-Francis Oil Company  
P.O. Box 21468  
Tulsa, OK 74121  
7015 1520 0002 0438 8628

T. H. McElvain Oil & Gas LLLP  
1050 17th Street, Suite 2500  
Denver, CO 80265-2080  
7015 1520 0002 0438 8550

McGary Family Trust - Kelly Separate  
Property, Kelly McGary, Trustee, Bank  
of America, N.A., Agent  
P.O. Box 830308  
Dallas, TX 75283-0308  
7015 1520 0002 0438 8581

Nearburg Exploration Company  
P.O. Box 823085  
Dallas, TX 75382  
7015 1520 0002 0438 8659

Ralph C. McElvain, Jr.  
5318 South Cottonwood Club Circle  
Salt Lake City, UT 84117  
7015 1520 0002 0438 8611

Jacquelin M. Withers, Trustee of the  
Jacquelin M. Withers Trust under  
agreement dated December 10, 1992  
3429 Devonshire Way  
Palm Beach Gardens, FL 33418-6881  
7015 1520 0002 0438 8567

Mary Jane McGary, Trustee  
Mary Jane McGary Trust  
Bank of America, N.A., Agent  
P.O. Box 830308  
Dallas, TX 75283-0308  
7015 1520 0002 0438 8598

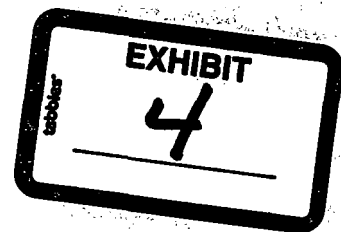
McElvain Oil Company, LP  
P.O. Box 801888  
Dallas, TX 75380  
7015 1520 0002 0438 8642



### Legal Notice

**To: Health Asset Management, and any unknown person who has a mineral interest in the W/2 E/2 of Section 30, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.**

Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for the **EK 30 BS2 Federal Com No. 2H Well** to be completed within the E-K; Bone Spring Pool (Pool Code 21650) underlying Section 30, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The completed interval for the **EK 30 BS2 Federal Com No. 2H Well** encroaches on the spacing and proration units to the North and South. Any objection to this application must be filed in writing within twenty days from date of publication 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 Rick Harris, (303) 92-6487 or [Rick.Harris@McElvain.com](mailto:Rick.Harris@McElvain.com).



**HOLLAND & HART**<sup>LLP</sup>



**Jordan L. Kessler**

**Associate**

**Phone (505) 988-4421**

**Fax (505) 983-6043**

**jlkessler@hollandhart.com**

January 23, 2017

**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 30 BS2 Federal Com No. 2H Well in the W/2 E/2 of Section 30, 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.**

**Lowe, Leonard, EMNRD**

---

**From:** Lowe, Leonard, EMNRD  
**Sent:** Tuesday, February 21, 2017 8:12 AM  
**To:** Jordan Kessler  
**Cc:** Brown, Maxey G, EMNRD; Kautz, Paul, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Jones, William V, EMNRD; 'jglover@blm.gov'  
**Subject:** McElvain Energy Inc. Approved Non Standard Location Orders: NSL-7501, NSL-7502, NSL-7503, NSL-7504 (EK Fed Com wells)

**Importance:** High

Ms. Jordan Kessler,

The following administrative orders have been issued and will soon be available on the Division's web site: <http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

**NSL-7501**

API #: 30-025-PENDING

WELL: EK 29 Federal Com No. 1H, Lea County

**NSL-7502**

API #: 30-025-PENDING

WELL: EK 29 Federal Com No. 2H, Lea County

**NSL-7503**

API #: 30-025-PENDING

WELL: EK 30 Federal Com No. 1H, Lea County

**NSL-7504**

API #: 30-025-PENDING

WELL: EK 30 Federal Com No. 2H, Lea County

Have a Wonderful day!

**Leonard Lowe**

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492