

01/23/17 DATE IN	SUSPENSE	ENGINEER LRL	01/24/17 LOGGED IN	TYPE NSL	PEL 1702434238 APP NO.
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62/13/17

ABOVE THIS LINE FOR DIVISION USE ONLY

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



NSL-7501

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]

McELVAIN ENERGY, INC

#22044

EK 29 BS2 FED COM

NO. 1H

API # 30-025-

POOL: E-K: BONE SPRING [# 21656]

-(R-4981)-

[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

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[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

Attorney
Title

1/23/17
Date

jlkessler@hollandhart.com
e-mail Address

HOLLAND & HART^{LLP}



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

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2017 JAN 23 P 12:52

Re: Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 29 BS2 Federal Com No. 1H Well in the E/2 E/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. 1H 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 235 feet from the North line and 1,420 feet from the East line (Unit ~~B~~A) of Section 29. The first perforation will be located 330 feet from North line and 660 feet from the East line (Unit A) and the last perforation will be 330 feet from the South line and 660 feet from the East line (Unit P) of Section 29. 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 29 BS2 Federal Com No. 1H Well** encroaches on the spacing and proration units to the North and South.

Exhibit 2 is a land plat for Section 29 and the surrounding sections that shows the proposed **EK 29 BS2 Federal Com No. 1H 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. ☐

HOLLAND & HART^{LLP}



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.

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

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

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (505) 833-6161 Fax: (505) 833-0720

DISTRICT II
911 S. First St., Artesia, NM 88210
Phone (505) 748-1228 Fax: (505) 748-0720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 834-6176 Fax: (505) 834-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-2460 Fax: (505) 476-2463

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	Pool Code	Pool Name
Property Code	Property Name EK 29 BS2 FEDERAL COM	Well Number 1H
GRID No.	Operator Name McELVAIN ENERGY, INC	Elevation 4050'

Surface Location

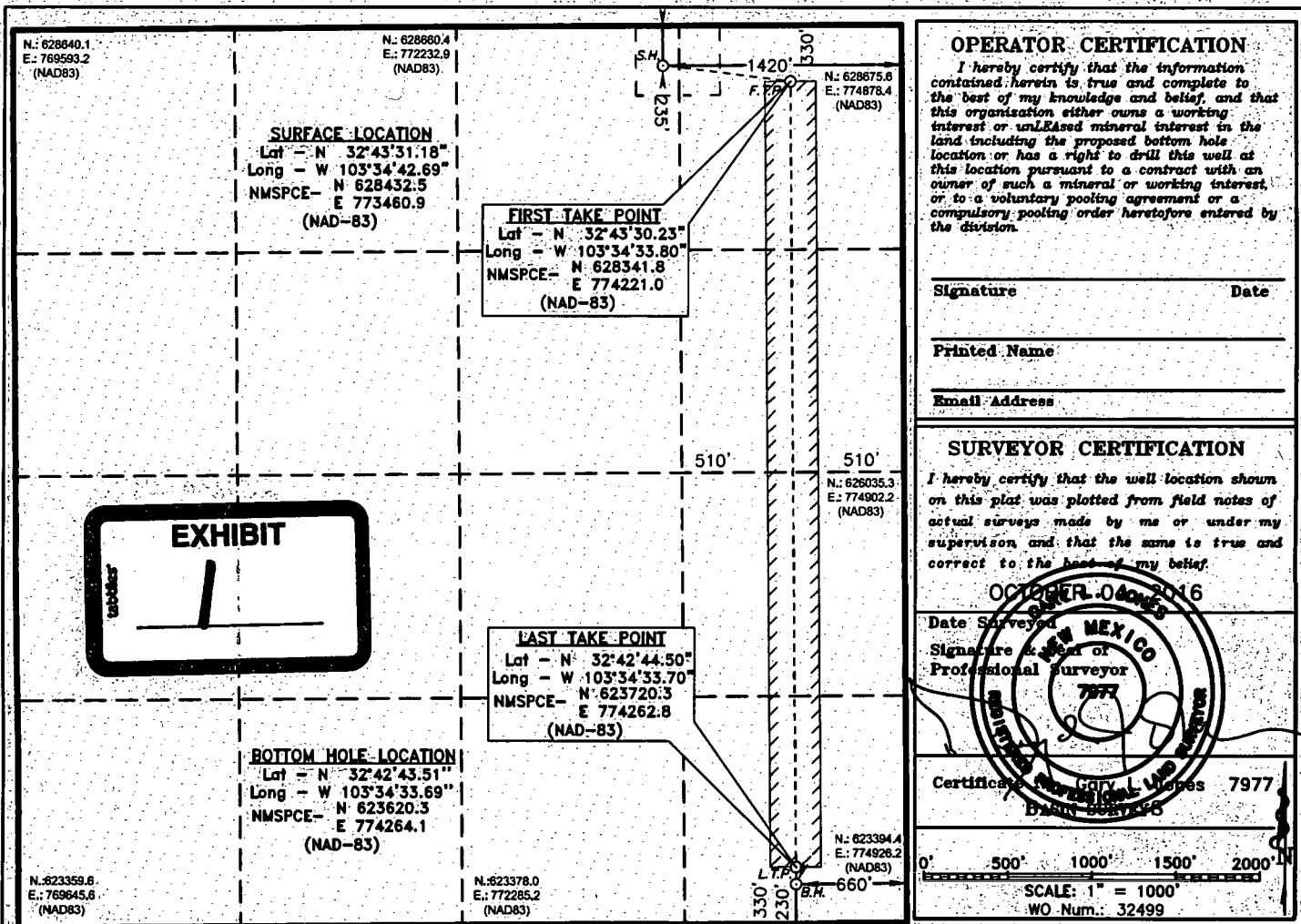
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
BK	29	18 S	34 E		235	NORTH	1420	EAST	LEA

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
P	29	18 S	34 E		230	SOUTH	660	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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



McElvain Energy, Inc.
EK 29 BS2 Federal Com #1H
NSL Notice Plat
Sec. 29, T18S, R34E
Lea County, NM

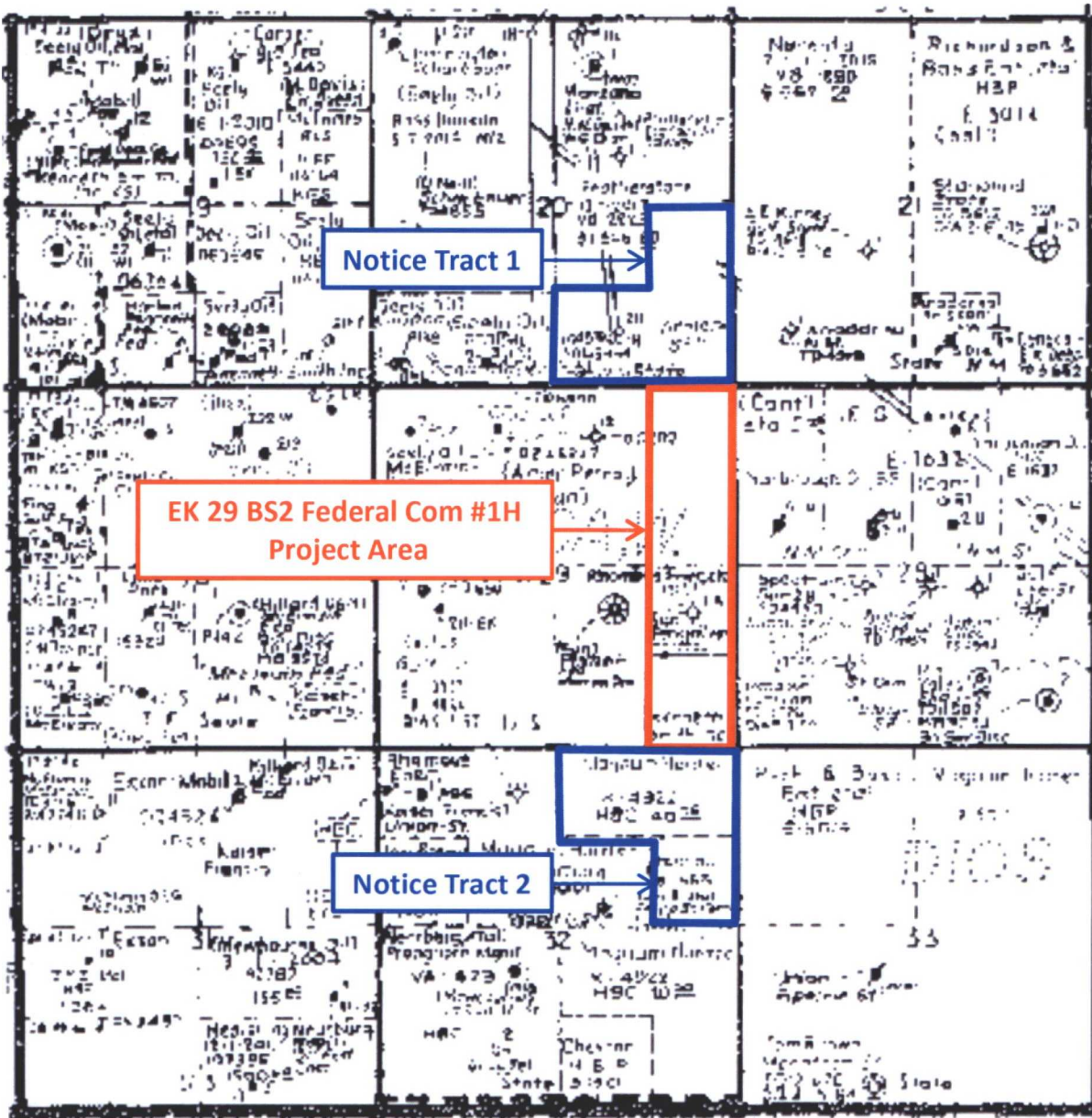


EXHIBIT 3

Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 29 BS2 Federal Com No. 1H Well in the E/2 E/2 of Section 29, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

TRACT 2

Mewbourne Oil Company
P.O. Box 7698
Tyler, TX 75711
7016 1370 0000 0804 1046

Larry K. Lowe, Registered Agent
Lowe Minerals and Land Family
Partnership, Ltd.
2313 Broadway
Lubbock, Texas 79401
7016 1370 0000 0804 1145

Don O. Chapell Inc.
2230 Republic Bank Tower
Dallas, TX 75201
7016 1370 0000 0804 1176

Penroc Oil Corporation
P.O. Box 2769
Hobbs, New Mexico 88241
7016 1370 0000 0804 1206

Mewbourne Development
Partners, 93-B, L.P.
P.O. Box 7698
Tyler, Texas 75711
7016 1370 0000 0804 1053

Mexco Energy Corporation
214 W. Texas Ave. Suite 1101
Midland, TX 79701
7016 1370 0000 0804 1152

DelMar Holdings LP,
f/k/a Parks & Luttrell Inc.
1221 Lamar, Suite 1328
Houston, TX 77010
7016 1370 0000 0804 1183

Mewbourne Development Corp.
P.O. Box 7698
Tyler, TX 75711
7016 1370 0000 0804 1213

Marvin C. Gross, Trustee
Marvin C. Gross Trust u/t/a
October 12, 2015
P.O. Box 358
Roswell, NM 88202
7016 1370 0000 0804 1060

Trainer Partners Ltd.
P.O. Box 3788
Midland, TX 79702
7016 1370 0000 0804 1169

Viersen Oil & Gas
7130 South Lewis Avenue
Tulsa, OK 74136
7016 1370 0000 0804 1190

EGL Resources Inc.
508 West Wall Street,
Suite 1250
Midland, TX 79701
7016 1370 0000 0804 1220

TRACT 1

Matador Production Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
7016 1370 0000 0804 1237

HOLLAND & HART



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 29 BS2 Federal Com No. 1H Well in the E/2 E/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.

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