

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF MCELVAIN ENERGY, INC.
FOR A NON-STANDARD WELL LOCATION, A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 16336

**APPLICATION OF MCELVAIN ENERGY, INC.
FOR A NON-STANDARD WELL LOCATION, A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 16337

APPLICANT'S PRE-HEARING STATEMENT

Applicant hereby submits this Pre-Hearing Statement pursuant to the rules of the Oil
Conservation Division.

APPEARANCES

APPLICANT

McElvain Energy, Inc.
MAC Resources, LLC
1050 17th St., Suite 2500
Denver, CO 80265
303/893-0933

ATTORNEY

Michael H. Feldewert, Esq.
Jordan L. Kessler, Esq.
Julia Broggi, Esq.
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APPLICANT'S STATEMENT OF CASE

In Case No. 16336, McElvain Energy, Inc., as manager of Mac Resources, LLC
("McElvain") seeks an order (1) creating a non-standard 240-acre, more or less, spacing and

proration unit underlying the E/2 SW/4 of Section 19 and the E/2 W/2 of Section 30, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico; (2) pooling uncommitted interests in the E-K Bone Spring Pool (Pool Code 21650) underlying this acreage; and (3) approving the unorthodox well location. The Unit will be the project area for the **EK 30 BS2 Federal Com No. 3H Well**, which will be drilled horizontally from a surface location in the SW/4 SW/4 (Unit M) of Section 30 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 19.

In Case No. 16337, McElvain seeks an order (1) creating a non-standard 225.41-acre, more or less, spacing and proration unit underlying Lots 3 and 4 [W/2 SW/4 equivalent] of Section 19 and Lots 1–4 [W/2 W/2 equivalent] of Section 30, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico; (2) pooling uncommitted interests in the E-K Bone Spring Pool (Pool Code 21650) underlying this acreage; and (3) approving the unorthodox well location. The Unit will be the project area for the **EK 30 BS2 Federal Com No. 4H Well**, which will be drilled horizontally from a surface location in the SW/4 SW/4 (Lot 4) of Section 30 to a bottom hole location in the NW/4 SW/4 (Lot 3) of Section 19.

Both spacing units have been placed in the E-K; Bone Spring Pool (21650). The Special Rules for this pool, as adopted by Division Order R-4981, require 80-acre spacing units and that the completed interval for a well be located within 150 feet of the center of the quarter-quarter section. Pursuant to Rule 3 of the Special Rules for the EK-Bone Spring Pool, McElvain requests an unorthodox well location for each well, as follows:

- Case No. 16336: The first take point will be 100 feet from the South line, 1980 feet from the West line of Section 30. The last take point will be 2539 feet from the South line, 1980 feet from the West line of Section 19. The completed interval for this horizontal well will be at an unorthodox location because it is closer to the northern and southern boundaries of the proposed spacing and proration unit than

allowed by the Special Rules.

- Case No. 16337: The first take point will be 100 feet from the South line, 660 feet from the West line of Section 30. The last take point will be 2540 feet from the South line, 660 feet from the West line of Section 19. The completed interval for this horizontal well will be at an unorthodox location because it is closer to the northern and southern boundaries of the proposed spacing and proration unit than allowed by the Special Rules.

APPLICANT'S PROPOSED EVIDENCE

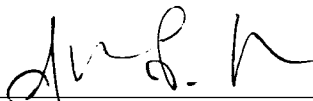
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Rick Harris, Land Manager	Approx. 10 minutes	Approx. 7
Kyle Shefte, Geologist	Approx. 10 minutes	Approx. 3

PROCEDURAL MATTERS

McElvain respectfully requests that these cases be consolidated for hearing purposes.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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