

Release Date: June 27, 1988

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T. H. McELVAIN OIL & GAS PROPERTIES

T. H. McELVAIN, JR., MANAGER

220 SHELBY STREET

P. O. Box 2148

SANTA FE, NEW MEXICO 87504-2148

CATHERINE B. McELVAIN

CATHERINE M. HARVEY

T. H. McELVAIN, JR.

TELEPHONE 982-1835

AREA CODE 505

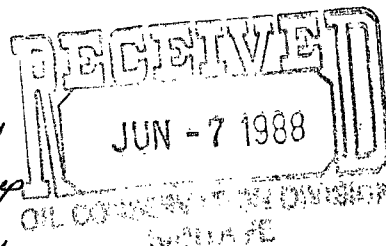
June 7, 1988

Mr. William J. LeMay, Director
State of New Mexico Oil
Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

*Undesignated
Lybrook Gallup
Pool*

40-Acre

SW 1/4 SW 1/4 Section 36



Re: Application by T. H. McElvain Oil & Gas Properties for approval of an unorthodox oil well location in the undesignated Lybrook Gallup Field under New Mexico State Oil & Gas Lease E-6833

Dear Mr. LeMay:

T. H. McElvain Oil & Gas Properties (hereinafter referred to as "McElvain") as Operator of the Gallup formation under State of New Mexico Oil & Gas Lease #E-6833 under date of December 23, 1952, hereby requests administrative approval for an unorthodox location for the drilling of the Lim #1 at a location 1250 feet from the south line and 850 feet from the west line of Section 36, Township 24 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. The proration unit to be dedicated to this well is the southwest quarter of the southwest quarter of Section 36. The proposed unorthodox location lies 260 feet north of a legal location under the statewide spacing rules which apply to the Lybrook Gallup field (see attached plat labeled Exhibit "A"). This shift of the location to the north of a legal location is necessary due to a small mesa running east-west through the spacing unit (see attached topographic sheet labeled Exhibit "B"). The proposed location is on top of the mesa, as far south as we are able to go without dropping off its edge. As you can see on the topo sheet (Exhibit "B"), this is the only area within the southwest quarter of the southwest quarter that is a feasible location due to the existing topographic conditions. McElvain also controls the northwest quarter of the southwest quarter which is the offsetting proration unit that will be crowded by this unorthodox location.

In compliance with Rule 104, Section F, of the General Rules and Regulations of the Oil Conservation Division, McElvain submits herewith on the attached plat labeled Exhibit "A", the operators of all leases offsetting the proration unit and all wells drilled thereon. We also include the names and addresses of all offset operators upon whom McElvain has served notice of this application by

*NSL-2540
RULE-104 F(E)*

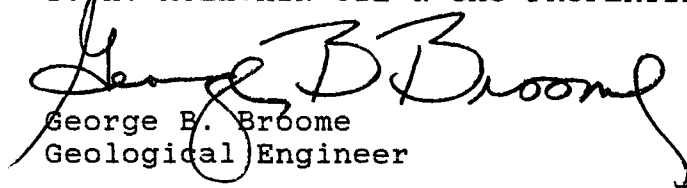
Mr. William LeMay
June 7, 1988
Page 2

certified mail (see attached schedule labeled Exhibit "C"). We have requested waivers from each.

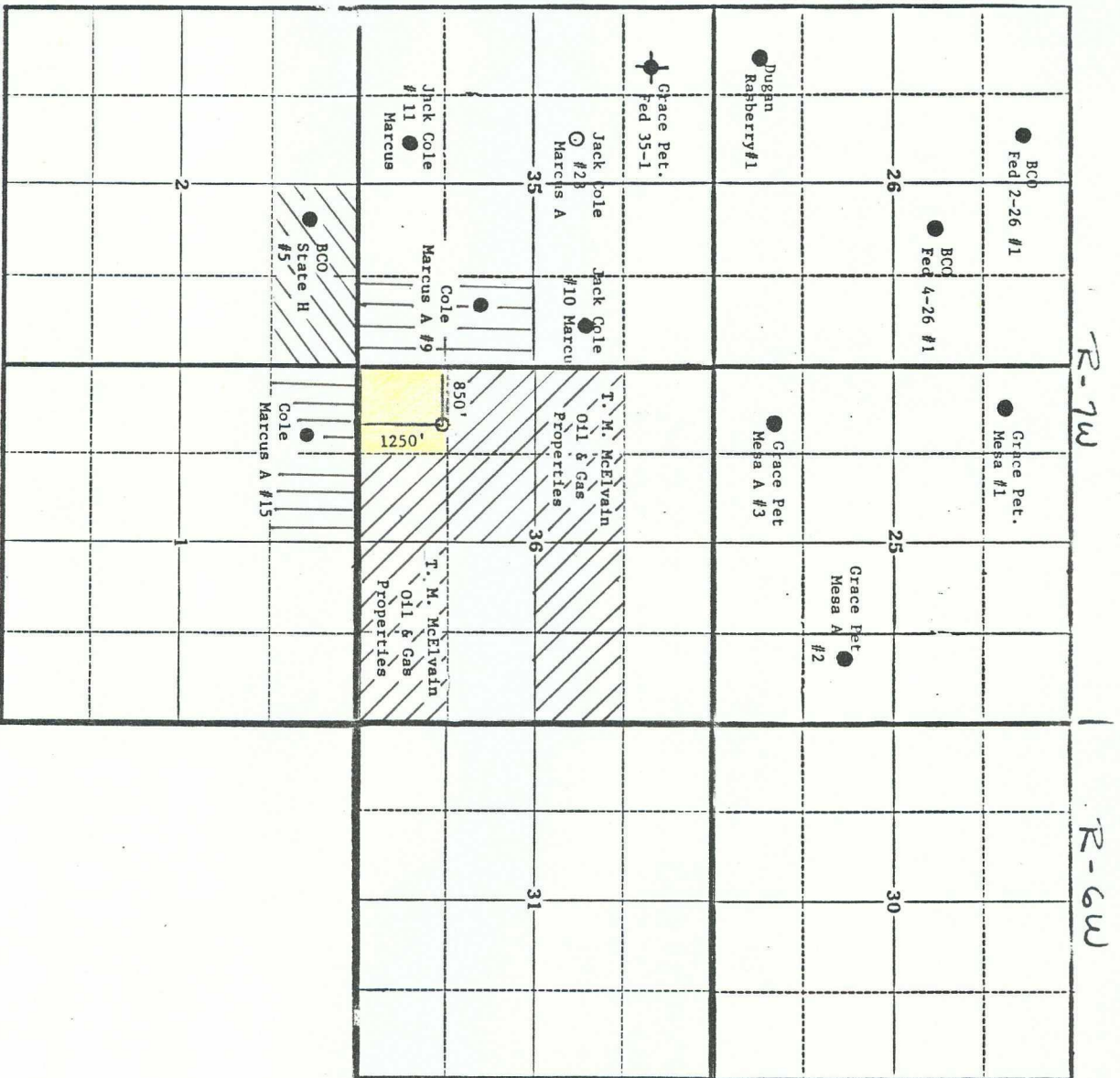
It is McElvain's opinion that approval of this application will prevent waste and protect correlative rights.

Respectfully submitted,

T. H. McELVAIN OIL & GAS PROPERTIES


George B. Broome
Geological Engineer

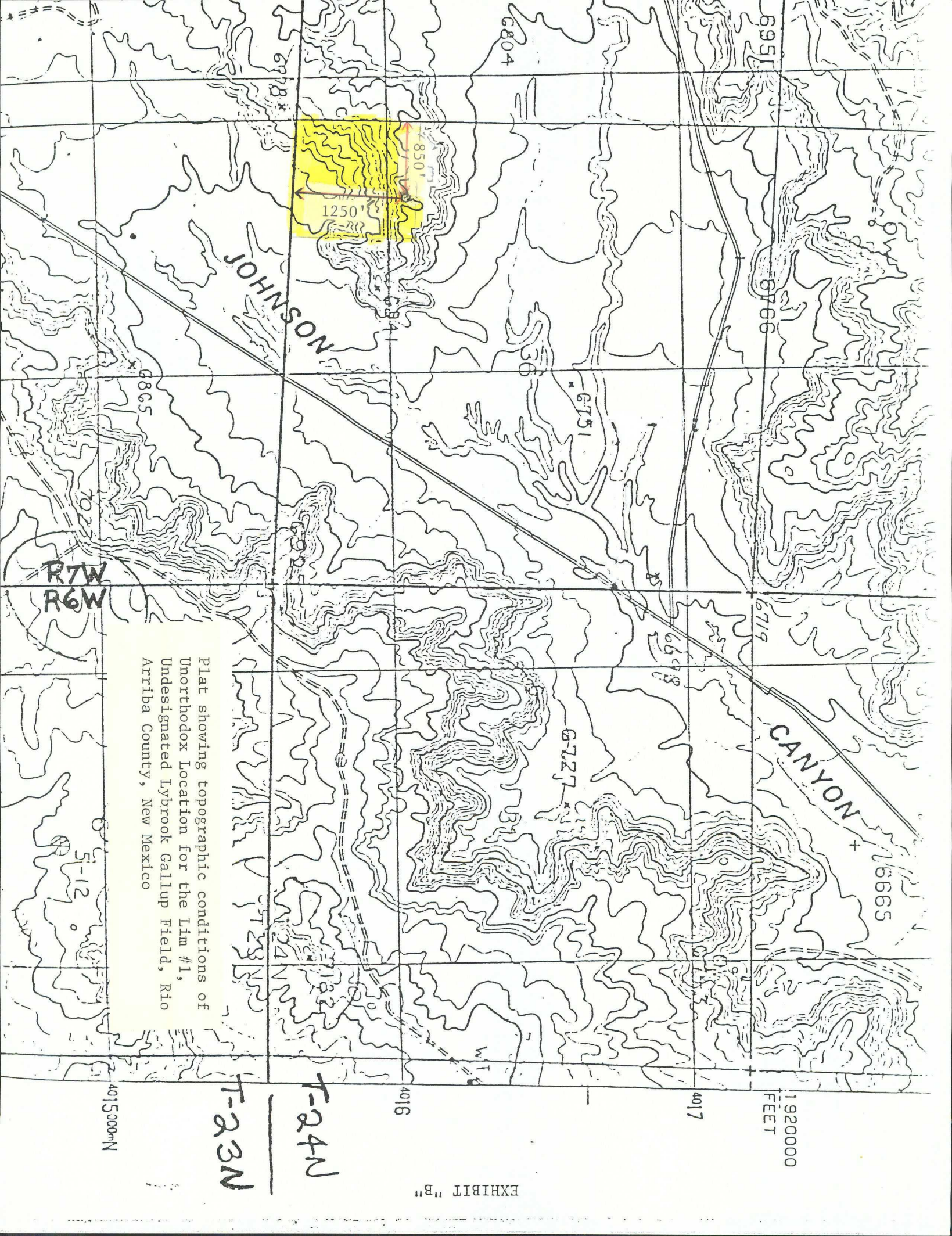
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Enclosures



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N
EXHIBIT "A"

T. H. McElvain Oil & Gas Properties
P.O. Box 2148
Santa Fe, New Mexico 87504-2148

Plat of Unorthodox Location for the Lim #1, a 40-acre
Standard Proration Unit on State of New Mexico Lease
E-6833, Undesignated Lybrook Gallup Field, Rio
Arriba County, New Mexico



R7W
R6W

Plat showing topographic conditions of
Unorthodox location for the Lim #1,
Undesignated Lybrook Gallup Field, Rio
Arriba County, New Mexico

T-23N

T-24N

EXHIBIT "B"

EXHIBIT "C"

Names and Addresses of
Direct and Diagonal Offset Operators
to
T. H. McElvain Oil & Gas Properties' Lim #1
located in the
SW/4 SW/4 Sec 36 T24N R7W NMPM
Rio Arriba County, New Mexico

BCO, Inc.
135 Grant Avenue
Santa Fe, New Mexico 87501

Jack A. Cole
Post Office Box 191
Farmington, New Mexico 87499

T. H. McELVAIN OIL & GAS PROPERTIES

T. H. McELVAIN, JR., MANAGER

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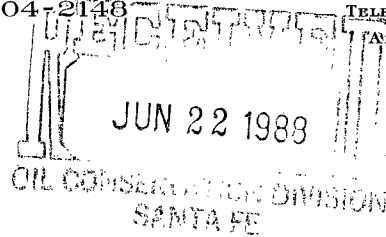
CATHERINE B. McELVAIN

CATHERINE M. HARVEY

T. H. McELVAIN, JR.

TELEPHONE 982-1035

AREA CODE 505



Mr. William J. LeMay, Director
State of New Mexico Oil
Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Re: Application by T. H. McElvain Oil & Gas
Properties for approval of an unorthodox
oil well location in the undesignated
Lybrook Gallup Field under New Mexico
State Oil & Gas Lease E-6833

Dear Mr. Lemay:

BCO, Inc., as an offset owner to the T. H. McElvain Oil & Gas
Properties Lim #1 unorthodox location 1250' FSL and 850' FWL in
Section 36, Township 24 North, Range 7 West, Rio Arriba County, New
Mexico, hereby waives its right to object to this unorthodox location.

Very truly yours,

JACK A. COLE

By

Its

Date

Jack A. Cole

Post Office Box 191

Farmington, New Mexico 87499

GBB:rrw

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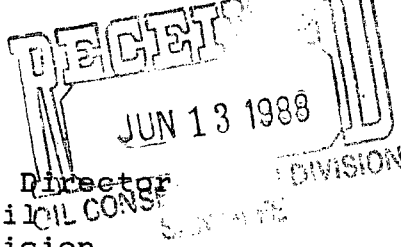
GATHERINE B. McELVAIN

GATHERINE M. HARVEY

T. H. McELVAIN, JR.

TELEPHONE 982-1935

AREA CODE 505



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State of New Mexico Oil Conservation
Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

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Section 36, Township 24 North, Range 7 West, Rio Arriba County, New
Mexico, hereby waives its right to object to this unorthodox location.

Very truly yours,

BCO, Inc.

By Elizabeth B. Keeshan
Its Vice President
Date 6/9/88

BCO, Inc.
135 Grant Avenue
Santa Fe, New Mexico 87501

:rrw