

7/1/10

D.B.

7/1/10

NSL

616W

1018239405

DATE IN 3/3/10	SUSPENSE	ENGINEER DB	LOGGED IN df	TYPE NSL	APP NO. DWS 10953289
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



Farben Oil & Paul
 Federal 26A #4
 30-025-39809

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

6228

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 _____

RECEIVED OGD
 2010 MAR 31 P 4: 18

- [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.

Ocean Munds-Dry Ocean Munds-Dry attorney 3-31-10
 Print or Type Name Signature Title Date

omundsdry@hollandhart.com
 e-mail Address

HOLLAND & HART^{LLP}



RECEIVED OCD

2010 MAR 31 P 4:21

March 31, 2010

Ocean Munds-Dry
Associate
omundsdry@hollandhart.com

HAND-DELIVERY

Mr. Mark Fesmire, Director
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 Fasken Oil and Ranch, Ltd ("Fasken"), Inc., for administrative approval of an unorthodox well location for its Federal "26A" Well No. 4, to be drilled to the Delaware formation at a location 1525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Fasken Oil and Ranch, Ltd. ("Fasken") hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 of an unorthodox well location for its Federal "26A" Well No. 4, in the Delaware formation, to be drilled 1525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

This proposed location in the Delaware formation is unorthodox because it is governed by the Division's statewide rules which provides for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the spacing unit. The proposed location is 205 feet from the south boundary and 300 feet from the east boundary of the spacing unit. A standard 40-acre spacing unit comprised of the NE/4 SE/4 (Unit I) of Section 26 will be dedicated to the well.

This surface location is required by the Bureau of Land Management due to a sand dune complex in the remainder of the 40-acre tract that is potential sand dune lizard habitat. A copy of the C-102 is attached as **Exhibit A**.

This location encroaches on the spacing units to the south, southeast and the east. Fasken is the designated operator of the SE/4 SE/4 (Unit P) of this section and the working interest ownership is common. McElvain Oil and Gas Properties is the

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

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

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operator in the W/2 SW/4 of Section 25. A copy of a plat showing the offset spacing units is attached as **Exhibit B**. A copy of this application with all attachments was mailed to McElvain and McElvain has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Ocean Munds-Dry".

Ocean Munds-Dry
ATTORNEY FOR FASKEN OIL & RANCH,
LTD.

Enclosures

cc: Jimmy Carlile
Oil Conservation Division – Hobbs

OFFSETS IN SECTION 26

	D	C	B	A	
	E	F	G	H	
	L	K	J	I	(25)
	M	N	O	P	

Handwritten notes:

- Yellow shaded area with diagonal lines and a dashed border, containing a dot, labeled "Easter".
- Pink shaded area with diagonal lines, labeled "McElvain".

tabbles® EXHIBIT B

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, April 05, 2010 9:36 AM
To: 'Ocean Munds-Dry'
Subject: Fasken O&R - NSL Application

Dear Ocean

I have received the referenced application.

Please ascertain from Fasken if Brooks Oil & Gas Interests, Ltd, owns any interest in the lease that is the subject of this application or any acreage affected thereby. If so, I will hand this to another examiner.

Sincerely

David

Davidson, Florene, EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Tuesday, April 13, 2010 10:51 AM
To: Davidson, Florene, EMNRD
Subject: RE: Application

Let me find out. Do you know who objected?

From: Davidson, Florene, EMNRD [mailto:florene.davidson@state.nm.us]
Sent: Tuesday, April 13, 2010 10:47 AM
To: Ocean Munds-Dry
Subject: Application

Ocean, David Brooks just gave me an objection to the administrative application for an unorthodox well location you filed on behalf of Fasken Oil and Ranch, Ltd. for its Federal "26A" Well No. 4 to be drilled in Section 26, Township 18 South, Range 33 East, Lea County. He told me to set it for hearing. Do you want it set for the May 13 hearing? If so, could you send me a proposed ad? Thank you very much.

Florene

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June 30, 2010

HAND-DELIVERED

Mark E. Fesmire, P.E.
Chairman
Oil Conservation Commission
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD
2010 JUN 30 P 14:22

Re: Application of Fasken Oil and Ranch, Ltd. for administrative approval of an unorthodox well location for the Federal "26A" Well No. 4, Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico.

Dear Mr. Fesmire:

On March 31, 2010, Fasken Oil and Ranch, Ltd. ("Fasken") filed an application for administrative approval of an unorthodox well location for its Federal "26A" Well No. 4 to be drilled in Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico. On April 9th, McElvain Oil & Gas Properties ("McElvain") filed an objection to the application and requested the matter be set for hearing. Attachment A. The Division ultimately did not set the application for hearing because the parties were in the process of discussing the application.

McElvain and Fasken have entered into an agreement regarding the proposed well Attachment B. McElvain has indicated that it withdraws its objection to Fasken's application. Therefore, Fasken respectfully requests this application to be considered and approved administratively. Attachment C.

Please let me know if you have any questions or concerns.

Sincerely,


Ocean Munds-Dry
Attorney for Fasken Oil and Ranch, Ltd.

cc: Richard Ezeanyim
Jimmy Carlile (Fasken)
Chris Manning (McElvain)

T. H. McELVAIN OIL & GAS LIMITED PARTNERSHIP

McELVAIN OIL & GAS PROPERTIES, INC., SOLE GENERAL PARTNER

1050 17TH STREET, SUITE 1800
DENVER, COLORADO 80265-1801

CHRIS E. MANNING
LANDMAN

TELEPHONE 303-893-0933, EXT. 329
FAX 303-893-0914
E-MAIL: CHRISM@MCELVAIN.COM

April 9, 2010

Mr. Mark Fesmire, Director
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 Fasken Oil and Ranch, Ltd. for administrative approval of an unorthodox well location for the Federal "26A" Well No. 4, targeting the Delaware formation with a proposed well location of 1,525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

McElvain Oil and Gas Properties, Inc., the division-designated operator and interest owner in the W2SW of Section 25 (the adjoining spacing unit) formally objects to administrative approval of the application of Fasken Oil and Ranch, Ltd. for an unorthodox well location for the proposed Federal "26A" Well No. 4 and requests a hearing regarding the aforementioned application.

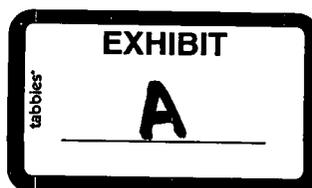
Please contact me to discuss McElvain's request for hearing at your earliest convenience.

Regards,



Chris E. Manning
Landman
McElvain Oil & Gas Properties, Inc.

Enclosures (1): Notification of Application, received 4/2/10





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PS Form 3800, August 2008 See Reverse for Instructions	

Chris
Postmark Here
4-9-10

AMEX Charges Report

5208 OCEAN MUNDS-DRY

Credit Card #: 3782-966800-01888

Transaction Date	Description of Charge	USD Amt
5/20/2010	ZE FRENCH BISTRO 676 SANTA FE	\$26.06
5/26/2010	THE PINK ADOBE SANTA FE	\$64.95
	Totals	\$91.01

T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP

MCELVAIN OIL & GAS PROPERTIES, INC., SOLE GENERAL PARTNER

1050 17TH STREET, SUITE 2500
DENVER, COLORADO 80265-1801

JOHN STEUBLE
VICE-PRESIDENT, ENGINEERING

TELEPHONE 303-893-0933, EXT. 302
FAX 303-893-0914
E-MAIL: JOHNS@MCELVAIN.COM

June 28, 2010

Fasken Oil and Ranch, Ltd.
303 W. Wall Street, Suite 1800
Midland, TX 79701

Re: Unorthodox Well Location for the Federal 26A Well No. 4
Township 18 South, Range 33 East, NMPM
Section 26: SENESE
300' FEL & 1,525' FSL
Lea County, New Mexico

The purpose of this letter is to memorialize the agreement between Fasken Oil and Ranch, Ltd. ("Fasken") and McElvain Oil & Gas Properties, Inc. ("McElvain") regarding the unorthodox well location for the Federal 26A Well No. 4 referenced above (the "Well"). McElvain received notice of Fasken's Application for administrative approval of an unorthodox location for the Well which encroaches on McElvain's spacing unit by 30 feet, a 9.09% variance from the required 330' from the lease line. The BLM requires the unorthodox location due to the presence of a sand dune. McElvain agrees to grant Fasken's waiver request for the unorthodox well location so long as both Fasken and McElvain agree to the following conditions:

1. In the event that McElvain requests the approval of one unorthodox well location in the future that encroaches on any of Fasken's interests by no more than a 9.09% variance from the required distance from Fasken's lease line and is required by a governmental authority, Fasken agrees to grant t McElvain's waiver request for the unorthodox well location.
2. Fasken agrees to provide copies of the well logs and operations reports (including any bottom-hole pressure surveys) for the Well to McElvain. Likewise, McElvain agrees to provide the same information to Fasken in the event McElvain drills a well at an unorthodox location as set out in the preceding paragraph.



Fasken Oil & Ranch, Ltd.
Unorthodox Well Location Letter Agreement
June 28, 2010
Page 2 of 2

3. The parties agree that the terms and conditions of this agreement and all information received from the other party, including but not limited to well logs and operations reports, shall remain confidential.

Please acknowledge Fasken's agreement to terms and conditions of this letter by executing below and returning an original signature page to McElvain.

Sincerely,

McElvain Oil & Gas Properties, Inc.



John Steuble
Vice President, Engineering

Agreed to and accepted this 29 day of June, 2010.

Fasken Oil and Ranch, Ltd.

By: Sally M. Kvasnicka
Name: Sally M. Kvasnicka
Title: Land Manager



March 31, 2010

HAND-DELIVERY

Mr. Mark Fesmire, Director
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 Fasken Oil and Ranch, Ltd (“Fasken”), Inc., for administrative approval of an unorthodox well location for its Federal “26A” Well No. 4, to be drilled to the Delaware formation at a location 1525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

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HOLLAND & HART



operator in the W/2 SW/4 of Section 25. A copy of a plat showing the offset spacing units is attached as **Exhibit B**. A copy of this application with all attachments was mailed to McElvain and McElvain has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry
ATTORNEY FOR FASKEN OIL & RANCH,
LTD.

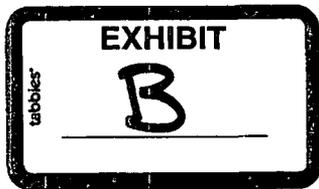
Enclosures

cc: Jimmy Carlile
Oil Conservation Division – Hobbs

OFFSETS IN SECTION 26

	D	C	B	A	
	E	F	G	H	
	L	K	J	I	(25)
	M	N	O	P	<i>McElvain</i>

Easter





June 30, 2010

HAND-DELIVERED

Mark E. Fesmire, P.E.
Chairman
Oil Conservation Commission
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OGD
2010 JUN 30 P 4: 23

Re: Application of Fasken Oil and Ranch, Ltd. for administrative approval of an unorthodox well location for the Federal "26A" Well No. 4, Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico.

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Please let me know if you have any questions or concerns.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry
Attorney for Fasken Oil and Ranch, Ltd.

cc: Richard Ezeanyim
Jimmy Carlile (Fasken)
Chris Manning (McElvain)

T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP

MCELVAIN OIL & GAS PROPERTIES, INC., SOLE GENERAL PARTNER

1050 17TH STREET, SUITE 1800
DENVER, COLORADO 80265-1801

CHRIS E. MANNING
LANDMAN

TELEPHONE 303-893-0933, EXT. 329
FAX 303-893-0914
E-MAIL: CHRISM@MCELVAIN.COM

April 9, 2010

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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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Please contact me to discuss McElvain's request for hearing at your earliest convenience.

Regards,



Chris E. Manning
Landman
McElvain Oil & Gas Properties, Inc.

Enclosures (1): Notification of Application, received 4/2/10





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Form 3800, August 2006 See Reverse for Instructions	

Chris
Postmark Here
4-9-10

AMEX Charges Report

5208 OCEAN MUNDS-DRY

Credit Card #: 3782-966800-01888

Transaction Date	Description of Charge	USD Amt
5/20/2010	ZE FRENCH BISTRO 676 SANTA FE	\$26.06
5/26/2010	THE PINK ADOBE SANTA FE	\$64.95
	Totals	\$91.01

T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP

MCELVAIN OIL & GAS PROPERTIES, INC., SOLE GENERAL PARTNER

1050 17TH STREET, SUITE 2500
DENVER, COLORADO 80265-1801

JOHN STEUBLE
VICE-PRESIDENT, ENGINEERING

TELEPHONE 303-893-0933, EXT. 302
FAX 303-893-0914
E-MAIL: JOHNS@MCELVAIN.COM

June 28, 2010

Fasken Oil and Ranch, Ltd.
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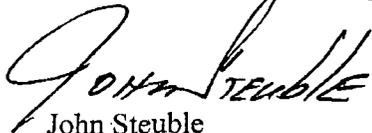
Fasken Oil & Ranch, Ltd.
Unorthodox Well Location Letter Agreement
June 28, 2010
Page 2 of 2

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Please acknowledge Fasken's agreement to terms and conditions of this letter by executing below and returning an original signature page to McElvain.

Sincerely,

McElvain Oil & Gas Properties, Inc.



John Steuble
Vice President, Engineering

Agreed to and accepted this 29 day of June, 2010.

Fasken Oil and Ranch, Ltd.

By: Sally M. Kvasnicka
Name: Sally M. Kvasnicka
Title: Land Manager

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

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

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 NSL NSP SD

Check One Only for [B] or [C]

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 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

2010 MAR 21 P 4:18
 RECEIVED OGD

[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

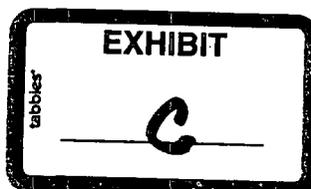
[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[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.

Ocean Munds-Dry Ocean Munds-Dry attorney 3-31-10
 Print or Type Name Signature Title Date

omundsdry@hollandhart.com
 e-mail Address



March 31, 2010

HAND-DELIVERY

Mr. Mark Fesmire, Director
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 Fasken Oil and Ranch, Ltd ("Fasken"), Inc., for administrative approval of an unorthodox well location for its Federal "26A" Well No. 4, to be drilled to the Delaware formation at a location 1525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Fasken Oil and Ranch, Ltd. ("Fasken") hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 of an unorthodox well location for its Federal "26A" Well No. 4, in the Delaware formation, to be drilled 1525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

This proposed location in the Delaware formation is unorthodox because it is governed by the Division's statewide rules which provides for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the spacing unit. The proposed location is 205 feet from the south boundary and 300 feet from the east boundary of the spacing unit. A standard 40-acre spacing unit comprised of the NE/4 SE/4 (Unit I) of Section 26 will be dedicated to the well.

This surface location is required by the Bureau of Land Management due to a sand dune complex in the remainder of the 40-acre tract that is potential sand dune lizard habitat. A copy of the C-102 is attached as **Exhibit A**.

This location encroaches on the spacing units to the south, southeast and the east. Fasken is the designated operator of the SE/4 SE/4 (Unit P) of this section and the working interest ownership is common. McElvain Oil and Gas Properties is the

HOLLAND & HART



operator in the W/2 SW/4 of Section 25. A copy of a plat showing the offset spacing units is attached as Exhibit B. A copy of this application with all attachments was mailed to McElvain and McElvain has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry
ATTORNEY FOR FASKEN OIL & RANCH,
LTD.

Enclosures

cc: Jimmy Carlile
Oil Conservation Division - Hobbs

OFFSETS IN SECTION 26

	D	C	B	A	
	E	F	G	H	
	L	K	J	I	(25)
	M	N	O	P	<i>McElvain</i>

Faster





June 30, 2010

HAND-DELIVERED

Mark E. Fesmire, P.E.
Chairman
Oil Conservation Commission
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OGD
2010 JUN 30 P 4:20

Re: Application of Fasken Oil and Ranch, Ltd. for administrative approval of an unorthodox well location for the Federal "26A" Well No. 4, Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico.

Dear Mr. Fesmire:

On March 31, 2010, Fasken Oil and Ranch, Ltd. ("Fasken") filed an application for administrative approval of an unorthodox well location for its Federal "26A" Well No. 4 to be drilled in Section 26, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico. On April 9th, McElvain Oil & Gas Properties ("McElvain") filed an objection to the application and requested the matter be set for hearing. Attachment A. The Division ultimately did not set the application for hearing because the parties were in the process of discussing the application.

McElvain and Fasken have entered into an agreement regarding the proposed well Attachment B. McElvain has indicated that it withdraws its objection to Fasken's application. Therefore, Fasken respectfully requests this application to be considered and approved administratively. Attachment C.

Please let me know if you have any questions or concerns.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry
Attorney for Fasken Oil and Ranch, Ltd.

cc: Richard Ezeanyim
Jimmy Carlile (Fasken)
Chris Manning (McElvain)

T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP

MCELVAIN OIL & GAS PROPERTIES, INC., SOLE GENERAL PARTNER

1050 17TH STREET, SUITE 1800
DENVER, COLORADO 80265-1801

CHRIS E. MANNING
LANDMAN

TELEPHONE 303-893-0933, EXT. 329
FAX 303-893-0914
E-MAIL: CHRISM@MCELVAIN.COM

April 9, 2010

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

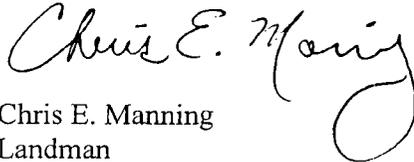
Re: Application of Fasken Oil and Ranch, Ltd. for administrative approval of an unorthodox well location for the Federal "26A" Well No. 4, targeting the Delaware formation with a proposed well location of 1,525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

McElvain Oil and Gas Properties, Inc., the division-designated operator and interest owner in the W2SW of Section 25 (the adjoining spacing unit) formally objects to administrative approval of the application of Fasken Oil and Ranch, Ltd. for an unorthodox well location for the proposed Federal "26A" Well No. 4 and requests a hearing regarding the aforementioned application.

Please contact me to discuss McElvain's request for hearing at your earliest convenience.

Regards,



Chris E. Manning
Landman
McElvain Oil & Gas Properties, Inc.

Enclosures (1): Notification of Application, received 4/2/10





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Return Receipt Fee <small>(Endorsement Required)</small>	2.30
Restricted Delivery Fee <small>(Endorsement Required)</small>	0.00
Total Postage & Fees	\$ 5.98
Sent To Mark Fesmire, Director NM Dept of Energy, Mins & Nat'l Resours Street, Apt. Oil Conservation Division or PO Box 1220 So. Saint Frances Drive City, State, ZIP+4 Santa Fe, NM 87505	
<small>Form 3800, August 2005 See Reverse for Instructions</small>	

Chris
Postmark Here
4-9-10



AMEX Charges Report

5208 OCEAN MUNDS-DRY

Credit Card #: 3782-966800-01888

Transaction Date	Description of Charge	USD Amt
5/20/2010	ZE FRENCH BISTRO 676 SANTA FE	\$26.06
5/26/2010	THE PINK ADOBE SANTA FE	\$64.95
	Totals	\$91.01

T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP

MCELVAIN OIL & GAS PROPERTIES, INC., SOLE GENERAL PARTNER

1050 17TH STREET, SUITE 2500
DENVER, COLORADO 80265-1801

JOHN STEUBLE
VICE-PRESIDENT, ENGINEERING

TELEPHONE 303-893-0933, EXT. 302
FAX 303-893-0914
E-MAIL: JOHNS@MCELVAIN.COM

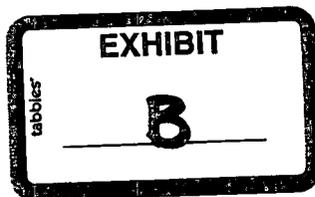
June 28, 2010

Fasken Oil and Ranch, Ltd.
303 W. Wall Street, Suite 1800
Midland, TX 79701

Re: Unorthodox Well Location for the Federal 26A Well No. 4
Township 18 South, Range 33 East, NMPM
Section 26: SENESE
300' FEL & 1,525' FSL
Lea County, New Mexico

The purpose of this letter is to memorialize the agreement between Fasken Oil and Ranch, Ltd. ("Fasken") and McElvain Oil & Gas Properties, Inc. ("McElvain") regarding the unorthodox well location for the Federal 26A Well No. 4 referenced above (the "Well"). McElvain received notice of Fasken's Application for administrative approval of an unorthodox location for the Well which encroaches on McElvain's spacing unit by 30 feet, a 9.09% variance from the required 330' from the lease line. The BLM requires the unorthodox location due to the presence of a sand dune. McElvain agrees to grant Fasken's waiver request for the unorthodox well location so long as both Fasken and McElvain agree to the following conditions:

1. In the event that McElvain requests the approval of one unorthodox well location in the future that encroaches on any of Fasken's interests by no more than a 9.09% variance from the required distance from Fasken's lease line and is required by a governmental authority, Fasken agrees to grant t McElvain's waiver request for the unorthodox well location.
2. Fasken agrees to provide copies of the well logs and operations reports (including any bottom-hole pressure surveys) for the Well to McElvain. Likewise, McElvain agrees to provide the same information to Fasken in the event McElvain drills a well at an unorthodox location as set out in the preceding paragraph.



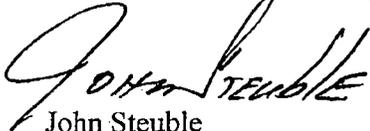
Fasken Oil & Ranch, Ltd.
Unorthodox Well Location Letter Agreement
June 28, 2010
Page 2 of 2

3. The parties agree that the terms and conditions of this agreement and all information received from the other party, including but not limited to well logs and operations reports, shall remain confidential.

Please acknowledge Fasken's agreement to terms and conditions of this letter by executing below and returning an original signature page to McElvain.

Sincerely,

McElvain Oil & Gas Properties, Inc.



John Steuble
Vice President, Engineering

Agreed to and accepted this 29 day of June, 2010.

Fasken Oil and Ranch, Ltd.

By: Sally M. Kvasnicka
Name: Sally M. Kvasnicka
Title: Land Manager

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
---------	----------	----------	-----------	------	---------

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]

- [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 _____

RECEIVED OGD
 2ND MAR 31 P 4:18

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
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U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
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[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.

Ocean Munds-Dry Ocean Munds-Dry attorney 3-31-10
 Print or Type Name Signature Title Date

omundsdry@hollandhart.com
 e-mail Address





March 31, 2010

HAND-DELIVERY

Mr. Mark Fesmire, Director
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 Fasken Oil and Ranch, Ltd (“Fasken”), Inc., for administrative approval of an unorthodox well location for its Federal “26A” Well No. 4, to be drilled to the Delaware formation at a location 1525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

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This surface location is required by the Bureau of Land Management due to a sand dune complex in the remainder of the 40-acre tract that is potential sand dune lizard habitat. A copy of the C-102 is attached as **Exhibit A**.

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HOLLAND & HART



operator in the W/2 SW/4 of Section 25. A copy of a plat showing the offset spacing units is attached as **Exhibit B**. A copy of this application with all attachments was mailed to McElvain and McElvain has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

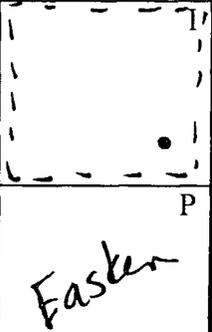
Ocean Munds-Dry
ATTORNEY FOR FASKEN OIL & RANCH,
LTD.

Enclosures

cc: Jimmy Carlile
Oil Conservation Division - Hobbs

OFFSETS IN SECTION 26

	D	C	B	A	
	E	F	G	H	
	L	K	J	I	(25)
	M	N	O	P	McElwain



tabbles
EXHIBIT
B

Davidson, Florene, EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Tuesday, April 27, 2010 11:32 AM
To: Davidson, Florene, EMNRD
Subject: RE: Hearing

Thanks Florene. I am waiting on something in writing from McElvain that they are withdrawing their protest.

From: Davidson, Florene, EMNRD [mailto:florene.davidson@state.nm.us]
Sent: Tuesday, April 27, 2010 11:28 AM
To: Ocean Munds-Dry
Subject: Hearing

Ocean, we're advertising this week for the May 27 examiner hearing. I don't plan to set the Fasken administrative application for an unorthodox well location that was objected to by McElvain for this hearing unless you tell me to. I'll just hold it until I hear from you.

Thank you.

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP

MCELVAIN OIL & GAS PROPERTIES, INC., SOLE GENERAL PARTNER

1050 17TH STREET, SUITE 1800
DENVER, COLORADO 80265-1801

CHRIS E. MANNING
LANDMAN

TELEPHONE 303-893-0933, EXT. 329
FAX 303-893-0914
E-MAIL: CHRISM@MCELVAIN.COM

April 9, 2010

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD
2010 APR 12 P 1:01

Re: Application of Fasken Oil and Ranch, Ltd. for administrative approval of an unorthodox well location for the Federal "26A" Well No. 4, targeting the Delaware formation with a proposed well location of 1,525 feet from the South line and 300 feet from the East line of Section 26, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

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Please contact me to discuss McElvain's request for hearing at your earliest convenience.

Regards,



Chris E. Manning
Landman
McElvain Oil & Gas Properties, Inc.

Enclosures (1): Notification of Application, received 4/2/10

HOLLAND & HART^{LLP}



Ocean Munds-Dry
omundsdry@hollandhart.com

March 31, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RECEIVED

APR 02 2010
RECEIVED
MCELVAIN OIL & GAS
PROPERTIES INC.

McElvain Oil and Gas Properties
Attn: David W. Siple, Vice President of Land
1050 17th Street Suite 1800
Denver, CO 80265

Re: Application of Fasken Oil and Ranch, Ltd. for administrative approval of an unorthodox well location for its Federal "26A" Well No. 4 to be drilled in Section 26, Township 18 South, Range 33 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 by Fasken Oil and Ranch, Ltd. for administrative approval of an unorthodox well location for its Federal "26A" Well No. 4. This well will be located in Section 26, Township 18 South, Range 33 East, N.M.P.M., to be drilled to the Delaware formation from a location 1525 feet from the South line and 300 feet from the East line of Section 26, Lea County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Sincerely,

Ocean Munds-Dry
ATTORNEY FOR FASKEN OIL & RANCH, LTD.

Enclosures

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

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

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



March 31, 2010

HAND-DELIVERY

Mr. Mark Fesmire, Director
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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HOLLAND & HART



operator in the W/2 SW/4 of Section 25. A copy of a plat showing the offset spacing units is attached as **Exhibit B**. A copy of this application with all attachments was mailed to McElvain and McElvain has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Ocean Munds-Dry". The signature is written in a cursive, flowing style.

Ocean Munds-Dry
ATTORNEY FOR FASKEN OIL & RANCH,
LTD.

Enclosures

cc: Jimmy Carlile
Oil Conservation Division - Hobbs

OFFSETS IN SECTION 26

	D	C	B	A	
	E	F	G	H	
	L	K	J	I	(25)
	M	N	O	P	<i>McElvain</i>

Easter

