

PTG-W

ABOVE THIS LINE FOR DIVISION USE ONLY

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



McElvain  
2004

**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]

30-045-29096  
- 29198  
- 28818

[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 \_\_\_\_\_

Fed

[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.

Mark W. Elliott  
 Print or Type Name

Signature

*Mark W. Elliott*

Operations Engineer  
 Title

9 Mar 2011  
 Date

MarkE@McElvain.com  
 e-mail Address

PLC-336

**T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP**

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

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

MARK W. ELLIOTT  
OPERATIONS ENGINEER

TELEPHONE 303-893-0933; EXT. 375  
FAX 303-893-0914  
E-MAIL: MARKE@MCELVAIN.COM

RECEIVED OCD

2011 MAR 11 A 11:47

March 10, 2011

*CERTIFIED MAIL  
RETURN RECEIPT REQUESTED*

Attn: Mr. Richard Ezeanyim – Bureau Chief  
New Mexico Energy, Minerals, and Natural Resources Department  
Oil Conservation Division  
Engineering and Geological Services Bureau  
1220 South St. Francis Drive  
Santa Fe, NM 87505

RE: Application for administrative approval to surface commingle gas production for:  
Ropco Fee FC #1; API No. 30-045-28818  
Ropco Federal 12 #2; API No. 30-045-29198  
Ropco Federal PC 12 Com #1; API No. 30-045-29096

Dear Mr. Ezeanyim:

Richardson Operating Company, a predecessor to McElvain Oil & Gas Properties, Inc. (McElvain) applied for and received approval from the Bureau of Land Management (BLM) for surface commingling of gas production from the wells listed above. Part of the process was the approval of the allocation method used in calculating the production from each well.

McElvain respectfully requests that the NMOCD approve the enclosed From C-107-B allowing the same allocation methodology to be used. Produced gas from each well will be measured separately prior to being commingled. We will produce the commingled gas through a single, shared compressor. Produced liquids will not be surface commingled. The allocation method for production is the same allocation method previously approved by the BLM for these wells.

If you need additional information, or have any questions regarding this notification, please contact me at 303-893-0933, \*375.

Regards,



Mark W. Elliott  
Operations Engineer  
McElvain Oil & Gas Properties, Inc.

Enclosure (1): C-107-B, Surface Commingle Application  
cc: NMOCD District 3 – Aztec Office

**Ropco Wells Contact Addresses**

Name	Address	City	State	Zip Code
ANTHONY E. ROGERS	4109 PICADILLY CIRCLE	COLLEGE STATION	TX	77845
BP AMERICA PRODUCTION COMPANY	PO BOX 277897	ATLANTA	GA	30384-7897
BRENDA RUDD	PO BOX 684567	AUSTIN	TX	78768
BUREAU OF LAND MANAGEMENT FARMINGTON FIELD OFFICE	ATTN: JIM LOVATO, SENIOR TECHNICAL ADVISOR 1235 LA PLATA HIGHWAY, SUITE A	FARMINGTON	NM	87401
CHRISTMANN MINERAL COMPANY	PO BOX 66	PINEDALE	WY	82941
DUGAN PRODUCTION CORP.	PO BOX 420	FARMINGTON	NM	87499
GRAY REVOCABLE LIVING TRUST	PO BOX 110	HILL CITY	SD	57745-0110
HERD PARTNERS, LTD.	PO BOX 130	MIDLAND	TX	79702
JAMES WAYNE TARPLEY	3600 MAJESTA	FARMINGTON	NM	87402
JEFF CALLOW	626 CRAIG STREET	WALLA WALLA	WA	99362-3349
MANON MARKHAM McMULLEN	2200 BERKELEY	WICHITA FALLS	TX	76308
MARVELYN L. WOODS LIVING TRUST	4727 EASTWIND	FARMINGTON	NM	87401-8601
MCELVAIN OIL COMPANY, L.P.	C/O DAVID P MCELVAIN PO BOX 801888	DALLAS	TX	75380
MINERALS MANAGEMENT SERVICE	ROYALTY MANAGEMENT PROGRAM PO BOX 5640	DENVER	CO	80217
N.L. DUHAIME	645 CAMINO LEJO	SANTA FE	NM	87505-7517
NMOC ENGINEERING AND GEOLOGICAL SERVICES BUREAU	ATTN: MR. RICHARD EZEANYIM BUREAU CHIEF 1220 SOUTH ST. FRANCIS DRIVE	SANTA FE	NM	87505
NMOC DISTRICT 3 - AZTEC OFFICE	ATTN: MR. CHARLIE PERRIN, DISTRICT SUPERVISOR 1000 RIO BRAZOS ROAD	AZTEC	NM	87410
NORMAN L & LORETTA E GILBREATH	PO BOX 208	AZTEC	NM	87410
PAMELIA MAXWELL	521 KLOSHE PLACE	LA CONNER	WA	98257
PROVIDENCE MINERALS, LLC	14860 MONTFORT DR, SUITE 209	DALLAS	TX	75254
RODERICK ALLEN MARKHAM	1500 BROADWAY, SUITE 1212	LUBBOCK	TX	79401
T H MCELVAIN OIL & GAS LIMITED PARTNERSHIP	1050 17TH STREET, SUITE 2500	DENVER	CO	80265
THE JOHNSON FAMILY PARTNERSHIP	C/O JANET R. MACKAY 18 ROAD 5021	BLOOMFIELD	NM	87413
TOM DUGAN FAMILY LTD. PARTNERSHIP	SHERMAN DUGAN, GENERAL PARTNER PO BOX 207	FARMINGTON	NM	87499-0207
WAIKIKI PARTNERS, L.P.	PO BOX 2127	MIDLAND	TX	79702-2127
WEST SECOND STREET ENTERPRISES LLC	C/O WELLS FARGO BANK NA, AGENT PO BOX 5383	DENVER	CO	80217
YVONA A. STEPHENS	14193 GROSS POINTE LANE	FORT MEYERS	FL	33919

**T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP**

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

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

CHRIS E MANNING  
LANDMAN

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

March 10, 2011

*CERTIFIED MAIL  
RETURN RECEIPT REQUESTED*

**Attn: Royalty and Working Interest Owners**

Ropco Fee FC #1; API No. 30-045-28818  
Ropco Federal 12 #2; API No. 30-045-29198  
Ropco Federal PC 12 Com #1; API No. 30-045-29096

RE: Notice of Application to Surface Commingle Gas Production

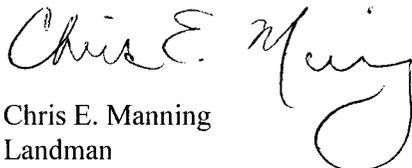
McElvain Oil and Gas Properties, Inc. (McElvain) has applied for and received approval from the Bureau of Land Management (BLM) for surface commingling of gas production from the wells listed above. This approval must also be granted by the New Mexico Oil Conservation Division (NMOCD). Accordingly, McElvain is submitting an application via form C-107-B with the NMOCD for administrative approval for surface commingling of gas production from the listed wells.

The NMOCD requires that all interest owners be notified of plans to surface commingle production when the ownership between individual wells is different. A copy of the NMOCD application and the corresponding attachments are enclosed for your reference. Any objection to this application must be filed in writing with the NMOCD Santa Fe office at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505 within twenty (20) days from the date the NMOCD received the application.

Produced gas from each well will be measured separately prior to being commingled. We will produce the commingled gas through a single, shared compressor. Produced liquids will not be surface commingled. The allocation method for production is the same allocation method previously approved by the BLM for these wells. You will see no change to your current interest(s) in these wells.

If you need additional information, or have any questions regarding this notification, please contact me at 303-893-0933, \*329.

Regards,



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

Enclosure (1): C-107-B, Surface Commingle Application

cc: NMOCD Director's Office – Santa Fe  
NMOCD District 3 – Aztec Office

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Ave, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised June 10, 2003

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: McElvain Oil & Gas Properties, Inc  
OPERATOR ADDRESS: 1050 17<sup>th</sup> Street, Suite 2500, Denver, CO 80265  
APPLICATION TYPE:

Pool Commingling  Lease Commingling  Pool and Lease Commingling  Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE:  Fee  State  Federal

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
W. KUTZ PICTURED CLIFFS 79680				
BASIN FRUITLAND COAL 71629				

- (2) Are any wells producing at top allowables?  Yes  No  
 (3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No.  
 (4) Measurement type:  Metering  Other (Specify)  
 (5) Will commingling decrease the value of production?  Yes  No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Pool Name and Code. Basin FC & Basin PC  
 (2) Is all production from same source of supply?  Yes  No  
 (3) Has all interest owners been notified by certified mail of the proposed commingling?  Yes  No  
 (4) Measurement type:  Metering  Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

- (1) Is all production from same source of supply?  Yes  No  
 (2) Include proof of notice to all interest owners.

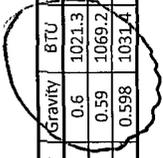
**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
 (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
 (3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Mark Elliott TITLE: Operations Engineer DATE: 9 Mar 2011  
 TYPE OR PRINT NAME Mark W. Elliott TELEPHONE NO.: 303-893-0933  
 E-MAIL ADDRESS: MarkE@McElvain.com

Mcf

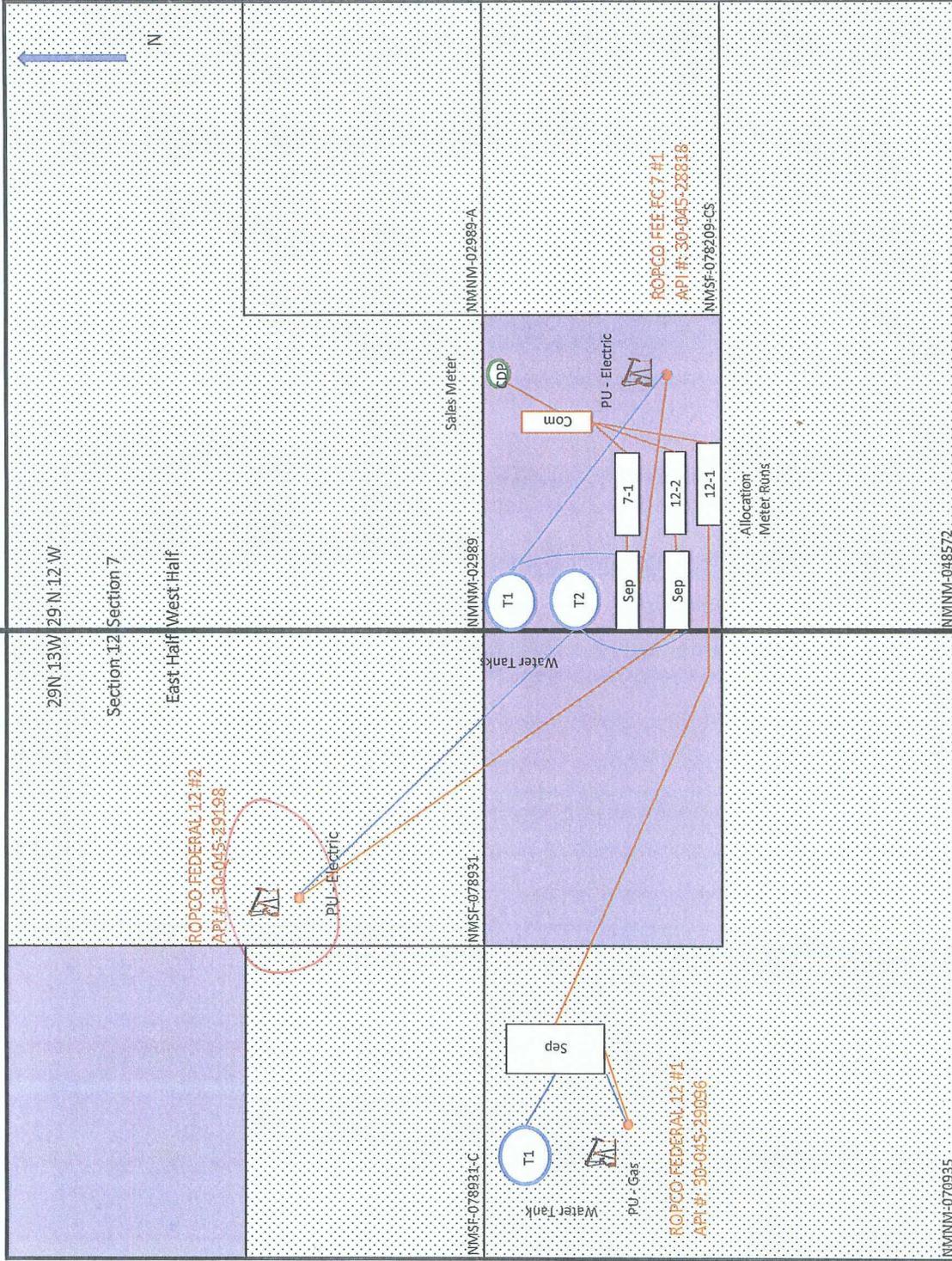


Well Name	API #	Pool	S-T-R	FNL/FSL	FEL/FWL	Lease Number	FC Agreement Number	PC Agreement Number	Gravity	BTU	Est Daily Gas Rate
Ropco Fed 12 #1	30-045-29096	W. Kutz Pictured Cliffs/Basin Fruitland Coal	12L-29N-13W	1,847' FSL	1,651' FEL	NMNM-070935	CA: NMNM-92456	CA: NMNM-92372	0.6	1021.3	129
Ropco Fed 12 #2	30-045-29198	W. Kutz Pictured Cliffs/Basin Fruitland Coal	12H-29N-13W	1,630' FNL	770' FEL	NMSF-078931	CA: NMNM-92456	CA: NMNM-92457	0.59	1069.2	130
Ropco Fee 7 #1	30-045-28818	Basin Fruitland Coal	7L-29N-12W	1,415' FSL	1,014' FWL	Fee	CA: NMNM-89403	N/A	0.598	1031.4	25

Fruitland Coal  
Communitized Agreement Boundaries

CA: NIMNM-89403

CA: NIMNM-92456



Note: Drawing not to scale

Water Line  
Gas Line

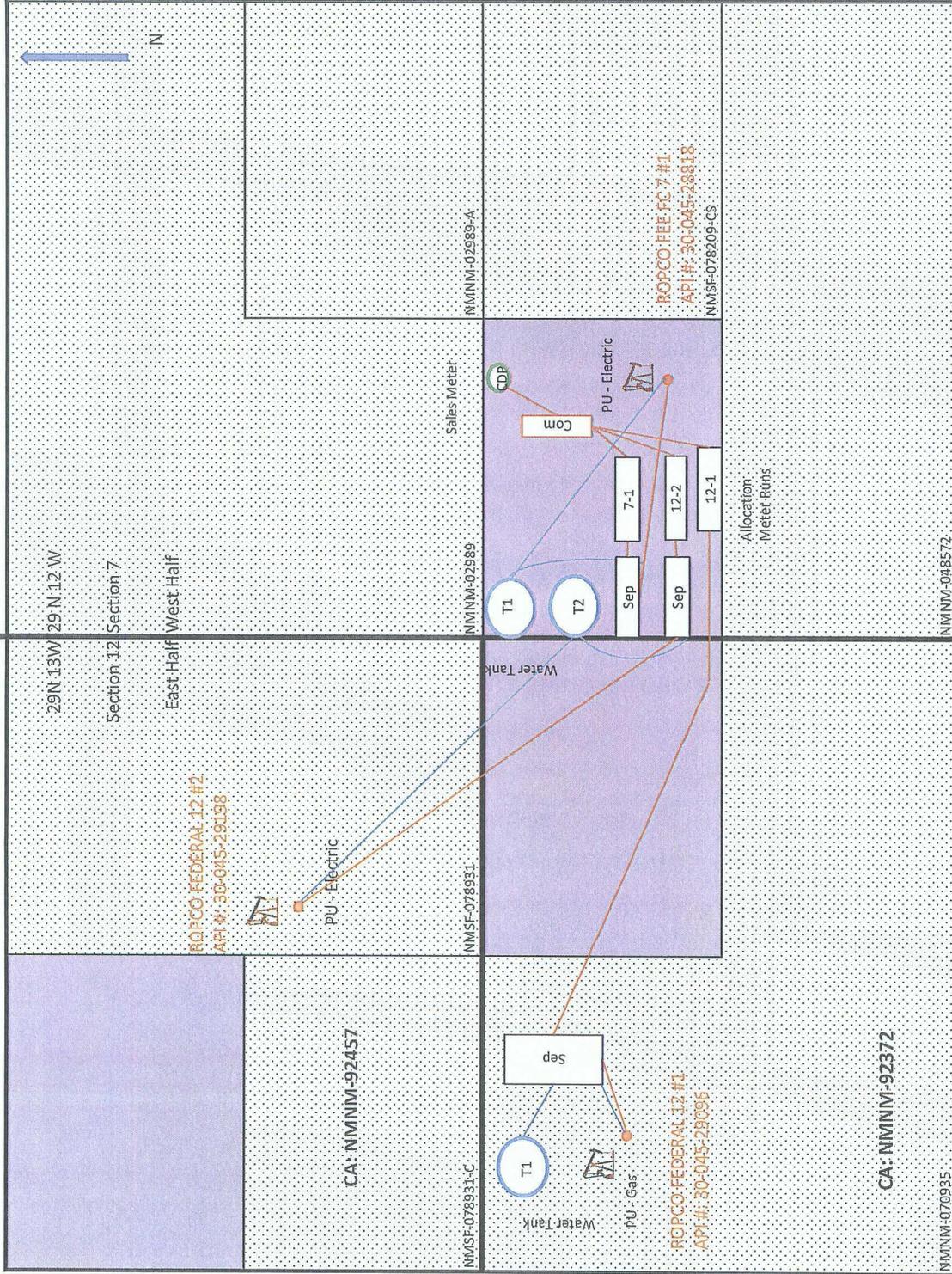
Compressor  
Separator

Com  
Sep

Wells

Federal Lease  
Fee Lease

Pictured Cliffs  
Communitized Agreement Boundaries



Note: Drawing not to scale

Water Line  
Gas Line

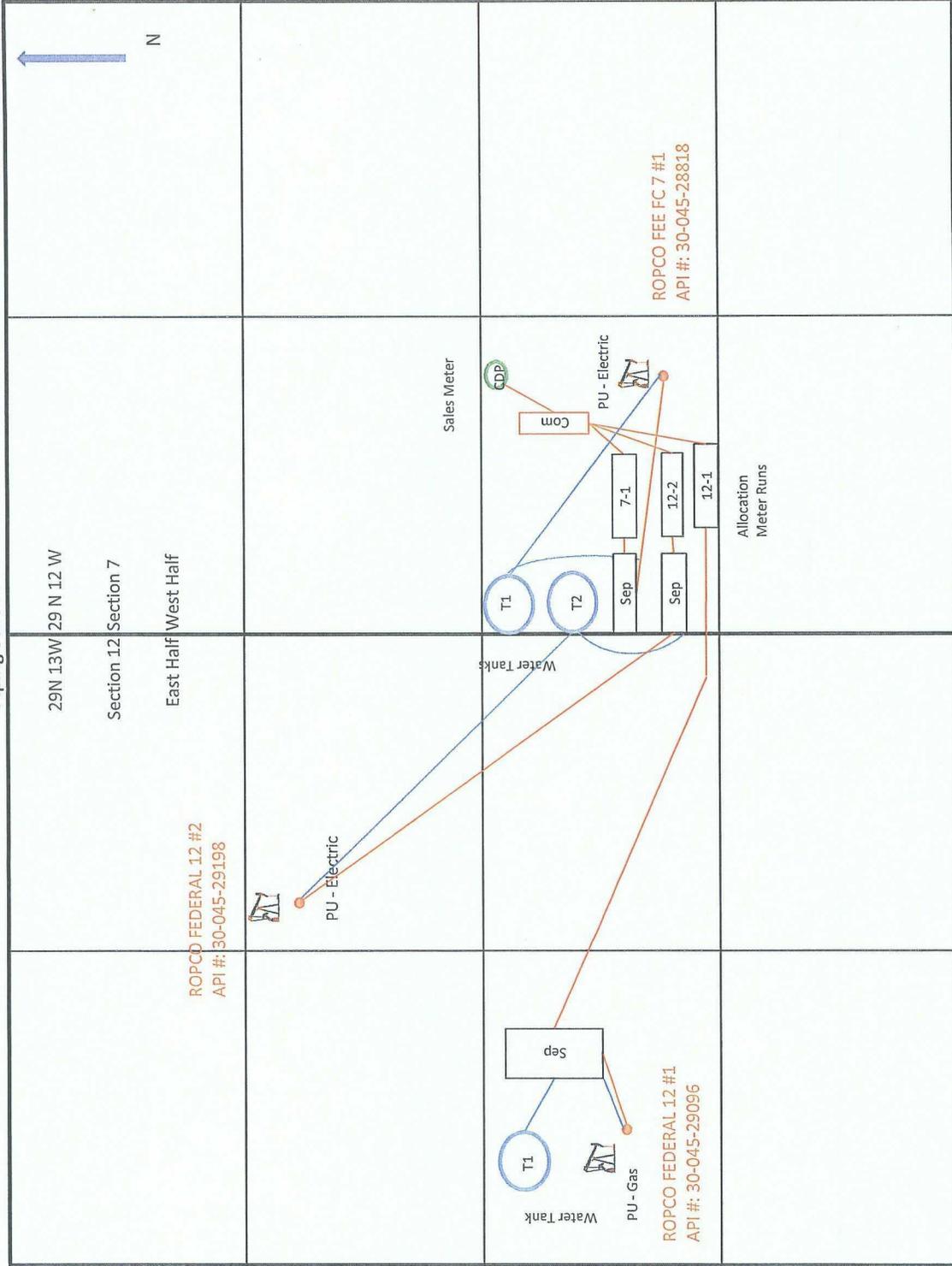
Compressor  
Separator

Com  
Sep

Wells

Federal Lease  
Fee Lease

Piping Schematic



ROPFO FEDERAL 12 #2  
API #: 30-045-29198

ROPFO FEDERAL 12 #1  
API #: 30-045-29096

ROPFO FEE FC 7 #1  
API #: 30-045-28818

Note: Drawing not to scale

Water Line  
Gas Line

Compressor  
Separator

Wells

Federal Lease  
Fee Lease

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

**OIL CONSERVATION DIVISION**

DISTRICT I  
P.O. Box 1940, Hobbs, NM 88240

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

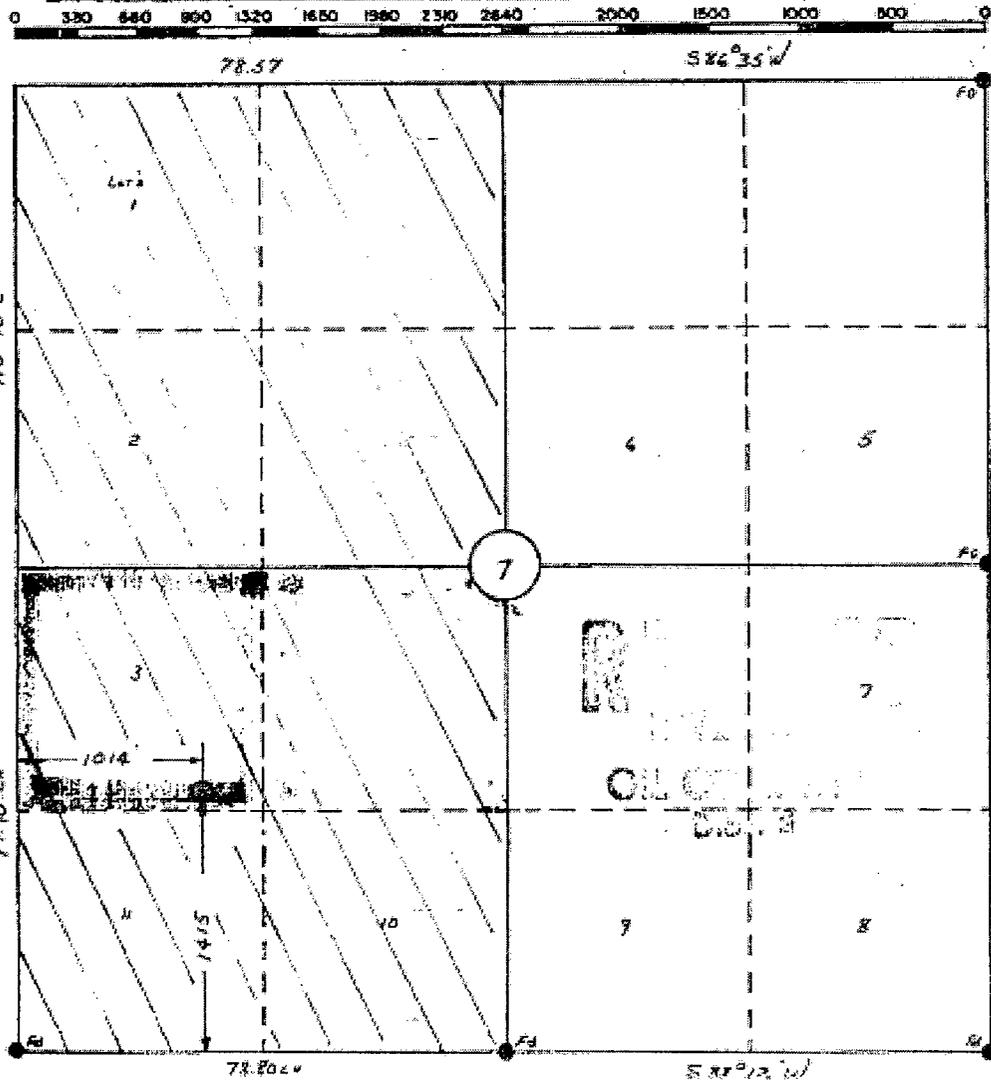
DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brasos Rd., Aztec, NM 87410

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

All Distances must be from the outer boundaries of the section

Operator <b>RICHARDSON OPERATING COMPANY</b>			Lease ROPCO FEE FC		Well No. <del>44444</del> ✓
Line Letter <b>L</b>	Section <b>7</b>	Township <b>29 N.</b>	Range <b>12 W</b>	County NMNM <b>SAN JUAN</b>	
Actual Footage Location of Well: <b>1415'</b> feet from the <b>SOUTH</b> line and <b>1014'</b> feet from the <b>WEST</b> line					
Ground level Elev. <b>5561.49</b>	Producing Formation <b>Fruitland Coal</b>		Pool <b>Basin</b>	Dedicated Acreage: <b>270</b> <b>316.34</b> Acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hashure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). (See Attached)</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? <b>Communitization Pending</b>  <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____          If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)          No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Lisa L. Smith*  
 Printed Name: **Lisa L. Smith**  
 Position: **Authorized Agent for**  
 Company: **Richardson Operating Company**  
 Date: **November 16, 1992**

---

**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 knowledge and belief.

Date Surveyed: **11-3-92**  
 Signature & Seal of Professional Surveyor: **WILLIAM E. MANNKE II**  
 Certificate No. **#8466**

District I  
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

District II  
311 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

District III  
1000 E. La Granga Rd., Artes, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number <b>30-045-63600</b>		Pool Name <b>Fruitland Coals</b>	
Property Code	Property Name <b>Rapco Federal 12 Com</b>		Well Number <b>1</b>
OGRID No. <b>025575</b>	Operator Name <b>Yates Petroleum Corporation</b>		Elevation <b>4532'</b>

10 Surface Location										
BL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
J	12	29N	13W		1847	South	1651	East	San Juan	

11 Bottom Hole Location If Different From Surface										
BL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	

12 Dedicated Acres <b>160</b>	13 Joint or Infill	14 Consultation Code	15 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

				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Cherry Matchus</i></p> <p>Cherry Matchus</p>
				<p>Printed Name</p> <p>Engineering Technician</p> <p>Title</p> <p>Date: <u>11/21/04</u></p>
				<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p>
				<p>Certificate Number</p>

District I  
 PO Box 1980, Hobbs, NM 88240-1980  
 District II  
 PO Drawer 80, Arco, NM 88211-0719  
 District III  
 1999 206 Drama Rd., Aztec, NM 87410  
 District IV  
 PO Box 2388, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

Form C-192  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

SEP 26 1994

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

AFT Number 30-045-09198		Red Code 41639 79682	Well Name WVU/3 Pictured Cliffs/Fruitland Coal
Property Code 15495	Property Name ROPCO FEDERAL # 12		Well Number 22-2
OGRIID No. 18219	Operator Name RICHARDSON OPERATING CO.		Elevation 5525'

10 Surface Location

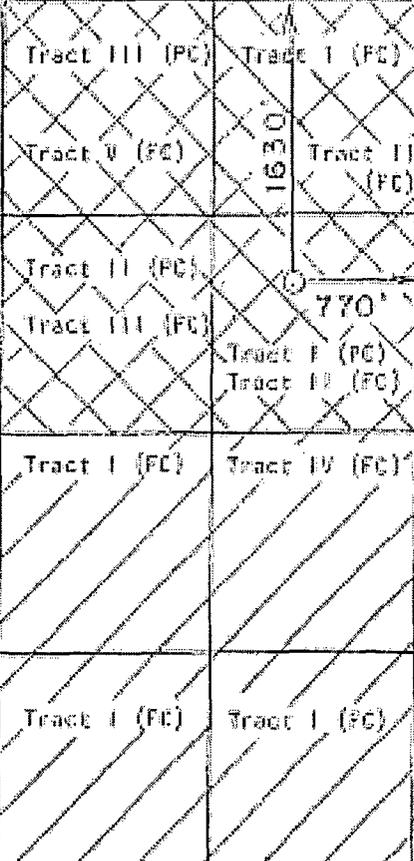
BL or loc no.	Section	Township	Range	Lot (bl)	Feet from the	North/South line	Feet from the	East/West line	County
H	12	29N	13W		1630	NORTH	770	EAST	SAN JUAN

11 Bottom Hole Location if Different From Surface

BL or loc no.	Section	Township	Range	Lot (bl)	Feet from the	North/South line	Feet from the	East/West line	County

12 Qualified Acres 160/320	13 Joint or Infill	14 Consolidation Code To be Commentized	15 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

16 See attached for Royalty, GRRI and ME Owners   Pictured Cliffs  Fruitland Coals		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: Lisa L. Smith Printed Name: Lisa L. Smith Authorized Agent for: Richardson Operating Company Title: Richardson Operating Company Date: 9/23/94
		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: 9/23/94 Signature and Title of Professional Surveyor: [Signature] Registered Land Surveyor No. 6844 Certificate Number: 6844

RECEIVED  
 OCT 19 1994

CON. DIV.  
 DIST. 3

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

RECEIVED

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		DEC 02 2010
2. Name of Operator McElvain Oil & Gas Properties, Inc.		Farmington Field Office Bureau of Land Management
3a. Address 1050 17th St, Suite 2500, Denver, CO 80265	3b. Phone No. (include area code) 303-893-0933	
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 12-1 J Sec 12 T29N R 13W      12-2 H Sec 12 T29N R 13W 7-1 J Sec 7 T29N R 12W      F		
5. Lease Serial No. NM1070935/ SF078931		
6. If Indian, Allottee or Tribe Name		
7. If Unit or CA/Agreement, Name and/or No. NMNM-92456/ 92457/ 92372/ 89403		
8. Well Name and No. ROPCO #12-1/ #12-2/ #7-1		
9. API Well No. 30-045-29096/-29198/-28818		
10. Field and Pool, or Exploratory Area Fruittand Coal & Pictured Cliffs		
11. County or Parish, State San Juan County, NM		

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Star/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>SURFACE</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>COMMINGLING</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SEE ATTACHED

RECEIVED

DEC 29 2010

MC ELVAIN OIL & GAS  
PROPERTIES INC.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) John D Steuble	Title Vice President Engineering
Signature <i>John D Steuble</i>	Date 10/25/2010

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by <i>[Signature]</i>	Title Pet. Eng.	Date 12/22/10
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

OPERATOR

### **Discussion**

McElvain Oil and Gas Properties, Inc. is requesting an amendment of the allocation method and off lease use of production and measurement for the attached wells, leases and communitization agreements. An allocation method was approved on June 15, 1995 for Richardson Operating Company. In June 1995, an electric compressor was utilized at the central delivery point in Section 7. In July 2000 the electric compressor was replaced with a natural gas powered compressor by a previous operator. McElvain believes the 1995 allocation method needs to be amended since that method did not consider the possibility of natural gas driven equipment between the allocation meters and the sales meter and the need for allocation of fuel gas. Since obtaining operations of these wells and associated equipment in July 2006 McElvain has allocated and reported fuel gas utilized by the compressor to the individual wells benefiting from the central compression.

### **Well & System Description**

Listed below are the wells that tie into the system with a brief description of the equipment utilized for each well. Also attached is a graphical depiction of the system.

#### **Ropco Federal 12 Com #1:**

The well is equipped with a natural gas driven pumping unit which pumps water to a storage tank on the location. The gas is produced thru an unheated separator on location and transported via pipeline to the Ropco Fee 7 #1 location. The gas is measured thru an allocation meter at the Ropco Fee 7 #1 location.

#### **Ropco Federal 12 #2:**

The well is equipped with an electric driven pumping unit which pumps water thru a water pipeline to a storage tank on the Ropco Fee 7 #1 location. The gas is produced to a gas pipeline which extends from the well to an unheated separator located on the Ropco Fee 7 #1 location. The gas is then measured thru an allocation meter at the Ropco Fee 7 #1 location.

#### **Ropco Fee 7 #1:**

The well is equipped with an electric driven pumping unit which pumps water to a storage tank on the location. The gas is produced thru a heated separator on location and then measured thru an allocation meter at the Ropco Fee 7 #1 location.

Once the gas is produced thru the allocation meters it is commingled into a single line to the suction of the Ropco CDP Compressor. The Ropco CDP Compressor then discharges into a line connected to the Enterprise sales meter.

### **Lease & CA Description**

See attached tabular and graphical exhibits.

### **Allocation Method**

McElvain requests the following allocation method.

#### **Base Data:**

AM=Gas Volume (Mcf) from allocation meters at individual wells during allocation period.

CDP= Gas Volume (Mcf) from CDP Sales Meter during allocation period.

WBTU= Individual well BTU content.

SBTU= BTU's from CDP Sales Meter during allocation period.

Allocation Period is typically a calendar month and will be the same for all wells

1. Individual Well Gas Production= A+B+C+D+E

A = Allocated Sales Volume (Mcf)=  $[AM/SUM(AM)] \times (CDP)$   
(Individual Well Volume divided by Sum of all well volumes Multiplied by the CDP Volume)

B = On lease fuel usage (MCF): Determined by equipment and conditions on lease.

C = Purged and/or Vented gas from well and/or lease equipment (MCF).

D = Allocated fuel from gathering system equipment (MCF).  
(Total fuel usage multiplied by allocation well factor (AM/SUM(AM)))

E = Allocated volume of gas lost and/or vented from the gathering system and/or equipment (MCF).  
(Total volume lost multiplied by allocation well factor [AM/SUM(AM)])

2. Allocated Individual Well BTU's = {AM x WBTU/[SUM(AM x WBTU)]} x SBTU  
{(Individual Well BTU's divided by the sum of the individual well BTU's ) multiplied by the BTU's at the CDP}

### ***Estimated Monthly Production***

Well	MCFM	BTU Content	Specific Gravity
Ropco Fee 7 #1	1275	1039	0.605
Ropco 12 Com #1	3150	983	0.589
Ropco Federal 12 #2	4250	1055	0.606

### ***Economic & Ecosystem Considerations***

Justification for this commingling request is three fold. First this commingling has been previously approved and all of the well equipment, gathering lines, compression and metering are in place and operating. To be required remove, replace or abandon the current infrastructure would severely affect the well economics and ultimately reduce the reserves recovered. Second the sales line pressure in this area is approximately 225 psig. Given this condition, all three wells would require a separate compressor in order to sell gas. If required to place individual compression on each location the operating cost for each well would increase and reduce the recoverable reserves. The final justification for the commingling is the area in which the wells are located. Each well is located near residential developments. By utilizing central compression and a CDP the impacts of the daily operations are reduced to the inhabitants around the locations. Issues such as noise abatement, truck traffic and safety concerns are more easily controlled and rectified.

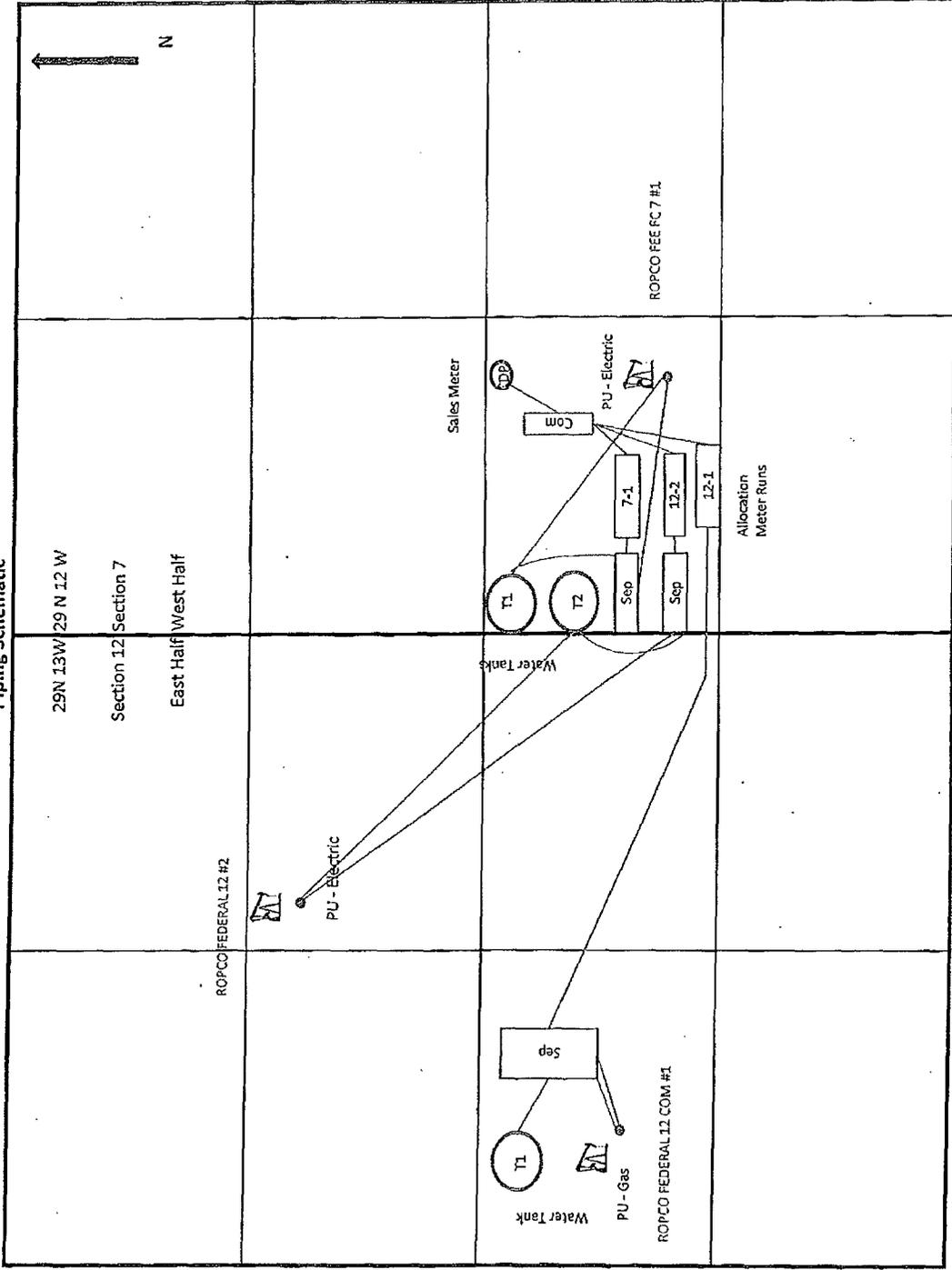
### ***Meter Calibration Schedule***

Due to the well's decline in production and in order to reduce operating costs McElvain requests that the calibration interval for the allocation meters be on a biannual basis.

### ***Effective Date***

McElvain requests this application be approved retroactively from the date of taking over operations, September 1, 2006.

Piping Schematic



Note: Drawing not to scale

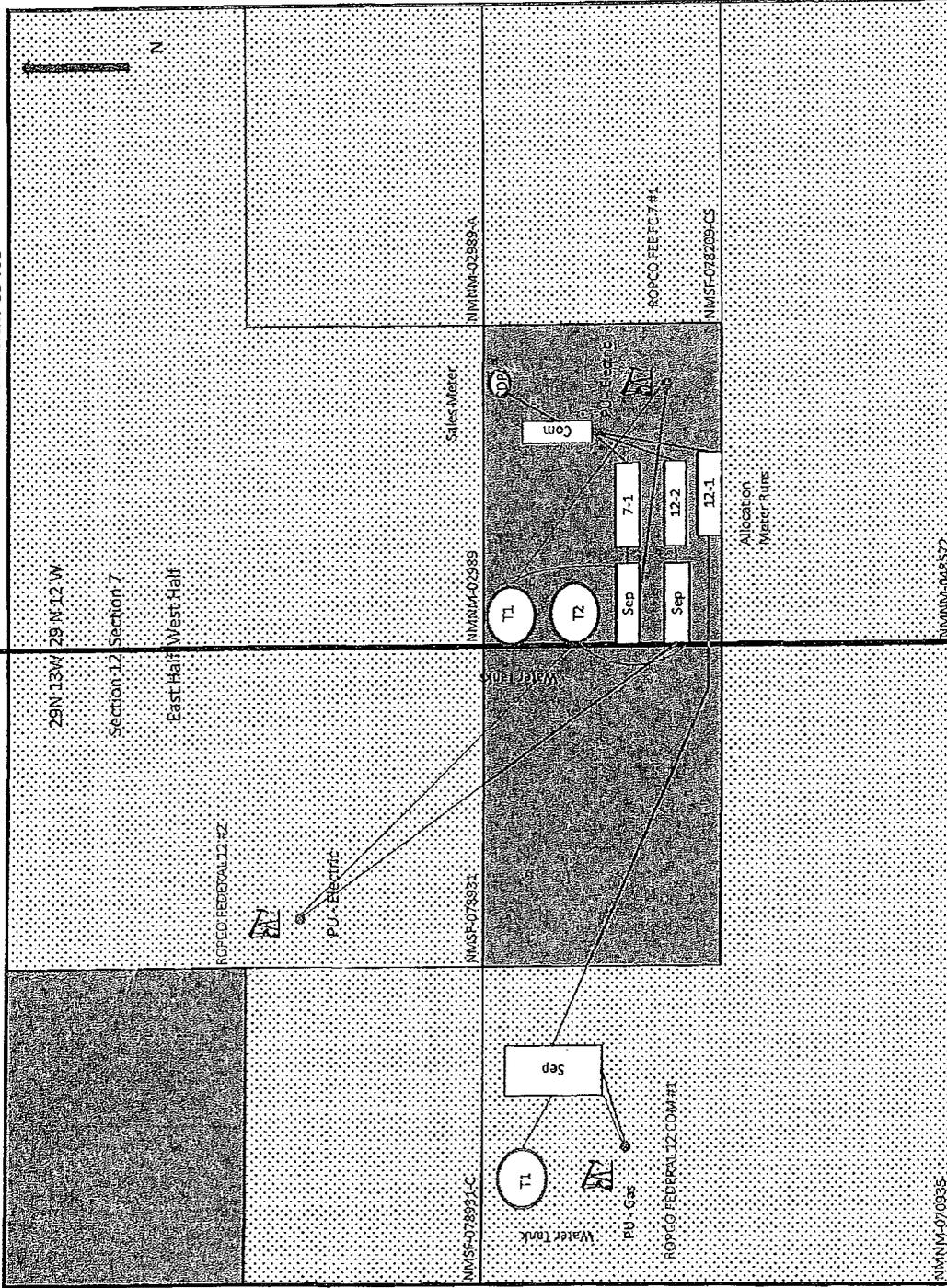
-  Federal Lease
-  Fee Lease
-  Wells
-  Com
-  Separator
-  Water Line
-  Gas Line



Fruitland Coal  
Communitized Agreement Boundaries

CA: NMNM-92456

CA: NMNM-89403



Note: Drawing not to scale

Water Line  
Gas Line

Compressor  
Separator

Com  
Sep

Wells

Wells

Federal Lease  
Fee Lease

Well	Communitization Agreement	Lease Numbers	Legal Description	Sources
Ropco 7-1 FC	NMNM89403	NMNM02989 NMNM02989A	Section 7 NW/4NW/4 Lot 1 (39.13 acres) SW/4NW/4 Lot 2 (39.19 acres), NE/4NW/4 (40 acres) containing 118.32 acres of T29N R12W San Juan County, New Mexico Section 7 SE/4NW/4 containing 40.00 acres of T29N R12W San Juan County New Mexico	Communitization Agreement dated March 11, 1993 Communitization Agreement dated March 11, 1993
		NMNM048572	Section 7 SE/4SW/4 Lot 10 (39.86 acres) SW/4SW/4 Lot 11 (38.95 acres), containing 78.81 acres of T29N R12W San Juan County, New Mexico	Communitization Agreement dated March 11, 1993
		NMSF078209CS	Section 7 NE/4SW/4 containing 40.00 acres of T29N R12W San Juan County New Mexico	Communitization Agreement dated March 11, 1993
		Fee Minerals	Section 7 NW/4SW/4 Lot 3 (39.23 acres) of T29N R12W San Juan County, New Mexico	Communitization Agreement dated March 11, 1993
Ropco 12-1 PC	NMNM92372	NMNM070935	Section 12 S/2SE/4 NW/4SE/4 T29N, R13W containing 120 acres, in San Juan County, New Mexico.	Communitization Agreement dated March 1, 1994
		Fee Minerals	Section 12 NE/4SE/4 T29N, R13W containing 40 acres, in San Juan County, New Mexico	Communitization Agreement dated March 1, 1994
Ropco 12-2 PC	NMNM92457	NMSF078931	Section 12 E/2NE/4 T29N, R13W containing 80 acres, in San Juan County, New Mexico.	Communitization Agreement dated October 15, 1994
		NMSF078931C	Section 12 SW/4NE/4 T29N, R13W containing 40 acres in San Juan County, New Mexico.	Communitization Agreement dated October 15, 1994
		Fee Minerals	Section 12 NW/4NE/4 T29N, R13W containing 40 acres, in San Juan County, New Mexico	Communitization Agreement dated October 15, 1994

Well	Communitization Agreement		Lease Numbers		Legal Description	Sources
Ropco 12-1 FC & Ropco 12-2 FC	NMNM92456		NMNM070935		Section 12 S/2SE/4, NW/4SE/4 T29N, R13W containing 120 acres, in San Juan County, New Mexico	Communitization Agreement dated October 15, 1994
			NMSF078931		Section 12 E/2NE/4 T29N, R13W containing 80 acres, in San Juan County, New Mexico.	Communitization Agreement dated October 15, 1994
			NMSF078931C		Section 12 SW/4NE/4 T29N, R13W containing 40 acres, in San Juan County, New Mexico.	Communitization Agreement dated October 15, 1994
				Fee Minerals	Section 12 NW/4NE/4 T29N, R13W containing 40 acres, and Section 12 NE/4SE/4 T29N, R13W containing 40 acres, San Juan County, New Mexico.	Communitization Agreement dated October 15, 1994



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Farmington Field Office  
1235 La Plata Highway, Suite A  
Farmington, New Mexico 87401

IN REPLY REFER TO:

### **CONDITIONS OF APPROVAL FOR OFF-LEASE MEASUREMENT AND SURFACE COMMINGLING OF OIL AND GAS**

- Liquid hydrocarbons produced at the CDP must be allocated back to each well in proportion to the well's allocated gas production. Fuel used at the CDP must also be allocated back to each contributing well in proportion to each well's allocated gas production.
- Allocation must be made on an MMBTU basis. BTU measurements must be taken from each well prior to commingling gas production.
- Measurement of gas at the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement, Onshore Order No. 5, Gas Measurement and NM NTL 2008-01, Standards for the Use of Electronic Flow Computers.
- In Order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- No other wells can be added to this system of measurement and sales without the prior approval of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.