

52/13/17

ABOVE THIS LINE FOR DIVISION USE ONLY

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



**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]  [#22044]  
 [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] API: 30-025-7502  
 [EOR-Qualified Enhanced Oil Recovery Certification]  [PPR-Positive Production Response]

McELVAIN ENERGY, INC.

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

WELL: EK 29 BS2 FED.COM  
NO. 24

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

POOL: EK; Bone Spring [#21650]  
-(R-4981)-

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

- [D] Other: Specify \_\_\_\_\_

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[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.

Jordan L. Kessler  
Print or Type Name

*JL Kessler*  
Signature

Attorney  
Title

1/23/17  
Date

jlkessler@hollandhart.com  
e-mail Address

HOLLAND & HART<sup>LLP</sup>



Jordan L. Kessler  
Associate

Phone (505) 988-4421

Fax (505) 983-6043

jkessler@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

2017 JAN 23 P 12:52  
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**Re: Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 29 BS2 Federal Com No. 2H Well in the W/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. 2H 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 210 feet from the North line and 1,450 feet from the East line (Unit B) of Section 29. The first perforation will be located 330 feet from North line and 1,980 feet from the East line (Unit B) and the last perforation will be 330 feet from the South line and 1,980 feet from the East line (Unit O) 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. 2H 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. 2H Well** in relation to adjoining units and existing wells.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://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<sup>LLP</sup>



**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,

A handwritten signature in black ink, appearing to read "Jordan L. Kessler", with a stylized flourish at the end.

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) 283-6161 Fax (505) 283-0723

**DISTRICT II**

511 S. First St., Artesia, NM 88210  
Phone (505) 746-1223 Fax (505) 746-0720

**DISTRICT III**

1000 Rio Brasos Ed., Aztec, NM 87410  
Phone (505) 334-6176 Fax (505) 334-6170

**DISTRICT IV**

1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-2440 Fax (505) 476-4403

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 2H
OGRIID No.	Operator Name McELVAIN ENERGY, INC	Elevation 4050'

Surface Location

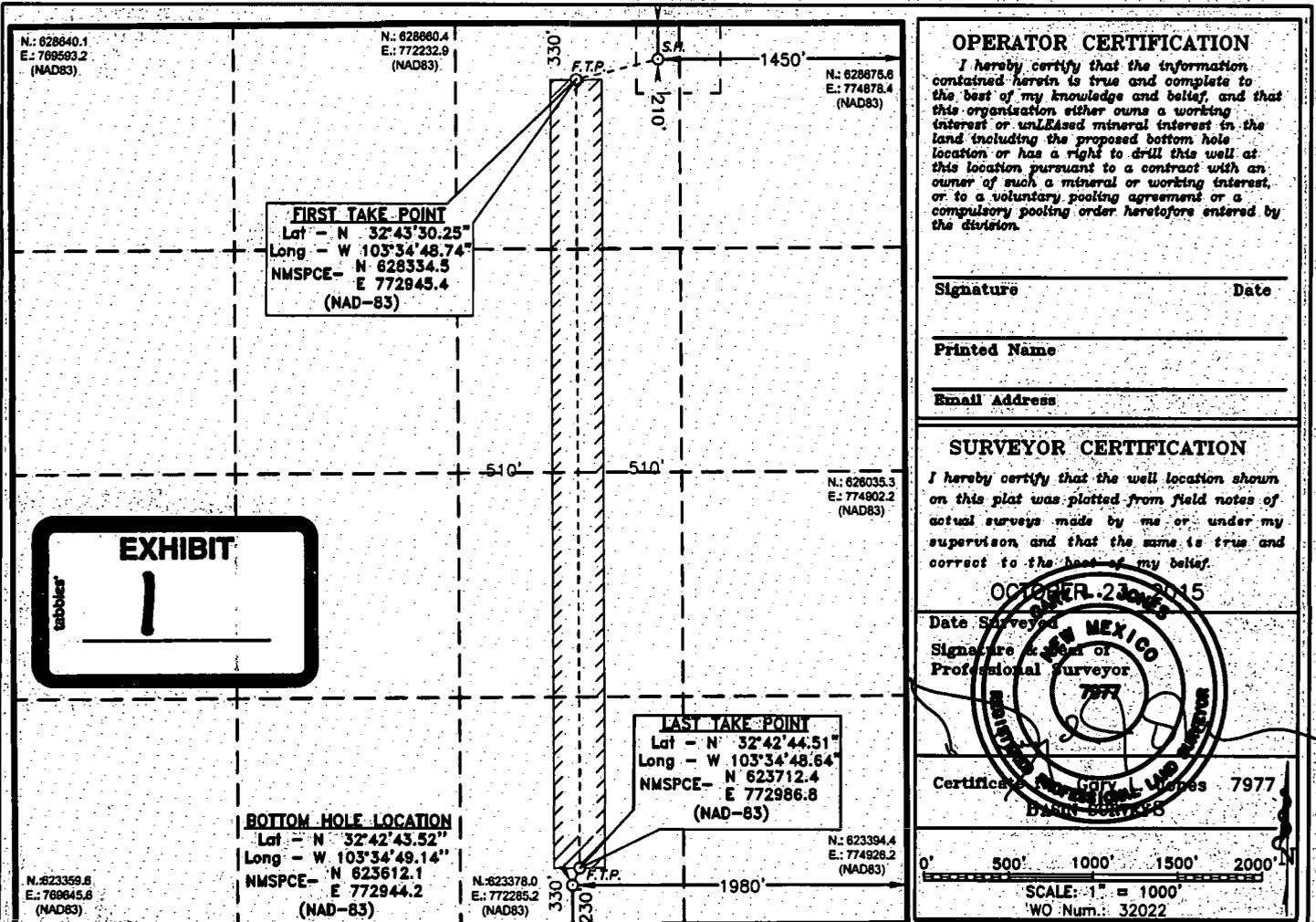
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	29	18 S	34 E		210	NORTH	1450	EAST	LEA

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
O	29	18 S	34 E		230	SOUTH	1980	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	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**



McElvain Energy, Inc.  
EK 29 BS2 Federal Com #2H  
NSL Notice Plat  
Sec. 29, T18S, R34E  
Lea County, NM

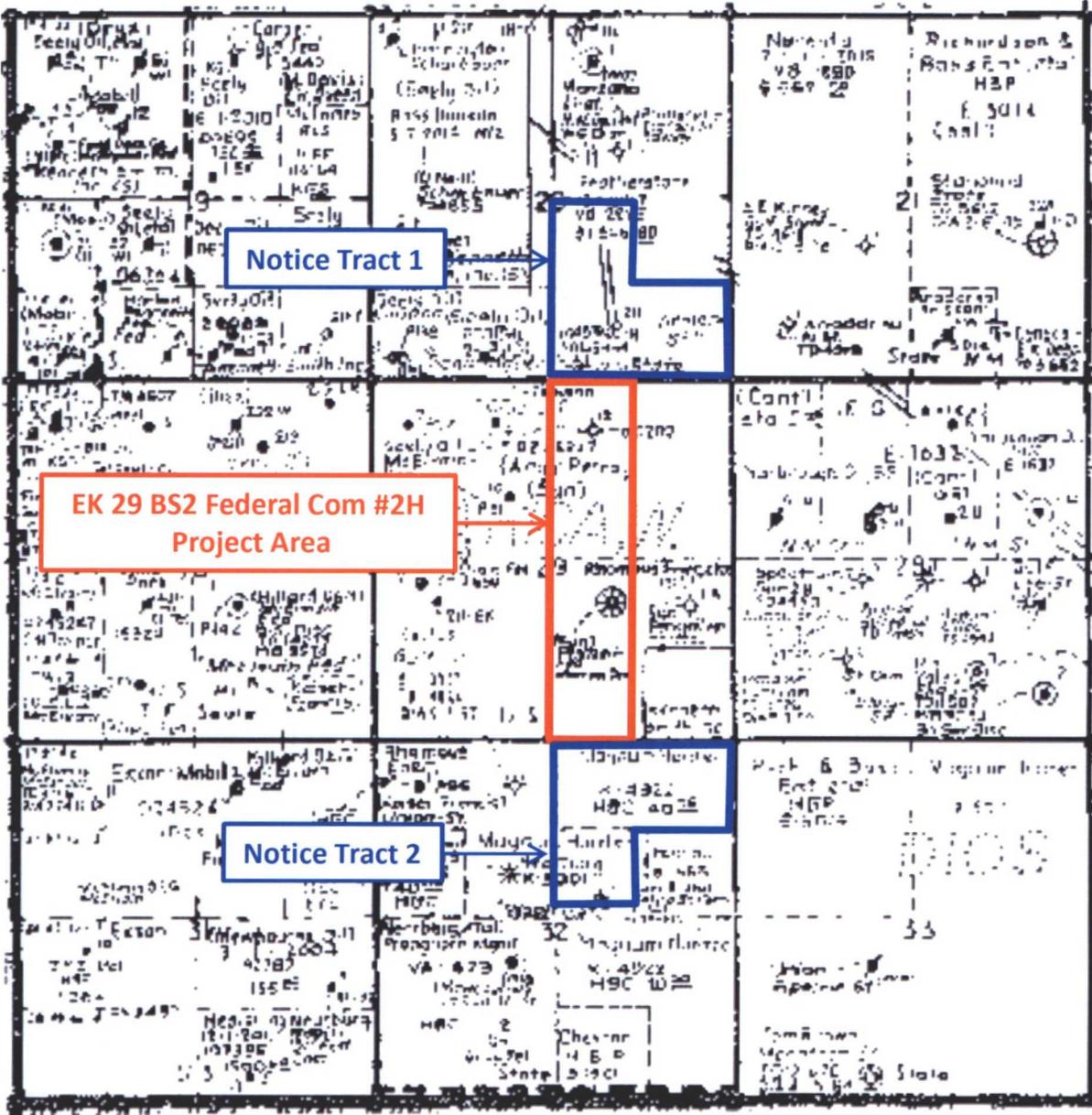


EXHIBIT  
2

**EXHIBIT 3**

**Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 29 BS2 Federal Com No. 2H Well in the W/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 1084

Larry K. Lowe, Registered Agent  
Lowe Minerals and Land Family  
Partnership, Ltd.  
2313 Broadway  
Lubbock, Texas 79401  
7016 1370 0000 0804 0957

Don O. Chapell Inc.  
2230 Republic Bank Tower  
Dallas, TX 75201  
7016 1370 0000 0804 0988

EGL Resources Inc.  
508 West Wall Street,  
Suite 1250  
Midland, TX 79701  
7016 1370 0000 0804 1015

Mewbourne Development  
Partners, 93-B, L.P.  
P.O. Box 7698  
Tyler, Texas 75711  
7016 1370 0000 0804 1077

Mexco Energy Corporation  
214 W. Texas Ave. Suite 1101  
Midland, TX 79701  
7016 1370 0000 0804 0964

DelMar Holdings LP,  
f/k/a Parks & Luttrell Inc.  
1221 Lamar, Suite 1328  
Houston, TX 77010  
7016 1370 0000 0804 0995

Penroc Oil Corporation  
P.O. Box 2769  
Hobbs, New Mexico 88241  
7016 1370 0000 0804 1022

Marvin C. Gross, Trustee  
Marvin C. Gross Trust u/t/a  
P.O. Box 358  
Roswell, NM 88202  
7016 1370 0000 0804 0940

Trainer Partners Ltd.  
P.O. Box 3788  
Midland, TX 79702  
7016 1370 0000 0804 0971

Viersen Oil & Gas  
7130 South Lewis Avenue  
Tulsa, OK 74136  
7016 1370 0000 0804 1008

**TRACT 1**

Matador Production Company  
One Lincoln Centre  
5400 LBJ Freeway, Suite 1500  
Dallas, Texas 75240  
7016 1370 0000 0804 1039

**HOLLAND & HART**



**Jordan L. Kessler**  
**Associate**  
Phone (505) 988-4421  
Fax (505) 983-6043  
jkessler@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. 2H Well in the W/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.**

**Holland & Hart LLP**

Phone (505) 988-4421 Fax (505) 983-6043 [www.hollandhart.com](http://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. ♻️

**Lowe, Leonard, EMNRD**

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**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