

| | | | | | |
|------------------------|----------|---------------------|--------------------------|-----------------|---------------------------|
| DATE IN 3-22-10 | SUSPENSE | ENGINEER DB. | LOGGED IN 3-22-10 | TYPE NSL | APP NO. 1008154003 |
|------------------------|----------|---------------------|--------------------------|-----------------|---------------------------|

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



Mc Elvain Oil & Gas

ADMINISTRATIVE APPLICATION CHECKLIST

Argo Well #1

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]

30-045-33395

6167

[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 _____

[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- **waiver statement included in application letter**

[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.

Robert E. Fielder
Print or Type Name

Robert E. Fielder
Signature

Agent
Title

March 24, 2010
Date

pmci@advantas.net
e-mail Address

PROPERTY MANAGEMENT & CONSULTING, INC.

P. O. BOX 2596
FARMINGTON, NEW MEXICO 87499-2596
(505) 325-5220

March 19, 2010

State of New Mexico
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505
Attn: Mr. David Brooks

Re: Unorthodox Location, Administrative Approval Request
McElvain Oil and Gas Properties, Inc
Argo No. 1
Basin Fruitland Coal
1798' FNL and 414' FWL, Sec 21, T30N, R13W, NMPM
San Juan County, New Mexico

Dear Mr. Brooks:

McElvain Oil and Gas Properties, Inc. respectfully requests that an unorthodox location be administratively approved for the Argo No. 1 for topographic and archeological reasons. This location was originally staked by Yates Petroleum as the D Miller No. 2 at a different surface location and this location was under review by the New Mexico Department of Game and Fish for a possible move at the time Yates sold the property to McElvain Oil & Gas Properties, Inc. McElvain has subsequently changed the name of the well and after several years of consultation has reached agreement with the New Mexico Department of Game and Fish regarding the acceptability of this location to satisfy their concerns regarding placement in the proposed historic area of Jackson Lake Game Refuge and also where it will not interfere with planned expansion of the farming and irrigation operations on the refuge. The staked location is 246 feet too close to the west section line for this W/2 acreage dedication due to these reasons. A copy of the C-102, well site layout and topographic map are attached for your reference.

We are infringing on the Fruitland Coal proration units in Section 20, T30N, R13W and these units are operated by McElvain Oil & Gas Properties, Inc. Working interest ownership in the offsetting Fruitland Coal spacing units (N/2 & S/2 of 20) is the same as this proration unit as to the parties and percentage therefore no offset operator notification is necessary in accordance with 19.15.4.12.A(2). McElvain, as operator of the offset units, waives objection to this unorthodox location by the authority granted them in the JOA's.

The closest offset Fruitland Coal well is another McElvain proposed location approximately 1900 feet northwest of this proposed location. All other immediate offset Fruitland Coal completions are 2850 feet to 4200 feet away from the proposed location.

PTG-W
1008154003

RECEIVED
2010 MAR 22 PM 1 23

30-045-33345

APD expires 9-1-10

Please call me at 505.320.1435 or e-mail me at pmci@advantas.net if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Fielder". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Fielder".

Robert E. Fielder
Agent for McElvain Oil and
Gas Properties, Inc.

XC: McElvain Oil & Gas Properties, Inc.
Denver, Colorado

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---|---|---------------------------------|--|
| ¹ API Number 30-045-73325 | | ² Pool Code 71629 | ³ Pool Name Basin Fruitland Coal |
| ⁴ Property Code | ⁵ Property Name ARGO | | ⁶ Well Number 1 |
| ⁷ OCID No 22044 | ⁸ Operator Name McELVAIN OIL & GAS PROPERTIES, INC. | | ⁹ Elevation 5417 |

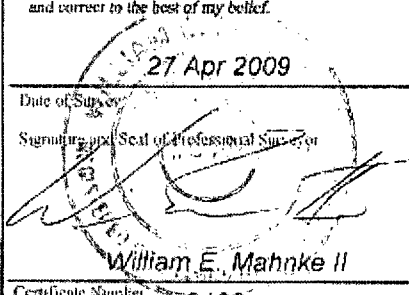
¹⁰ Surface Location

| UL or Lot No. | Section | Township | Range | Lot Idx. | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|----------|
| E | 21 | 30 N | 13 W | | 1798 | North | 414 | West | San Juan |

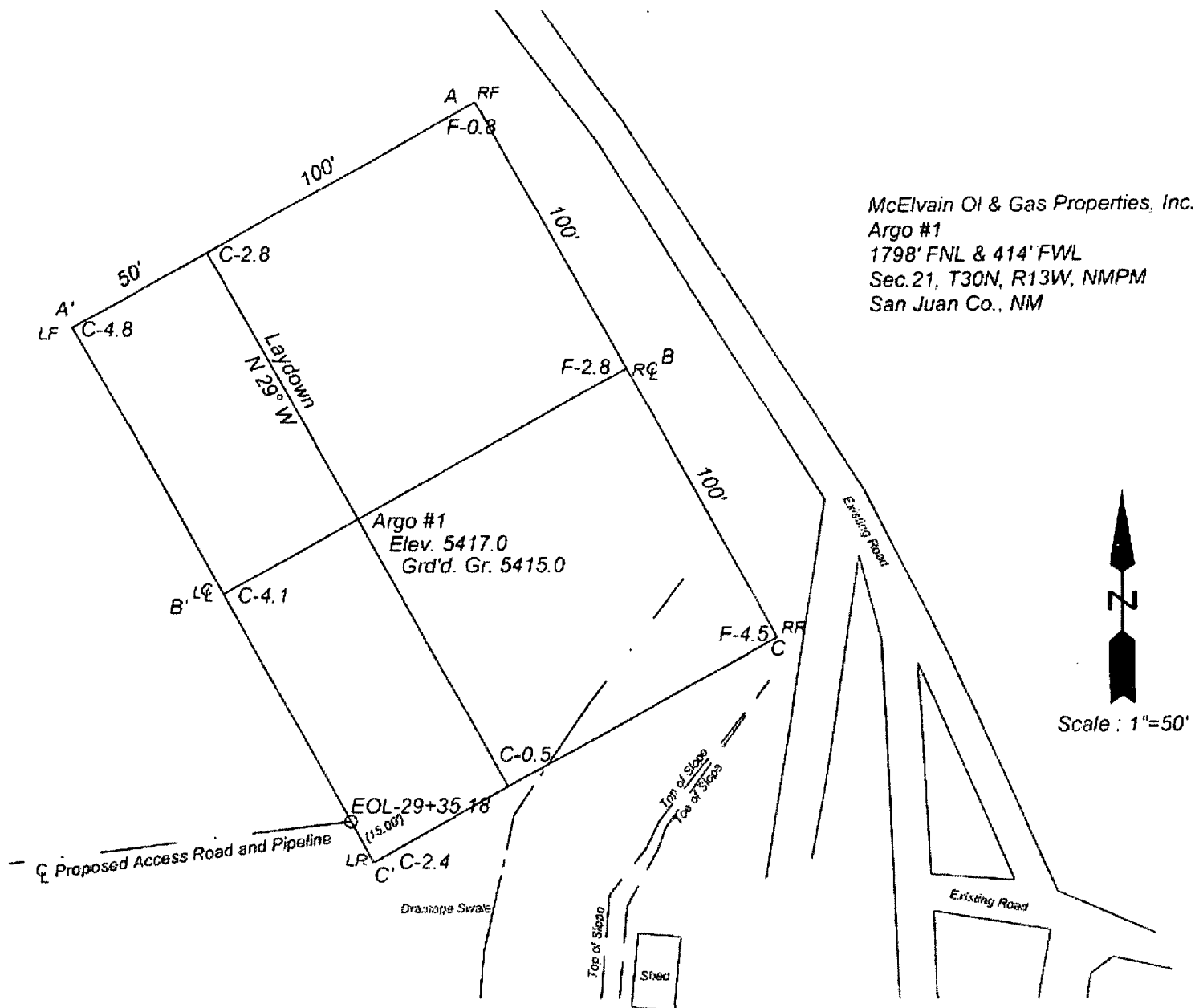
¹¹ Bottom Hole Location If Different From Surface

| UL or Lot No. | Section | Township | Range | Lot Idx. | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------------------------|---------|-------------------------------|-------|----------------------------------|---------------|------------------------|---------------|----------------|--------|
| | | | | | | | | | |
| ¹² Dedicated Acres | | ¹³ Joint or Infill | | ¹⁴ Consolidation 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.

| | | | | | |
|--|--|----|--|---|--|
| ¹⁶ N 89°15' W 78.59 Ch. 1798' N 0°25' E 40.04 Ch. 414' Lat. 36.80113° N Long. 108.21800° W Sec. | | | | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature _____ Date _____ Printed Name _____ | |
| | | 21 | | | ¹⁸ 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 belief. Date of Survey 27 Apr 2009 Signature and Seal of Professional Surveyor  William E. Mahnke II Certificate Number 8466 |
| | | | | | |
| N 0°27' E 40.25 Ch. S 89°57' W 79.16 Ch. | | | | | |

Bearings are from BLM Plat



A-A' Vert.: 1"=30' Horiz.: 1"=50'

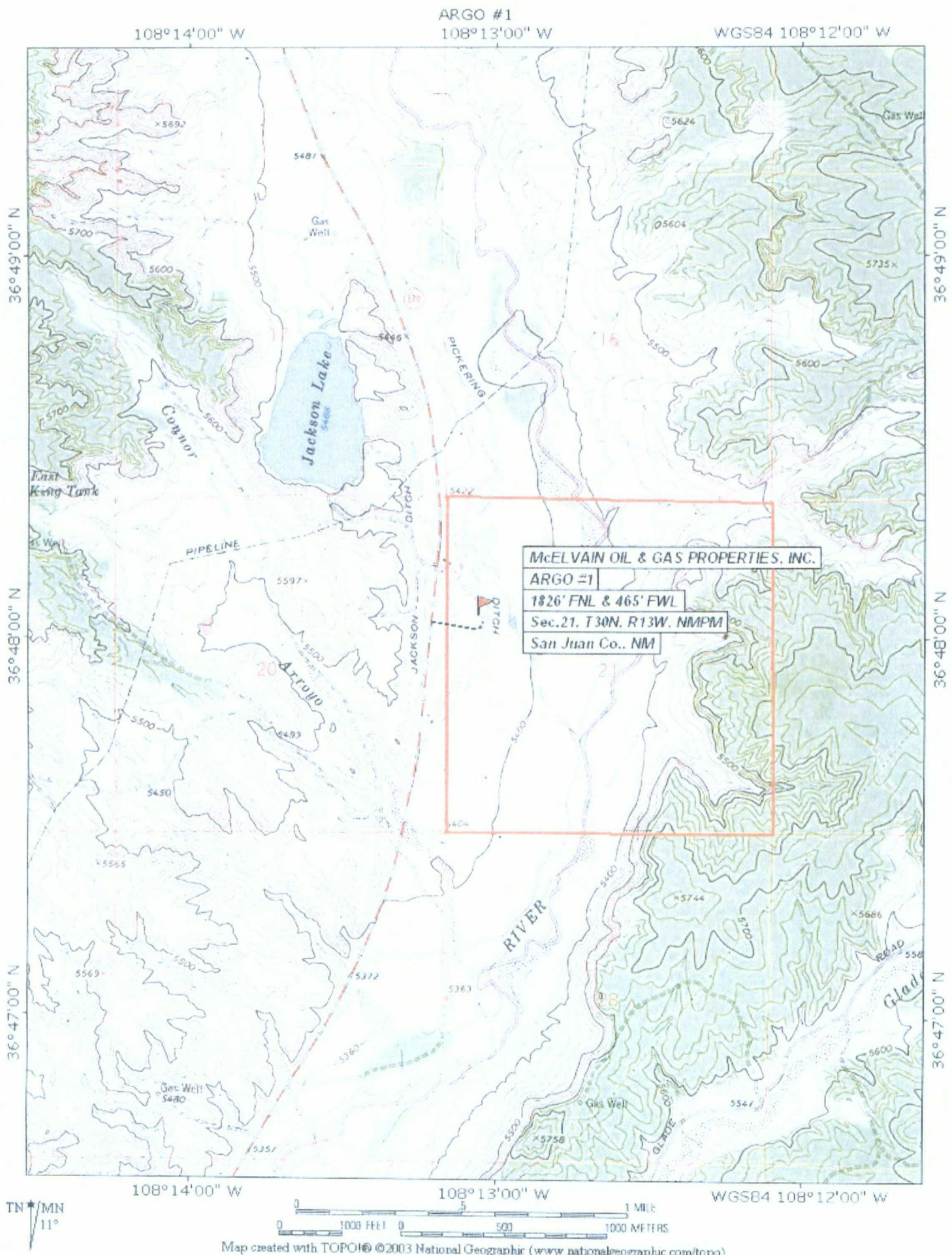
| 5420 | | | | | |
|------|--|--|--|--|--|
| 5410 | | | | | |
| | | | | | |

B-B'

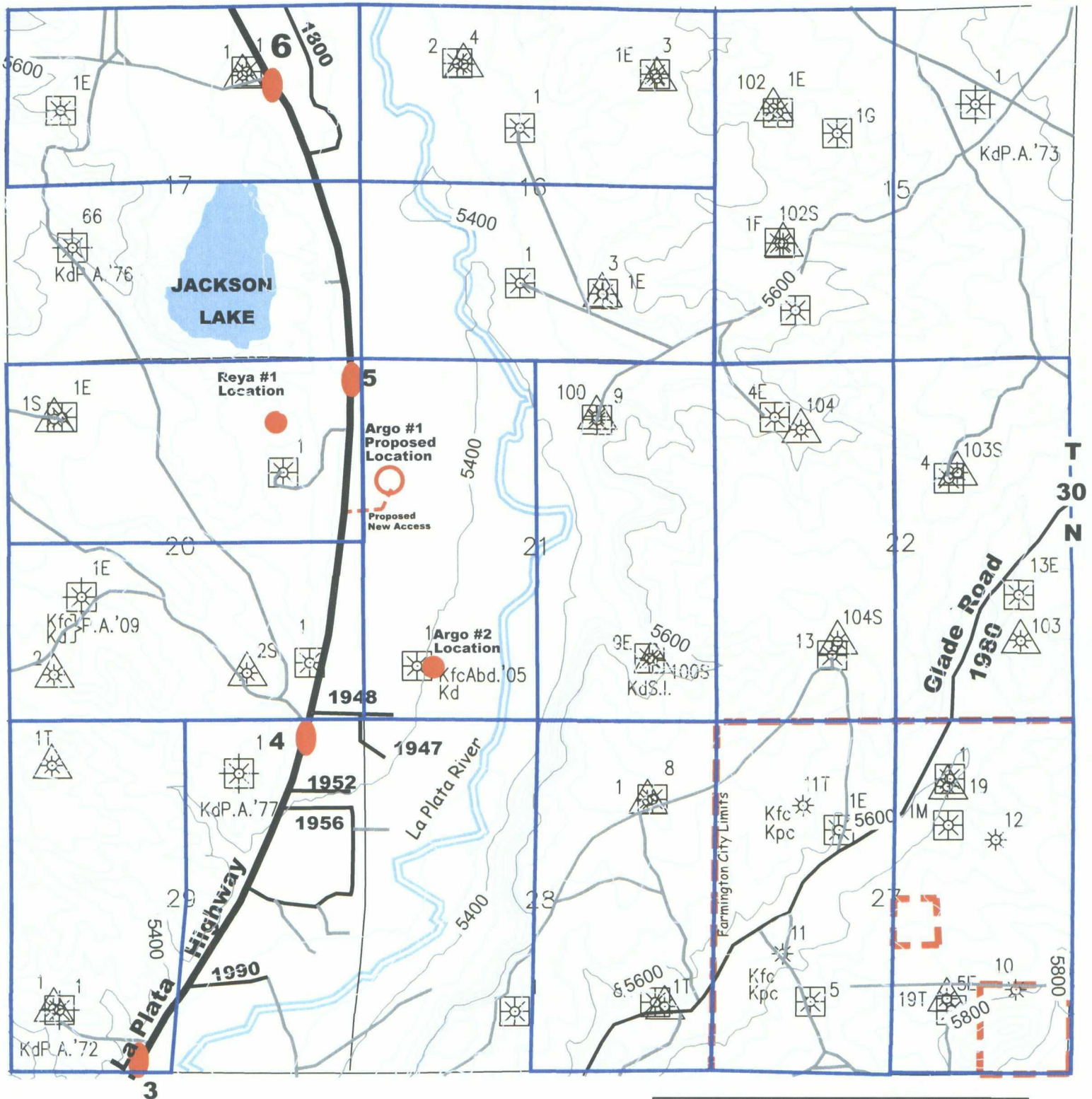
| 5420 | | | | | |
|------|--|--|--|--|--|
| 5410 | | | | | |
| | | | | | |

C-C'

| 5420 | | | | | |
|------|--|--|--|--|--|
| 5410 | | | | | |
| | | | | | |



R - 13 - W



McElvain Oil & Gas Properties, Inc.

Offset Fruitland Coal Spacing Units

ARGO #1

1798' FNL, 414' FWL

SECTION 21, T30N / R13W

SAN JUAN COUNTY, NEW MEXICO

POSTED TO: 02-26-2010

C.I. = 40'

SCALE: 1"=2000'

Prepared by: **HOPKINS MAP SERVICE**
P. O. BOX 536 FARMINGTON, N.M. 87499

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, March 25, 2010 9:54 AM
To: 'pmci@advantas.net'
Subject: McElvain Oil & Gas - Argo #1; NSL application

Dear Mr. Fielder

I have received the referenced application.

Can you tell me if McElvain contemplates a N/2 or a W/2 unit for this well?

Thanks

David K. Brooks
Legal Examiner

[illegible]

HOPKINS MAP SERVICE
P. O. BOX 536 FARMINGTON, N.M. 87400

Brooks, David K., EMNRD

From: Bob Fielder [pmci@advantas.net]
Sent: Thursday, March 25, 2010 11:35 AM
To: Brooks, David K., EMNRD
Subject: RE: McElvain Oil & Gas - Argo #1; NSL application
Attachments: Argo 1 offset FC prounits_locs.pdf

David:

We have the west half dedicated to this well and the Argo 2 as shown on the attachment titled Offset Fruitland Coal Spacing Units. I am attaching another copy in case this was lost somewhere.

Thanks

Bob

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Thursday, March 25, 2010 9:54 AM
To: pmci@advantas.net
Subject: McElvain Oil & Gas - Argo #1; NSL application

Dear Mr. Fielder

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Thanks

David K. Brooks
Legal Examiner

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