A		VE APPLICA	TION CHEC	/
NE	W MEXICO OIL C	eering Bureau -	N DIVISION	Farben Dil & Raxl Federal 26 A # 4 30-07 5-39809
DATE IN SUSPENSE	ENGNEER		TYPE	- pw5
7/1/10	D B.	7/1/10	NSC	1018239405

ADMINISTRATIVE APPLICATION CHECKLIST

TH	IIS CHECKLIST IS M	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS (0.228) which require processing at the division level in santa fe
	ation Acronym	
	[DHC-Down [PC-Po	ndard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] hole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] ol Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] lified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF AP	PLICATION - Check Those Which Apply for [A]
	[A]	Location - Spacing Unit - Simultaneous Dedication
	Check [B]	Location - Spacing Unit - Simultaneous Dedication
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
	[D]	Other: Specify
[2]	NOTIFICATI [A]	ON REQUIRED TO: - Check Those Which Apply, or Does Not Apply 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]		CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE TION INDICATED ABOVE.
[4] approv		FION: I hereby certify that the information submitted with this application for administrative 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	s-Dry	Ocean Murds- Biy	attor ney	3-31-10
Print or Type Name		Signature	Title O	Date
			omund sdrygh e-mail Address	nollandhart.com

HOLLAND&HART



Ocean Munds-Dry Associate omundsdry@hollandhart.com

2010 MAR 31 P 4:21

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 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



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 Attorney for Fasken Oil & Ranch, Ltd.

Enclosures

cc: Jimmy Carlile Oil Conservation Division – Hobbs 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 67410

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

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised October 15, 2009

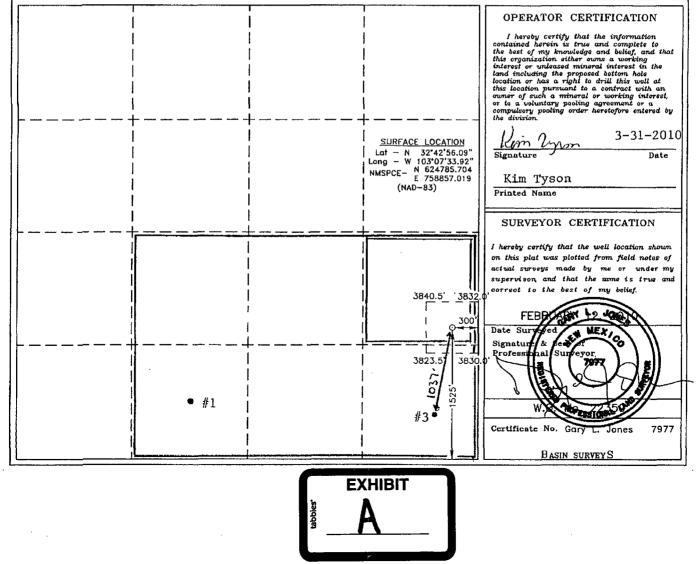
Submit one copy to appropriate District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

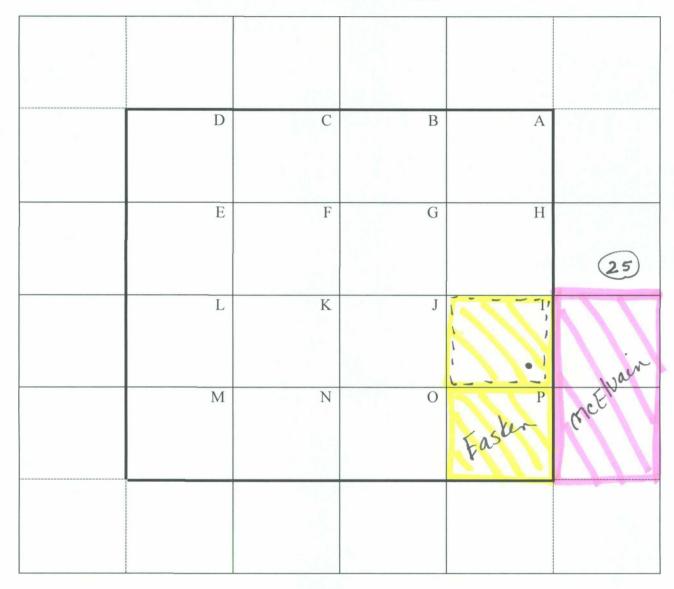
I AMENDED REPORT

30-020	Number 5-3	9809	216	Pool Code 55	und	01 EK; Delaware	Pool Name		
Property Code					Property Name FEDERAL "26A"			Well Number 4	
OGRID N 151416	OGRID No. Operator Name					Elevat 382			
					Surface Loca	ation			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	26	18 S	33 E		1525	SOUTH	300	EAST	LEA
			Bottom	Hole Loo	eation If Diffe	erent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acre	B Joint o	r Infill Co	onsolidation	Code Ore	der No.				
NO ALLO	WABLE W				,	INTIL ALL INTER APPROVED BY		EEN CONSOLIDA	TED



OFFSETS IN SECTION 26

5





Brooks, David K., EMNRD

From: Sent: To: Subject: Brooks, David K., EMNRD Monday, April 05, 2010 9:36 AM 'Ocean Munds-Dry' 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: Sent: To: Subject: Ocean Munds-Dry [Omundsdry@hollandhart.com] Tuesday, April 13, 2010 10:51 AM Davidson, Florene, EMNRD 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

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.

1



Ocean Munds-Dry omundsdry@hollandhart.com

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 OCD 2010 JUN 30 P 4: 2

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. <u>Attachment A.</u> 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 <u>Attachment B.</u> McElvain has indicated that it withdraws its objection to Fasken's application. Therefore, Fasken respectfully requests this application to be considered and approved administratively. <u>Attachment C.</u>

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

Sincerely. cean Munds-

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

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

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

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,

heus E. Mon

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

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

ſ	EXHIBIT	ר
tabbies'	А	
		J

1

•

	INITED STATES OSTAL SERVICE :					<u>Home He</u> Sig
6 <u>39121</u>	uun suumaakka.					<u>& Confirm</u> FAQ:
T	rack & Confi	~ III }				
	Search Results					
	Label/Receipt Numb Service(s): Certified Status: Delivered		49 0697 4454		Track & Confirm Enter Label/Recei	1 2 3 2 4 2 5 2 2 3 2 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
	Your item was delive NM 87505.	ered at 10:49 AM o	on April 12, 2010 in	SANTA FE,		(<u>60</u>)
	Notification Options			• • • • • • • • • • • • • • • • • • •		
	Track & Confirm by Get current event inf		tes for your item so	nt to you or others h	w email	
	Return Receipt (Ele		tes for your item se	at to you of others t		
	Verify who signed fo	r your item by em	ail. (<u>60 ></u>)			
Man	Cuelomar Serves	Forme Cont Pr	0. vizon (⁰ are ova	filia ese Daliar	Tourses of the first first first	
	Customer Service	Forms Govi Se		Prizaky Policy		ss Cuplomer Gateway
	Customer Service				Terms of Use Euclide	
		Reserved. No FE	AR Act EEO Data	FOIA 🚯 T		
	© 2010 USPS. All Rights	Reserved. No FE U.S. Postal GERTIFIEI Pomestic Mail On	AR Act EEO Data Service rei D. MAIL rei RE	EQIA () ET		
	© 2010 USPS. All Rights	Reserved. No FE U.S. Postal CERTIFIEI (Domestic Mail Or For delivery informat	AR Act EEO Data	FOIA		
	© 2010 USPS. All Rights	Reserved. No FE U.S. Postal CERTIFIEI (Domestic Mail Or For delivery informat	AR Act EEO Dete Service in D MAIL in RE in volusion act Gov ton volt our act of the 100016490697	FOIA		
	© 2010 USPS. All Rights	Reserved. No FE U.S. Postal CERTIFIEI (Comestic Mail On For delivery informat 71791	AR Act EEO Dete Service in D MAIL in RE in volusion act Gov ton volt our act of the 100016490697	FOIA		
	© 2010 USPS. All Rights	Raserved. No FE U.S. Postal CERTIFIE (Domestic Mell Or For delivery informat 71791 Postage	AR Act EEO Dete Service in D MAIL in RE in volusion act Gov ton volt our act of the 100016490697	FOIA		
	© 2010 USPS. All Rights	Reserved. No FE U.S. Postal CERTIFIE (Comestic Mell Or For delivery informat 71791 Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee	AR Act EEO Data Service rol D. MAIL rol RE dy No la surence Gay ton velt our vels (Celt LOOOL 6 4 90 6 97 * 0.88 2.80 2.30	FOIA		
	© 2010 USPS. All Rights	Reserved. No FE U.S. Postal Certific Mail Or For delivery informat 71791 Postage Cortified Fae Return Receipt Fae (Endorsement Required)	Service in MAILing RE	FOIA		
s Man pyright	© 2010 USPS. All Rights	Reserved. No FE U.S. Postal Certified Factor For delivery informat 71791 Postage Certified Face Return Receipt Face (Endorsement Required) Restricted Dolivery Face (Endorsement Required) Total Postage & Fece Sent To Mark Fes NM Dept Street, Apt 011 Conse	AR Act EEO Data Service in MAILing [RE] MAIL	FOIA CEIPT (Actor Provided) WWW proon 24454 WWW Postmark Here Here 4-9-10 Nat'l Resours		



۰ I

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. ("<u>Fasken</u>") and McElvain Oil & Gas Properties, Inc. ("<u>McElvain</u>") regarding the unorthodox well location for the Federal 26A Well No. 4 referenced above (the "<u>Well</u>"). 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.

ÐIJ

John Steuble Vice President, Engineering

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

Fasken Oil and Ranch, Ltd.

By: <u>Ally M. Kvamichn</u> Name: <u>Sally M. Kvasnicka</u> Land Manager Title:

				/	
DATE IN SUSPENSE	ENGNEER	LOGGEDIN	TYPE	APP NO.	
	·				

NEW MEXICO OIL CONSERVATION DIVISION

.



a de la com

- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

T۲	IIS CHECKLIST IS MA	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Applic	ation Acronyms	
	[DHC-Down [PC-Pool	Idard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] Inole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] of Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] ified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	[A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication M NSL NSP SD One Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPL FOR PPR
	[B]	Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM
	[C]	
	[D]	Other: Specify
[2]	NOTIFICATI [A] [B]	ON REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners Offset Operators, Leaseholders or Surface Owner
	[0]	La offset operators, Leasenbluers of 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

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

CERTIFICATION: I hereby certify that the information submitted with this application for administrative [4] 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		kurds- Biy	<u>Attor</u>	ney	3-31-10
Print or Type Name		Signature	EXHIBIT		nd sdrygt	nollandhart.com
		tabbles*	_C			

HOLLAND&HART



Ocean Munds-Dry Associate omundsdry@hollandhart.com

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 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. 🙃

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 Attorney for Fasken Oil & Ranch, Ltd.

Enclosures

cc: Jimmy Carlile Oil Conservation Division – Hobbs DISTRICT I

.

1625 N. French Dr., Hobbs, NM 80240 DISTRICT II 1301 W. Grand Avenue, Artesis, 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 and Natural Resources Department

Form C-102 Revised October 15, 2009

Submit one copy to appropriate District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

D AMENDED REPORT

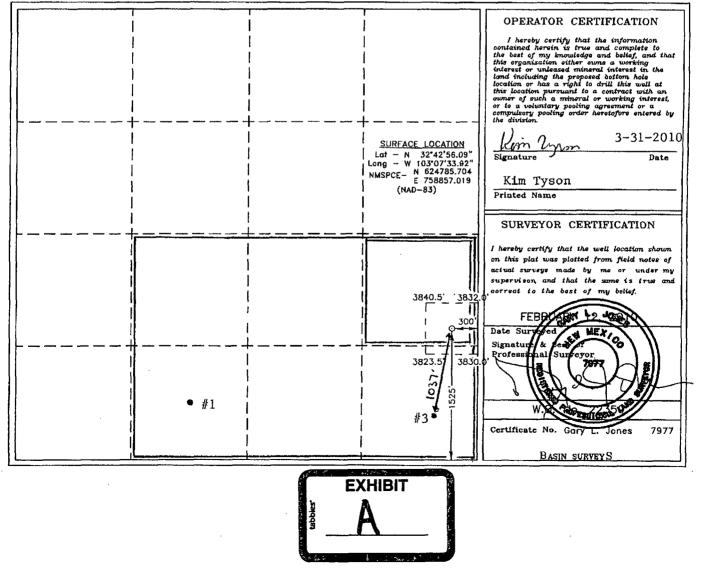
API Number	Pool Code	Pool Name		
	21655	EK; Delaware		
Property Code	Property Name		Well Number	
	FEDE	RAL "26A"	4	
OGRID No.	Op	erator Name	Elevation	
151416	FASKEN OIL	AND RANCH, LTD	3827'	
	Surf	ace Location		

ſ	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	1	26	18 S	33 E		1525	SOUTH	300	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
Dedicated Acres	Joint of	r Infill Co	nsolidation (Code Or	der No.	· · · · · · · · · · · · · · · · · · ·			·
40									

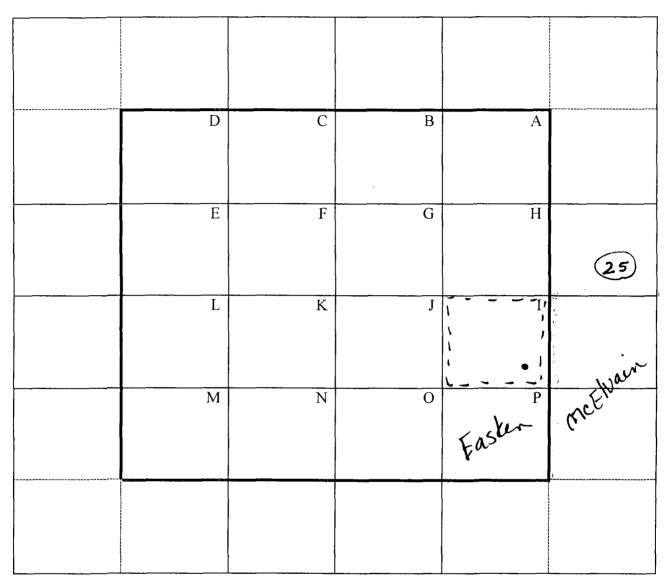
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OFFSETS IN SECTION $\underline{26}$

Ð

.





HOLLAND&HART

Ocean Munds-Dry omundsdry@hollandhart.com

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 4: 2:

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. <u>Attachment A.</u> 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 <u>Attachment B.</u> McElvain has indicated that it withdraws its objection to Fasken's application. Therefore, Fasken respectfully requests this application to be considered and approved administratively. <u>Attachment C.</u>

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

Sincerely, clan Munds -

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

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

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

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

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,

huis E. Mari

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

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



•

٠

	INITED STATES OSTAL SERVICE	588 - 1 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 -	充不老有:雪什副室的)供受到51出来;这	¥512 #思想留清礼日日。	ቦሮኖር የ ቆቆኞች ክን ዋናዊ ፍ ፍ	*************		ome <u>Help</u> Sign I
							Track & Coufirm	FAQs
Tr	rack & Conf	irm						
	Search Result	ts						
	Label/Receipt Nun Service(s): Certifi Status: Delivered	ied Mail [™]	1000 1649 0693	7 4454			£. Costinan Label/Receipt Number.	
	Your item was deli NM 87505.	ivered at 10):49 AM on April	i 12, 2010 i	n SANTA FE,			ធិត ៦
	Netification Data	73						
	Track & Confirm Get current event i		or updates for v	our item se	ent to you or oth	ers by email.	Gu > :	
	Return Receipt (E Verify who signed	Electronic)			•		AND 3	
SR4 Men	Qualonier Service	Forma	<u>Govi Servises</u>	Careers	Pavacy Policy	<u>Terms of Us</u>	s Business Curtomer Con	<u>22247</u>
Copyrights	© 2010 USPS. All Right	is Reserved.	No FEAR Act (EO Deta	©CHA €		**	
		Conset For celling Beturn i (Endorseme	Postage \$ 0.86 Postage \$ 0.86 Cortified Fae 2.80 Receipt Fee 2.30 Delivery Fee 0.00	IIR= purges/Co u/wes/Co u	verage Provided) www.usps.com			
		Total Pos	tage & Fecs \$ 5.98	3]		
		Street. Apt. or FO Box M	Mark Fesmire, D IM Dept of Ener XII-Conservatior 220 So. Saint Fi Vanta Fe, NM 87	gy, Mins & Division				



.

r.

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 17**TH** 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. ("<u>Fasken</u>") and McElvain Oil & Gas Properties, Inc. ("<u>McElvain</u>") regarding the unorthodox well location for the Federal 26A Well No. 4 referenced above (the "<u>Well</u>"). 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 <u>29</u> day of <u>_____</u>, 2010.

Fasken Oil and Ranch, Ltd.

By: Kvasnicka Sally Name: ano.1 Title:

		1.3		<u>)</u>		
DATE IN	SUSPENSE	ENGNEER	LOGGEDIN	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] **TYPE OF APPLICATION** - Check Those Which Apply for [A] [1] Location - Spacing Unit - Simultaneous Dedication [A] NSL NSP SD Check One Only for [B] or [C] υJ [B] Commingling - Storage - Measurement \square DHC \square CTB \square PLC \square PC \square OLS OLM Ο ÷ [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD PI FEOR PPR [D] Other: Specify NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [2] Working, Royalty or Overriding Royalty Interest Owners [A] [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-Dri Print or Type Name -	J Ocean Murds- Dry Signature	<u>Attor ney</u>	<u>3-3/- / 0</u> Date
	EXHIBIT	Omundsdryot e-mail Address	iollandhart.com
	tableC		



Ocean Munds-Dry Associate omundsdry@hollandhart.com

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 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. 🙃



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 Attorney for Fasken Oil & Ranch, Ltd.

Enclosures cc: Jimmy Carlile Oil Conservation Division – Hobbs DISTRICT I 1625 N. French Dr., Hobbs, NM 50240 DISTRICT II

•

1301 W. Grand Avenue, Artesia, NM 88210 DISTRICT III

1000 Rio Brazos Rd., Azteo, NM 87410

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

State of New Mexico Energy, Minerals and Natural Resources Department

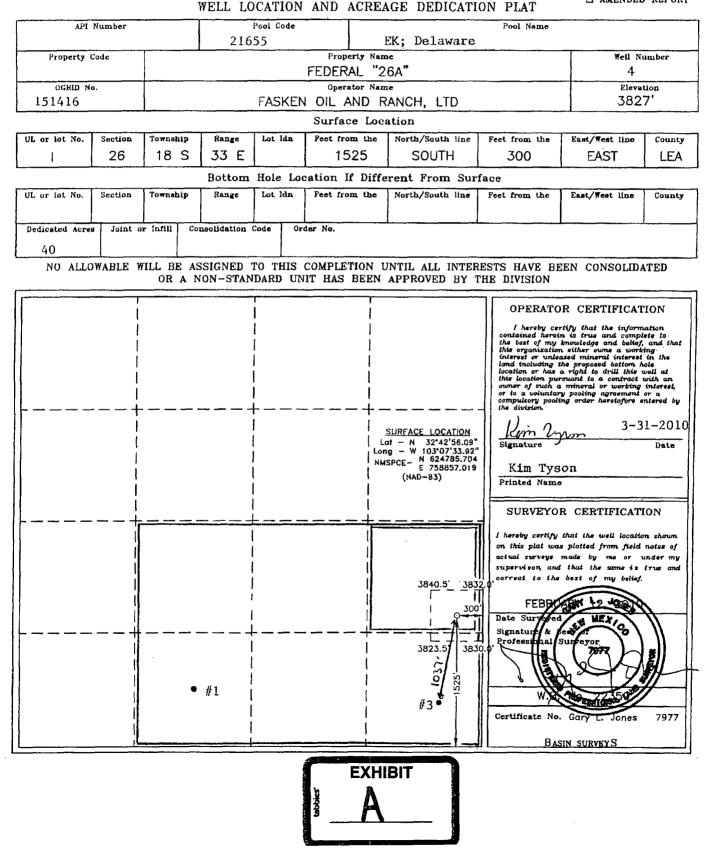
Form C-102 Revised October 15, 2009

Submit one copy to appropriate District Office

Ì

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

□ AMENDED REPORT



.,

•

OFFSETS IN SECTION 26

D	C	В	А	
E	F	G	Н	25
L	K	J		
М	N	0	Faster	methain



HOLLAND&HART

Ocean Munds-Dry omundsdry@hollandhart.com

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 OCT

Re: Application of Fasken Oil and Ranch, Ltd. for administrative approxal 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. <u>Attachment A.</u> 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 <u>Attachment B.</u> McElvain has indicated that it withdraws its objection to Fasken's application. Therefore, Fasken respectfully requests this application to be considered and approved administratively. <u>Attachment C.</u>

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

Sincerely. Clan Munds -.

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

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

Holland & Hart LUP

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

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

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

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,

Chuis E. Mon

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

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



•

•

South P	UNITED STATES POSTAL SERVICE									Home Heli Sign
							RRAN		•	•
			1						Track & Confir	m <u>FAQs</u>
T	rack & Conf	irm								
	Search Result	ts								
·	Label/Receipt Nun Service(s): Certifi Status: Delivered		1000 1649	0697 4454	l				Contirm bel/Receipt Numbe	r.
	Your item was deli NM 87505.	ivered at 10	49 AM on	April 12, 20	010 in \$	SANTA FE				សិក ៦
	Notification Option									
	Track & Confirm Get current event i		or updates	for your ite	em sent	t to you or a	others b	y email. 👘 🦉	0. 5 :	
	Return Receipt (E Verify who signed		e bu enesil							
	, ,	,	,	An 14						
te Map	Gusionist Service	Form	<u>Sevi Servi</u>		<u>16615</u>	Privacy Fo	licy	Transallisa	Enswess Cusionic	r Goteway
opyrich	n# 2010 USPS. Ali Right	is Reserved.				())A	0			n na standing ng n
										•
		MINGRAG	ostal S	envices				œ.		
				MAIL IN	a Cove	rage Provide				
		For dollver	Station Charles Sectors Prove Charles	visitourweb DD1649(and a second reaction	ww.uspslcom 454				
		L	Postage \$	0.88		- in				
		Ĝ	ertified Fee	2.80		Office	ostmark			
			1				1191 8			
			Receipt Fea t Required)	2.30		16-9-	(6			
		Return F	t Required)	2.30 0.00		Chris 4-9-	(6			
		Return F (Endorsomen Flestricted D (Endorsomen	t Required) elivary Fee t Regulred)			4-9-	(Ó			
		Return F (Endorsomen Flestricted D (Endorsomen Total Post Sent To M Sireut, Apt.O or FO Box Me	t Required) t Required) age & Fees ark Fesmin M Dept of fil:Conserv	0.00 5.98 re, Director Energy, Mi ation Divis int Frances	r Ins & Ni iion	4-9 ⁻ at'l Resour	un and the second second second			



•

.



5208 OCEAN	MUNDS-DRY		Credit Card #:	3782-966800-01888
Transaction Date	Description of Char	gə		USD Amt
5/20/2010	ZE FRENCH BISTRO	0 676 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. ("<u>Fasken</u>") and McElvain Oil & Gas Properties, Inc. ("<u>McElvain</u>") regarding the unorthodox well location for the Federal 26A Well No. 4 referenced above (the "<u>Well</u>"). 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.

TEL 014

John Steuble Vice President, Engineering

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

Fasken Oil and Ranch, Ltd.

By: Kvasnicka Name: <u>Sally</u> and Title:

			× #		
DATE IN	SUSPENSE	ENGNEER	LOGGEDIN	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 AP [A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication	2010 KAR	RECE					
	Check	One Only for [B] or [C]	لتت ل						
	[B]	Commingling - Storage - Measurement	ين ال) مسيد						
	(-)	DHC CTB PLC PC OLS OLM	D.	\bigcirc					
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR	₩ 10	000					
	[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

[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-Dr	1 Ocean Murd	k-By at	for ney	3-31-10
Print or Type Name	Signature	7 Title	•	Date
		<u>on</u>	nundsdry	shollandhart.com
	EX	HIBIT e-ma	ail Address	
		C		





HOLLAND&HART

Ocean Munds-Dry Associate omundsdry@hollandhart.com

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 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. 🙃



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 Attorney for Fasken Oil & Ranch, Ltd.

Enclosures

cc: Jimmy Carlile Oil Conservation Division – Hobbs DISTRICT I 1625 N. French Dr., Robbs, NM 50240 DISTRICT II 1301 W. Grand Avenue, Artesia, NM 88210

•.,

• ...

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

DISTRICT IV 1220 6. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised October 15, 2009

Submit one copy to appropriate District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

□ AMENDED REPORT

API Number			Pool Code 21655			 1	EK; Delaware			
Property Code			Propert)e	1	Well Number	
OCDID No.					FEDER	AL "2		····	4 Elevation	
151416	OGRID No. 151416			FASKEN	-		ANCH, LTD		382	
Surface Location										
UL or lot No.	Section	Township	Range	Lot Idn	Feet fro		North/South line	Feet from the	East/West line	County
1 26 18 S			33 E	L	15	525	SOUTH	300	EAST	LEA
Bottom Hole Location If Different From Surface										
UL or lot No.	Section	Township	Range	Lot Idn	Feet fro	m the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint a) or Infill Co	nsolidation	Code Ore	der No.		L		1	l
40										
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										
				1		1		OPERATO	OR CERTIFICAT	NON
	1]		Ì		I hereby ce	rtify that the inform in is true and compl	ation
	1			1 ,		1		the best of my this organization	knowledge and belief m either curs a work ased mineral interest	and that
				1.				land including	the proposed bottom ! a right to drill this	iole wall at
	1			}				or to a volunta	rsuant to a contract a mineral or working ry pooling agreement	07 12 1
[+			+					ing order heretofore o	
				1			SURFACE LOCATION	Kim 2	3-3 Nan	1-2010
	} 			1		Lon	at - N 32*42'56.09' ng - W 103*07'33.92' N 524785 704	· . · · · · · · · · · · · · · · · · · ·	,	Date
				ĺ		т им 	SPCE- N 624785.704 E 758857.019 (NAD-83)			
				!		!		Printed Nam	•	
				 		 _		SURVEYO	R CERTIFICAT	ION
									that the well location	
			1		1		actual surveys	is plotted from field made by me or	under my	
				t I			3840 E ¹ 729	antreat to the	d that the same is I best of my belief.	
				1 }			3840.5 38	FFBD	and to start	
	ĺ			l		i i		I Date Surveye	d HEX	$\eta - \eta$
	+					∔┡─═ ╵		Signature & Professional	Surveyor	
						1	3823.5 382 382 382 382 382 382 382 382	30.0	1997 L	
							-103			
	1	Q	#1			1	#3• <u>1</u>	W.	The state of the s	
				1		1	" -	Certificate No	. Gary L. Jones	7977
						ا ــــــــــــــــــــــــــــــــــــ		BA	SIN SURVEYS	
					A. S.	EVU				
EXHIBIT										
					tabbies	A				



•

•



OFFSETS IN SECTION 26

D	C	В	А	
E	F	G	Н	25
L	K	J		
М	N	0	Faster	methain



Davidson, Florene, EMNRD

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

1

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	TELEPHONE 303-893-0933, EXT. 329
Landman	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 OCD

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,

Chuis E. Mai

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

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



Ocean Munds-Dry omundsdry@hollandhart.com

March 31, 2010

<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

McElvain Oil and Gas Properties Attn: David W. Siple, Vice President of Land 1050 17th Street Suite 1800 Denver, CO 80265 APR 02-2010 RECEIVED MEELVAIN OIL & GAS ARD BERTHES INC.

RECEIVED

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. 🙃



Ocean Munds-Dry Associate omundsdry@hollandhart.com

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 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. 🙃

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 Attorney for Fasken Oil & Ranch, Ltd.

Enclosures

cc: Jimmy Carlile Oil Conservation Division – Hobbs DISTRICT I

1625 N. French Dr., Hobbs, NM 56240 DISTRICT II

1301 W. Grand Avenue, Artesia, NM 68210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 67410

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

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised October 15, 2009

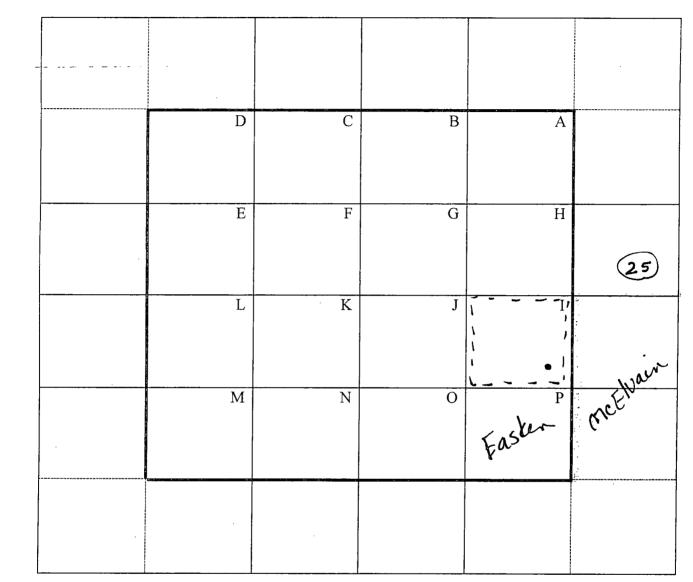
Submit one copy to appropriate District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

□ AMENDED REPORT

API Number				Pool Code	÷						
			21655 EK; Delaware								
Property Code					Well Number						
OGRID No.			FEDERAL "26A" Operator Name							4 Elevetion	
151416				FASKEN OIL AND RANCH, LTD						3827'	
Surface Location											
UL or lot No.	Section	Township	Range	Lot Idn	Feet fro	m the	North/South line	Feet from the	East/West line	County	
	26	18 S	33 E		15	525	SOUTH	300	EAST	LEA	
Bottom Hole Location If Different From Surface											
UL or lot No.	Section	Township	Range	Lot Idn	Feet fro	m the	North/South line	Feet from the	East/West line	County	
Dedicated Acres	Dedicated Acres Joint or Infill Consolidation Code Order No.										
40	40										
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											
OPERATOR CERTIFICATION											
	· 1			l		1		contained herei	rtify that the inform n is true and compl	lete to	
	[1				this organization	knowledge and belief, n either cums a work ased mineral interest	ing	
	1			1		1		land including i location or has	the proposed dettom t a right to drill this rsuant to a contract	vell at	
	, I					İ		owner of such of or to a voluntar	ı mineral or working v pooling apreement	interest, or a	
	· +			<u>+</u>		-+-		the division.	ing order heretofore e	intered by	
	SURFACE LOCATION					I Kim 2	in 2mm 3-31-2010				
			1 1		Lon	at – N 32*42'56.09' Ig – W 103*07'33.92'	, [,	Date		
						NM 	SPCE- N 624785.704 E 758857.019 (NAD-83)	Kim Tys			
				l				SURVEYO	R CERTIFICAT	ION	
	+			<u> </u> 		═╌╬══		I hereby certify	that the well locati	n shown	
						i		on this plat wa	s plotted from field made by me or	notes of	
	iļ			l		i		supervison and	i that the same is	true and	
	l]						3840.5 <u>'</u> <u>3</u> 83	52.0	best of my belief.		
				s 			1 300	FEBR			
				 		₋╨ݐ		Date Surveyed Signature &			
	il					i	3823.5	10.0' Professional	Sunfeyor		
	Ì	•				I	3823.5		NOH		
	ļ	9	#1]	1525			//	
						1	#3•	W.X Certificate No			
	i i		1			i			·	7977	
BASIN SURVEYS]		
EXHIBIT A A											



OFFSETS IN SECTION 26

يني م

