

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Case 15071

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 [D] Other: Specify _____

2013 AUG -6 P 3: 17
RECEIVED OOD

- [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

No API
Regina Com 25-2-14-15
Well # 1H
Hunt Oil Company

[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.

John Thompson _____ 8/1/2013
 Print or Type Name Signature Title Date

 e-mail Address
 john@walsheng.net

Regina Com 25-2-14-15 #1H
Rio Arriba County, New Mexico

Hunt Oil Company is proposing to drill a 14,545' MD horizontal well (7,218' TVD) to test the Mancos Formation in Sections 14 and 15, Township 25 North, Range 2 West. The surface location is to be 1443' FSL and 2262' FEL of Section 14. The lateral is to be 7,000' long, running east to west. The bottom hole location is to be 2023' FSL and 462' FWL of Section 15. This is to be an oil test in the Gavilan-Mancos Pool. (27194)

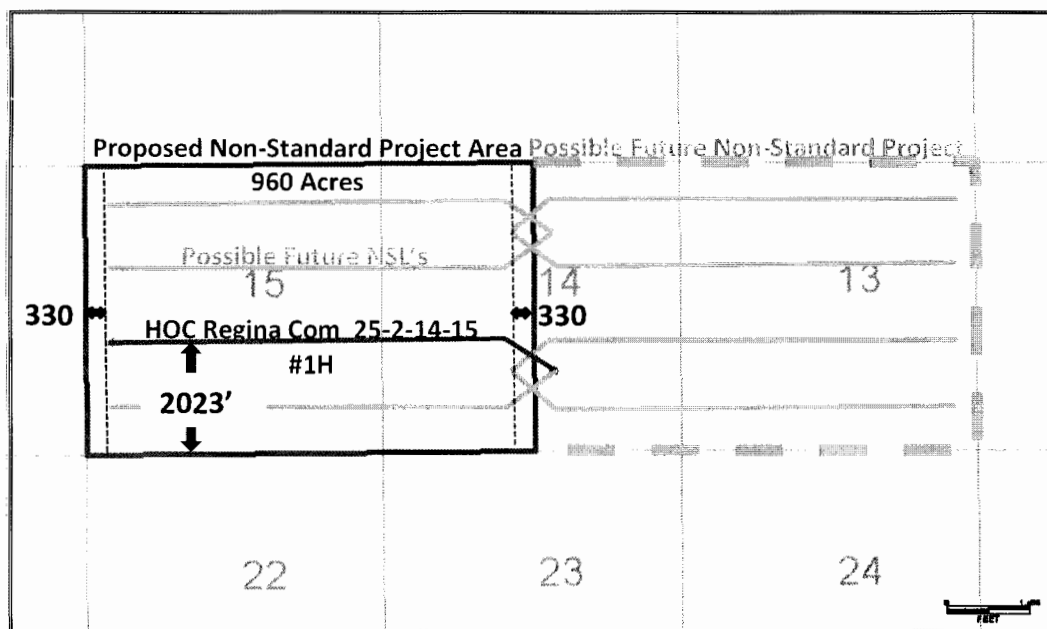
To facilitate the drilling of the well, Hunt is proposing to form a Non-Standard Project Area (NSPA), of 960 acres, encompassing the west half of section 14 and all of section 15. The standard spacing for the Gavilan-Mancos Pool is 640 acres. The NSPA is necessary due to the 7,000' lateral length which is essential for an economic well in this area.

Hunt is also proposing a Non-Standard Location (NSL) within the above NSPA. The setbacks for the Gavilan-Mancos Pool are 790'. Hunt is requesting setbacks of 330' at the heel and toe of the lateral. The length of the lateral will be 2,030' from the south line of the Project Area. Therefore the proposed encroachment on the standard setbacks only occurs on the east and west lines of the NSPA. This encroachment is necessary, because without it there will be a distance of 1580' separating the toe of the proposed well with the toe or heel of additional horizontal wells that may be drilled in the offsetting tracts. This would represent significant waste of undeveloped oil and gas. This situation is exacerbated by the fact that the direction of maximum stress in this area is north-south, meaning that fractures (both natural and induced) trend north-south. The cumulative effects of the standard setback distances and the trend of fracturing would render a significant north-south strip of acreage that would be impossible to develop as oil and gas productive. Operators of offsetting tracts within 790' of the proposed encroachment will be contacted by certified letter.

Assuming another NSPA were proposed and approved to the east of this one, three full sections of land (1920 acres) could be developed by eight wells from two pads. This would minimize the surface impact of our operations including total pad area, access roads, and pipeline right of ways.

Developing HOC's acreage position in the San Juan Basin with NSL's and NSPA's is an efficient plan that minimizes reserve waste, allows for economic wells, and maintains good stewardship of the environment.

Hunt Oil Company
Plat for Proposed Non-Standard Project Area and Non-Standard Location



T-25-N R-2-W

Rio Arriba County, New Mexico



J Bar Cane, Inc.

Oil & Gas Properties / Petroleum and Mineral Land Services

3660 State Hwy. 41 . Stanley, NM 87056 . Phone [505] 832-1478 . Fax 832-1479

Email address jmr@jbarcane.com

July 30, 2013

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Hunt Oil Company has filed an application with the New Mexico Oil Conservation Division seeking a non-standard project area covering all of Sections 14 and 15, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico. A copy of the application is enclosed. You are an offset operator or interest owner. If you object to the application, you must notify Hunt Oil Company and the Division in writing within 20 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505; Hunt Oil Company's address is 1900 North Akard Street Dallas, TX 75201). Failure to object will preclude you from contesting this matter at a later date.

Should you have any questions or comments regarding this matter, please advise.

Sincerely,
J Bar Cane, Inc.

John Michael Richardson, CPL
President

**Exhibit "A" Attached to and made a part of the certain
notification letter for a non-standard project area to offset
operators and or interest owners dated July 30, 2013**

Williams Production Company
P. O. Box 3102
Tulsa, Oklahoma 74101-3102

McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265

7011 3500 0002 2619 5437

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

DENVER, CO 80265

Postage	\$ 1.32	0035
Certified Fee	\$ 3.10	03
Return Receipt Fee (Endorsement Required)	\$ 2.55	JUL 31 2013
Restricted Delivery Fee (Endorsement Required)	\$ 0.00	
Total Postage & Fees	\$ 6.97	07/31/2013

Sent To: Mr Elvan O. IV GAS Properties
 Street, Apt. No., or PO Box No.: 1950 17th Street Suite 1800
 City, State, ZIP+4: Denver, CO 80265

PS Form 3800, August 2006 See Reverse for Instructions.

7011 3500 0002 2619 5420

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

TULSA, OK 74101

Postage	\$ 1.32	0035
Certified Fee	\$ 3.10	03
Return Receipt Fee (Endorsement Required)	\$ 2.55	JUL 31 2013
Restricted Delivery Fee (Endorsement Required)	\$ 0.00	
Total Postage & Fees	\$ 6.97	07/31/2013

Sent To: Williams Production Company
 Street, Apt. No., or PO Box No.: P.O. Box 3102
 City, State, ZIP+4: Tulsa, OK 74101-3102

PS Form 3800, August 2006 See Reverse for Instructions.