

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 72094  
 Mc Elvain #11

**ADMINISTRATIVE APPLICATION CHECKLIST 30-025-40108**

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

6407

**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]**

Lea

[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

[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.

E. Reed Fischer

Senior Operations Engineer

June 8, 2011

Print or Type Name

Signature

Title

Date

reedf@mcelvain.com

e-mail Address

**McELVAIN OIL & GAS PROPERTIES, INC.**

1050 17<sup>TH</sup> STREET  
SUITE 2500  
DENVER, COLORADO 80265

E. REED FISCHER  
SENIOR OPERATIONS ENGINEER  
E-MAIL: REEDF@MCELVAIN.COM

TELEPHONE 303/893-0933 EXT. 330  
FAX 303/893-0914

June 8, 2011

Mr. David Brooks  
New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Re: Application for Administrative Approval of Unorthodox Location  
McElvain # 11 (API # 30-025-40108) - 10,100' Bone Spring Test in EK Bone Spring Pool  
900' FNL & 1,170' FWL of Section 31, T18S-R34E  
Lea County, New Mexico

RECEIVED OOD  
2011 JUN 13 P 1:38

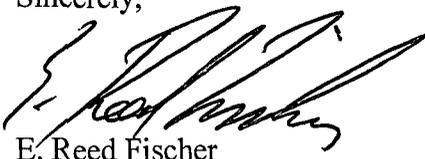
Dear Mr. Brooks:

McElvain Oil & Gas Properties, Inc. (MOG) is requesting administrative approval of an unorthodox location for our federally permitted McElvain # 11 well. The well-bore location and its associated drill pad were staked to comply with a BLM "request" to avoid a sand dune complex which is viewed as potential sand dune lizard habitat. The final staking was conducted with the on-site assistance of Mr. Ty Allen, a Carlsbad BLM wildlife specialist. The proposed drill pad, as approved and permitted by the BLM, will provide both the necessary stand-off to mitigate disturbance with several dune complexes situated generally west and north of the McElvain # 11 well's current well-bore stake and to allow for a closed loop drilling system.

The surface and mineral estate of the entire NW/4 of Section 31 is owned by the Federal government and a single Federal oil and gas lease covers this acreage. The NW/4 of Section 31 is also situated within the boundaries of the expanded EK Bone Spring pool. As such, each well is required to be located within 150 feet of the center of a governmental quarter-quarter section or lot and spaced on  $\pm$  80 acres consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section. Although there is common ownership through the Bone Spring formation between the W/2NW/4 spacing unit and the E/2NW/4 spacing unit, the distance between the McElvain # 11 well's currently proposed well-bore from the center of the NWNW of Section 31 has triggered an "unorthodox" location designation. Notification of this application is therefore required and has been provided by certified mail to the leasehold owners in the E/2NW/4 of the section. Copies of the notification letter and a list of the notified parties are also attached.

MOG respectfully requests administrative approval for this unorthodox location. Should you need additional information, please contact the undersigned at (303) 893-0933 xtn 330.

Sincerely,



E. Reed Fischer

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 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	Pool Name
Property Code	Property Name McELVAIN	Well Number 11
OGRID No. 22044	Operator Name McELVAIN OIL & GAS PROPERTIES	Elevation 3860'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	31	18 S	34 E		900	NORTH	1170	WEST	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 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

<p>SURFACE LOCATION Lat - N 32°42'32.36" Long - W 103°36'14.99" NMSPC- N 622433.092 E 765617.473 (NAD-83)</p> <p>McElvain #11 Spacing Unit</p> <p>Adjacent Spacing Unit</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>E. Reed Fischer</i> 6/8/11 Signature Date</p> <p>E. Reed Fischer Printed Name</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>GARY L. JONES Date Survey Signature &amp; Seal of Professional Surveyor W 6 2683</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

## Affected Persons

List of Affected Persons Sent Notification of Application  
for Administrative Approval of Unorthodox Location  
McElvain #11 Well, API #30-025-40108

### Ownership of McElvain #11 Spacing Unit

W2NW (Lots 1 & 2), 75.88 acres  
Federal Lease NM-02455247

	<u>Working Interest</u>	<u>Net Revenue Interest</u>
T.H. McElvain Oil & Gas LLLP 1050 17 <sup>th</sup> Street, Suite 2500 Denver, CO 80265	62.500000%	53.984375%
McElvain Oil Company PO Box 801888 Dallas, TX 75380	25.000000%	21.593750%
Ralph C. McElvain, Jr. PO Box 17892 Holladay, UT 84117-0892	12.500000%	21.593750%

### Ownership of Affected Adjoining Spacing Unit

E2NW, 80.00 acres  
Federal Lease NM-02455247

	<u>Working Interest</u>	<u>Net Revenue Interest</u>
T.H. McElvain Oil & Gas LLLP 1050 17 <sup>th</sup> Street, Suite 2500 Denver, CO 80265	62.500000%	53.984375%
McElvain Oil Company PO Box 801888 Dallas, TX 75380	25.000000%	21.593750%
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**T. H. McElvain Oil & Gas LLLP**  
**McElvain Oil & Gas Properties, Inc., Sole General Partner**  
1050 17th Street, Suite 2500  
Denver, Colorado 80265-1801

Chris E. Manning  
Landman

Telephone 303-893-0933, ext. 329  
Fax 303-893-0914  
e-mail: chrism@mcelvain.com

June 9, 2011

T.H. McElvain Oil & Gas LLLP  
McElvain Oil & Gas Properties, Inc.  
1050 17<sup>th</sup> Street, Suite 2500  
Denver, CO 80265

**SENT CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

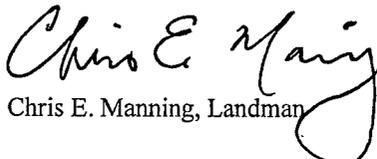
Re: Application for Administrative Approval of Unorthodox Location  
McElvain #11 Well, API #30-025-40108.  
1170' FWL, 3858.5' FNL, NWNW, Section 31, T18S-R34E  
Bone Spring Formation Test; Target depth of 10,100'  
Lea County, New Mexico

McElvain Oil & Gas Properties, Inc. ("McElvain") has submitted the above captioned application to the New Mexico Oil Conservation Division ("NMOCD") for administrative approval of an unorthodox location request for the McElvain #11 well operated by McElvain.

The NMOCD requires that all affected interest owners be notified of any such unorthodox location request. A copy of the NMOCD application and the corresponding attachments are enclosed for your reference. Any objection to this application must be filed in writing with the NMOCD Santa Fe office at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505 within twenty (20) days from the date the NMOCD received the application.

If you have no objection to this application, please indicate so by signing and returning one copy of this letter to McElvain at the address in the above header. If you need additional information, or have any questions regarding this notification, please contact me at 303-893-0933, \*329.

Regards,

  
Chris E. Manning, Landman

Cc: Mr. David Brooks, NMOCD

\_\_\_\_\_ (insert company or individual name here) hereby waives notice of hearing and objection to the application by McElvain Oil & Gas Properties, Inc., for the unorthodox location for the McElvain #11 well, as depicted on the enclosed plat.

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**T. H. McElvain Oil & Gas LLLP**

—**McElvain Oil & Gas Properties, Inc., Sole General Partner**

1050 17th Street, Suite 2500  
Denver, Colorado 80265-1801

Chris E. Manning  
Landman

Telephone 303-893-0933, ext. 329  
Fax 303-893-0914  
e-mail: chrism@mcelvain.com

June 9, 2011

McElvain Oil Company  
PO Box 801888  
Dallas, TX 75380

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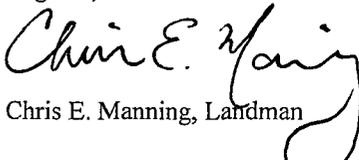
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**T. H. McElvain Oil & Gas LLLP**  
**McElvain Oil & Gas Properties, Inc., Sole General Partner**  
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Denver, Colorado 80265-1801

Chris E. Manning  
Landman

Telephone 303-893-0933, ext. 329  
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June 9, 2011

Ralph C. McElvain, Jr.  
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Holladay, UT 84117-0892

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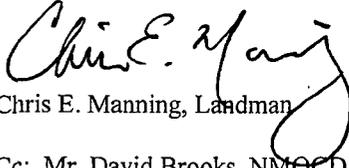
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