

01-23-2017 DATE IN	SUSPENSE	ENGINEER LRL	01-24-2017 LOGGED IN	TYPE NSL	PLEL 1702436715 APP NO.
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02-13-17

ABOVE THIS LINE FOR DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[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 _____

Mc Elvain Energy Inc. [#22044]
WELL: EK 31 BS2 FED. COM #1H
API: 30-025-
POOL: E-K, Bone Spring [#21650]

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☒ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

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

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jordan L. Kessler
Print or Type Name

Signature

Attorney
Title

Date

jlkessler@hollandhart.com
e-mail Address

RECEIVED OOD
2017 JAN 23 P 12:51

1/23/17

HOLLAND & HART^{LLP}



Jordan L. Kessler
Associate

Phone (505) 988-4421

Fax (505) 983-6043

jlkessler@hollandhart.com

January 23, 2017

VIA HAND DELIVERY

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED 000
2017 JAN 23 PM 12:51

Re: Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 31 BS2 Federal Com No. 1H Well in the E/2 E/2 of Section 31, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Catanach:

McElvain Energy, Inc. (OGRID No. 22044) seeks administrative approval of an unorthodox well location for its **EK 31 BS2 Federal Com No. 1H Well** to be completed within the E-K; Bone Spring Pool (Pool Code 21650) underlying Section 31, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This well will be drilled from a surface location 124 feet from the South line and 892 feet from the East line (Unit B^e) of Section 30. The first perforation will be located 330 feet from North line and 926 feet from the East line (Unit A) and the last perforation will be 330 feet from the South line and 926 feet from the East line (Unit P) of Section 31. The E-K; Bone Spring Pool is governed by the Special Rules as adopted by Division Order R-4981. These Special Rules require 80-acre spacing units and further require that the completed interval for a well be located within 150 feet of the center of the quarter-quarter section. As a result, the completed interval for this proposed well will be unorthodox because it is closer than 510 feet from the northern, northwestern, western, southwestern, and southern boundaries of the project area. Approval of the unorthodox completed interval will allow for efficient spacing of horizontal wells and thereby prevent waste.

Exhibit 1 is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **EK 31 BS2 Federal Com No. 1H Well** encroaches on the spacing and proration units to the North, Northwest, West, Southwest, and South.

Exhibit 2 is a land plat for Section 31 and the surrounding sections that shows the proposed **EK 31 BS2 Federal Com No. 1H Well** in relation to adjoining units and existing wells.

Holland & Hart LLP

Phone (505) 988-4421 **Fax** (505) 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

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

HOLLAND & HART^{LLP}



Exhibit 3 is a list of the parties affected by the unorthodox location. Each of the parties listed on Exhibit 3 have been provided notice of this application by certified mail, and has been advised that if they have an objection it must be filed in writing with the Division within 20 days from the date the Division receives this application. In addition, a courtesy copy of this application has been provided to the Bureau of Land Management and to the New Mexico State Land Office.

Exhibit 4 is a notice of publication in Lea County directed to the unlocatable interest owner.

Your attention to this matter is appreciated.

Sincerely,

Jordan L. Kessler
ATTORNEY FOR McELVAIN ENERGY, INC.

cc: Bureau of Land Management
620 E. Green Street
Carlsbad, NM 88220

DISTRICT I
1655 N. French Dr., Hobbs, NM 88240
Phone (505) 583-5161 Fax (505) 583-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (505) 748-1283 Fax (505) 748-0720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 834-6178 Fax (505) 834-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 470-0460 Fax (505) 470-6463

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name EK 31 BS2 FEDERAL COM	Well Number 1H
GRID No.	Operator Name McELVAIN ENERGY, INC	Elevation 3894

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	30	18 S	34 E		124	SOUTH	892	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
P	31	18 S	34 E		230	SOUTH	926	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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

N: 628602.5 E: 784399.2 (NAD83) SURFACE LOCATION Lat - N 32°42'42.49" Long - W 103°35'38.21" NAD83 - N 623478.1 E 768752.3 (NAD-83) PROPOSED BOTTOM HOLE LOCATION Lat - N 32°41'51.27" Long - W 103°35'38.44" NAD83 - N 618301.7 E 768768.9 (NAD-83)	N: 628821.3 E: 768998.1 (NAD83) N: 623325.2 E: 764440.8 (NAD83) N: 623024.4 E: 768856.4 (NAD83) N: 620884.1 E: 764481.1 (NAD83) N: 618043.0 E: 764481.1 (NAD83) N: 618060.3 E: 767057.3 (NAD83)	N: 628840.1 E: 768593.2 (NAD83) N: 623359.6 E: 769845.7 (NAD83) N: 623026.2 E: 769138.9 (NAD83) N: 620718.8 E: 769671.2 (NAD83) N: 618404.9 E: 769183.5 (NAD83) N: 618078.4 E: 769697.3 (NAD83)	EXHIBIT 1 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature _____ Date _____ Printed Name _____ Email Address _____ 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 Surveyed _____ Signature of Professional Surveyor _____ Certificate No. 7977 Scale: 0' 500' 1000' 1500' 2000' SCALE: 1" = 1000' WO Num.: 32344
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TRACT 3

The Gross Family LP
P.O. Box 358
Roswell, NM 88202
DUPLICATE

MBOE, Inc
4925 Greenville Avenue
Suite 915
Dallas, TX 75206
DUPLICATE

Brady M. Lowe
308 Comet
Austin, TX 78734
DUPLICATE

HOG Partnership LP
(Verdad Oil & Gas, General Partner)
5950 Cedar Springs Road, Suite 242
Dallas, TX 75235
DUPLICATE

Burnett Oil Company
801 Cherry Street, Suite 1500
Fort Worth, Texas 76102
7016 1370 0000 0804 1138

Express Air Drilling Inc.
3838 Oak Lawn Avenue, Suite 1525
Dallas, Texas 75219
7016 1370 0000 0803 7940

Dawn Henderson
815 W. 10th Street
Fort Worth, Texas 76102
7016 1370 0000 0804 0070

EGL Resources Inc.
508 West Wall Street, Suite 1250
Midland, TX 79701
7016 1370 0000 0804 0056

Mexco Energy Corporation
P.O. Box 10502
Midland, TX 79702
DUPLICATE

PetroVest Group Inc
2409 Kirby Road
Rowlett, TX 75088
DUPLICATE

Larry K. Lowe
2313 Broadway
Lubbock, TX 79401
DUPLICATE

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121
DUPLICATE

CEB Oil Company
1320 Lake Street
Ft. Worth, Texas 76102
7016 1370 0000 0803 7964

Michael J. Havel
14902 Preston Road #408-768
Dallas, Texas 75254
7016 1370 0000 0804 0094

COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
7016 1370 0000 0804 0063

Sempra US Gas & Power, LLC
2925 Briarpark Drive, Suite 850
Houston, Texas 77042
7016 1370 0000 0804 0049

Mika Petroleum LLC
P.O. Box 600490
Dallas, TX 75360
DUPLICATE

Health Asset Management
Lea County, NM

Loretta D. Lowe
7235 Villa Maria Lane
Austin, TX 78759
DUPLICATE

Boswell Interests Ltd.
1320 Lake Street
Fort Worth, Texas, 76102
7015 3010 0001 8827 6883

EAB Oil Company
1320 Lake Street
Ft. Worth, Texas 76102
7016 1370 0000 0803 7957

David L. Henderson
815 W. 10th Street
Fort Worth, Texas 76102
7016 1370 0000 0804 0087

Jacquelin M. Withers, Trustee of the
Jacquelin M. Withers Trust under
agreement dated December 10, 1992
3429 Devonshire Way
Palm Beach Gardens, FL 33418
DUPLICATE

Trainer Partners Ltd.
P.O. Box 3788
Midland, TX 79702
7016 1370 0000 0804 0032

McElvain Energy, Inc.
EK 31 BS2 Federal Com #1H
NSL Notice Plat
Sec. 31, T18S, R34E
Lea County, NM

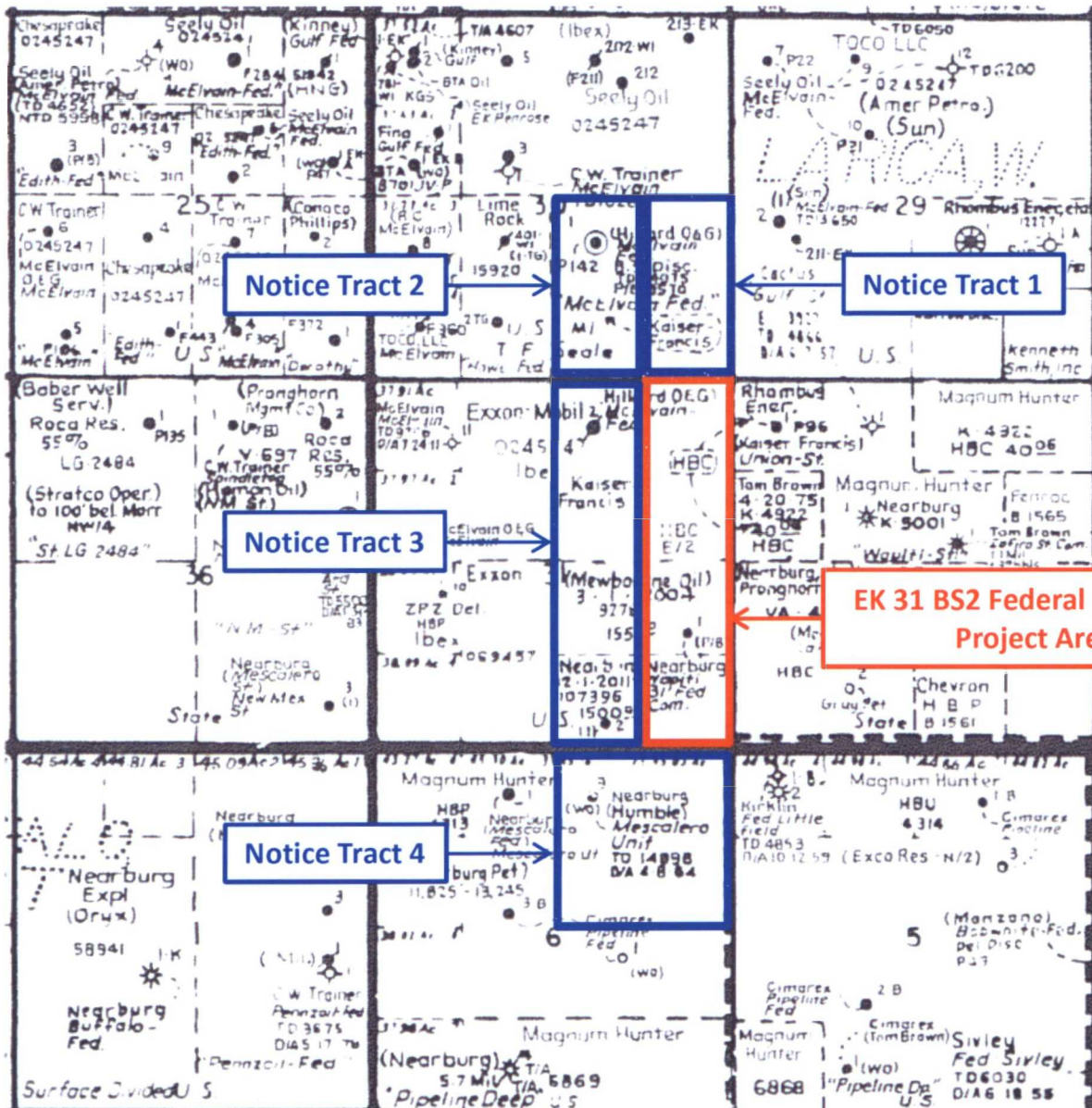


EXHIBIT 3

Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 31 BS2 Federal Com No. 1H Well in the E/2 E/2 of Section 31, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

TRACT 1

McElvain Oil Company
P.O. Box 801888
Dallas, TX 75380
7015 3010 0001 8827 0621

T. H. McElvain Oil & Gas LLLP
1050 17th Street, Suite 2500
Denver, CO 80265
7015 3010 0001 8827 0638

Prima Exploration, Inc.
100 Fillmore Street
Suite 450
Denver, CO 80206
7015 3010 0001 8827 7071

Jacquelin M. Withers, Trustee of the
Jacquelin M. Withers Trust under
agreement dated December 10, 1992
3429 Devonshire way
Palm Beach Gardens, FL 33418
7015 3010 0001 8827 7088

Seely Oil Company
815 West 10th Street
Fort Worth, TX 76102
7015 3010 0001 8827 7095

McElvain Energy Fund 2011, LLC
1050 17th Street, Suite 2500
Denver, CO 80265
7015 3010 0001 8827 7101

TRACT 2

The Gross Family LP
P.O. Box 358
Roswell, NM 88202
7015 3010 0001 8827 7118

Mexco Energy Corporation
P.O. Box 10502
Midland, TX 79702
7015 3010 0001 8827 6791

Mika Petroleum LLC
P.O. Box 600490
Dallas, TX 75360
7015 3010 0001 8827 6807

MBOE, Inc
4925 Greenville Avenue
Suite 915
Dallas, TX 75206
7015 3010 0001 8827 6814

PetroVest Group Inc
2409 Kirby Road
Rowlett, TX 75088
7015 3010 0001 8827 6821

Health Asset Management
Lea County, NM

Brady M. Lowe
308 Comet
Austin, TX 78734
7015 3010 0001 8827 6838

Larry K. Lowe
2313 Broadway
Lubbock, TX 79401
7015 3010 0001 8827 6845

Loretta D. Lowe
7235 Villa Maria Lane
Austin, TX 78759
7015 3010 0001 8827 6852

HOG Partnership LP
(Verdad Oil & Gas, General Partner)
5950 Cedar Springs Road, Suite 242
Dallas, TX 75235
7015 3010 0001 8827 6869

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121
7015 3010 0001 8827 6876

Ibex Partnership, Ltd.
300 N. Breckenridge Avenue
Breckenridge, Texas 76424
7016 1370 0000 0804 0025

Sharbro Oil Ltd. Company
423 West Main Street
Artesia, New Mexico 88210
7016 1370 0000 0803 8046

McGary Living Trust- SPH
Brian McGary, Trustee
Bank of America, N.A., Agent
P.O. Box 830308
Dallas, TX 75283-0308
7016 1370 0000 0804 0186

Thomaston, LLC
1050 17th Street, Suite 2500
Denver, Colorado 80265
7016 1370 0000 0804 0162

J. Cleo Thompson and James Cleo
Thompson, Jr. LP
325 N. St. Paul, Suite 4300
Dallas, Texas 75201
7016 1370 0000 0804 0131

Patricia Dean Boswell, Trustee
Under Revocable Trust Agreement
dated June 13, 1988
1320 Lake Street
Ft. Worth, Texas 76102
7016 1370 0000 0804 0100

HOG Partnership, LP
Verdad Oil & Gas, Gen Partner
5950 Cedar Springs Road, Ste.242
Dallas, Texas 75235
7016 1370 0000 0804 0278

Heath Asset Management LP
4925 Greenville Avenue, Suite 965
Dallas, Texas 75206
7016 1370 0000 0804 0254

LJS Resources, LLC
33 Eagle Nest Road
Morristown, New Jersey 07960
7016 1370 0000 0804 0223

MitchOil
17878 W. 75th Street N.
Haskell, Oklahoma 74436
7016 1370 0000 0804 0018

T. H. McElvain Oil & Gas LLLP
1050 17th Street, Suite 2500
Denver, CO 80265-2080
DUPLICATE

Mary Jane McGary, Trustee
Mary Jane McGary Trust
Bank of America, N.A., Agent
P.O. Box 830308
Dallas, TX 75283-0308
7016 1370 0000 0804 0186

Kaiser-Francis Oil Company
6733 S. Yale Avenue
Tulsa, Oklahoma 74136
7016 1370 0000 0804 0155

Chevron North America E&P
1500 Louisiana Street
Houston, Texas, 77002
7016 1370 0000 0804 0124

PVB Oil Company
1320 Lake Street
Fort Worth, Texas 76102
7016 1370 0000 0804 0292

MBOE, Inc.
4925 Greenville Avenue
Suite 965
Dallas, Texas 75206
DUPLICATE

Magnum Hunter Production, Inc.
600 E. Colinas Blvd., Suite 1100
Irving, Texas 75039
7016 1370 0000 0804 0247

Menpart Associates
Palisades Hudson Financial Group,
Agent for WGM Resource Holdings, LLC
2 Overhill Road, Suite 100
Scarsdale, New York 10583
7016 1370 0000 0804 0216

McElvain Oil Company, LP
P.O. Box 801888
Dallas, TX 75380
DUPLICATE

McElvain Oil Company
P.O. Box 801888
Dallas, TX 75380
DUPLICATE

McGary Family Trust - Kelly Separate
Property Kelly McGary, Trustee
Bank of America, N.A., Agent
P.O. Box 830308
Dallas, TX 75283-0308
7016 1370 0000 0804 0179

Los Siete Exploration Inc.
215 West Third Street
Roswell, New Mexico 88201
7016 1370 0000 0804 0148

Nearburg Exploration
Company, LLC
P.O. Box 823085
Dallas, TX 75382
7016 1370 0000 0804 0117

JKS Resources, LLC
3012 Diamond A Drive
Roswell, New Mexico 88201
7016 1370 0000 0804 0285

PetroVest Group, Inc.
2409 Kirby Road
Rowlett, Texas 75088
7016 1370 0000 0804 0261

LDH Holdings, LLC
P.O. Box 183- Country Drive
New Vernon, NJ 07976
7016 1370 0000 0804 0230

Leesburg Investments, Ltd.
Manx Holdings, Inc., General Partner
500 N. Akard Street, Ste.1900
Dallas, Texas 75201
7016 1370 0000 0804 0209

Gretchen B. Nearburg
1129 Challenger
Lakeway, Texas 78734
7016 1370 0000 0804 0391

Lucie Investments, LP
1590 S.E. Ballantrae Court
Port St. Lucie, Florida 34952
7016 1370 0000 0804 0384

JB III Partners, LP
21 Lord William Penn Drive
Morristown, NJ 07960
7016 1370 0000 0804 0377

R-N Limited Partnership
3755 East Grand Plains Road
Roswell, New Mexico 88201
7016 1370 0000 0804 0360

Holsum, Inc.
P.O. Box 2527
Roswell, New Mexico 88208
7016 1370 0000 0804 0353

McElvain Energy Fund 2011, LLC
1050 17th Street, Suite 2500
Denver, Colorado 80265
DUPLICATE

Herbert R. Willis
4910 Rustic Trail
Midland, Texas 79707
7016 1370 0000 0804 0346

Duadav Resources, LLC
6441 Waggoner Drive
Dallas, Texas 75230-5144
7016 1370 0000 0804 0339

Roy G. Niederhoffer
1700 Broadway, 39th Floor
New York, New York 10019
7016 1370 0000 0804 0322

Duke Roush
1706 Coventry Lane
Midland, Texas 79705
7016 1370 0000 0804 0315

TRACT 4

Elliott Industries LP
P.O. Box 1328
Santa Fe, New Mexico 87504
7016 1370 0000 0804 0308

Elliott Hall Company, LP
P.O. Box 1231
Ogden, Utah 84402
7016 1370 0000 0804 0490

Magnum Hunter Production, Inc.
1700 Lincoln Street, Ste. 3700
Denver, Colorado 80203
7016 1370 0000 0804 0483

Nearburg Exploration Company, LLC
P.O. Box 823085
Dallas, Texas 75382
DUPLICATE

Eau Rogue, LLC
5447 Glen Lakes Drive
Dallas, Texas 75231
7016 1370 0000 0804 0476

Charles E. Nearburg
5447 Glen Lakes Drive
Dallas, Texas 75231
7016 1370 0000 0804 0469

Roy G. Niederhoffer
1700 Broadway, 39th Floor
New York, New York 10019
DUPLICATE

Roca Exploration Ltd.
3300 N. A Street
Midland, Texas 79705
7016 1370 0000 0804 0452

Menpart Associates
Palisades Hudson Financial Group,
Agent for WGM Resource Holdings, LLC
2 Overhill Road, Suite 100
Scarsdale, New York 10583
7016 1370 0000 0804 0445

Cimarex
1700 Lincoln Street, Suite 3700
Denver, Colorado 80203
7016 1370 0000 0804 0438

Duadav Resources, LLC
6441 Waggoner Drive
Dallas, Texas 75230-5144
7016 1370 0000 0804 0421

Robert E. Landreth
110 W. Louisiana Ave Suite 404
Midland, Texas 79701
7016 1370 0000 0804 0414

Lagniappe Properties 5, LLC
8911 Edenbridge Street
Spring, Texas 77379
7016 1370 0000 0804 0407

Leesburg Investments, Ltd.
Manx Holdings, Inc., General Partner
500 N. Akard Street, Ste. 1900
Dallas, Texas 75201
7015 1520 0002 0438 7911

YMC Royalty Company, LP
15603 Kuykendahl, Suite 200
Houston, Texas 77090
7015 1520 0002 0438 7881

MTT, LLC
2706 Gaye Drive
Roswell, New Mexico 88201
7015 1520 0002 0438 7850

Nuevo Seis L.P.
300 W. 2nd Street
Roswell, New Mexico 88201
7015 1520 0002 0438 7706

Charles R. Wiggins
110 N. Marienfield, Suite 160
Midland, Texas 79701
7015 1520 0002 0438 7676

Cecil W. Rounsaville
2399 Cuthbert Ave.
Midland, Texas 79701
7015 1520 0002 0438 7645

Lou Ellen Reneau Matson, Trustee
Of the Marital Trust
600 Helen Greathouse Circle
Midland, Texas 79707
7015 1520 0002 0438 8338

Mario Picon
4910 North Sycamore Avenue
Roswell, New Mexico 88201
7015 1520 0002 0438 7935

JB III Partners, LP
21 Lord William Penn Drive
Morristown, New Jersey 07960
7015 1520 0002 0438 7904

McKay Petroleum Corporation
P.O. Box 2014
Roswell, New Mexico 88202
7015 1520 0002 0438 7874

Matador Resources Company
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
7015 1520 0002 0438 7843

Rolla R. Hinkle II
105 West 3rd
Roswell, New Mexico 88201
7015 1520 0002 0438 7690

Keenan C. Schertz
1407 S. Sunset Avenue
Roswell, New Mexico 88203
7015 1520 0002 0438 7669

Joyce M. Snider
4506 Norwood Street
Midland, Texas 79707
7015 1520 0002 0438 7638

Lucie Investments, LP
1590 S.E. Ballantrae Court
Port St. Lucie, Florida 34952
7015 1520 0002 0438 7928

Gretchen B. Nearburg
1129 Challenger
Lakeway, Texas 78734
7015 1520 0002 0438 7898

Buckeye Royalty Holdings, LLC
544 East Liberty Street
Wooster, Ohio 44691
7015 1520 0002 0438 7867

Michael S. Braun
P.O. Box 11171
Midland, Texas 79702
7015 1520 0002 0438 7713

Morris E. Schertz
P.O. Box 2588
Roswell, New Mexico 88202
7015 1520 0002 0438 7683

Cayle A. Schertz
3101 Miles Blvd.
Plano, Texas 75023
7015 1520 0002 0438 7652

Lou Ellen Reneau Matson, Trustee
Matson Revocable Trust Agreement
dated December 14, 2005
600 Helen Greathouse Circle
Midland, Texas 79707
7015 1520 0002 0438 7621

Legal Notice

To: Health Asset Management, and any unknown person who has a mineral interest in the E/2 E/2 of Section 31, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for the **EK 31 BS2 Federal Com No. 1H Well** to be completed within the E-K; Bone Spring Pool (Pool Code 21650) underlying Section 31, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The completed interval for the **EK 31 BS2 Federal Com No. 1H Well** encroaches on the spacing and proration units to the North, Northwest, West, Southwest, and South. Any objection to this application must be filed in writing within twenty days from date of publication with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division. If you have any questions about this application, please contact Rick Harris, (303) 92-6487 or Rick.Harris@McElvain.com.



HOLLAND & HART



Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
jlkessler@hollandhart.com

January 23, 2017

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of McElvain Energy, Inc. for administrative approval of an unorthodox well location for its EK 31 BS2 Federal Com No. 1H Well in the E/2 E/2 of Section 31, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Rick Harris
McElvain Energy, Inc.
(303) 962-6487
Rick.Harris@McElvain.com

Sincerely,

Jordan L. Kessler
ATTORNEY FOR MCELVAIN ENERGY, INC.