

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



3/26/08

Reed Fischer
Senior Operations Engineer
McElvain Oil & Gas Properties, Inc.
1050 17th St. Ste 1800
Denver, CO 80265

Re: McElvain #7
UL J Sec 25-T18S-R33E
Lea County, NM
30-025-38040

Dear Mr. Fischer:

McElvains request for a higher allowable for the McElvain #7 is hereby approved. The Hobbs NMOCD District office has received no objections to the allowable increase. The NMOCD has waited for the requisite 20 days before approving the allowable request. It is also noted that McElvain Oil and Gas Properties, Inc. has received no objections in their offices.

Sincerely

A handwritten signature in cursive script that reads "Chris Williams".

Chris Williams
NMOCD District 1 Supervisor



McELVAIN OIL & GAS PROPERTIES, INC.

1050 17TH STREET
SUITE 1800

DENVER, COLORADO 80265

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

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

*Review
3/26/08*

February 21, 2008

State of New Mexico – Oil Conservation Division
Attn: Mr. Chris Williams
1625 N. French Drive
Hobbs, New Mexico 88240

Re: McElvain # 7
NWSE Sec. 25, T18S-R33E
Lea County, New Mexico
Request for Single Well Allowable of 225 BOPD
Effective March 1, 2008

RECEIVED

MAR 07 2008

HOBBS OCD

Dear Mr. Williams:

As discussed, I would like to request a single well increase in the current depth bracket allowable for the captioned well. I am requesting an increase in the allowable to 225 BOPD effective March 1, 2008.

Pursuant to your request I have notified the immediate offset well operators to our McElvain # 7 well of our intent to pursue this single well increase in allowable. The operators include (1) McElvain Oil & Gas Properties, (2) Chesapeake Operating, Inc., (3) BTA Oil Producers and (4) Seeley Oil Company. I have attached copies of the notification letters we have sent to the outside operators in order to notify them of our intent to seek a request for this single well allowable increase.

Sincerely,



E. Reed Fischer

McElvain Oil & Gas Properties, Inc.

1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT.349
FAX 303-893-0914
e-mail: linneah@mcelvain.com

February 21, 2008

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

**SENT CERTIFIED, RETURN
RECEIPT REQUESTED**

Re: Notification of NMOCD Request for Single Allowable Increase
McElvain #7 Well Operated by McElvain Oil & Gas Properties, Inc.
NW/4SW/4 Section 25, T18S, R33E
Lea County, New Mexico

Ladies and Gentlemen:

McElvain Oil & Gas Properties, Inc. will soon be finishing our production testing on the captioned well. McElvain will request a single well allowable increase for this re-completed E-K Delaware producer. McElvain will request a permanent allowable, effective March 1, 2008, of 225 barrels of oil per day. This request will be submitted to the District 1 office of the Oil Conservation Division in Hobbs, New Mexico on Monday, February 25, 2008.

This letter is being sent to you for notification purposes as required by the State of New Mexico Oil Conservation Division.

Yours truly,

MCELVAIN OIL & GAS PROPERTIES, INC.



Linnea C. Hill, CPL
Senior Landman

LCH/Encs.



1.800.538.4900
www.lasersub.com

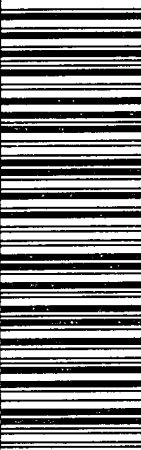
U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided.)
For delivery information visit our website at www.usps.com
71054522644901428594

Postage	\$ 0.41	Postmark Here
Certified Fee	2.65	
Return Receipt Fee (endorsement Required)	2.15	
Restricted Delivery Fee (endorsement Required)	0.00	
Total Postage & Fees	\$ 5.21	

sent To **BTA Oil Producers**
104 South Pecos
Midland, TX 79701
Street, Apt. No.,
PO Box No.
City, State, Zip+4

Form 3800, August 2006 See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS FOLD AT DOTTED LINE
CERTIFIED MAIL™



71054522644901428594

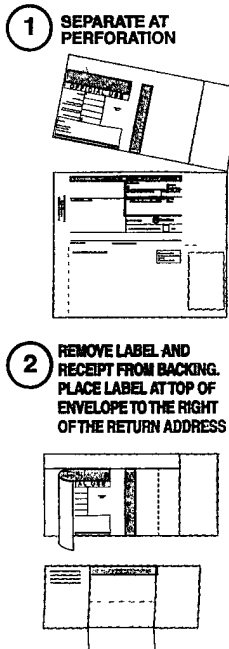
BTA Oil Producers
104 South Pecos
Midland, TX 79701

Article #: 71054522644901428594
Date/Time: 2/21/2008 10:34:11AM

Internal File #:
Internal Code #:

Reorder Form LCD-811 rev. 01/07
1-800-538-4900
www.printcertifiedmail.com

2. Article Number 71054522644901428594	COMPLETE THIS SECTION ON DELIVERY A. Signature <input checked="" type="checkbox"/> Agent X <input type="checkbox"/> Addressee B. Received by (Printed Name) C. Date of Delivery D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES enter delivery address below: <input type="checkbox"/> No 3. Service Type <input checked="" type="checkbox"/> Certified 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
1. Article Addressed to: BTA Oil Producers 104 South Pecos Midland, TX 79701	



PS Form 3811 Domestic Return Receipt

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

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

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

3
LIFT HERE

McElvain Oil & Gas Properties, Inc.

1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT.349
FAX 303-893-0914
e-mail: linnea@mcelvain.com

February 21, 2008

Chesapeake Operating, Inc.
2010 West 10th Street
Midland, Texas 79701

**SENT CERTIFIED, RETURN
RECEIPT REQUESTED**

Re: Notification of NMOCD Request for Single Allowable Increase
McElvain #7 Well Operated by McElvain Oil & Gas Properties, Inc.
NW/4SW/4 Section 25, T18S, R33E
Lea County, New Mexico

Ladies and Gentlemen:

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This letter is being sent to you for notification purposes as required by the State of New Mexico Oil Conservation Division.

Yours truly,

MCELVAIN OIL & GAS PROPERTIES, INC.



Linnea C. Hill, CPL
Senior Landman

LCH/Encs.



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www.lasersub.com

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71054522644901428587

Postage	\$ 0.41	Postmark Here
Certified Fee	2.65	
Return Receipt Fee (endorsement Required)	2.15	
Restricted Delivery Fee (endorsement Required)	0.00	
Total Postage & Fees	\$ 5.21	

sent To **Chesapeake Operating, Inc.**
reet, Apt. No.; **2010 Rankin Highway**
PO Box No. **Midland, TX 79701**
ty, State, Zip+4

Form 3800, August 2006 See Reverse for Instructions



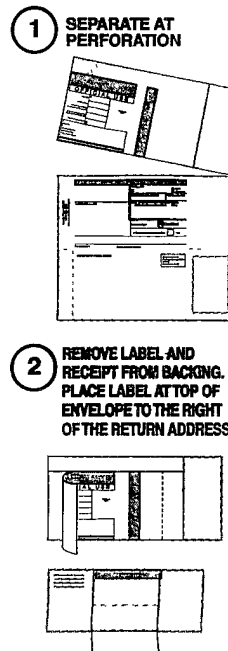
Chesapeake Operating, Inc.
2010 Rankin Highway
Midland, TX 79701

Article #: 71054522644901428587
Date/Time: 2/21/2008 10:33:27AM

Internal File #:
Internal Code #:

Reorder Form LCD-811 rev. 01/07
1-800-538-4900
www.printcertifiedmail.com

2. Article Number 71054522644901428587	COMPLETE THIS SECTION ON DELIVERY A. Signature <input checked="" type="checkbox"/> Agent X <input type="checkbox"/> Addressee B. Received by (Printed Name) C. Date of Delivery D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES enter delivery address below: <input type="checkbox"/> No 3. Service Type <input checked="" type="checkbox"/> Certified 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
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PS Form 3811

Domestic Return Receipt

UNITED STATES POSTAL SERVICE



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USPS
Permit No. G-10

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

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



McElvain Oil & Gas Properties, Inc.

1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT.349
FAX 303-893-0914
e-mail: linneah@mcelvain.com

February 21, 2008

Seely Oil Company
815 West 10th Street
Fort Worth, Texas 76102

**SENT CERTIFIED, RETURN
RECEIPT REQUESTED**

Re: Notification of NMOCD Request for Single Allowable Increase
McElvain #7 Well Operated by McElvain Oil & Gas Properties, Inc.
NW/4SW/4 Section 25, T18S, R33E
Lea County, New Mexico

Ladies and Gentlemen:

McElvain Oil & Gas Properties, Inc. will soon be finishing our production testing on the captioned well. McElvain will request a single well allowable increase for this re-completed E-K Delaware producer. McElvain will request a permanent allowable, effective March 1, 2008, of 225 barrels of oil per day. This request will be submitted to the District 1 office of the Oil Conservation Division in Hobbs, New Mexico on Monday, February 25, 2008.

This letter is being sent to you for notification purposes as required by the State of New Mexico Oil Conservation Division.

Yours truly,

MCELVAIN OIL & GAS PROPERTIES, INC.



Linnea C. Hill, CPL
Senior Landman

LCH/Encs.



1.800.538.4900
www.lasersub.com

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71054522644901428600

Postage	\$ 0.41	Postmark Here
Certified Fee	2.65	
Return Receipt Fee (endorsement Required)	2.15	
Restricted Delivery Fee (endorsement Required)	0.00	
Total Postage & Fees	\$ 5.21	

sent To **Seely Oil Company**
815 West 10th Street
Fort Worth, TX 76102

Street, Apt. No.;
PO Box No.
City, State, Zip+4

PS Form 3800, August 2006 See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL



71054522644901428600

Seely Oil Company
815 West 10th Street
Fort Worth, TX 76102

Article #: 71054522644901428600
Date/Time: 2/21/2008 10:35:27AM

Internal File #:
Internal Code #:

2. Article Number



71054522644901428600

1. Article Addressed to:

Seely Oil Company
815 West 10th Street
Fort Worth, TX 76102

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
X ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES enter delivery address below: ☐ No

3. Service Type ☒ **Certified**

4. Restricted Delivery? (Extra Fee) ☐ Yes

PS Form 3811

Domestic Return Receipt

UNITED STATES POSTAL SERVICE

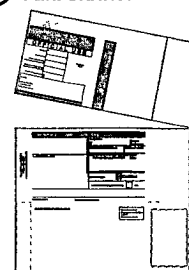


First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

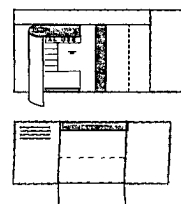
Nancy Rife
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265

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

1 SEPARATE AT PERFORATION



2 REMOVE LABEL AND RECEIPT FROM BACKING. PLACE LABEL AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS



3

LIFT HERE

McELVAIN OIL & GAS PROPERTIES, INC.

1050 17TH STREET
SUITE 1800
DENVER, COLORADO 80265

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

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

March 25, 2008

Faxed 3/25/08

Mailed 3/25/08

State of New Mexico – Oil Conservation Division
Attn: Mr. Chris Williams
1625 N. French Drive
Hobbs, New Mexico 88240

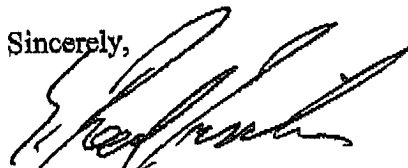
Re: McElvain # 7
NWSE Sec. 25, T18S-R33E
Lea County, New Mexico
Verification of No Contest to Request for Allowable Increase

Dear Mr. Williams:

Thank you for reviewing our request for a single well allowable increase for the captioned well. My February 21, 2007 letter requesting this increase also provided copies of our notification to the offset operators. It has now been 33 days since we mailed these notifications and to-date, we have received no contest from these operators to our request. We have received back from the Postal Service all the certified mail return receipts, copies of which are attached.

Thank you for your help in this regard and please don't hesitate to contact me if you need additional information.

Sincerely,



E. Reed Fischer

McElvain Oil & Gas Properties, Inc.

1050 - 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT. 349
FAX 303-893-0914
e-mail: linnea@mcelvain.com

February 21, 2008

Chesapeake Operating, Inc.
2010 West 10th Street
Midland, Texas 79701

**SENT CERTIFIED, RETURN
RECEIPT REQUESTED**

Re: Notification of NMOCDD Request for Single Allowable Increase
McElvain #7 Well Operated by McElvain Oil & Gas Properties, Inc.
NW/4SW/4 Section 25, T18S, R33E
Lea County, New Mexico

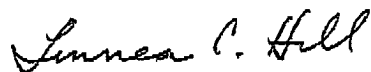
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Yours truly,

MCELVAIN OIL & GAS PROPERTIES, INC.



Linnea C. Hill, CPL
Senior Landman

LCH/Encs.

2. Article Number  71054522644901428587		COMPLETE THIS SECTION ON DELIVERY A. Signature <i>Xc Vasena Minch</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) <i>Vasena Sanchez</i> C. Date of Delivery <i>2-28-08</i> D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES enter delivery address below:	
1. Article Addressed to: Chesapeake Operating, Inc. 2010 Rankin Highway Midland, TX 79701		3. Service Type <input checked="" type="checkbox"/> Certified 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811

Domestic Return Receipt

U.S. Postal Service CERTIFIED MAIL RECEIPT <small>(Domestic Mail Only Insurance Coverage Provided)</small> <small>For delivery information visit our website at www.usps.com</small>	
71054522644901428587	
Postage	\$ 0.41
Certified Fee	2.85
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	0.00
Total Postage & Fees	\$ 5.21
Sent To Chesapeake Operating, Inc. 2010 Rankin Highway Midland, TX 79701 Street, Apt. No., or PO Box No. City, State, Zip+4	
PS Form 3808, August 2006 See Reverse for Instructions	

McElvain Oil & Gas Properties, Inc.

1050 - 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT. 349
FAX 303-893-0914
e-mail: linnea@mcelvain.com

February 21, 2008

Seely Oil Company
815 West 10th Street
Fort Worth, Texas 76102

**SENT CERTIFIED, RETURN
RECEIPT REQUESTED**

Re: Notification of NMOCD Request for Single Allowable Increase
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MCELVAIN OIL & GAS PROPERTIES, INC.



Linnea C. Hill, CPL
Senior Landman

LCH/Encs.

2. Article Number 71054522644901428600		COMPLETE THIS SECTION ON DELIVERY	
1. Article Addressed to: Seely Oil Company 815 West 10th Street Fort Worth, TX 76102		A. Signature X <i>Ann Little</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
		B. Received by (Printed Name)	C. Date of Delivery 2-25-08
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

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U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only) Insurance Coverage Provided For delivery information visit our website at www.usps.com	
71054522644901428600	
Postage	\$ 0.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	0.00
Total Postage & Fees	\$ 5.21
Postmark Here	
Sent To Seely Oil Company 815 West 10th Street Fort Worth, TX 76102 Street, Apt. No., or PO Box No. City, State, Zip+4	
PS Form 3800, August 2006 See Reverse for Instructions	

McElvain Oil & Gas Properties, Inc.

1050 - 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT. 349
FAX 303-893-0914
e-mail: linneah@mcelvain.com

February 21, 2008

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

**SENT CERTIFIED, RETURN
RECEIPT REQUESTED**

Re: Notification of NMOCDD Request for Single Allowable Increase
McElvain #7 Well Operated by McElvain Oil & Gas Properties, Inc.
NW/4SW/4 Section 25, T18S, R33E
Lea County, New Mexico

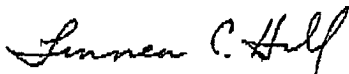
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MCELVAIN OIL & GAS PROPERTIES, INC.



Linnea C. Hill, CPL
Senior Landman

LCH/Encs.

2. Article Number  71054522644901428594		COMPLETE THIS SECTION ON DELIVERY	
1. Article Addressed to: BTA Oil Producers 104 South Pecos Midland, TX 79701		A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
		B. Received by (Printed Name) <i>LUIS SOSA</i>	C. Date of Delivery
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811

Domestic Return Receipt

U.S. Postal Service CERTIFIED MAIL RECEIPT <small>(Domestic Mail Only Insurance Coverage Provided)</small> <small>For delivery information visit our website at www.usps.com</small>	
71054522644901428594	
Postage	\$ 0.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	0.00
Total Postage & Fees	\$ 5.21
Sent To BTA Oil Producers Street, Apt. No., 104 South Pecos or PO Box No. Midland, TX 79701 City, State, ZIP+4	
PS Form 3800, August 2006 See Reverse for Instructions	

M^cElvira #7
 Postmark Here
2-21-08
Reine
NM0026-20