

JUN 18 2013
LEGAL SECTION

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of)	
McELVAIN ENERGY, INC.)	
for an Order Permitting the Drilling of)	Docket No. 13-CONS- <u>485</u> -CHOR
a Well to be Drilling Horizontally in)	
the Pawnee Formation, pursuant to)	KCC License No. 98103
K.A.R. 82-3-103a, Upon Certain Lands)	
Located in Trego County, KS)	CONSERVATION DIVISION
_____)	

APPLICATION

McElvain Energy, Inc. ("MEI") requests an order, pursuant to K.A.R. § 82-3-103a, permitting the drilling of a horizontal well, to be known as the Schlegel 9 #3H well, into the Pawnee formation for production. In support of this Application, MEI states as follows:

1. MEI is a New Mexico corporation duly authorized to do business within the State of Kansas with its principal business address being 1050 17th Street, Suite 2500, Denver, Colorado 80265-2080.

2. T. H. McElvain Oil & Gas LLLP owns and MEI operates oil and gas leases covering the following described tracts of land located in Trego County, Kansas, to wit:

W/2 of Section 9, Township 11 South, Range 22 West, Trego
County, Kansas,

(the "Subject Land"). The oil and gas leases covering the Subject Land will be unitized by MEI for the production of oil and gas from the Schlegel 9 #3H well prior to the drilling of that horizontal well.

3. MEI proposes to drill a horizontal well on the Subject Land to be known as the Schlegel 9 #3H well. The target producing formation for that well is the Pawnee formation. Surface pipe for said well will be set at a location in the NE/4 NW/4 of Section 9-11S-22W. The well will be drilled directionally from a kick off point at approximately 3,000 feet, and will not contact the target Pawnee formation until the wellbore is at a point that is not less than 330' FNL and not more than 2,310' FWL said Section 9. At the point that the wellbore contacts the Pawnee formation, the wellbore will be at least 330 feet from the nearest unit boundary and will be at a legal location. The projected true vertical depth of said well will be approximately 3,920' at the end of the curve when it contacts the Pawnee formation and will be at approximately 3,920' at the end of the horizontal section. MEI will file a Notice of Intent to Drill (KCC Form C-1) for the Schlegel 9 #3H well with the Commission contemporaneously with the filing of this Application.

4. The intended bottom hole location at the end of the horizontal portion of the Schlegel 9 #3H well will be in the SE/4 SW/4 of Section 9, Township 11 South, Range 22 West, Trego County, Kansas, and will be not less than 330' FSL and not more than 2,310' FWL of said Section 9, which is at a legal location. The closest that any portion of the horizontal section of the well will be from the nearest unit boundary will be 330 feet.

5. The Schlegel 9 #3H well will be drilled in three stages:

First, a typical rotary drilling operation will be utilized to drill the surface hole to set the surface casing in accordance with the rules and regulations of the Kansas Corporation Commission (the "Commission"), and to cement the casing to the surface. The rotary drilling rig will then drill the well to the kick off point at approximately 3,000 feet.

Second, a steerable angle building motor system will be used to drill a long radius curve at an angle from the kickoff point at approximately 3,000' to a true vertical depth of approximately 3,920 feet. Intermediate casing will be run into that hole and cemented to surface.

Third, the well will be drilled horizontally at a true vertical depth of approximately 3,920' to a bottom hole location in the SE/4 SW/4 of Section 9, Township 11 South, Range 22 West, Trego County, Kansas. This will give the well approximately 4,600' of horizontal wellbore in the Pawnee formation.

6. The proposed well, including the horizontal section and bottom hole location, should optimize both the rate of initial production from the Schlegel 9 #3H well and the ultimate recoverable reserves for a typical Pawnee producer in the area. At the same time, the proposed well will not violate correlative rights and will prevent physical and economic waste. Should this well be successful, it will allow MEI to pursue development of the Pawnee formation in this area in a manner that will be economically attractive to the operator, the mineral owners, and the State of Kansas.

7. If MEI's proposed drilling operations are successful and a successful completion can be obtained, MEI will avoid the cost and expense of drilling, completing, equipping and operating additional vertical wells which may otherwise be required to adequately and efficiently drain the Pawnee formation underlying the leased lands.

8. The land upon which the Schlegel 9 #3H well will be drilled is subject to the General Rules and Regulations for the Conservation of Crude Oil and Natural Gas issued by the Commission. MEI will abide by those special and general rules and regulations in conjunction with the drilling, operation, and production of the Schlegel 9 #3H well, except to the extent authorized by the Commission in this docket.

9. MEI will employ a reputable directional drilling contractor which will supply the equipment, knowledge, and on-site supervision required for the proposed directional drilling operations. The proposed directional drilling operation will be conducted in a prudent and workmanlike manner in accordance with prudent oilfield practices and with utmost concern for the safety of personnel, equipment, and the environment. Blowout preventers will be utilized throughout the drilling of the horizontal section. Further, from the kickoff point to the end of the horizontal section, directional surveys will be run every few feet. A final directional survey will be available at the completion of the well.

10. If the proposed operation is unsuccessful, MEI will consult with the Commission and will plug the well in such manner as the Commission shall direct.

11. MEI will report to and furnish the Commission with any and all data that it may request, on a confidential basis, during and after the proposed drilling operation is completed.

12. MEI will cause a Notice of the filing of this Application to be published once in the following newspapers in accordance with the Commission's regulations:

Western Kansas World
205 N. Main Street
WaKeeney, KS 67672

The Wichita Eagle
825 East Douglas
Wichita, KS 67202

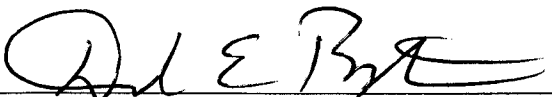
MEI will file Affidavits of Publication by the publishers with the Commission when the same are received from the publishers.

13. The names and addresses (to the extent known or ascertainable) of any unleased mineral owners and the operators of record of lands within a one-half (1/2) mile radius of the lands above-described are set forth on Exhibit "A" attached hereto. Copies of this Application

and the Notice of Pending Application will be served by first class mail, postage prepaid, upon each of those persons and entities, other than MEI.

WHEREFORE, McElvain Energy, Inc. ("MEI") prays that this Application be granted and that an appropriate Order be entered permitting MEI to conduct the horizontal drilling operations as described in this Application; and for such other and further relief that the Commission deems just and equitable.

STINSON MORRISON HECKER LLP

By 

David E. Bengtson (#12184)

STINSON MORRISON HECKER LLP

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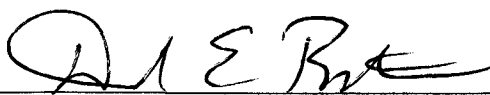
Attorneys for McElvain Energy, Inc.

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)


David E. Bengtson, of lawful age, being first duly sworn upon his oath, deposes and states:

That he is the attorney for McElvain Energy, Inc., which is the Applicant in the attached Application; that he is authorized to make and makes this statement for and on behalf of said Applicant; that he is familiar with the contents thereof, and that all statements, allegations and averments therein contained are true and correct to the best of his knowledge and belief.



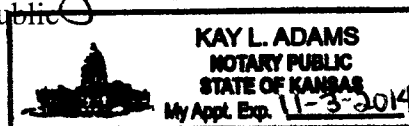
David E. Bengtson

SUBSCRIBED AND SWORN to before me this 17th day of June, 2013.



Notary Public

My Appointment Expires:

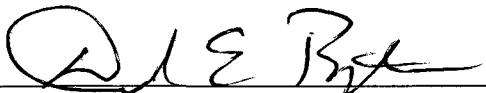


AFFIDAVIT

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)


David E. Bengtson, of lawful age, being first duly sworn upon his oath, deposes and states:

That on June 17, 2013, a true and correct copy of the Notice of Pending Application and this Application were mailed to all interested parties as set out in the Application on file in this docket, by depositing the same in the United States mail, postage prepaid.



David E. Bengtson

SUBSCRIBED AND SWORN to before me this 17th day of June, 2013.



Notary Public

My Appointment Expires:

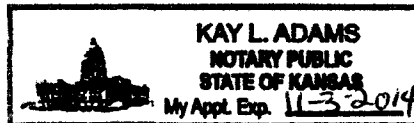


EXHIBIT A

Offset Operators and Unleased Mineral Owners

SE/4 of Section 4-11S-22W

Mid-Con Energy IV, LLC
2431 E. 61st Street
Tulsa, OK 74136

SW/4 of Section 4-11S-22W

Mid-Con Energy IV, LLC

SE/4 of Section 5-11S-22W

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

Rock Creek Energy, LLC
700 17th Street, Suite 1300
Denver, CO 80202

Riva Energy Partners, LLC
1515 Wynkoop, Suite 700
Denver, CO 80202

E/2 E/2 of Section 8-11S-22W

Ritchie Exploration, Inc.
P. O. Box 783188
Wichita, KS 67278

W/2 NE/4 of Section 8-11S-22W

Cholla Production, LLC
10390 Bradford Road, Suite 201
Littleton, CO 80127

W/2 SE/4 of Section 8-11S-22W

Cholla Production, LLC
10390 Bradford Road, Suite 201
Littleton, CO 80127

E/2 of Section 9-11S-22W

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

Rock Creek Energy, LLC
700 17th Street, Suite 1300
Denver, CO 80202

Riva Energy Partners, LLC
1515 Wynkoop, Suite 700
Denver, CO 80202

N/2 of Section 16-11S-22W
T. H. McElvain Oil & Gas LLLP
1050 17th Street, Suite 2500
Denver, CO 80265

Rock Creek Energy, LLC
700 17th Street, Suite 1300
Denver, CO 80202

Riva Energy Partners, LLC
1515 Wynkoop, Suite 700
Denver, CO 80202

NE/4 of Section 17-11S-22W
Ritchie Exploration, Inc.
P. O. Box 783188
Wichita, KS 67278