

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF McELVAIN OIL & GAS PROPERTIES, INC.  
FOR COMPULSORY POOLING,  
SAN JUAN, NEW MEXICO**

**CASE NO. 13605  
CASE NO. 13606  
CASE NO. 13607**

**APPLICANT'S PRE-HEARING STATEMENT**

Applicant hereby submits this Pre-Hearing Statement pursuant to the rule of the Oil Conservation Division.

2005 DEC 8 PM 4 35

50/24/05  
LWJ R/S

**APPEARANCES**

**APPLICANT**

McElvain Oil & Gas Properties, Inc.  
Attn: Denise Greer  
1050 17th St., Suite 1800  
Denver, CO 80265  
303/893-0933

**ATTORNEY**

Michael H. Feldewert, Esq.  
Holland & Hart, LLP  
P. O. Box 2208  
Santa Fe, NM 87504-2208  
505/988-4421

**OPPONENT**

Lance Oil & Gas Company  
Denver, Colorado

**OPPONENT'S ATTORNEY**

W. Thomas Kellahin  
Kellahin & Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504

**APPLICANT'S STATEMENT OF CASE**

In Case Nos. 13605, 13606 and 13607, Applicant seeks orders pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs underlying, respectively, the NE/4, the SW/4 and the SE/4 of Section 5, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico to form standard 160-acre gas spacing and proration units for the Fulcher Kutz Pictured Cliffs

Gas Pool and all formations and/or pools developed on 160-acre spacing within that vertical extent. These units are to be dedicated to applicant's proposed Wildwood No. 1, Wildwood No. 4 and Wildwood No. 2 wells to drilled at standard gas well locations in each of these quarter sections. Also to be considered at the hearing will be the cost of drilling and completing said wells and the allocation of the costs thereof, the actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells. This area is located approximately a half mile north of the airport in Farmington, New Mexico.

**APPLICANT'S PROPOSED EVIDENCE**

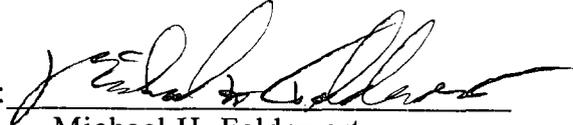
WITNESS (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Denise Greer (landman)	Approx. 15 minutes	Approx. 6

**PROCEDURAL MATTERS**

McElvain Oil & Gas Properties, Inc., suggests that Case Nos. 13605, 13606 and 13607 be consolidated for purposes of hearing since the presentation will be basically the same for each matter. McElvain has met with Lance Oil & Gas, who is a successor to the interests held by Alamo Development Company in these wells, and understands that Lance is in the process of considering its position on these applications.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert  
Post Office Box 2208  
Santa Fe, NM 87504-2208

**Attorneys for McElvain Oil & Gas  
Properties, Inc.**

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION  
FOR THE PURPOSE OF CONSIDERING:**

**APPLICATION OF McELVAIN OIL & GAS PROPERTIES, INC. CASE NO. 13605  
FOR COMPULSORY POOLING  
RIO ARRIBA COUNTY, NEW MEXICO**

**APPLICATION OF McELVAIN OIL & GAS PROPERTIES, INC. CASE NO. 13606  
FOR COMPULSORY POOLING  
RIO ARRIBA COUNTY, NEW MEXICO**

**APPLICATION OF McELVAIN OIL & GAS PROPERTIES, INC. CASE NO. 13607  
FOR COMPULSORY POOLING  
RIO ARRIBA COUNTY, NEW MEXICO**

*WDT - 12/12/05*

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Lance Oil & Gas Company, Inc. as required by the New Mexico Oil Conservation Division.

**APPEARANCES OF THE PARTIES**

**APPLICANT**

McElvain Oil & Gas Properties, Inc.

**ATTORNEY**

Ocean Mundes-Dry, Esq.  
Michael H. Feldewert, Esq.

**OPPONENT**

Lance Oil & Gas Company, Inc.  
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Famington, New Mexico 87499  
Attn: Anne Jones  
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Fax: 505-598-6210

**ATTORNEY**

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## STATEMENT OF THE CASE

### OPPONENT:

As more fully set forth in this motion to dismiss, Lance Oil & Gas Company, Inc. contends that:

- (1) McElvain's pooling cases are premature and should be dismissed;
- (2) McElvain seeks to pool the interest of Alamo that are now held by Lance. However, in Cases 13606 and 13607, Lance holds interest other than those obtained by Alamo. McElvain did not propose these wells to Lance until after McElvain filed its compulsory pooling applications.
- (3) Lance is proposing to McElvain and others interest owners in Section 5, certain wells to be drilled and operated by Lance that:
  - (a) can be drilled and completed for substantial less costs than proposed by McElvain;
  - (b) include the Fruitland coal-gas formation and 320-acre spacing units consisting of the N/2 and the S/2 of Section 5;
  - (c) downhole commingling of the Pictured Cliffs (160-acre spacing) and Fruitland coal-gas pools production (320-acre spacing)
- (3) Lance is the majority working interest owner in this section and should be approved as the operator for both the Pictured Cliffs and the Fruitland coal-gas.
- (4) In the absence of agreement with McElvain, Lance intends to filing competing compulsory pooling applications to be heard the by Division at a later time.

## PROPOSED EVIDENCE

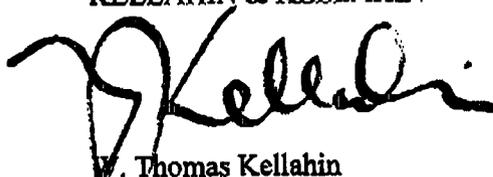
### APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Gerald Sullivan (Landman)	@ 20-30 min.	@ 6 exhibits

**PROCEDURAL MATTERS**

Lance's Motion to Dismiss McElvain's compulsory pooling applications currently pending before the Division.

KELLAHIN & KELLAHIN



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**CERTIFICATE OF SERVICE**

I certify that on December 9, 2005, I served a copy of the foregoing documents by:

US Mail, postage prepaid

Hand Delivery

Facsimile

to the following:

Michael E. Feldewert, Esq.  
Fax 505-983-6043

