

**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 T. H. McELVAIN OIL & GAS
LIMITED PARTNERSHIP FOR
COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 14115

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by ConocoPhillips Company ("ConocoPhillips") as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

T. H. McElvain Oil & Gas

ATTORNEY

James Bruce, Esq.

OPPONENT

ConocoPhillips Company
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Famington, New Mexico 87499-4289
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ATTORNEY

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STATEMENT OF THE CASE

OPPONENT

ConocoPhillips is the working interest owner of approximately 70% of the N/2 of Section 1, T29N, R13W, NMPM being the Basin-Fruitland Coal-Gas Pool spacing unit that McElvain is seeking to compulsory pool for the Hutchinson Well No. 2 located in Unit F.

In order to obtain a compulsory pooling order, McElvain must first determine the mineral and working interest ownership within a spacing unit and provide those parties with a reasonable opportunity to voluntarily participate. In this case, McElvain incurred some \$85,000 costs for abstract and title opinion costs. As part of its the proposed cost of drilling, completing and equipping the Hutchinson Well No. 2, McElvain in its "AFE" claims that it can recover these abstract/title costs from ConocoPhillips.

But for this claim, ConocoPhillips would have been able to reach a voluntary agreement with McElvain for the drilling of this wellbore.

The issues for the Examiner:

- (a) Can McElvain properly include abstract and title opinion costs in a compulsory pooling order and recovery those costs from the pooled parties by including them in its AFE of estimated costs of drilling, completing and equipping the subject well; and
- (b) Must ConocoPhillips pay its proportionate share of those costs or, if not, it will be a non-consenting pooled party.

ConocoPhillips requests that the Division deny McElvain's attempt to recovery McElvain's abstract/title costs from ConocoPhillips.

PROPOSED EVIDENCE

OPPONENT

WITNESSES

Richard Corcoran (Landman)

EST. TIME

@ 30-min.

EST. EXHIBITS

@ 6-8 exhibits

PROCEDURAL MATTERS

None at this time.

A large, stylized handwritten signature in black ink, appearing to read 'W. Kellahin', is written over the printed name.

KELLAHIN & KELLAHIN

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