

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF McELVAIN OIL & GAS PROPERTIES, INC.
FOR COMPULSORY POOLING,
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 11822

APPLICATION

McELVAIN OIL & GAS PROPERTIES, INC. ("McElvain"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 320-acre spacing in Lots 3 and 4, S/2 NW/4, SW/4 (West half equivalent) of Section 3, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof states:

1. McElvain owns or represents 50.151104% of the working interest in the West half of said Section 3 and has the right to drill thereon.
2. McElvain proposes to dedicate the above-referenced spacing or proration unit to its Elk Com Well No. 1 which to be drilled at a standard location in the NW/4 of said Section 3 to test the Mesaverde formation, Blanco-Mesaverde Gas Pool.
3. McElvain has sought and been unable to obtain either voluntary agreement for the development of this spacing unit from the interest owners identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

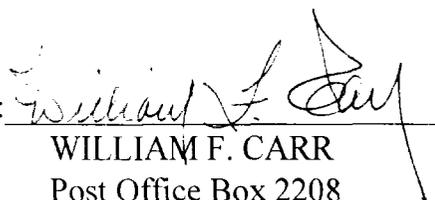
5. In order to permit McElvain to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and McElvain Oil & Gas Properties, should be designated the operator of the well to be drilled.

WHEREFORE, McElvain Oil & Gas Properties, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 7, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions naming McElvain Oil & Gas Properties, Inc. operator of the pool spacing and proration unit and the wells located thereon and authorizing McElvain to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the McElvain in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:



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ATTORNEYS FOR McELVAIN
OIL & GAS PROPERTIES, INC.

**EXHIBIT A
NOTIFICATION LIST
APPLICATION OF McELVAIN OIL & GAS PROPERTIES, INC.
FOR COMPULSORY POOLING,
RIO ARRIBA COUNTY, NEW MEXICO**

**SECTION 3: LOTS 3 & 4, S/2 NW/4, SW/4 (W/2)
TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M.**

Richard L. Harris, Trustee of the
Neumann Family Trust
1924 South Utica, Suite 700
Tulsa, OK 74104

Gavilan Dome Properties, a California
Limited Partnership
c/o Skredynski & Company, General Partner
1180 Cedarwood Drive
Moraga, CA 94556

Mesa Grande Resources, Inc.
an Oklahoma Corporation
1200 Philtower Bldg.
Tulsa, OK 74103

NM & O Operating Company
6 E. 5th Street, Suite 200
Tulsa, OK 74103

Johansen Energy Partnership
Post Office Box 1773
Whitefish, MT 59937

Williams Production Company
Post Office Box 3102
Tulsa, OK 74101
Attn: Mr. M. Vern Hansen

Northwest Pipeline Corporation
Post Office Box 3102
Tulsa, OK 74101

Dugan Production Corporation
Post Office Box 420
Farmington, NM 87499-0420
Attn: Mr. Dave Poague, Landman

E. Alex Phillips, et ux
1200 Philtower Bldg.
Tulsa, OK 74103