

STATE OF NEW MEXICO

DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

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

CASE NO. 12172

99 APR -6 PM 1:44

OIL CONSERVATION DIV.

APPLICATION

McELVAIN OIL AND GAS PROPERTIES, INC. ("McElvain"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests in all formations below the base of the Pictured Cliffs formation developed on 320-acre spacing in Lots 1, 2, S/2 NE/4, SE/4 (E/2 equivalent) of Section 4, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof states:

1. McElvain is a working interest owner in the E/2 of said Section 4 and has the right to drill thereon.
2. McElvain proposes to dedicate the above-referenced spacing or proration units to its Elk Com Well No. 4-7 (formerly the Elk Com Well No. 4-NE) to be drilled at a standard location in the NE/4 of said Section 4, to a depth sufficient to test any and all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the subject spacing units 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 the Applicant 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, Inc. 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 April 29, 1999, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for 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:  for

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ATTORNEYS FOR McELVAIN OIL
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EXHIBIT A

APPLICATION OF
McELVAIN OIL & GAS PROPERTIES, INC.
FOR COMPULSORY POOLING
E/2 EQUIVALENT OF SECTION 4, TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO

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