

CASE 12274

Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs Formation to the base of the Mesaverde formation in N/2 of Section 10, Township 25 North, Range 2 West, N.M.P.M. Said units are to be dedicated to its Elk Com Well No. 10-8 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately __ miles ____ of _____, New Mexico.

OIL CONSERVATION DIV
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CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
KATHERINE M. MOSS
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

July 13, 1999

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Case 12224

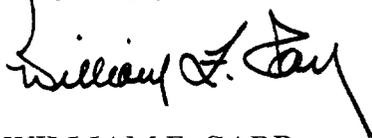
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OIL CONSERVATION DIV

Re: Application of McElvain Oil & Gas Properties, Inc. for Compulsory Pooling,
Rio Arriba County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of McElvain Oil & Gas Properties, Inc. in the above-referenced case as well as a copy of the legal advertisement. McElvain Oil & Gas Properties, Inc. requests that this application be set for hearing before a Division Examiner on August 5, 1999.

Very truly yours,



WILLIAM F. CARR

WFC:bh
Enclosures

cc: Mr. Steve Jordan (w/enclosures)
McElvain Oil & Gas Properties, Inc.
409 St. Michael's Drive
Post Office Box 2148
Santa Fe, New Mexico 87504-2148

**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. 12224

99 JUN 13 PM 3:54
OIL CONSERVATION DIV.

APPLICATION

McELVAIN OIL AND 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 from the base of the Pictured Cliffs formation to the base of the Mesaverde formation developed on 320-acre spacing in N/2 of Section 10, 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 N/2 of said Section 10 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. 10-8 to be drilled at a standard location in the NE/4 of said Section 10, to a depth sufficient to test 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

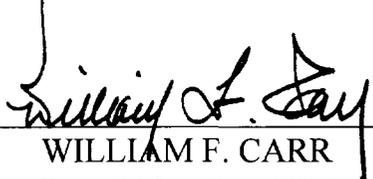
prevent waste and will protect correlative rights.

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 August 5, 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: 
WILLIAM F. CARR

Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR McELVAIN OIL
& GAS PROPERTIES, INC.

EXHIBIT A

APPLICATION OF
McELVAIN OIL & GAS PROPERTIES, INC.
FOR COMPULSORY POOLING
N/2 EQUIVALENT OF SECTION 10, TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO

NM&O Operating Company
6 East 5th Street, Suite 200
Tulsa, Oklahoma 74103

Mesa Grande, Ltd.
6 East 5th Street, Suite 200
Tulsa, Oklahoma 74103

Dugan Production Corporation
Post Office Box 420
Farmington, New Mexico 87499-0420

Arriba Company, Ltd.
Post Office Box 35304
Tulsa, Oklahoma 74153