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February 7, 2000

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

12350

COPIED - 7 PM 2:49
J. C. SHERIDAN, P.A.

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 the March 2, 2000 hearing docket.

Very truly yours,


Paul R. Owen

PRO/md

Enclosures

cc: Mr. Steve Jordan (w/enclosures)
McElvain Oil & Gas Properties, Inc.

**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. 12350

00 FEB -7 PM 2:49

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 below the base of the Pictured Cliffs formation developed on 320-acre spacing in Lots 3, 4, S/2 NW/4, SW/4 (W/2 equivalent), containing 320.97 acres, more or less, 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 is a working interest owner in the W/2 of said Section 3 and has the right to drill thereon.
2. McElvain proposes to dedicate the above-referenced spacing or proration units to its Elk Com "3" Well No. 1A to be drilled at a standard location in the SW/4 of said Section 3, 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 March 2, 2000, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating McElvain Oil & Gas Properties, Inc. operator of the unit and the well to be drilled thereon,
- C. authorizing McElvain to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by McElvain in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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

By: 

WILLIAM F. CARR

PAUL R. OWEN

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
W/2 EQUIVALENT OF SECTION 3, TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M.
RIO ARriba COUNTY, NEW MEXICO

Noseco Corporation, a Nevada corporation
7400 Lakeside Drive
Reno, Nevada 89511

Neumann Family Trust
c/o Peter C. Neumann
Post Office Box 1170
Reno, Nevada 89504

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

Mesa Grande Resources, Inc. an Oklahoma corporation
1200 Philtower Building
Tulsa, Oklahoma 74103

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

Johansen Energy Partnership
Post Office Box 1773
Whitefish, Montana 59937

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

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

CASE 12350: 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 Lots 3, 4, S/2 NW/4, SW/4 (W/2 Equivalent), of Section 3, Township 25 North, Range 2 West, N.M.P.M. Said units are to be dedicated to its Elk Com 3 Well No. 1A 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 SW/4 of said Section 3. 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 9 miles north of Lindrith, New Mexico.

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FOR COMPULSORY POOLING,
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CASE NO. 12350

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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 March 2, 2000, and, after notice and hearing as required by law, the Division enter its order:

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- E. imposing a penalty for the risk assumed by McElvain in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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

By: 

WILLIAM F. CARR

PAUL R. OWEN

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

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EXHIBIT A

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NM&O Operating Company
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Johansen Energy Partnership
Post Office Box 1773
Whitefish, Montana 59937

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

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

CASE 12350:

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 Lots 3, 4, S/2 NW/4, SW/4 (W/2 Equivalent), of Section 3, Township 25 North, Range 2 West, N.M.P.M. Said units are to be dedicated to its Elk Com 3 Well No. 1A 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 SW/4 of said Section 3. 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 9 miles north of Lindrith, New Mexico.

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OIL CONSERVATION DIV.
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Exhibit A to this application.

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