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December 12, 2005

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13635

2005 DEC 12 PM 4 39

**Re: Applications of McElvain Oil & Gas Properties, Inc. for
compulsory pooling,
Wildwood Well No.: 2,
Wildwood Well No.: 3, and
Wildwood Well No.: 4
San Juan County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the application of McElvain Oil & Gas Properties, Inc. in the above-referenced cases as well as a copy of a legal advertisement. McElvain requests that these matters be placed on the docket for the January 19, 2006 Examiner hearings.

Sincerely,

Michael H. Feldewert

Enclosures

cc: Ms. Denise Greer
McElvain Oil & Gas Properties, Inc.

Holland & Hart LLP

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 13635

2005 DEC 12 PM 4

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 uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation underlying the NW/4 of Section 5, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent, which includes but is not limited to the Fulcher Kurtz - Pictured Cliffs Gas Pool. In support of this application McElvain states:

1. McElvain is a working interest owner in the NW/4 of said Section 5 and has a right to drill thereon.
2. McElvain proposes to dedicate the above-referenced spacing or proration unit to its Wildwood Well No. 3 to be drilled at a standard gas well location 1650 feet from the north line and 1075 feet from the west line to a depth sufficient to test any and all formations to the base of the Pictured Cliffs formation.
3. Applicant has sought and been unable to obtain either voluntary agreement for the development of these lands 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 Applicant the opportunity 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 January 19, 2006, 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 unit,
- B. designating McElvain 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 the 200% risk penalty provided by Division Rule 19.15.1.35 against any working interest owner who does not voluntarily participate in the drilling of these additional wells.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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P.O. Box 2208
Santa Fe, NM 87504
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ATTORNEYS FOR McELVAIN OIL
& GAS PROPERTIES, INC.

EXHIBIT A

**NW of Sec 5-T29N-R13W
Wildwood #3 well**

Robert L. Bayless, Jr.
621 17th Street,, Suite 1640
Denver, CO 80293-1601

Tommy Roberts, Trustee Under the
Robert L. Bayless and Bernice M. Bayless
Grandchildren's Trust Dated August 1, 1984
P.O. Box 129
Farmington, NM 87499

Cynthia B. Roberts
4104 Old Mission Road
Farmington, NM 87401

Price M. Bayless
P.O. Box 2387
Farmington, NM 87499

Elisabeth B. McCord
671 Cerrillos Drive
Farmington, NM 87401

Lance Oil & Gas Company
Attn.: Gerald Sullivan
1099 18th Street, Suite 1200
Denver, CO 80202

XTO Energy, Inc.
Attn.: Cris Spencer
810 Houston Street
Fort Worth, TX 76102

CASE 13635:

Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation in the NW/4 of Section 5, Township 29 North, Range 13 West, N.M.P.M. to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160-acres within that vertical, which includes but is not necessarily limited to the Fulcher Kutz-Pictured Cliffs Gas Pool. Said unit is to be dedicated to applicant's proposed Wildwood Well No. 3 to be drilled at a standard gas well location in the NW/4 of said Section 32, at a point 1650 feet from the north line and 1075 feet from the west line to a depth sufficient to test any and all formations to the base of the Pictured Cliffs formation. 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 a half a mile north of the airport in Farmington, New Mexico.