

**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. 12636

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 Dakota formation in the S/2 of Section 33, Township 26 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Dakota formation, Basin-Dakota Gas Pool, and in support of this application states:

1. McElvain is a working interest owner in the S/2 of said Section 33 which was pooled by Division Order No. R-11294 (Case 12284) dated December 10, 1999, on which McElvain drilled its Cougar Com "33" Well No. 1 to the Dakota formation in the SE/4 of the Section.

2. McElvain proposes to dedicate the above-referenced spacing or proration unit to its Cougar Com 33M Well No. 1 to be drilled at a standard location in the SW/4 SW/4 of said Section 33, to a depth sufficient to test any and all pooled formations to the base of the

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Dakota formation, Basin-Dakota 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.

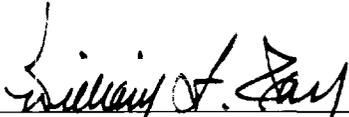
WHEREFORE, McElvain Oil & Gas Properties, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 5, 2001, and, after notice and hearing as required by law, the Division enter its order:

- 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,

HOLLAND & HART, LLP
AND
CAMPBELL & CARR

By: _____

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ATTORNEYS FOR McELVAIN OIL
& GAS PROPERTIES, INC.

EXHIBIT A

NOTICE LIST

**McELVAIN OIL & GAS PROPERTIES, INC.
FOR COMPULSORY POOLING
S/2 OF SECTION 33, TOWNSHIP 26 NORTH, RANGE 2 WEST, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO**

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401

Gavilan Dome Properties
1180 Cedarwood Drive
Moraga, California 94556

Mesa Grande Resources, Inc.
1318 Philtower Building
Tulsa, Oklahoma 74103

Johansen Energy Partnership
Post Office Box 1773
Whitefish, Montana 59937

CASE 12636 :

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 from the base of the Pictured Cliffs formation to the base of the Dakota formation in S/2 of Section 33, Township 26 North, Range 2 West, N.M.P.M. for all formations and or pools developed on 320-acre spacing which includes but is not necessarily limited to the Basin-Dakota Gas Pool. Said units are to be dedicated to its Cougar Com 33M Well No. 1 to be drilled at a standard location in the SW/4 of said Section 33. 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.