

**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 A NON-STANDARD GAS SPACING AND
PRORATION UNIT, RIO ARRIBA COUNTY,
NEW MEXICO.**

CASE NO. 12688

01 JUN 19 11 44 12

OIL CONSERVATION DIV.

APPLICATION

McELVAIN OIL AND GAS PROPERTIES, INC. ("McElvain"), through its undersigned attorneys, hereby makes application for a non-standard gas spacing and proration unit in the Mesaverde formation, Rio Arriba County, New Mexico, for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Mesaverde formation, Blanco-Mesaverde Gas Pool, and in support of this application states:

1. McElvain is the operator of and a working interest owner in the proposed 505.20-acre non-standard spacing unit comprised of Lots 3 and 4 , S/2 NW/4 and the SW/4 of Section 5, and all of irregular Section 6 (Lots 1 through 4), Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico.

2. This non-standard proration unit is necessitated by a variation in the U. S. Public Lands Survey and was originally approved in the Mancos formation by Division Order No. R-8268, entered in Case 8854 on July 29, 1986.

4. McElvain proposes to dedicate the above-referenced spacing or proration unit to a well it proposes to drill at a standard location in the NW/4 of Section 5 to test the Mesaverde formation, Blanco-Mesaverde Pool on this spacing and proration unit.

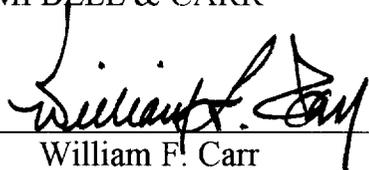
5. Since this non-standard spacing unit crosses a section line, it does not qualify for administrative approval pursuant to the provisions of Division Rule 104 D. (2)b (ii).

6. Approval of the proposed non-standard spacing and proration unit in the Mesaverde formation will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, McElvain Oil & Gas Properties, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 12, 2001, and, after notice and hearing as required by law, the Division enter its order approving this 505.20-acre non-standard spacing and proration unit in the Mesaverde formation.

Respectfully submitted,

HOLLAND & HART, LLP
AND
CAMPBELL & CARR

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

NOTICE LIST

**McELVAIN OIL & GAS PROPERTIES, INC.
FOR A 505.20-ACRE NON-STANDARD SPACING AND PRORATION UNIT
LOTS 3 AND 4, S/2 NW/4, AND SW/4 OF SECTION 5
AND LOTS 1 THROUGH 4 OF SECTION 6,
TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO**

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

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

Gavilan Dome Properties
1800 Cedarwood Drive
Moraga, California 94556

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

Hooper, Kimball & Williams, Inc.
5550 South Lewis, Suite 301
Tulsa, Oklahoma 74105

Williams Production Company
Post Office Box 3102
Tulsa, Oklahoma 74101

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

Noseco Corporation
7400 East Murray Drive
Reno Nevada 89511

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

Ibex Partnership
Post Office Box 911
Breckenridge, Texas 76424-0911

Petco Limited
Post Office Box 911
Breckenridge, Texas 76424-0911

Clark & Oatman
Post Office Drawer 310
Bastrop, Texas 78602

Premier Operating Co.
Post Office Box 35984
Tulsa, Oklahoma 74153-0984

CASE 12688:

Application of McElvain Oil & Gas Properties, Inc. for a non-standard gas spacing and proration unit, Rio Arriba County, New Mexico. Applicant in the above-styled cause seeks an order approving a 505.20-acre gas spacing and proration unit comprised of Lots 3 and 4, S/2 NW/4 and SW/4 of Section 5 and Lots 1 through 4 of Section 6, Township 25 North, Range 2 West, N.M.P.M. for all formations and or pools developed on 320-acre spacing. Said unit is to be dedicated to it's a well to be drilled to a depth sufficient to test the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 of said Section 5. Said area is located approximately 11 miles northwest of Lindrith, New Mexico.

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
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June 21, 2001

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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Case 12688

TO: ALL AFFECTED INTEREST OWNERS

Re: Application of McElvain Oil & Gas, Inc. for a non-standard gas spacing and proration unit, Rio Arriba County, New Mexico

Ladies and Gentlemen:

This letter is to advise you that McElvain Oil & Gas Properties, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order approving a 505.20-acre non-standard gas spacing and proration unit in the Mesaverde formation, Blanco Mesaverde Gas Pool comprised of Lots 3 and 4, S/2 NW/4 and SW/4 of Section 5 and Lots 1 through 4 of Section 6, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico. McElvain proposes to dedicate the referenced pooled unit to a well to be drilled at a standard gas well location in the NW/4 of said Section 5

This application has been set for hearing before a Division Examiner on July 12, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr
Attorney for McElvain Oil & Gas Properties, Inc.

Enclosures

cc: Mona Binion, Land Manager
McElvain Oil & Gas Properties, Inc.