

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

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IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:

APPLICATION OF WILLIAMS PRODUCTION CO., LLC FOR
A PROJECT AREA FOR THE FRUITLAND COAL PARTICIPATING AREA
IN THE ROSA UNIT, SAN JUAN AND RIO ARriba COUNTIES,
NEW MEXICO.

CASE NO. 14727

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by T.H. McElvain Oil & Gas, LLLP ("McElvain") as required by the New Mexico Oil Conservation Division.

APPEARANCE OF THE PARTIES

APPLICANT

Williams Production Company, LLC

ATTORNEY

Ocean Munds-Dry, Associate with
Holland & Hart, LLP

PARTY MAKING APPEARANCE

San Juan Basin Properties, Inc.

ATTORNEY

James Bruce, Esq.

OPPONENT

T.H. McElvain Oil & Gas, LLLP
1050 17th Street, Suite 2500
Denver, CO 80265
Attn: Amy M. Wilson, Senior Attorney
3093-893-0933 ext. 315

ATTORNEY

Amy M. Wilson, Senior Attorney,
McElvain Energy, Inc.

STATEMENT OF THE CASE

Williams Production Company, LLC ("Williams") is making an application to designate a Project Area pursuant to Division Rules 19.15.16.7 and 19.15.16.14 in include all of the Fruitland Coal Participating Area within the Rosa Unit located in San Juan and Rio Arriba counties. McElvain currently owns uncommitted leasehold in the Fruitland Coal Participating Area that is governed by separate Joint Operating and Communitization Agreements. If the Project Area that Williams' is applying for is approved, McElvain's leasehold could be drained without setback requirements or obligations to drill additional wells to prevent drainage. Williams' proposal as submitted fails to protect the interests of owners in uncommitted tracts.

PROPOSED EVIDENCE**OPPONENT WITNESSES****ESTIMATED TIME**

John Steuble, Vice President, Engineering


30 minutes

PROCEDURAL MATTERS

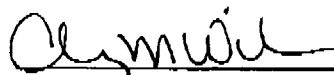
None at this time

T.H. McElvain Oil & Gas, LLLP

By: McElvain Energy, Inc., General Partner

Amy M. Wilson
Senior Attorney**CERTIFICATE OF SERVICE**

I certify that on June 30, 2011, I served a copy of the foregoing documents by Facsimile to the following:

Ocean Munds-Dry, Holland & Hart, LLP Fax # 505-983-6043
James Bruce, Esq. Fax # 505-982-2151

Amy M. Wilson