

**HOLLAND & HART** LLP



**Michael H. Feldewert**  
Recognized Specialist in the Area of Natural  
Resources - oil and gas law - New Mexico  
Board of Legal Specialization

mfeldewert@hollandhart.com

September 18, 2007

**VIA HAND DELIVERY**

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

*Case 14009*

RECEIVED  
2007 SEP 18 PM 2:56

**Re: Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling,  
San Juan County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the Application of McElvain Oil & Gas Properties, Inc. in the above-referenced case as well as a copy of the legal advertisement. McElvain requests that this matter be placed on the docket for the October 18, 2007 Examiner hearings.

Your attention to this request is appreciated.

Sincerely,

Michael H. Feldewert

MHF

**Holland & Hart** LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ♻

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September 18, 2007

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Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 14009*

RECEIVED  
2007 SEP 18 PM 2:58

**Re: Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling,  
San Juan County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the Application of McElvain Oil & Gas Properties, Inc. in the above-referenced case as well as a copy of the legal advertisement. McElvain requests that this matter be placed on the docket for the October 18, 2007 Examiner hearings.

Your attention to this request is appreciated.

Sincerely,

Michael H. Feldewert

MHF

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Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ☺

**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. 14009

**RECEIVED  
2007 SEP 18 PM 2 56**

**APPLICATION**

McELVAIN OIL & GAS PROPERTIES, INC. ("McElvain"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. 70-2-17 (2007), for an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation underlying the SW/4 of Section 3, 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 Kutz - Pictured Cliffs Gas Pool. In support of this application McElvain states:

1. McElvain is a working interest owner in the SW/4 of said Section 3 and has a right to drill thereon.
2. McElvain proposes to dedicate the above-referenced spacing or proration unit to its Ruby Well No. 1 to be drilled as vertical well at standard gas well location 1755 feet from the South line and 860 feet from the West line to a depth sufficient to test any and all formations to the base of the Pictured Cliffs formation.
3. McElvain has sought and been unable to obtain a 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.

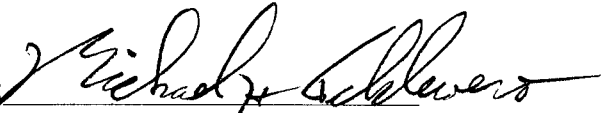
5. In order to permit McElvain the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and McElvain Oil & Gas Properties, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, McElvain requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 18, 2007, 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 the recovery of McElvain's costs to drill, equip and completing this 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 this well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert

P.O. Box 2208

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Telephone: (505) 988-4421

**ATTORNEYS FOR  
MCELVAIN OIL & GAS PROPERTIES, INC.**

**EXHIBIT A**  
**APPLICATION OF McELVAIN OIL & GAS PROPERTIES, INC.**  
**FOR COMPULSORY POOLING, SAN JUAN COUNTY, NEW MEXICO.**  
**Ruby Well No. 1**  
**SW/4 of Section 3, Township 29 North, Range 13 West**

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Rudy Diaz  
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Shirley A. Ulibarri  
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David R. Jones  
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Pamela Volkerding  
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Claribel L. Jackson  
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U.S. Bank, N.A., Trustee  
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Iowa City, IA 52244-1460

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Earline Kendrick  
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Kenneth Bart Dodson  
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Dolores Dell Islas  
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Jennifer Todd  
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Eleanor P. Brown  
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Tierra 20th and Butler FRM, LLC  
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Aletta Ashley  
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c/o Annabel L. Beavers-Crain  
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Wendy Lexa  
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Western Development Corp.  
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Wilfred Ham & Mary E. Ham  
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Arletta M. Marchetti  
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Roman Catholic Bishop of  
San Diego  
Post Office Box 80428  
San Diego, CA 92188

Wedgewood Methodist Church  
6041 Wonder Drive  
San Diego, CA 92188

William J. Thompson  
2580 Spruce Creek Blvd.  
Daytona Beach, Florida 32963

Fred A. Mossman  
ADDRESS UNKNOWN

CASE 14009:

**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 SW/4 of Section 3, 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 Ruby Well No. 1 to be drilled as a vertical well at a standard gas well location in the SW/4 of said Section 3, at a point 1755 feet from the South line and 860 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 200% risk penalty. Said area is located Southwest of the Worley baseball complex (3350 East 30th Street) in Farmington, New Mexico.

**HOLLAND & HART** LLP



**Michael H. Feldewert**  
Recognized Specialist in the Area of Natural  
Resources - oil and gas law - New Mexico  
Board of Legal Specialization

mfeldewert@hollandhart.com

McElvain/Ruby No. 1

September 18, 2007

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL AFFECTED PARTIES:**

**Re: Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling,  
San Juan County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that McElvain Oil & Gas, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of a an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation underlying the SW/4 of Section 3, 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 Kutz - Pictured Cliffs Gas Pool.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on October 18, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505. 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 Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled haring, but at least on the Thursday preceding the 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 hearing.

Sincerely,

Michael H. Feldewert

MHF  
Enclosure

**Holland & Hart** LLP

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