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November 17, 2009

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14409

Dear Florene:

Enclosed for filing, on behalf of T.H. McElvain Oil & Gas Limited Partnership, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the December 17, 2009 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for T.H. McElvain Oil & Gas Limited Partnership

PARTIES BEING POOLED

ConocoPhillips Company

BP America Production Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF T.H. MCELVAIN OIL
& GAS LIMITED PARTNERSHIP FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

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Case No. 14409

APPLICATION

T.H. McElvain Oil & Gas Limited Partnership applies for an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying Lots 3 and 4 (the W $\frac{1}{2}$ SW $\frac{1}{4}$) of Section 31, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 31, and has the right to drill a well thereon.

2. Applicant proposes to drill the McElvain Well No. 10, at a location 2240 feet from south line and 990 feet from the west line of Section 31, to a depth sufficient to test the Bone Spring formation, and seeks to dedicate:

(a) Lot 3 (the NW $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 31 to form a 38.03 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated EK Yates-Seven Rivers-Queen Pool and Undesignated EK-Delaware Pool; and

(b) the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 31 to form a 76.12 acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the EK-Bone SpringPool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 31 for the purposes set forth herein.

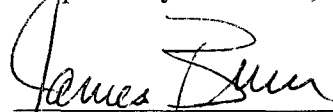
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 31, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 31 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 31, from the surface to the base of the Bone Spring formation;
- B. Designating McElvain Oil & Gas Properties, Inc. as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
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Attorney for T.H. McElvain Oil & Gas
Limited Partnership

PROPOSED ADVERTISEMENT

Case No. 14409:

Application of T.H. McElvain Oil & Gas Limited Partnership for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the following acreage in Section 31, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico: (i) Lot 3 (the NW $\frac{1}{4}$ SW $\frac{1}{4}$) to form a 38.03 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated EK Yates-Seven Rivers-Queen Pool and Undesignated EK-Delaware Pool; and (ii) Lots 3 and 4 the (W $\frac{1}{2}$ SW $\frac{1}{4}$) to form a 76.12 acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the EK-Bone Spring Pool. The unit is to be dedicated to the proposed McElvain Well No. 10, to be drilled at a location 2240 feet from south line and 990 feet from the west line of Section 31. Also to be considered will be the cost of drilling and completing the 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% charge for the risk involved in drilling and completing the well. The units are located approximately 9-1/2 miles south-southwest of Oil Center, New Mexico.

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