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September 14, 1999

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Case 12251

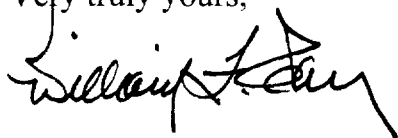
OIL CONSERVATION DIV.
99 SEP 14 PM 2:18

Re: Application of McElvain Oil & Gas Properties, Inc. for Compulsory Pooling,
Rio Arriba County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of McElvain Oil & Gas Properties, Inc. in the above-referenced case as well as a copy of the legal advertisement. McElvain Oil & Gas Properties, Inc. requests that this application be set for hearing before a Division Examiner on October 7, 1999.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Steve Jordan (w/enclosures)
McElvain Oil & Gas Properties, Inc.
409 St. Michael's Drive
Post Office Box 2148
Santa Fe, New Mexico 87504-2148

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. 1225

OIL CONSERVATION DIV.
SEP 14 PM 2:19

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 **below the base of the Pictured Cliffs formation developed on 320-acre spacing in Lots 1, 2, S/2 NE/4, SE/4 (E/2 equivalent) of Section 4, Township 25 North, Range 2 West, N.M.P.M.,** Rio Arriba County, New Mexico, and in support thereof states:

1. McElvain is a working interest owner in the E/2 of said Section 4 and has the right to drill thereon.
2. McElvain proposes to dedicate the above-referenced spacing or proration units to its Elk Com "4" Well No. 1 (formerly the Elk Com Well No. 4-7) to be drilled at a standard location in the NE/4 of said Section 4, to a depth sufficient to test any and all formations to the base of the Mesaverde formation, Blanco-Mesaverde 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.

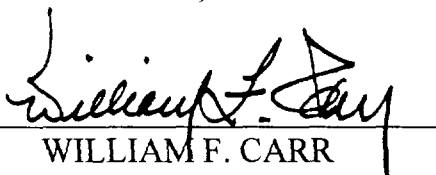
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 October 7, 1999, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for McElvain to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the McElvain in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

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

APPLICATION OF
McELVAIN OIL & GAS PROPERTIES, INC.
FOR COMPULSORY POOLING
E/2 EQUIVALENT OF SECTION 4, TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO

Dennis Hopper, as his sole property
c/o Grove Burnett, Attorney at Law
Post Office Box 368
Taos, New Mexico 87571

Noseco Corporation, a Nevada corporation
7400 Lakeside Drive
Reno, Nevada 89511

Richard L. Harris, Trustee of the Neumann Family Trust
1924 South Utica, Suite 700
Tulsa, Oklahoma 74104

Gavilan Dome Properties, a California Limited Partnership
1180 Cedarwood Drive
Moraga, California 94556

Mesa Grande Resources, Inc. an Oklahoma corporation
1200 Philtower Building
Tulsa, Oklahoma 74103

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

James B. Fullerton, et ux.
1645 Court Place, Suite 406
Denver, Colorado 80202

Huntington T. Walker, et ux.
2961 South Fillmore Way
Denver, Colorado 80210

Johansen Energy Partnership
Post Office Box 1773
Whitefish, Montana 59937

Williams Production Company
Attn: Mr. M. Vern Hansen
Post Office Box 3102
Tulsa, Oklahoma 74101

Dugan Production Corporation
Post Office Box 5820
Farmington, New Mexico 87499-5820

CASE 12251:

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 developed on 320-acre spacing from the base of the Pictured Cliffs Formation to the base of the Mesaverde formation in Lots 1, 2, S/2 NE/4, SE/4 (E/2 Equivalent), of Section 4, Township 25 North, Range 2 West, N.M.P.M. Said units are to be dedicated to its Elk Com 4 Well No. 1 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 of said Section 4. 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.