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October 25, 1999

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Energyn Resources Corporation
605 21st Street North
Birmingham, Alabama 35203-2707

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

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 the force pooling of all mineral interests from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in certain spacing and proration units in the S/2 of Section 33, Township 26 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico. McElvain proposes to dedicate the referenced pooled unit to its Cougar Com 33 Well No. 1 which it proposes to drill to a depth sufficient to test all pooled formations to the base of the Dakota formation, Basin-Dakota Gas Pool, at a standard location in the NW/4 SE/4 of said Section 33.

This application has been set for hearing before a Division Examiner on November 18, 1999. 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 have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

NMOCD CASE NO. 12284
DECEMBER 2, 1999
ENERGEN EX. NO. 5

Very truly yours,

A handwritten signature in black ink that reads "William F. Carr". The signature is written in a cursive style with a large, prominent initial "W".

WILLIAM F. CARR
Attorney for McElvain Oil & Gas
Properties, Inc.

Enclosures

cc: Mr. Steve Jordan, Land Manager
McElvain Oil & Gas Properties, Inc.

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. _____

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 from the base of the Pictured Cliffs formation to the base of the Dakota formation in the following manner: the S/2 for all formations and/or pools developed on 320-acre spacing, the SE/4 for all formations/pools developed on 160-acre spacing, and the NW/4 SE/4 for all formations/ pools developed on 40-acre spacing, all in Section 33, Township 26 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and in support of this application states:

1. McElvain is a working interest owner in the S/2 of said Section 33 and has the right to drill thereon.
2. McElvain proposes to dedicate the above-referenced spacing or proration units to its Cougar Com 33 Well No. 1 to be drilled at a standard location in the NW/4 SE/4 of said Section 33, to a depth sufficient to test any and all pooled formations to the base of the Dakota formation, Basin-Dakota 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 November 18, 1999, 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 units,
- B. designating McElvain Oil & Gas Properties, Inc. operator of the unit and the well to be drilled thereon,
- C. authorizing McElvain to recover its costs of drilling, equipping and completing the 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 a penalty for the risk assumed by McElvain in drilling and

completing the well against any working interest owner who does not voluntarily participate in the drilling of 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
S/2 OF SECTION 33, TOWNSHIP 26 NORTH, RANGE 2 WEST, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO**

Energy Resources Corporation
605 21st Street North
Birmingham, Alabama 35203-2707

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

Gavilan Dome Properties
1180 Cedarwood Drive
Moraga, California 94556

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

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

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 420
Farmington, New Mexico 87499-0420

CASE _____: 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 from the base of the Pictured Cliffs formation to the base of the Dakota formation in S/2 of Section 33, Township 26 North, Range 2 West, N.M.P.M. in the following manner: S/2 for all formations and or pools developed on 320-acre spacing, the SE/4 for all formations/pools developed on 160-acre spacing and the NW/4 SE/4 for all formations developed on 40-acre spacing. Said units are to be dedicated to its Cougar Com 33 Well No. 1 to be drilled to a depth sufficient to test all formations in the pooled interval to the base of the Dakota formation, Basin-Dakota Gas Pool, at a standard location in the NW/4 SE/4 of said Section 33. 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 ___ miles _____ of _____, New Mexico.