

**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.
TO REOPEN COMPULSORY POOLING CASE
No. 12633 AND ORDER No. R-11471-A TO POOL
ADDITIONAL INTERESTS, RIO ARRIBA COUNTY,
NEW MEXICO.**

CASE NO. 12633

APPLICATION

McELVAIN OIL AND GAS PROPERTIES, INC. ("McElvain"), through its undersigned attorneys, hereby makes application to reopen compulsory pooling Case No. 12633 and Order No. R-11471-A to include additional mineral interests. In support of this application McElvain states:

1. On July 10, 2001, the Division entered Order No. R-11471-A dedicating the unit formed by Division Order No. R-11471 to McElvain's proposed Cougar Com 4 Well No. 2A to be drilled at a standard location within the SW/4 of Section 4, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico. Order No. R-11471 (entered December 10, 1999) pooled all uncommitted mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in Lots 3 and 4 and the S/2 NW/4 and SW/4 (W/2 equivalent) of said Section 4 to form a standard 320-acre gas spacing and proration unit.

2. The following interest owners did not receive notice of the Division hearing on April 5, 2001, resulting in Order No. R-11471-A:

Noseco Corporation
7400 Lakeside Drive
Reno, NV 89511

Neumann Family Trust
c/o Peter C. Neumann
P.O. Box 1170
Reno, NV 89511

(hereinafter the "Neumann Group"). At the time the application was filed in Case No. 12633, McElvain was under the belief that the Neumann Group had voluntarily and freely executed a Farmout Agreement with McElvain on February 15, 2001, that included this property. Therefore, notice of the April 5th hearing was not provided to the Neumann Group.

3. The Neumann Group has recently filed claims in the First Judicial District Court of New Mexico in which they now repudiate their Farmout Agreement with McElvain and seek to have the Court dismiss them from their obligations and responsibilities under the Farmout Agreement.

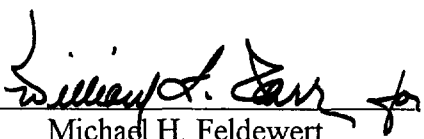
4. As a result of these developments, Case No. 12633 and Order No. R-11471-A should be re-opened to allow notice to the Neumann Group and so that the interests held by the Neumann Group can be pooled with those of the other interest owners in the W/2 of said Section 4.

5. Notice of this application has been sent to the interest owners listed in paragraph 2.

WHEREFORE, McElvain Oil & Gas Properties, Inc. requests that Case No. 12633 be reopened and the matter be set for hearing before an Examiner of the Oil Conservation Division on August 9, 2001, and, after notice and hearing as required by law, the Division re-enter Order No. R-11471-A.

Respectfully submitted,

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AND
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CASE _____: **Application of McElvain Oil & Gas Properties, Inc. to reopen compulsory pooling Case No. 12633 and Order No. R-11471-A to pool additional interests, Rio Arriba County, New Mexico.** Applicant in the above-styled cause seeks to reopen Case No. 12633 and Order No. R-11471-A to include additional interests. Division Order No. R-11471-A was entered on July 10, 2001, and pooled all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the W/2 of Section 4, Township 25 North, Range 2 West, N.M.P.M. for all formations and or pools developed on 320-acre spacing for applicant's proposed Cougar Com 4 Well No. 2A to be drilled to a depth sufficient to test all formations to the base of the Dakota formation, Basin-Dakota Gas Pool, at a standard location in the SW/4 of said Section 4. Order No. R-11471-A addressed, among other matters, 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 9.5 miles north of Lindrith, New Mexico.