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March 13, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Case 12633

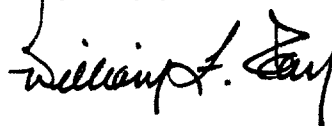
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CLERK OF COURT

***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 April 5, 2001.

Very truly yours,



William F. Carr

Enclosures

cc: Ms. Mona Binion (w/enclosures)
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, Colorado 80265

**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. 12633

OIL CONSERVATION DIV.
MAR 13 PM 3:41

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 W/2 of Section 4, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Basin-Dakota Gas Pool, and in support of this application states:

1. McElvain is a working interest owner in the W/2 of said Section 4 which was pooled by Division Order No. R-11471 (Case 12484) dated October 5, 2000 on which McElvain drilled the Cougar Com "4" Well No. 2 to the Dakota formation at a standard location in the NW/4 NW/4 of Section 4.

2. McElvain proposes to dedicate the above-referenced spacing or proration unit to its Cougar Com 4 Well No. 2A to be drilled as an infill well on this spacing and proration unit at a standard location in the SW/4 of said Section 4, to a depth sufficient to test any and

all 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.

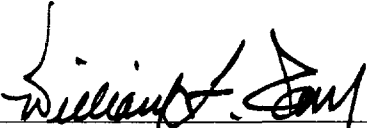
WHEREFORE, McElvain Oil & Gas Properties, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 5, 2001, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating McElvain 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,

HOLLAND & HART, LLP
AND
CAMPBELL & CARR

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

NOTICE LIST

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

Gavilan Dome Properties
1180 Cedarwood Drive
Moraga, California 94556

Mesa Grande Resources, Inc.
1318 Philtower Building
Tulsa, Oklahoma 74103

Hunt Walker
1580 Lincoln Street
Suite 635
Denver, Colorado 80203

Johansen Energy Partnership
Post Office Box 1773
Whitefish, Montana 59937

Dugan Production Corporation
Post Office Box 420
Farmington, New Mexico 87499-0420

CASE 12633: 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 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. Said units are to be dedicated to its Cougar Com 4 Well No. 2-A 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. 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 9.5 miles north of Lindrieth, New Mexico.