

**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 AMENDMENT OF DIVISION ORDER  
NO. R-11392 FOR COMPULSORY POOLING  
OF ADDITIONAL FORMATIONS FOR AN  
INFILL WELL, RIO ARRIBA COUNTY,  
NEW MEXICO.**

OIL CONSERVATION DIV.  
OCT 13 PM 3:41

**CASE NO. 12634**

**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 amending Division Order No. R-11392 to compulsory pool all mineral interests in all formations from the Base of the Pictured Cliffs formation to the base of the Dakota formation in the S/2 in the Section 10, 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 necessarily limited to the Basin-Dakota Gas Pool, and in support of this application states:

1. By Order No. R-11392, dated June 8, 2000, the Division pooled all mineral interests from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the S/2 of Section 10, Township 25 North, Range 2 West, NMPM, to form a standard 320-acre spacing and proration unit for the Badger Com 10 Well No. 1 which has been drilled and completed in the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a

standard gas well location within the NE/4 SW/4 of said Section 10.

2. McElvain now proposes to drill the Badger Com 10 Well No. 1A at a standard location in the SE/4 of this section to a depth sufficient to test all formations from the surface to the base of the Dakota formation, Basin-Dakota Gas Pool. This well will be a second well to the Blanco-Mesaverde Gas Pool on this S/2 pooled unit (Order No. R-11392) and will be the first well drilled to and test the Basin-Dakota Gas Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain working interest owners in certain formations and royalty interest owners in all formations covered by this application. These owners are 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:

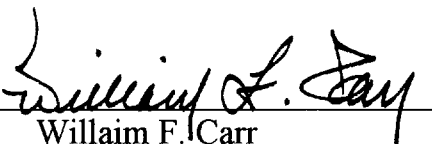
- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating McElvain Oil & Gas Properties, Inc. operator of the unit and the well to be drilled thereon,
- C. authorizing McElvain to recover its costs of drilling, equipping and completing

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  
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ATTORNEYS FOR McELVAIN OIL  
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**EXHIBIT A**

**NOTICE LIST**

**APPLICATION OF MCELVAIN OIL & GAS PROPERTIES, INC.  
FOR AMENDMENT OF DIVISION ORDER NO. R-11392  
FOR COMPULSORY POOLING OF ADDITIONAL FORMATIONS  
FOR AN INFILL WELL,  
RIO ARRIBA COUNTY, NEW MEXICO.**

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CASE 12634:

Application of McElvain Oil & Gas Properties, Inc. for amendment of Division Order No. R-11392 for compulsory pooling of additional formations for an infill well, Rio Arriba County, New Mexico. Applicant in the above-styled cause seeks an order amending Division Order No. R-11392 to compulsory pool all mineral interests and all royalty interests in all formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the S/2 of Section 10, Township 25 North, Range 2 West, N.M.P.M. for all formations and or pools developed on 320-acre spacing. The pooled units are to be dedicated to the Badger Com 10 Well No. 1A to be drilled at a standard location in the SE/4 of said Section 10 to a depth sufficient to test all formations in the pooled intervals including, but not necessarily limited to the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool. 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 7 miles north-northeast of Lindrith, New Mexico.