

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12688
ORDER NO. R-11675**

APPLICATION OF MCELVAIN OIL & GAS PROPERTIES, INC. FOR A NON-STANDARD GAS SPACING AND PRORATION UNIT, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing on July 12, and October 18, 2001, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 30th day of October, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, McElvain Oil & Gas Properties, Inc. ("McElvain"), seeks approval of a non-standard 505.20-acre gas spacing and proration unit comprising Lots 3 and 4, the S/2 NW/4 and the SW/4 of Section 5, and all of Section 6, both in Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, for all formations or pools developed on 320-acre spacing. This unit is to be dedicated to McElvain's proposed Cougar Com "5" Well No. 3 to be drilled at a standard gas well location within the NW/4 of Section 5 to test the Blanco-Mesaverde Gas Pool.

(3) This case was originally heard on July 12, 2001, at which time McElvain presented evidence to support its application. Subsequent to the hearing, the Division determined that additional notice should be provided to all working interest owners within the proposed non-standard proration unit. The case was reopened and heard on October 18, 2001, at which time McElvain presented evidence demonstrating that these interest owners have been properly notified.

(4) The evidence presented demonstrates that the proposed non-standard gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey.

(5) The proposed non-standard proration unit has previously been approved by the Division for the development of the Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Pools by Order No. R-8268, as amended, dated July 29, 1986.

(6) There is currently only one well within the proposed non-standard proration unit, the Apache Corporation Hill Trust Federal Com Well No. 1 located 1660 feet from the North line and 1680 feet from the West line (Unit F) of Section 5. This well is currently completed in the Gavilan-Mancos Pool.

(7) The proposed non-standard proration unit may reasonably be presumed productive of gas from the Blanco-Mesaverde Gas Pool, as well as other gas producing horizons spaced on 320 acres.

(8) No interest owner appeared at the hearing to oppose this application.

(9) Approval of the subject application will provide the applicant the opportunity to recover Mesaverde gas reserves underlying the proposed non-standard gas proration unit, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of McElvain Oil & Gas Properties, Inc. for approval of a non-standard 505.20-acre gas spacing and proration unit comprising Lots 3 and 4, the S/2 NW/4 and the SW/4 of Section 5, and all of Section 6, both in Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, for all formations or pools developed on 320-acre spacing, is hereby approved. This unit shall be dedicated to the applicant's proposed Cougar Com "5" Well No. 3 to be drilled at a standard gas well location within the NW/4 of Section 5 to test the Blanco-Mesaverde Gas Pool.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director