

**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. 12691**

CLERK OF COURT  
JULY 19 1978  
JULY 19 1978

**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 S/2 of Section 32, Township 26 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 S/2 of said Section 32 and has a right to drill thereon.
2. McElvain proposes to dedicate the above-referenced spacing or proration unit to its Cougar Com 32 Well No.2 to be drilled at a standard location in the SE/4 of said Section 32, 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.

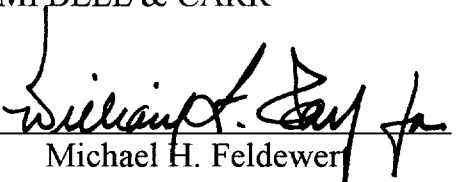
WHEREFORE, McElvain Oil & Gas Properties, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 12, 2001, and, after notice and hearing as required by law, the Division enter its order:

- 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:

  
Michael H. Feldewer  
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  
S/2 OF SECTION 32, TOWNSHIP 26 NORTH, RANGE 2 WEST, N.M.P.M.  
RIO ARriba COUNTY, NEW MEXICO**

Names and addresses of Parties to be pooled

Noseco Corporation  
7400 Lakeside Drive  
Reno, NV 89511

Peter C. Neumann, Trustee  
Neumann Family Trust  
One Elm Court Street  
Reno, NV 89501

Mesa Grande  
1318 Philtower Bldg  
Tulsa, OK 74103

Gavilan Dome Properties  
1800 Cedarwood Drive  
Moraga, CA 94556

Johansen Energy Partnership  
P.O. Box 1773  
Witfish, MT 59937

Dugan Production Corporation  
709 East Murray Drive  
Farmington, NM 87499

Williams Production Company  
P.O. Box 3102  
Tulsa, OK 74101

CASE 1269: **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 the S/2 of Section 32, Township 26 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 32 Well No. 2 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 SE/4 of said Section 32. 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 11.6 miles northwest of Lindrith, New Mexico.