

**T. H. McELVAIN OIL & GAS LIMITED PARTNERSHIP**  
**McElvain Oil & Gas Properties, Inc., Sole General Partner**

1050 17<sup>TH</sup> STREET, SUITE 1800  
DENVER, COLORADO 80265

L. O. VAN RYAN  
SENIOR VICE -PRESIDENT

TELEPHONE 303-893-0933 EXT.301  
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November 1, 2001

John A. Byrom  
D. J. Simmons, Inc.  
P. O. Box 1469  
Farmington, New Mexico 87499

Dear Mr. Byrom:

I am in receipt of your October 25<sup>th</sup> settlement proposal.

Your suggestion that the parties ask the Division to create two special 160-acre spacing units for the Mesaverde formation in the N/2 of Section 25 is highly unusual. Indeed, when D.J. Simmons suggested this alternative to Examiner Stogner at the hearing on McElvain's pooling application, Examiner Stogner expressed strong opposition to any such proposal. As a result, McElvain does not consider the creation of two 160-acre spacing units in the N/2 of Section 25 a feasible option.

In an effort to resolve the pending issues before the Commission, McElvain is willing to accept the farmout you proposed for your interest in the N/2 SE/4 of Section 25 in lieu of your election not to participate under Division Order R-11663. However, McElvain's acceptance of your farmout proposal is contingent upon D.J. Simmons withdrawing its *de novo* appeal of Division Order R-11663 and dismissing its application in Case No. 12705.

I look forward to your prompt acceptance of this reasonable proposal.

Very truly yours,

**T. H. McElvain Oil & Gas Limited Partnership**  
**By McElvain Oil & Gas Properties, Inc., General Partner**

L. O. Van Ryan  
Senior Vice President

**ACCEPTED AND AGREED TO BY:**  
D.J. Simmons, Inc.

By: \_\_\_\_\_

Date: \_\_\_\_\_

*McElvain B-1*

Citation  
NM ST S 70-2-17  
NMSA 1978, § 70-2-17

Search Result

Rank 1 of 1

Database  
NM-ST-ANN

TEXT

## NEW MEXICO STATUTES 1978, ANNOTATED

## CHAPTER 70. Oil and Gas

## ARTICLE 2. Oil Conservation Commission; Division; Regulation of Wells

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Current through the 2001 Supplement and the

First Session of the 45th Legislature

**70-2-17** Equitable allocation of allowable production; pooling; spacing.

A. The rules, regulations or orders of the division shall, so far as it is practicable to do so, afford to the owner of each property in a pool the opportunity to produce his just and equitable share of the oil or gas, or both, in the pool, being an amount, so far as can be practically determined, and so far as such can be practicably obtained without waste, substantially in the proportion that the quantity of the recoverable oil or gas, or both, under such property bears to the total recoverable oil or gas, or both, in the pool, and for this purpose to use his just and equitable share of the reservoir energy.

B. The division may establish a proration unit for each pool, such being the area that can be efficiently and economically drained and developed by one well, and in so doing the division shall consider the economic loss caused by the drilling of unnecessary wells, the protection of correlative rights, including those of royalty owners, the prevention of waste, the avoidance of the augmentation of risks arising from the drilling of an excessive number of wells, and the prevention of reduced recovery which might result from the drilling of too few wells.

C. When two or more separately owned tracts of land are embraced within a spacing or proration unit, or where there are owners of royalty interests or undivided interests in oil and gas minerals which are separately owned or any combination thereof, embraced within such spacing or proration unit, the owner or owners thereof may validly pool their interests and develop their lands as a unit. Where, however, such owner or owners have not agreed to pool their interests, and where one such separate owner, or owners, who has the right to drill has drilled or proposes to drill a well on said unit to a common source of supply, the division, to avoid the drilling of unnecessary wells or to protect correlative rights, or to prevent waste, shall pool all or any part of such lands or interests or both in the spacing or proration unit as a unit.

All orders effecting such pooling shall be made after notice and hearing, and shall be upon such terms and conditions as are just and reasonable and will afford to the owner or owners of each tract or interest in the unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil or gas, or both. Each order shall describe the lands included in the unit designated thereby, identify the pool or pools to which it applies and designate an operator for the unit. All operations for the pooled oil or gas, or both, which are conducted on any portion of the unit shall be deemed for

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all purposes to have been conducted upon each tract within the unit by the owner or owners of such tract. For the purpose of determining the portions of production owned by the persons owning interests in the pooled oil or gas, or both, such production shall be allocated to the respective tracts within the unit in the proportion that the number of surface acres included within each tract bears to the number of surface acres included in the entire unit. The portion of the production allocated to the owner or owners of each tract or interest included in a well spacing or proration unit formed by a pooling order shall, when produced, be considered as if produced from the separately owned tract or interest by a well drilled thereon. Such pooling order of the division shall make definite provision as to any owner, or owners, who elects not to pay his proportionate share in advance for the prorata reimbursement solely out of production to the parties advancing the costs of the development and operation, which shall be limited to the actual expenditures required for such purpose not in excess of what are reasonable, but which shall include a reasonable charge for supervision and may include a charge for the risk involved in the drilling of such well, which charge for risk shall not exceed two hundred percent of the nonconsenting working interest owner's or owners' prorata share of the cost of drilling and completing the well.

In the event of any dispute relative to such costs, the division shall determine the proper costs after due notice to interested parties and a hearing thereon. The division is specifically authorized to provide that the owner or owners drilling, or paying for the drilling, or for the operation of a well for the benefit of all shall be entitled to all production from such well which would be received by the owner, or owners, for whose benefit the well was drilled or operated, after payment of royalty as provided in the lease, if any, applicable to each tract or interest, and obligations payable out of production, until the owner or owners drilling or operating the well or both have been paid the amount due under the terms of the pooling order or order settling such dispute. No part of the production or proceeds accruing to any owner or owners of a separate interest in such unit shall be applied toward the payment of any cost properly chargeable to any other interest in said unit.

If the interest of any owner or owners of any unleased mineral interest is pooled by virtue of this act, seven-eighths of such interest shall be considered as a working interest and one-eighth shall be considered a royalty interest, and he shall in all events be paid one-eighth of all production from the unit and creditable to his interest.

D. Minimum allowable for some wells may be advisable from time to time, especially with respect to wells already drilled when this act takes effect, to the end that the production will repay reasonable lifting cost and thus prevent premature abandonment and resulting waste.

E. Whenever it appears that the owners in any pool have agreed upon a plan for the spacing of wells, or upon a plan or method of distribution of any allowable fixed by the division for the pool, or upon any other plan for the development or operation of such pool, which plan, in the judgment of the division, has the effect of preventing waste as prohibited by this act and is fair to the royalty owners in such pool, then such plan shall be adopted by the division with respect to such pool; however, the division, upon hearing and after notice, may

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Continental Oil Co. v. Oil Conservation Comm'n, 70 N.M. 310, 373 P.2d 809 (1962).

In addition to making such findings the commission, "insofar as is practicable, shall prevent drainage between producing tracts in a pool which is not equalized by counter-drainage," under the provisions of 70-2-16 NMSA 1978. Continental Oil Co. v. Oil Conservation Comm'n, 70 N.M. 310, 373 P.2d 809 (1962).

Four basic findings required to adopt a production formula under this section can be made in language equivalent to that required in previous decision construing this section. El Paso Natural Gas Co. v. Oil Conservation Comm'n, 76 N.M. 268, 414 P.2d 496 (1966) (explaining Continental Oil Co. v. Oil Conservation Comm'n, 70 N.M. 310, 373 P.2d 809 (1962)).

Although subservient to prevention of waste and perhaps to practicalities of the situation, protection of correlative rights must depend upon commission's (now division's) findings as to extent and limitations of the right. This the commission is required to do under the legislative mandate. Continental Oil Co. v. Oil Conservation Comm'n, 70 N.M. 310, 373 P.2d 809 (1962).

Division found not to have primary jurisdiction over suit seeking an order to join in an oil well free of risk penalty. Mountain States Natural Gas Corp. v. Petroleum Corp., 693 F.2d 1015 (10th Cir. 1982).

Grant of forced pooling is determined on case-to-case basis. -- The granting of or refusal to grant forced pooling of multiple zones with an election to participate in less than all zones, the amount of costs to be reimbursed to the operator, and the percentage risk charge to be assessed, if any, are determinations to be made by the commission (now the division) on a case-to-case basis and upon the particular facts in each case. Viking Petroleum, Inc. v. Oil Conservation Comm'n, 100 N.M. 451, 672 P.2d 280 (1983).

As to forced pooling of multiple zones with an election to participate in less than all zones. See Viking Petroleum, Inc. v. Oil Conservation Comm'n, 100 N.M. 451, 672 P.2d 280 (1983).

Division's findings upheld. -- Commission's (now division's) findings that it would be unreasonable and contrary to the spirit of conservation statutes to drill unnecessary and economically wasteful well were held to be sufficient to justify creation of two nonstandard gas proration units, and the force pooling thereof, and were supported by substantial evidence. Likewise, participation formula adopted by commission, which gave each owner a share in production in same ratio as his acreage bore to acreage of the whole, was upheld despite limited proof as to extent and character of pool. Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 87 N.M. 286, 532 P.2d 582 (1975).

Relation between prevention of waste and protection of correlative rights. -- Prevention of waste is of paramount interest to the legislature and protection of correlative rights is interrelated and inseparable from it. The very definition of "correlative rights" emphasizes the term "without waste." However, protection of correlative rights is necessary adjunct to the prevention of

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subsequently modify any such plan to the extent necessary to prevent waste as prohibited by this act.

F. After the effective date of any rule, regulation or order fixing the allowable production, no person shall produce more than the allowable production applicable to him, his wells, leases or properties determined as in this act provided, and the allowable production shall be produced in accordance with the applicable rules, regulations or orders.

## CREDIT

History: Laws 1935, ch. 72, § 12; 1941 Comp., § 69-213 1/2; Laws 1949, ch. 168, § 13; 1953, ch. 76, § 1; 1953 Comp., § 65-3-14; Laws 1961, ch. 65, § 1; 1973, ch. 250, § 1; 1977, ch. 255, § 51.

## NOTES, REFERENCES, AND ANNOTATIONS

Meaning of "this act". -- The term "this act," referred to in this section, means Laws 1935, ch. 72, §§ 1 to 24, which appear as 70-2-2 to 70-2-4, 70-2-6 to 70-2-11, 70-2-15, 70-2-16, 70-2-21 to 70-2-25, 70-2-27 to 70-2-30, and 70-2-33 NMSA 1978.

The terms "spacing unit" and "proration unit" are not synonymous and the commission has power to fix spacing units without first creating proration units. *Rutter & Wilbanks Corp. v. Oil Conservation Comm'n*, 87 N.M. 286, 532 P.2d 582 (1975).

Proration formula required to be based on recoverable gas. -- Lacking a finding that new gas proration formula is based on amounts of recoverable gas in pool and under tracts, insofar as these amounts can be practically determined and obtained without waste, a supposedly valid order in current use cannot be replaced. Such findings are necessary requisites to validity of the order, for it is upon them that the very power of the commission to act depends. *Continental Oil Co. v. Oil Conservation Comm'n*, 70 N.M. 310, 373 P.2d 809 (1962).

Findings required before correlative rights ascertained. -- In order to protect correlative rights, it is incumbent upon commission to determine, "so far as it is practical to do so," certain foundationary matters, without which the correlative rights of various owners cannot be ascertained. Therefore, the commission, by "basic conclusions of fact" (or what might be termed "findings"), must determine, insofar as practicable: (1) amount of recoverable gas under each producer's tract; (2) the total amount of recoverable gas in pool; (3) proportion that (1) bears to (2); and (4) what portion of arrived at proportion can be recovered without waste. That the extent of the correlative rights must first be determined before commission can act to protect them is manifest.

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waste. Continental Oil Co. v. Oil Conservation Comm'n, 70 N.M. 310, 373 P.2d 809 (1962).

Division's authority to pool separately owned tracts. -- Since commission (now division) has power to pool separately owned tracts within a spacing or proration unit, as well as concomitant authority to establish oversize nonstandard spacing units, commission also has authority to pool separately owned tracts within an oversize nonstandard spacing unit. Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 87 N.M. 286, 532 P.2d 582 (1975).

Elements of property right of natural gas owners. -- The legislature has stated definitively the elements contained in property right of natural gas owners. Such right is not absolute or unconditional. It consists of merely (1) an opportunity to produce, (2) only insofar as it is practicable to do so, (3) without waste, (4) a proportion, (5) insofar as it can be practically determined and obtained without waste, (6) of gas in the pool. Continental Oil Co. v. Oil Conservation Comm'n, 70 N.M. 310, 373 P.2d 809 (1962).

Law reviews. -- For article, "Compulsory Pooling of Oil and Gas Interests in New Mexico," see 3 Nat. Resources J. 316 (1963).

For comment on El Paso Natural Gas Co. v. Oil Conservation Comm'n, 76 N.M. 268, 414 P.2d 496 (1966), see 7 Nat. Resources J. 425 (1967).

For comment on geothermal energy and water law, see 19 Nat. Resources J. 445 (1979).

Am.Jur.2d, A.L.R. and C.J.S. references. -- 38 Am. Jur. 2d Gas and Oil §§ 159, 161, 164.

N. M. S. A. 1978, § 70-2-17

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NMSA 1978, § 70-2-18			
(Publication page references are not available for this document.)			

TEXT

NEW MEXICO STATUTES 1978, ANNOTATED  
CHAPTER 70. Oil and Gas

ARTICLE 2. Oil Conservation Commission; Division; Regulation of Wells  
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Current through the 2001 Supplement and the  
First Session of the 45th Legislature

**70-2-18** Spacing or proration unit with divided mineral ownership.

A. Whenever the operator of any oil or gas well shall dedicate lands comprising a standard spacing or proration unit to an oil or gas well, it shall be the obligation of the operator, if two or more separately owned tracts of land are embraced within the spacing or proration unit, or where there are owners of royalty interests or undivided interests in oil or gas minerals which are separately owned or any combination thereof, embraced within such spacing or proration unit, to obtain voluntary agreements pooling said lands or interests or an order of the division pooling said lands, which agreement or order shall be effective from the first production. Any division order that increases the size of a standard spacing or proration unit for a pool, or extends the boundaries of such a pool, shall require dedication of acreage to existing wells in the pool in accordance with the acreage dedication requirements for said pool, and all interests in the spacing or proration units that are dedicated to the affected wells shall share in production from the effective date of the said order.

B. Any operator failing to obtain voluntary pooling agreements, or failing to apply for an order of the division pooling the lands dedicated to the spacing or proration unit as required by this section, shall nevertheless be liable to account to and pay each owner of minerals or leasehold interest, including owners of overriding royalty interests and other payments out of production, either the amount to which each interest would be entitled if pooling had occurred or the amount to which each interest is entitled in the absence of pooling, whichever is greater.

C. Nonstandard spacing or proration units may be established by the division and all mineral and leasehold interests in any such nonstandard unit shall share in production from that unit from the date of the order establishing the said nonstandard unit.

CREDIT

History: 1953 Comp., § 65-3-14.5, enacted by Laws 1969, ch. 271, § 1; 1977, ch. 255, § 52.

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(Publication page references are not available for this document.)

CREDIT

## NOTES, REFERENCES, AND ANNOTATIONS

Constitutionality. -- Standards of preventing waste and protecting correlative rights, as laid out in 70-2-11 NMSA 1978, are sufficient to allow commission's power to prorate and create standard or nonstandard spacing units to remain intact, and this section is not unlawful delegation of legislative power under N.M. Const., art. III, § 1. Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 87 N.M. 286, 532 P.2d 582 (1975).

The terms "spacing unit" and "proration unit" are not synonymous and commission has power to fix spacing units without first creating proration units. Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 87 N.M. 286, 532 P.2d 582 (1975).

Authority to pool separately owned tracts. -- Since commission has power to pool separately owned tracts within a spacing or proration unit, as well as concomitant authority to establish oversize nonstandard spacing units, the commission also has authority to pool separately owned tracts within an oversize nonstandard spacing unit. Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 87 N.M. 286, 532 P.2d 582 (1975).

Creation of proration units, force pooling and participation formula upheld. -- Commission's (now division's) findings that it would be unreasonable and contrary to spirit of conservation statutes to drill an unnecessary and economically wasteful well were held sufficient to justify creation of two nonstandard gas proration units, and force pooling thereof, and were supported by substantial evidence. Likewise, participation formula adopted by commission, which gave each owner a share in production in same ratio as his acreage bore to the acreage of whole, was upheld despite limited proof as to extent and character of the pool. Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 87 N.M. 286, 532 P.2d 582 (1975).

Proceedings to increase oil well spacing. -- A proceeding on an oil and gas estate lessee's application for an increase in oil well spacing was adjudicatory, and the lessor was entitled to actual notice under the due process requirements of the New Mexico and United States Constitutions. Uhden v. New Mexico Oil Conservation Comm'n, 112 N.M. 528, 817 P.2d 721 (1991).

Law reviews. -- For comment on geothermal energy and water law, see 19 Nat. Resources J. 445 (1979).

Am.Jur.2d, A.L.R. and C.J.S. references. -- 38 Am. Jur. 2d Gas and Oil §§ 159, 164, 172.

58 C.J.S. Mines and Minerals §§ 230, 240.

N. M. S. A. 1978, § 70-2-18

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(Publication page references are not available for this document.)

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**Mid-Continent Region**  
Exploration/Production

**Conoco Inc.**  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

December 29, 1998

Working Interest Owners

**San Juan 28-7 #183**  
**Recompletion**  
**San Juan County, New Mexico**

Conoco Inc. requests your approval of the attached AFE.

The amounts requested are a best estimate only and may be larger or smaller due to actual project requirements.

Please show your approval of this project by signing the AFE cover sheet and returning it to me at the above address to the attention of Lori Thorp or fax to (915) 686-5508. A reply within thirty (30) days is appreciated. If you require additional information concerning this project, please contact the project engineer, Randy Herring at (915) 686-6541.

Sincerely,

Lori Thorp  
Senior Staff Assistant

NMOCC Case No. 12635  
and Case No. 12705  
November 6, 2001  
D.J. Simmons, Inc. Exhibit No. 1-1



EXPLORATION PRODUCTION - NORTH AMERICA

AUTHORITY FOR EXPENDITURE  
AFE NUMBER 8446

TITLE: SAN JUAN 28-7 #183: MV RECOMPLETION  
DIVISION: 51 MID-CONTINENT REGION  
DEPARTMENT: 61 PRODUCTION  
FIELD CODE AND NAME: UIQ SAN JUAN 28-7  
LEASE CODE AND NAME: 7115072 SAN JUAN 28-7  
OBJECTIVE HORIZON: MESA VERDE  
LOCATION: SECTION 1, T27N-R7W, RIO ARRIBA CO., NM

WELL/FAC: 183

MASTER AFE NO.  
AFE TYPE: 07 RECOMPLETIONS  
BUDGET PROJ NO: D510300  
TOTAL DEPTH: 7,268 TVD  
0 MD  
OPERATOR: CONOCO INC.  
CONOCO WORKING INTEREST: 0.6386380

FTR NO	DEPRECIABLE FEATURES	GROSS \$	FTR NO	EXPENSE/IDC FEATURES	GROSS \$
0009	CONTROLLABLE MATERIALS	45,600	0412	DRILLING CONTRACT-DAYWORK	20,000
	TOTAL MATERIAL	45,600	0417	CEMENT & CEMENT'G SERVICES	5,000
	TOTAL INTANGIBLES		0427	PERFORATING	8,000
	TOTAL CASH & WHS OUTLAY	45,600	0428	ACID'G FRACT'G, SHOOTING	91,000
	GRAND TOTAL	45,600	0429	WELL SURV, ELEC-MUD LOG	4,000
			0431	TRANSPORTATION	1,200
			0439	CONTRACT LABOR	2,500
			0445	MISCELLANEOUS COSTS	8,700
				TOTAL INTANGIBLES	140,400
				TOTAL CASH & WHS OUTLAY	140,400
				GRAND TOTAL	140,400
GRAND TOTAL - MAT'L & DEPR INTANGIBLES & EXP INTANGIBLES					186,000
FUNDS IN THE AMOUNT OF \$186,000 GROSS (\$119,000 CONOCO NET) ARE REQUESTED TO RECOMPLETE THE MESAVERDE IN THE SAN JUAN 28-7 #183.					
LAND	LINDA LEAZAR	- 686-5582	<div style="text-align: right;"> 12-3-98  12-4-98  12-10-98  12-12-98  12-12-98 </div>		
RESERVOIR ENGINEER	MARC SHANNON	- 686-5499			
GEOLOGICAL ADVISOR	TOM JOHNSON	- 686-6111			
PRODUCTION ENGINEER	RANDY HERRING	- 686-6541			
FINANCIAL ANALYST	JEFF ROMINES	- 686-6104			

	GROSS \$	NET \$
CASH & WHS OUTLAY	186,000	119,000
PROJECT TOTAL	186,000	119,000

ENVIR. CONSRV. EXP	0	0
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ESTIMATED IN-OPERATION DATE (MO/YR): 01/99

APPROVED BY

PAGE 1

**San Juan 28-7 #183  
Mesaverde Recompletion Procedure  
API # 30-039-20721**

**Justification:**

Funds in the amount of \$186,000 are requested to recomplete the San Juan 28-7 # 183 to the Mesaverde (MV), replace the existing tubing and down-hole commingle (DHC) with the existing Dakota (DK) production.

The San Juan 28-7 #183 is located in sec 1 T27N R7W of the Conoco operated San Juan 28-7 Federal unit. Currently the subject well is producing approximately 40 MCFD from the Dakota Formation. Since it was completed in 1979 the DK has produced 324 MMCF.

The subject well is offset to the east by the San Juan 28-7 #34. The # 34 is a MV well that has significantly underperformed, (relative to its direct offset, parent counterparts), by 705 MMCFG on a cum to date basis and by 832 MMCFG from an average EUR standpoint. The relatively poor performance of the #34 is attributed to small fracture stimulation's (31,000 gal water & 25,000 #'s sand) utilized for both the Cliffhouse and Point Lookout.

The recommendation to recomplete to the MV and DHC is based on the success of similar work performed throughout the unit over the past several years. Once completed, first year average production from the MV is expected to be 350 MCFD. Estimated reserves are approximately 850 MMCF based on decline curve analysis of surrounding MV producers.

Production allocations will be determined by the subtraction method using a stabilized flow test of the Mesaverde.

**San Juan 28-7 # 183  
MV Recompletion Procedure  
API # 30-039-20721**

November 19, 1998

**Summary of Work Recommended**

- Set Temporary Plug over DK and Test Casing
- Perforate, Breakdown and Stimulate MV w/ Frac string (3 separate fracs)
- Drill Out, Test & Place on Production as MV/DK DHC

Present well Data:

**TD: 7268'                      PBTD: 7261'                      GL: 6131'                      KB: 6142'**

**Location:            1550' FNL & 1750' FEL Sec 1, T 27N, R 7W  
Rio Arriba County, New Mexico**

**Casing Design:**

**9 5/8" H-40, 32.3#/ft @ 229' w/ 225 cu ft, TOC: Surface (Circ)  
Drift: 8.845", Burst 2270 psi, Capacity: 0.0787 bbl/ft**

**7", J-55, 20 #/ft @ 3,171' w/ 261cu ft, TOC: 2,050' (TS)  
Drift: 6.331", Burst: 3740 psi, Capacity: 0.0404 bbl/ft**

**4 1/2", J-55, 10.5 & 11.6 #/ft, @ 7268' w/ 653 cu ft, TOC @ 4,600' (TS)  
Drift: 3.875", Burst: 4790 psi, Capacity: 0.0155 bbl/ft**

**Tubing:            1 1/2" 8rd, J-55 Landed @ 7237' SN @ 7193'**

**DK Perforations:            7046', 62', 78', 7138', 68', 70', 96', 7216', 32', & 48'**

**Completion Date:            Jan 1974**

**Contacts:**

<b>Geologic/Logging:</b>	<b>Tom Johnson</b>	<b>(915) 686-6111</b>
<b>Engineering/Procedural:</b>	<b>Randy Herring</b>	<b>(915) 686-6541</b>
	<b>Pager</b>	<b>800-999-6710 I.D.# 991-7826</b>
<b>Fracturing:</b>	<b>Jim Russell:</b>	<b>(505) 327-6222</b>
	<b>Pager</b>	<b>(505) 324-1867</b>
	<b>Mobile</b>	<b>(505) 330-0005</b>
<b>Completion:</b>		
<b>Greg Vick:</b>	<b>(505) 324-5819</b>	<b>Gilbert Hughes            (505) 324-5812</b>
<b>Pager</b>	<b>(505) 324-2601</b>	<b>Pager            (505) 327-8753</b>
<b>Mobile</b>	<b>(505) 320-4609</b>	<b>Mobile            (505) 320-4785</b>
	<b>Lino Hernandez:</b>	<b>(505) 324-5816</b>
	<b>Pager</b>	<b>(505) 326-8198</b>
	<b>Mobile</b>	<b>(505) 320-6739</b>

**San Juan 28-7 # 183**  
**MV Recompletion Procedure**  
**API # 30-039-20721**

1. Hold tailgate safety meetings prior to rigging up, each morning, and whenever necessary.
2. MIRU workover unit. If necessary, kill well with a minimum of 1 % KCl. NU BOP. POOH and LD 1 1/2" tubing.
3. RU wireline unit and run a CBL/CCL/GR from 5500' to 4000'. Calibrate log in free pipe prior to run. Repeat section from 4800 to 4300. Fax log into Midland on continuous Fax ASAP. (915) 686-6112. (TS indicates TOC @ +/- 4600')

**Note: If CBL agrees w/ early TS a cmt sqz will be required prior to the 3<sup>rd</sup> frac stage.**

4. RU wireline unit. MU 4 1/2" composite bridge plug and setting tool. RIH and set BP @ 5250'. Load 7" - 4 1/2" annulus and test 4 1/2" casing & BP to 4000 psi.

**Stage I**

5. RU wireline unit and perforate the following intervals w/ 1 SPF using 3 1/8" select fire gun w/ 11 gm charges: Run GR strip to correlate to attached log.

Point Lookout: 4990', 92',  
5023', 26', 34', 37', 45', 48', 51', 54', 61', 63', 72', 79', 81', 87', 95', 98'  
5101', 04', 07', 38', 43', 45', 57', 71', 73', & 85'

Totals shots: 28

6. PU 2 3/8" tbg. & RIH w/ PPI tool (straddle packer) w/ 10' spacing element and Break down perforations using 1/2 bbl 15% HCl inhibited for 24 hours per foot of perforations. (Estimate 600 gallons).
7. RU Frac equipment and stimulate 1<sup>st</sup> stage using 15 lb. X-link @ 40 BPM per attached procedure. **Do not exceed 4000 psi.** Leave frac equipment on location.
8. RIH w/ 4 1/2" Composite BP and set @ +/- 4900'. Load 7" - 4 1/2" annulus and test 4 1/2" casing & plug to 4000 psi.

San Juan 28-7 # 183  
MV Recompletion Procedure  
API # 30-039-20721

**Stage II**

9. RU wireline unit and perforate the following intervals w/ 1 SPF using 3 1/8" select fire gun w/ 11 gm charges: Run GR strip to correlate to attached log.

Menefee: 4651', 53', 55',  
4703', 05', 12', 15', 65', 67', 69', 81', 83', 87', 89',  
4835', 37', & 39

Totals Shots: 17

10. RIH w/ PPI tool (straddle packer) w/ 10' spacing element and Break down perforations using 1/2 bbl 15% HCl inhibited for 24 hours per foot of perforations. (Estimate 420 gallons). POOH w/ PPI tool.
11. RU Frac equipment and stimulate Point Lookout using 15 lb. X-link @ 40 BPM per attached procedure. **DO NOT EXCEED 4000 PSI.** Leave frac equipment on location.
12. RIH w/ 4 1/2" Composite BP and set @ +/- 4625'. Load 7" - 4 1/2" annulus and test 4 1/2" casing & plug to 4000 psi.
13. If required, perforate squeeze holes @ TOC. RU cement pumps and block squeeze interval for zonal isolation. If possible perforate sqz holes below 4451'.

**Stage III**

14. RU wireline unit and perforate the following intervals w/ 1 SPF using 3 1/8" select fire gun w/ 11 gm charges: Run GR strip to correlate to attached log.

Cliffhouse: 4451', 54', 57', 60', 66', 69', 77', 79', 83', 87', 91', 93',  
4512', 15', 18', 21', 24', 27', 35', 38', 41', 44', 47', 50', 55', 58', 61', 70', 73',  
& 76'

Totals Shots: 30

15. RIH w/ PPI tool (straddle packer) w/ 10' spacing element and Break down perforations using 1/2 bbl 15% HCl inhibited for 24 hours per foot of perforations. (Estimate 650 gallons). POOH w/ PPI tool.
16. RU Frac equipment and stimulate Point Lookout using 15 lb. X-link @ 40 BPM per attached procedure. Clean location & release frac equipment.
17. RIH w/ 2 3/8" tbg w/ collars and bit. RU compressors and drill out 2 MV BP's @ 4625' & 4900'.

**San Juan 28-7 # 183  
MV Recompletion Procedure  
API # 30-039-20721**

18. Continue to clean out using compressors until well will flow on its own. Drywatch as necessary. Obtain stabilized flow test for records and allocation purposes.
19. Continue to drill-out final plug @ 5250'. Co well to PBTD (7261')
20. RIH w/ 2 3/8" production tbgs. Set EOT @ +/- 7100'.
21. Remove BOP and NU tree w/ plunger lift assembly.
22. Notify necessary personnel for regulatory and gas allocation purposes.
23. Install additional surface equipment if necessary. Place well on production.
24. Thank You.

Prepared by:   
Randy B. Herring,  
Sr. Production Engineer



**San Juan 28-7 # 183**  
**MV Recompletion Procedure**  
**API # 30-039-20721**

**Cost Estimate**

Workover Rig (10days)	\$20,000
CBL/CCL/GR Log	\$ 4,000
Straddle Packer	\$ 1,500
Frac Tanks & Water (15 tanks)	\$16,500
Heating Tanks	\$ 4,000
Cement Squeeze	\$ 5,000
2 3/8" 8rd J-55 tbg (7100') @ \$2.65/ft	\$18,800
4 1/2" composite Bridge Plugs (3)	\$ 4,800
Perforating & Wireline Work	\$ 8,000
Transportation	\$ 1,200
Acid Break downs (3)	\$ 6,000
Stimulation's (3)	\$85,000
Roustabout Work	\$ 1,500
Dry Watch	<u>\$ 1,000</u>
	Sub Total <u>\$177,300</u>
Miscellaneous	\$ 8,700
	Total <b>\$186,000</b>

CONOCO INC.

EXPLORATION PRODUCTION - NORTH AMERICA

AUTHORITY FOR EXPENDITURE  
AFE NUMBER 8190

File

AFE TITLE: SAN JUAN 28-7 #261- RECOMPLETE TO MV  
DIVISION: 51 MID-CONTINENT REGION  
DEPARTMENT: 61 PRODUCTION  
FIELD CODE AND NAME: UIQ SAN JUAN 28-7  
LEASE CODE AND NAME: 7115072 SAN JUAN 28-7  
OBJECTIVE HORIZON: BLANCO MESAVERDE  
LOCATION: SECTION 5 T27N, R7W, RIO ARRIBA COUNTY, NEW MEXICO

WELL/FAC: 261

MASTER AFE NO:  
AFE TYPE: 07 RECOMPLETIONS  
BUDGET PROJECT NO: D510300  
TOTAL DEPTH: 07782' TVD  
MO  
OPERATOR: CONOCO INC.  
CONOCO WORKING INTEREST: 0.6386380

FTR NO	DEPRECIABLE FEATURES	GROSS \$	FTR NO	EXPENSE/IDC FEATURES	GROSS \$
0009	CONTROLLABLE MATERIALS	22,400	0403	FUEL, WATER, LUBES, ELECTR	13,200
	TOTAL MATERIAL	22,400	0412	DRILLING CONTRACT-DAYWORK	20,000
	TOTAL INTANGIBLES	0	0427	PERFORATING	17,500
	TOTAL CASH & WHS OUTLAY	22,400	0429	WELL SURV, ELEC-MUD LOG	100,000
0001	ON HAND USED MTL & EQPT	72,000	0431	TRANSPORTATION	1,100
	GRAND TOTAL	94,400	0439	CONTRACT LABOR	2,500
			0445	MISCELLANEOUS COSTS	8,800
				TOTAL INTANGIBLES	163,100
				TOTAL CASH & WHS OUTLAY	163,100
				GRAND TOTAL	163,100
GRAND TOTAL - MATERIAL & DEPR INTANGIBLES & EXP INTANGIBLES					257,500

FUNDS IN THE AMOUNT OF \$257,500 (\$163,982 CONOCO NET) ARE REQUESTED TO RECOMPLETE THE SAN JUAN 28-7 #261 TO THE MESAVERDE FORMATION AND COMMINGLE WITH THE DAKOTA FORMATION.

SEE ATTACHED FOR JUSTIFICATION.....

FINANCIAL ANALYST	- K.D. MEISINGER	- (915)686-6118	<i>RBH 1-29-99</i>
PROJECT ENGINEER	- R.B. HERRING	- (915)686-6541	<i>M. Shannon</i>
RESERVOIR ENGINEER	- P.M. SHANNON	- (915)686-5499	<i>T.B. Johnson</i>
GEOLOGICAL ADVISOR	- T.B. JOHNSON	- (915)686-6111	<i>J.A. Barber</i>
LAND	- J.A. BARBER	- (915)686-5582	

	GROSS \$	NET \$
CASH & WHE OUTLAY	185,500	118,000
PROJECT TOTAL	257,500	163,982

ENVIR. CONSRV. EXP	0	0
--------------------	---	---

ESTIMATED IN-OPERATION DATE (MO/YR): 02/97

APPROVED BY

1/25/99 PAGE 1

**San Juan 28-7 Unit No. 261**  
**Mesaverde Recompletion Procedure**  
**API # 30-039-21679**  
**AFE# 51-61-8190**

**Justification:**

Funds in the amount of \$257,500 (gross) \$163,982 (net) are requested to recomplete the San Juan 28-7 # 261 to the Mesaverde and downhole commingle with existing Dakota production.

Currently Dakota production averages 170 MCFD and has cum'd 1.3 BCF. Performing the requested work is expected to increase production 325 MCFD with an ultimate recovery of 700 MMCF.

This AFE includes payment of \$72,000 to the Dakota working interest owners for the Mesaverde working interest owners share of the existing wellbore. This amount was calculated by estimating the costs to drill, log, and case a Mesaverde well in the 28-7 Unit; split 50% / 50% by the MV/DK WI owners and reduced by 25% per COPA accounting procedures for condition "B" equipment.

**San Juan 28-7 Unit # 261  
Mesaverde Recompletion Procedure**

**API # 30-039-21679  
AFE# 51-61-8190**

December 22, 1997

**Summary of Work Recommended**

- ✓ Perforate Mesaverde Interval
- ✓ Isolate and Stimulate Mesaverde Interval thru Tubing
- ✓ Remove Isolation Tools
- ✓ Return well to Production as a MV/DK Downhole Commingle

**Well Data:**

**Location:** 1240' FSL & 2155' FWL, Sec. 5, T27N-R7W  
Rio Arriba County, New Mexico

**Elevations:** KB: 6762'  
GL: 6752'  
PBTD: 7764'  
TD: 7782'

**Casing:** 9-5/8", 36 #/ft, set @ 219'  
cmt 190 sx. TOC @ Surface (circ)  
Drift: 8.765", Capacity: 0.0773 bbl/ft, Burst: 2464 psi (70% SF)  
7", 20#/ft, set @ 3554'  
cmt 185 sx. TOC @ 2100 ft KB  
Drift: 6.331", Capacity: 0.0404 bbl/ft, Burst: 2618 psi (70% SF)  
4-1/2", 10.5 & 11.6 #/ft, set @ 7782'  
cmt 348 sx. TOC @ 2900'  
Drift: 3.927", Capacity: 0.0159 bb/ft, Burst: 3353 psi (70% SF)

**Tubing:** 1.9" @ 7700'  
Drift: 1.516", Capacity: 0.00387 bbl/ft, Burst: 3688 psi (80% SF)

**Perforations:** 7555', 60', 65', 70',  
7640', 72', 77', 82',  
7706', 10', 22', 33', 47', & 55' w/ lspf

**NOTE:** The tubing should be charged 62% MV and 38% DK.

**San Juan 28-7 Unit # 261  
Mesaverde Recompletion Procedure**

1. Hold safety meeting. MIRU workover unit. If necessary, kill well with a minimum of 1 % KCl. NU BOP and POOH & LD 1.9" production string.
2. RU wireline unit and RIH w/ Composite bridge plug. Set plug at +/- 5950' and test casing to 3,300 psi.
3. MU 3 1/8" select fire perforating gun w/ 18gm charges w/ GR. Correlate to attached log section and perforate the following depths:
  - A. If necessary, spot 15% HCl from 5850' to 5800' using a dump bailer.
  - B. If necessary, pressure up on casing to 3000 psi prior to firing guns.

**Lower Point Lookout**

5761', 77', 91',  
5805', 18', 26', 39', 43', 48', 55', & 58'

Total: 11 shots.

4. Break down perfs using 500 gallons 15% HCl and 50% excess 1.1 sg balls (17) spaced equally throughout the job. Run as high a rate as possible without exceeding max pressure.  
**DO NOT EXCEED 3300 PSI**
5. Surge balls off perforations. Prep to frac.
6. Frac per attached schedule. Leave frac equipment on location.
7. RIH w/ Composite bridge plug on wireline and set at +/- 5750'. Test casing to 3300 psi.
8. MU 3 1/8" select fire perforating gun w/ 18gm charges w/ GR. Correlate to the attached log and perforate the following depths:
  - A. If necessary, spot 15% HCl from 5030' to 4980' using a dump bailer.
  - B. If necessary, pressure up on casing to 3000 psi prior to firing guns.

**Upper Point Lookout**

5519', 22', 25', 32', 34', 41', 45', 47', 59', 62', 65', 79', 81', 88', 90',  
5600', 02', 10', 12', 16', 19', 38', 46', 77', 79', 86', 95',  
5701', & 03'

Total: 29 shots.

**San Juan 28-7 Unit # 261  
Mesaverde Recompletion Procedure**

9. Break down perfs using 500 gallons acid and 50% excess 1.1 sg balls (44) spaced equally throughout the job. Run as high a rate as possible without exceeding max pressure.  
**DO NOT EXCEED 3300 PSI**
10. Retrieve balls using wireline catcher. Check to determine # of hits. If less than 80% (23), re-acidize. Prep to frac.
11. Frac per attached schedule. Retain frac equipment.
12. RIH w/ Composite bridge plug on wireline and set at +/- 5450'. Test casing to 3300 psi.
13. MU 3 1/8" select fire perforating gun w/ 18gm charges w/ GR. Correlate to the attached log and perforate the following depths:
  - A. If necessary, spot 15% HCl from 5350' to 5300' using a dump bailer.
  - B. If necessary, pressure up on casing to 3000 psi prior to firing guns.

**Menefee**

5255', 57', 59', 80', 82', 88', 90', ,  
5300', 13', 15', 22', 24', 28', 30', 32', 39', 41', 43', 54', 58', & 63'.

Total: 21 shots.

14. Break down perfs using 500 gallons acid and 50% excess 1.1 sg balls (32) spaced equally throughout the job. Run as high a rate as possible without exceeding max pressure.  
**DO NOT EXCEED 3300 PSI**
15. Retrieve balls using wireline catcher. Check to determine # of hits. If less than 80% (17), re-acidize. Prep to frac.
16. Frac per attached schedule. Clean Location & Release frac equipment.
17. RU compressors and drill out bridge plugs w/ gas. Clean out well to PBTD (7764'). Jet well w/ gas until well will flow on its own. Drywatch as necessary.
18. PU & RIH w/ 2 3/8" production string. Land SN at +/- 7700'. ND BOP and NU wellhead.
19. Record and notify necessary personnel for regulatory and gas allocation purposes.
20. RDMO workover unit.
21. Thank You. Prepared by:

  
Randy B. Herring,  
Production Engineer

**San Juan 28-7 Unit # 261  
Mesaverde Recompletion Procedure**

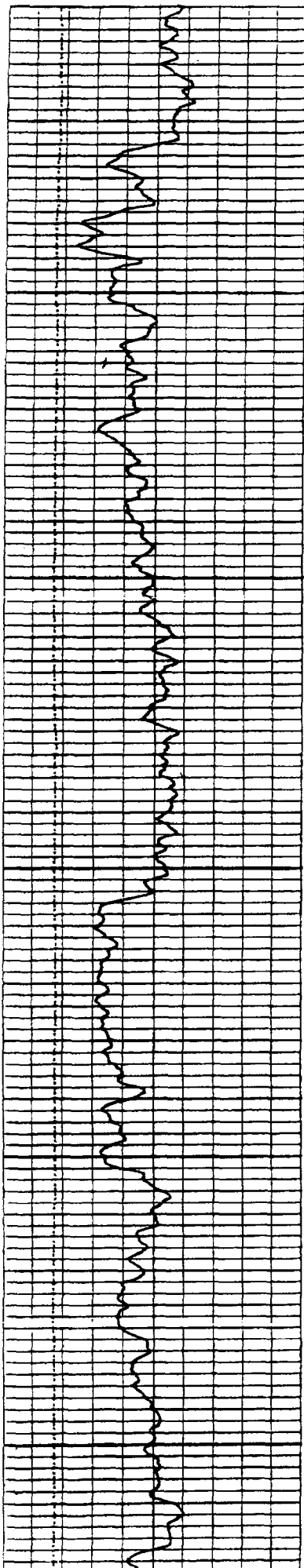
**Cost Estimate**

<b>Workover Rig</b>	<b>\$ 20,000</b>
<b>Frac Tanks &amp; Water</b>	<b>\$ 13,200</b>
<b>Transportation</b>	<b>\$ 1,100</b>
<b>Tubing 2 3/8" 7,700 ft</b>	<b>\$ 16,700</b>
<b>Composite Plugs</b>	<b>\$ 4,200</b>
<b>Perforating &amp; Wireline</b>	<b>\$ 17,500</b>
<b>Stimulation</b>	<b>\$100,000</b>
<b>Compressors</b>	<b>\$ 1,500</b>
<b>Roustabout Crew</b>	<b>\$ 1,500</b>
<b>Dry Watch Work</b>	<b>\$ 1,000</b>
<b>Sub Total</b>	<b>\$176,700</b>
<b>Miscellaneous (5%)</b>	<b>\$ 8,800</b>
<b>Payment to Dakota WI Owners</b>	<b>\$ 72,000</b>
<b>Total</b>	<b>\$257,500</b>

# Gamma Gamma

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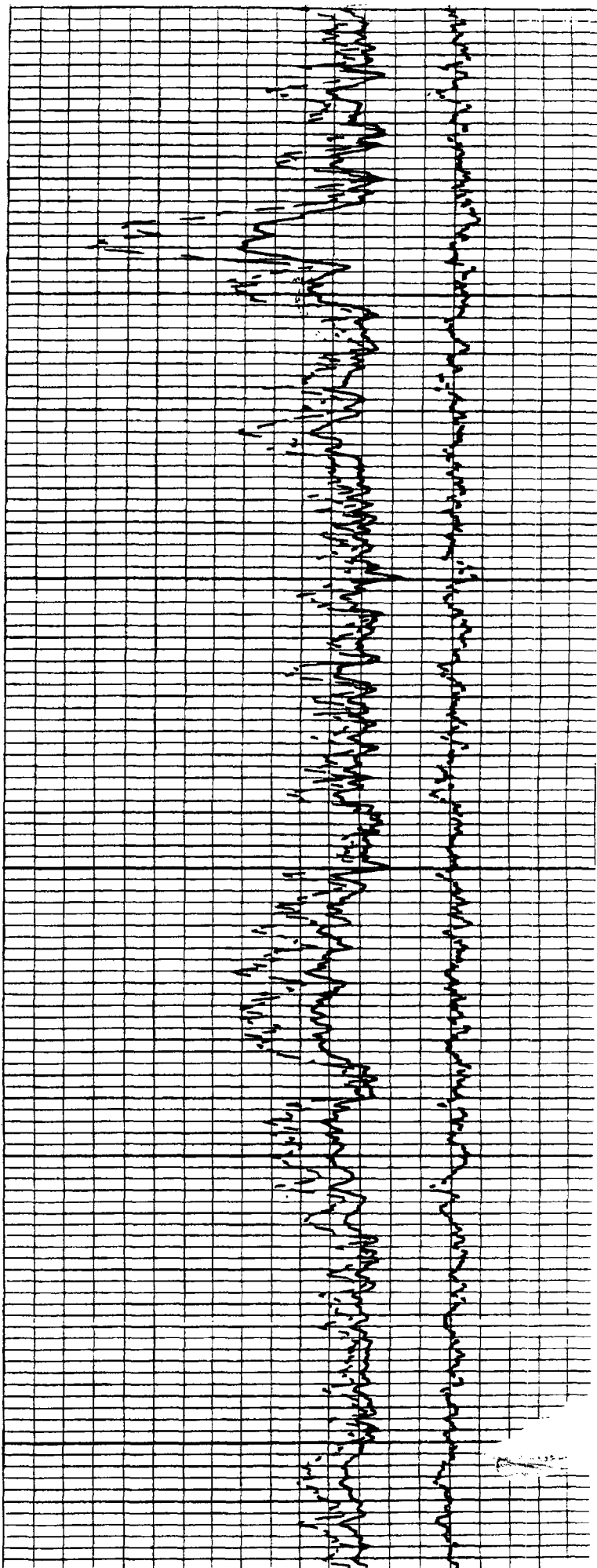


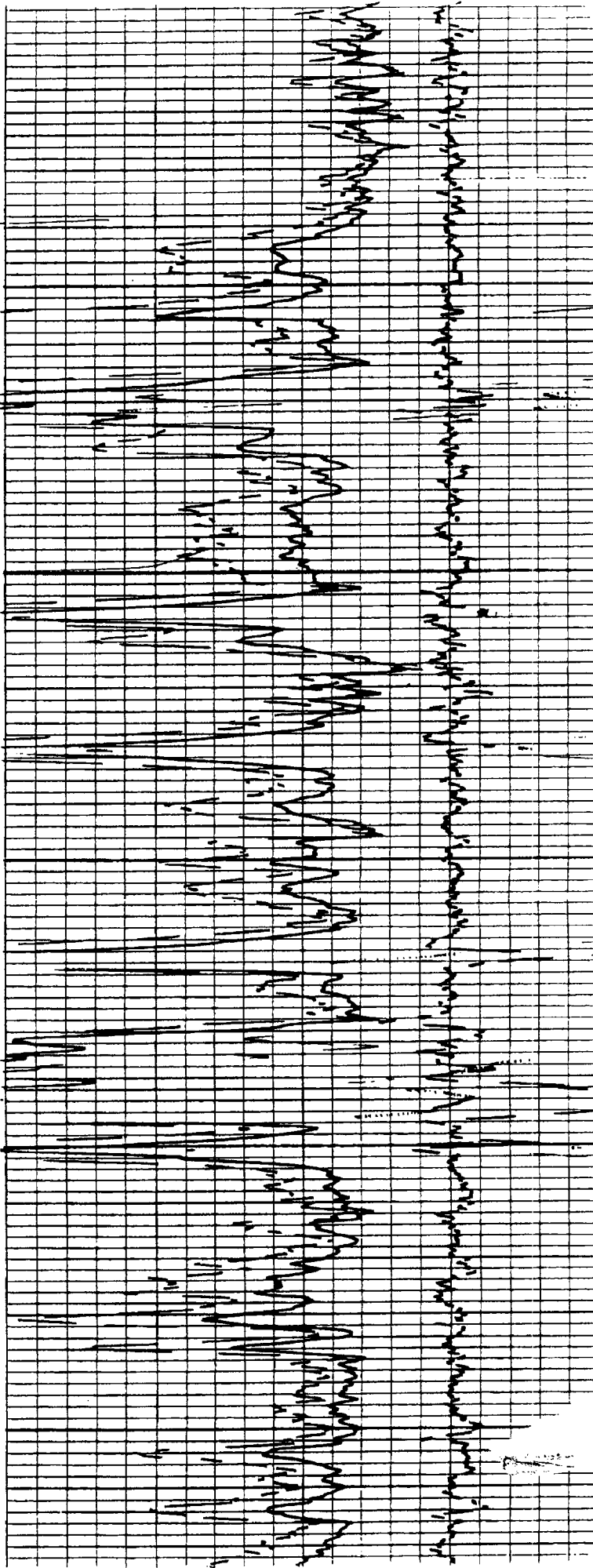
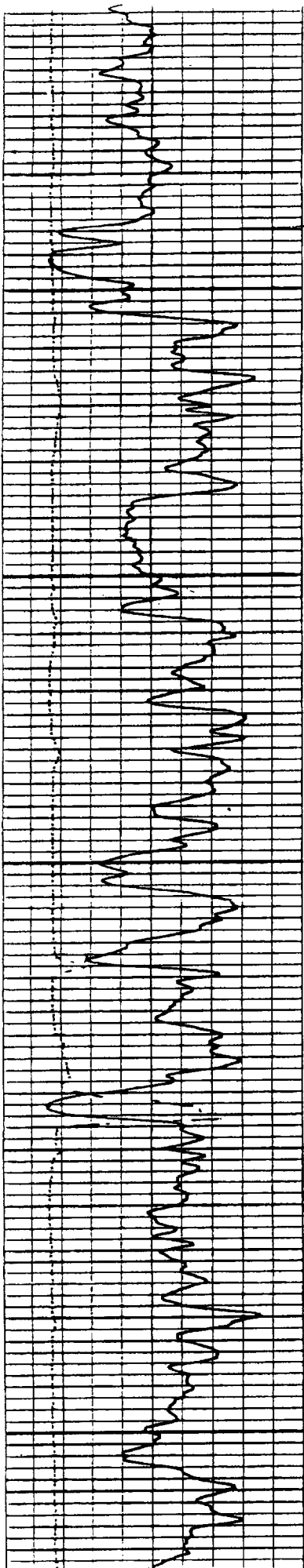


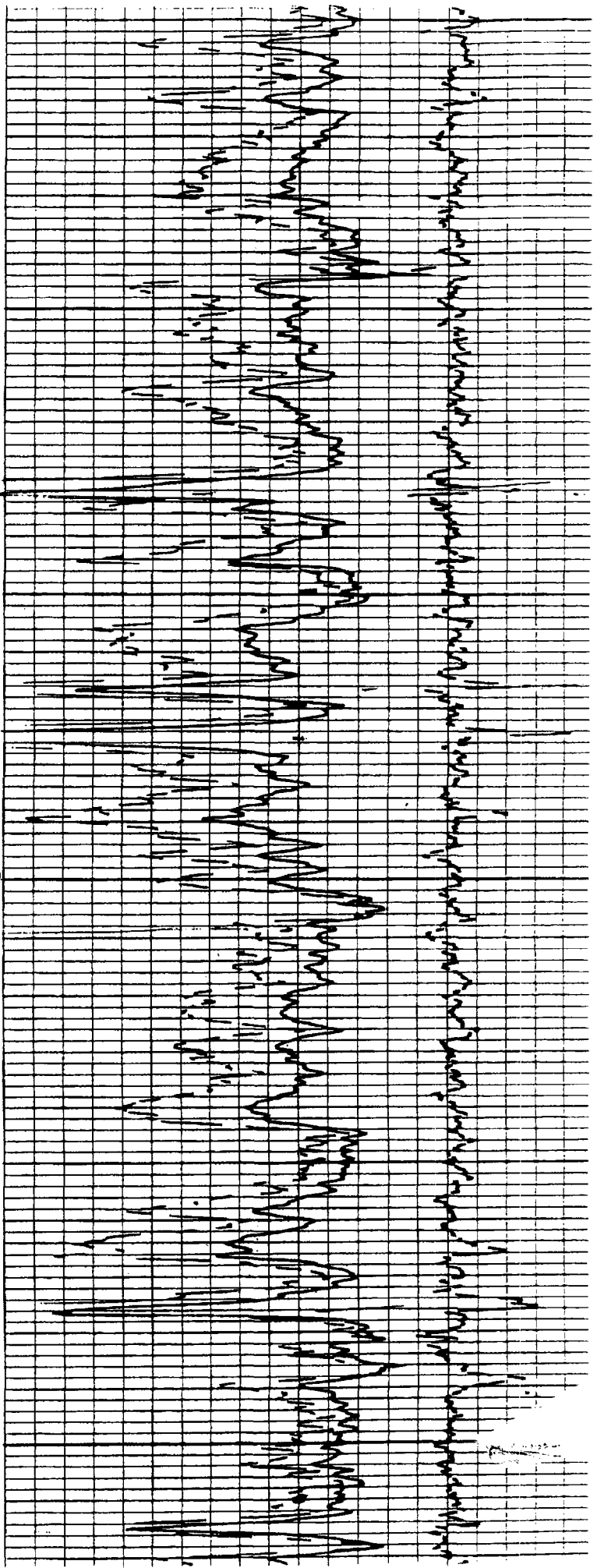
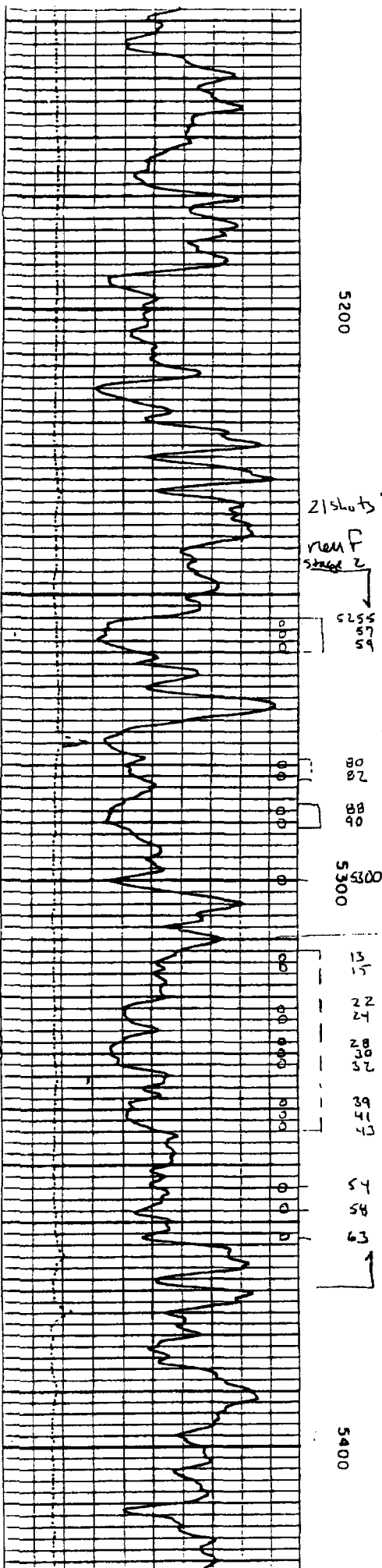
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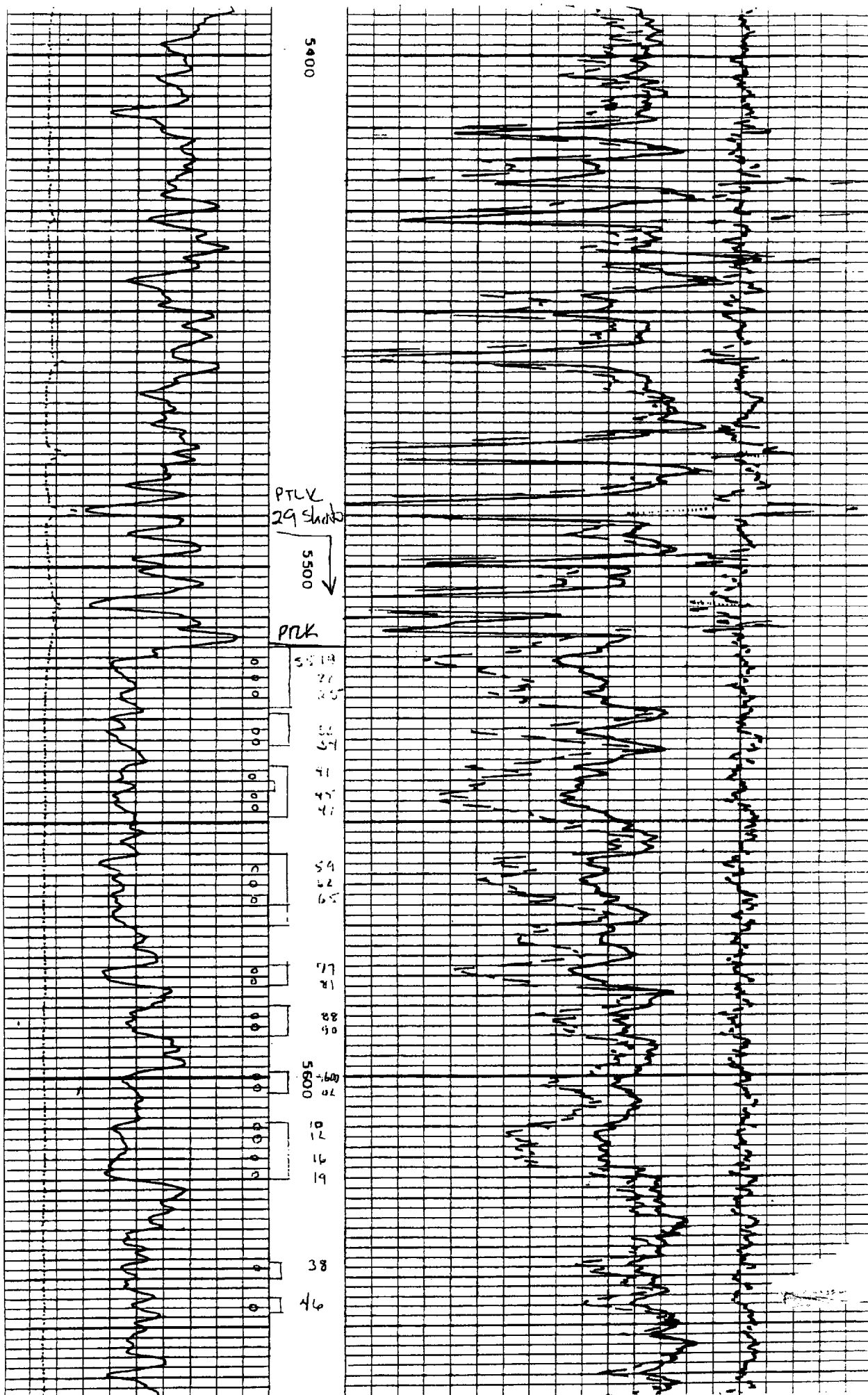
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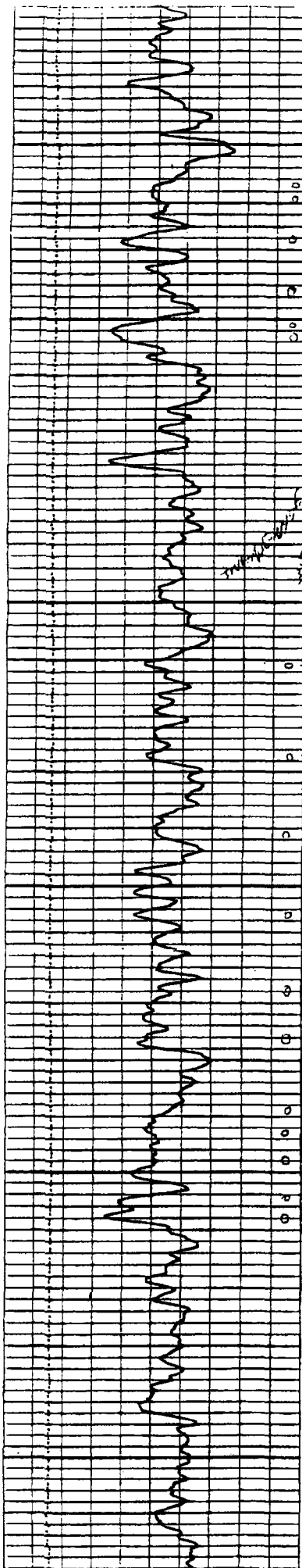
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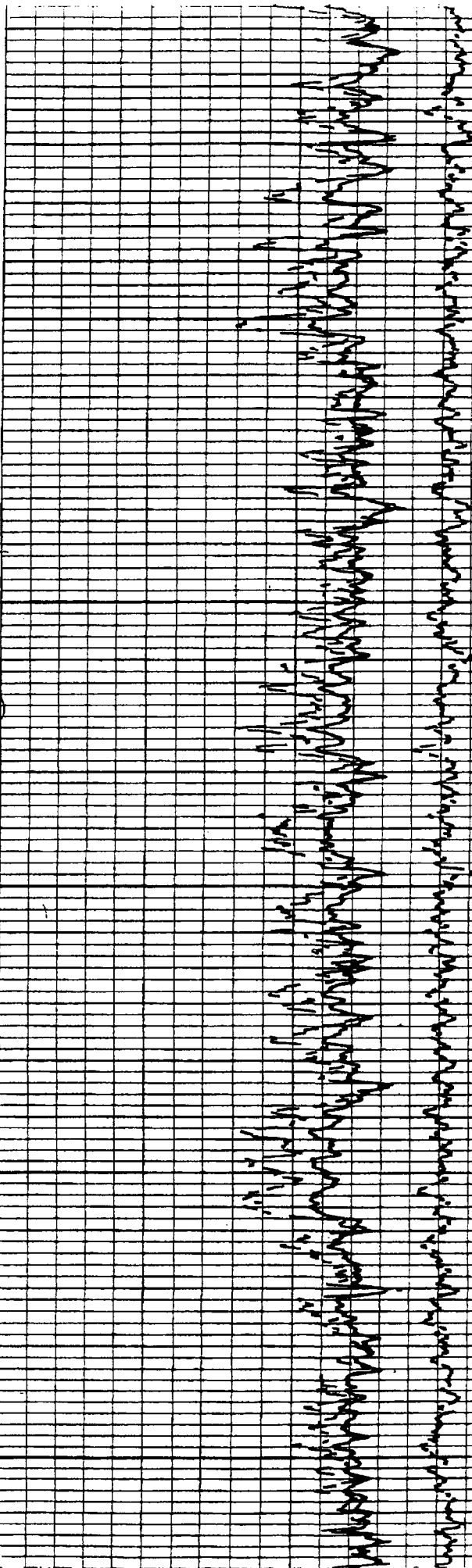
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<b>GAMMA RAY</b> API UNITS	
0	200
200	400
<b>CALIPER</b> DIAM. IN INCHES	
5	15

<b>SANDSTONE POROSITY — %</b> 26 16 6 4 2 0 <b>GRAIN DENSITY 2.65 GRAMS/CC</b>		
<b>BULK DENSITY</b> GRAMS/CC 2.0 2.5 3.0 1.0 1.5 2.0		
<b>CORRECTION</b> GRAMS/CC Use this scale when correction curve is presented in Track 3 -25 0 +25		

## CALIBRATION RECORD

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<b>AFTER SURVEY CALIBRATION</b>			
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PLEASE REPLY TO SANTA FE

\* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL & GAS LAW  
\*\* NEW MEXICO BOARD OF SPECIALIZATION RECOGNIZED SPECIALIST IN REAL ESTATE LAW

May 11, 2001

**BY FACSIMILE TRANSMISSION: 983-6043**

Michael Feldewert, Esq.  
Holland & Hart, LLP and Campbell & Carr  
P.O. Box 2208  
Santa Fe, New Mexico 87504

Re: Application of McElvain Oil & Gas Properties, Inc. for Compulsory Pooling, Rio  
Aruba County, New Mexico; NMOCD # 12,635

Dear Mike:

You will recall that McElvain requested a continuance of the hearing on their application in the above case from the May 3, 2001 Examiner hearing docket to May 17<sup>th</sup>. Unfortunately, we did not receive word of the request for continuance until after my client's witnesses had left Farmington and were en route to Santa Fe, just the day before the hearing. We will presume that McElvain intends to present its application to the Division at the May 17<sup>th</sup> examiner hearing and will plan accordingly. Should McElvain seek to request another continuance beyond May 17<sup>th</sup>, we ask the courtesy of being advised no later than mid-day on Tuesday, May 15<sup>th</sup>.

Thank you.

Yours very truly,

MILLER, STRATVERT & TORGERSON, P.A.

J. Scott Hall

JSH/ao

cc: John Byrom, D. J. Simmons, Inc.

P:\2187\26818\Correspondence\Feldewert ltr.doc

NMOCC Case No. 12635  
and Case No. 12705  
November 6, 2001

D.J. Simmons, Inc. Exhibit No. \_\_\_\_\_

HOLLAND & HART LLP  
and  
CAMPBELL & CARR  
ATTORNEYS AT LAW

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BOULDER • COLORADO SPRINGS  
DENVER TECH CENTER  
BILLINGS • BOISE • CASPER  
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FACSIMILE (505) 963-6043

Michael H. Feldewert

m.feldewert@hollandhart.com

April 18, 2001

Via Facsimile

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**RE:** Case No. 12635; Application of McElvain Oil & Gas, Inc. for  
Compulsory Pooling, Rio Arriba County, New Mexico

Dear Ms. Wrotenbery:

McElvain Oil & Gas Properties, Inc. respectfully requests that the  
Examiner Hearing for this matter which is scheduled for April 19th be  
continued to the next available Examiner Hearing Docket.

Your attention to this request is appreciated.

Very truly yours,



Michael H. Feldewert

MHF/ras

cc: J. Scott Hall, Esq.

NMOCC Case No. 12635

and Case No. 12705

November 6, 2001

D.J. Simmons, Inc. Exhibit No. B-2



DOCKET	CASE NO	DESCRIPTION
05/04/00	Case 12395	<b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b> 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 <b>S/2 of Section 29, Township 26 North, Range 2 West, N.M.P.M.</b> for all formations and/or pooled interval including, but not necessarily limited to the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool, at a standard location in the SE/4 of said Section 29. 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 miles north of Lindrith, New Mexico.
06/01/00	Case 12412	<b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b> Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Mesaverde formation underlying the <b>S/2 of Section 10, Township 25 North, Range 2 West</b> , for all formations and or pools developed on 320-acre spacing to be dedicated to its Badger Com 10 Well No. 1 to be drilled to a depth sufficient to test all formations in the pooled interval including, but not necessarily limited to the Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 SW/4 of said Section 10. Also to be considered will be the cost of drilling and completing the 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. The area is located approximately 7 miles north-northeast of Lindrith, New Mexico.
07/13/00	Case 12452	<b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b> Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs Formation to the base of the Mesaverde formation in the <b>E/2 of Section 4, Township 25 North, Range 2 West</b> . The units are to be dedicated to its Cougar Com "4" Well No. 1A to be re-entered and drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 SE/4 of Section 4. Also to be

NMOCC Case No. 12635

and Case No. 12705

November 6, 2001

D.J. Simmons, Inc. Exhibit No. B-1

DOCKET	CASE NO	DESCRIPTION
		considered will be the cost of drilling and completing said well and the allocation of the cost therefore 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 the well. The area is located approximately 9 miles north of Lindrith, New Mexico.

DOCKET	CASE NO	DESCRIPTION
07/13/00	12453	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b></p> <p>Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs Formation the base of the Mesaverde formation in <b>Lots 3, 4, S/2 NW/4, SW/4 (W/2 Equivalent) of Section 4, Township 25 North, Range 2 West.</b> The units are to be dedicated to its Cougar Com "4" Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 NW/4 of 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 the well. The area is located approximately 9.5 miles north of Lindrith, New Mexico.</p>
08/10/00	Case 12472	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b></p> <p>Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the <b>N/2 of Section 10, Township 25 North, Range 2 West.</b> The units are to be dedicated to its Elk Com 10 Well No. 1-A to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 of Section 10. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and changes for supervision, the designation of applicant as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles northeast of Lindrith, New Mexico.</p>
10/05/00	Case 12484	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b></p> <p>Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs Formation to the base of the Dakota Formation in <b>Lots 3, 4, S/2 NW/4, SW/4 (W/2 Equivalent) of Section 4, Township 25 North, Range 2 West.</b> The units are to be dedicated to its Cougar Com "4" 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</p>

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		standard location in the NW/4 NW/4 of Section 4. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 9.5 miles north of Lindrith, New Mexico.

DOCKET	CASE NO	DESCRIPTION
04/05/01	Case 12634	<b>Application of McElvain Oil &amp; 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.</b> Applicant 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 <b>S/2 of Section 10, Township 25 North, Range 2 West</b> , 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.
04/05/01	Case 12635	<b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b> Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the <b>S/2 of Section 25, Township 25 North, Range 3 West</b> for all formations and or pools developed on 320-acre spacing, which include but are not necessarily limited to the Mesaverde formation, Blanco-Mesaverde Gas Pool. Said units are to be dedicated to its Naomi Well No. 1 (formerly the Wynona Well No. 1) at a previously approved unorthodox gas well location 1650 feet from the South line and 450 feet from the West line of said Section 25, to be reentered and recompleted in the Mesaverde formation. 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 5 miles southwest of Lindrith, New Mexico.
04/05/01	Case 12636	<b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b> Applicant seeks an order pooling all mineral interests in all

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		<p>formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the <b>S/2 of Section 33, Township 26 North, Range 2 West</b>, for all formations and or pools developed on 320-acre spacing which include but are not necessarily limited to the Basin-Dakota Gas Pool. Said units are to be dedicated to its Cougar Com 33M Well No. 1 to be drilled at a standard location in the SW/4 of said Section 33. 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 miles north of Lindrith, New Mexico.</p>

DOCKET	CASE NO	DESCRIPTION
04/05/01	Case 12633	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b></p> <p>Applicant 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 <b>W/2 of Section 4, Township 25 North, Range 2 West</b>, 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 Lindrith, New Mexico.</p>
07/12/01	Case 12691	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b></p> <p>Applicant 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 <b>S/2 of Section 32, Township 26 North, Range 2 West</b>, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is 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.</p>
07/12/01	Case 12692	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b></p> <p>Applicant 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 <b>N/2 of Section 29, Township 26 North, Range 2 West</b>, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Bear Com 29 Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Dakota formation, Basin-</p>

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		Dakota Gas Pool, at a standard location in the NE/4 of said Section 29. Also to be considered will be the costs 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 13.6 miles northwest of Lindrith, New Mexico.



DOCKET	CASE NO	DESCRIPTION
07/12/01	Case 12693	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b> Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the <b>E/2 of Section 5, Township 25 North, Range 2 West</b>, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Cougar Com 5 Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the SE/4 of said Section 5. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 10.5 miles northwest of Lindrith, New Mexico.</p>
07/12/01	Case 12688	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for a non-standard gas spacing and proration unit, Rio Arriba County, New Mexico.</b> Applicant seeks an order approving a 505.20-acre gas spacing and proration unit comprised of <b>Lots 3 and 4, S/2 NW/4 and SW/4 of Section 5 and Lots 1 through 4 of Section 6, Township 25 North, Range 2 West</b>, for all formations and/or pools developed on 320-acre spacing. Said unit is to be dedicated to a well to be drilled to a depth sufficient to test the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 of said Section 5. Said area is located approximately 11 miles northwest of Lindrith, New Mexico.</p>
07/12/01	Case 12689	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b> Applicant 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 <b>N/2 of Section 32, Township 26 North, Range 2 West</b>, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Cougar Com 32 Well No. 1 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 NE/4 of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the</p>

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		well and a charge for risk involved in drilling said well. Said area is located approximately 12.4 miles northwest of Lindrith, New Mexico.

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07/12/01	Case 12690	<b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.</b> Applicant 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 <b>W/2 of Section 11, Township 25 North, Range 2 West</b> , for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Badger Com 11 Well No. 1 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 11. 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 9.2 miles northeast of Lindrith, New Mexico.
08/09/01	Case 12633	<b>Application of McElvain Oil &amp; 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.</b> Applicant 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 <b>W/2 of Section 4, Township 25 North, Range 2 West</b> , 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.
08/23/01	Case 12633	<b>Application of McElvain Oil &amp; Gas Properties, Inc. to Reopen Compulsory Pooling Case 12633 For The Limited Purpose Of Including Additional Mineral Interests Under Order R-11471-A And to Amend Said Order To Form A Standard 640-acre Spacing Unit, Rio</b>

DOCKET	CASE NO	DESCRIPTION
		<p><b>Arriba County, New Mexico.</b> Applicant seeks to reopen Case No. 12633 for the limited purpose of including additional mineral interests under Order R-11471-A and to amend said Order to form a standard <b>640-acre spacing unit comprised of Section 4, Township 25 North, Range 2 West.</b> Division Order R-11471 was entered on December 10, 1999, and pooled all mineral interests in formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the W/2 of said Section 4 to form a standard 320-acre spacing unit. Division Order R-11471-A was entered on July 10, 2001, and dedicated the 320-acre spacing unit formed by Order R-11471 to an additional well, the Cougar Com 4 Well No. 2A. Order R-11471-A addressed, among other matters, the cost of drilling and completing this additional well, actual operating costs and charges for supervision, designation of applicant as operator, and a charge for risk involved in drilling this additional well. Applicant seeks to include additional mineral interests under Order R-11471-A and to amend said order to form a standard 640-acre spacing unit comprised of all of Section 4 within that same vertical extent for the purpose of testing the Mancos formation, Gavalin Mancos Oil Pool. Said area is located approximately 9.5 miles north of Lindrith, New Mexico.</p>
11/01/01	Case 12747	<p><b>Application of McElvain Oil &amp; Gas Properties, Inc. for compulsory pooling, Rio Arriba County New Mexico.</b> Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the <b>N/2 of Section 25, Township 25 North, Range 3 West</b>, for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Mesaverde formation, Blanco-Mesaverde Gas Pool. Said unit is to be dedicated to applicant's propped Naomi Well No. 2 to be drilled at a standard location in the NW/4 of said Section 25. 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 5 miles southwest of Lindrith, New Mexico.</p>