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August 8, 2000

State of New Mexico Department of  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
2040 S Pacheco  
Santa Fe, NM 87505BY FAX  
505/827-8177

Attention: Lori Wrotenbery, Director

Re: Case No 12467  
E2 Sec 4-25N-2W, 320.73 acres m/l  
Rio Arriba County, NM

Gentlemen:

The captioned lands are the subject of an Application for compulsory Pooling filed by NM&O Operating Company; it is my understanding that the case is to be heard Thursday, August 10. As a working interest owner in the lands covered by this application, I wish to express my objection to its approval.

On August 3 I received a letter dated July 28, 2000, which purported to be a second request for participation in NM&O's proposal to recomplete the Dewey Bartlett #1 well (re-entry). It was accompanied by a proposed Joint Operating Agreement, but included no AFE for the proposed work. Earlier, on July 25, I received notice regarding the hearing of this case together with a copy of the application. My staff has researched our records and believes these to be the only items received in connection with NM&O's proposed operation.

I have previously entered into an operating agreement dated September 1, 1999, in which McElvain Oil & Gas Properties, Inc is named operator; I have participated in the drilling and completion of the Cougar Com #4-1, a successful MesaVerde well operated by McElvain, also comprising this E2 of Section 4. It is my understanding that NM&O did not agree to participate in this well and compulsory pooling was required. Because of the success of the Cougar Com #4-1 MV, I have since agreed to participate in McElvain's proposal to re-enter the Dewey Bartlett #1 well and complete in the MesaVerde formation. That McElvain has applied for compulsory pooling on this well also would indicate that NM&O has no regard for developing the MesaVerde formation in this area.

New Mexico OCD

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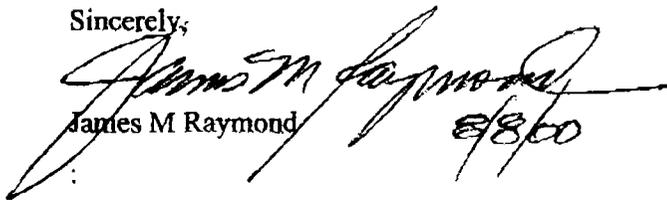
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Upon review, I continue to support McElvain as operator of the referenced lands as to all formations because

- the higher potential for economic recovery exists in the MesaVerde formation, making McElvain's proposal to first complete this formation more reasonable
- McElvain's proposal does not preclude testing the Dakota at a later date.
- NM&O's proposal *may* preclude completing in the MesaVerde at a later date
- McElvain has proceeded to develop properties in this area in an orderly and prudent manner, and therefore, may be expected to continue development in such a manner

For these reasons, I oppose the application by NM&O to operate the re-entry of the Dewey Bartlett well and respectfully request that the Commission deny same.

Sincerely,

  
James M Raymond 8/8/00

copy:

Working Interest Owners