



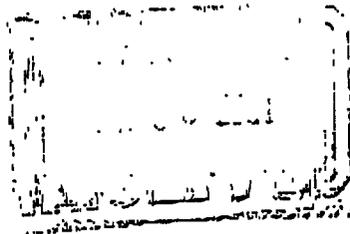
NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 29, 2000

Lori Wrotenbery
Director
Oil Conservation Division

McElvain Oil & Gas Properties, Inc.
1050 17th Street - Suite 1800
Denver, Colorado 80265
Attention: John D. Steuble



Telefax No. (303) 893-0914

Administrative Order NSL-4538

Dear Mr. Steuble:

Reference is made to the following: (i) your application dated November 28, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe and Aztec: all concerning McElvain Oil & Gas Properties, Inc.'s ("McElvain") request for an unorthodox Blanco-Mesaverde gas well location within a proposed 320-acre standard lay-down gas spacing and proration unit comprising the S/2 of Section 25, Township 25 North, Range 3 West, NMPM, Undesignated Blanco-Mesaverde Pool, Rio Arriba County, New Mexico, for the existing Naomi Com Well No. 1 (API No. 30-039-24222), located 1650 feet from the South line and 450 feet from the West line (Unit L) of Section 25.

It is our understanding that the Naomi Com Well No. 1 is currently completed in the West Lindrith-Gallup Dakota Oil Pool at a standard oil well location within a standard 160-acre oil spacing and proration unit comprising the SW/4 of section 25; however, this well is to be plugged back and recompleted up-hole into the Mesaverde formation upon issuance of this order. This location however is considered to be unorthodox pursuant to the "Special Rules for the Blanco-Mesaverde Pool," as promulgated by Division Order No. R-10987-A.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox gas well location for the Naomi Com Well No. 1 is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12635 Exhibit No. 1
Submitted by:
McElvain Oil & Gas Properties, Inc.
Hearing Date: May 17, 2001