



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 25, 1999

McElvain Oil & Gas Properties, Inc.
1050 17th Street - Suite 710
Denver, Colorado 80265
Attention: R. E. Fielder

Administrative Order NSL-4370

Dear Mr. Fielder:

Reference is made to your application dated September 28, 1999 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987. The S/2 of Section 33, Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico is to be dedicated to the subject well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Basin-Dakota Pool.

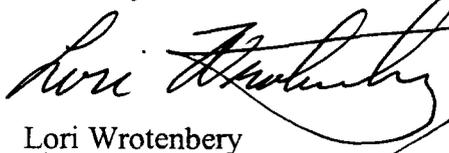
The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox gas well location in Section 33 is hereby approved:

**Cougar Com. "33" Well No. 1
1970' FSL & 2125' FEL (Unit J)**

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 - Albuquerque