NSL 9/13/00

PROPERTY MANAGEMENT & CONSULTING, INC.

P. O. BOX 2596

FARMINGTON, NEW MEXICO 87499-2596 (505) 325-5220

AIG 21

August 22, 2000

New Mexico Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505

Re: Application for Administrative Approval Unorthodox Well Location McElvain Oil & Gas Properties Inc. Bear Com 23 No. 1 Gavilan Mancos NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

Gentlemen:

McElvain Oil & Gas Properties Inc. requests administrative approval of this non standard footage location pursuant to Rule 104.F(2). This well was originally permitted and drilled as a Dakota test at a standard footage location for the Basin Dakota pool. Logs indicate the Dakota will be non - commercial and the Gavilan Mancos will be completed and tested instead. The footage location does not meet the stand off requirements from the interior section lines for the Gavilan Mancos pool but it does satisfy the requirements for setback from the proration unit boundary. As required by Rule 104.F(3), attached is:

- 1. A C 102 showing the well location and the proposed spacing unit;
- 2. A plat showing offset Mancos spacing units or leases if sections are not spaced; and
- 3. A list of the operators or lessee of record for the offsetting sections and their addresses.

In accordance with Rule 104.F(4) and Rule 1207(A)(5), a complete copy of this application was sent by certified mail - return receipt, on the same date as this application, to the operators / lessees on the attached list. A copy of the cover letter to the operators is attached.

R. E. Fielder

McElvain Oil & Gas Properties

xc: New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

U15Tr1CT 1 PO Box 1980, Hobbs, NM 88241-1980

District II PO Drawer DD, Artesia, NM 88211-0719

District III 1000 Rio Brazos Rd., Aztec. NM 87410

District IV PO Box 2088. Santa Fe. NM 87504-2088 State Of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 Form C-102 Revised February 21, 1994 Instructions on back to Appropriate District Office

Submit to Appropriate District Office

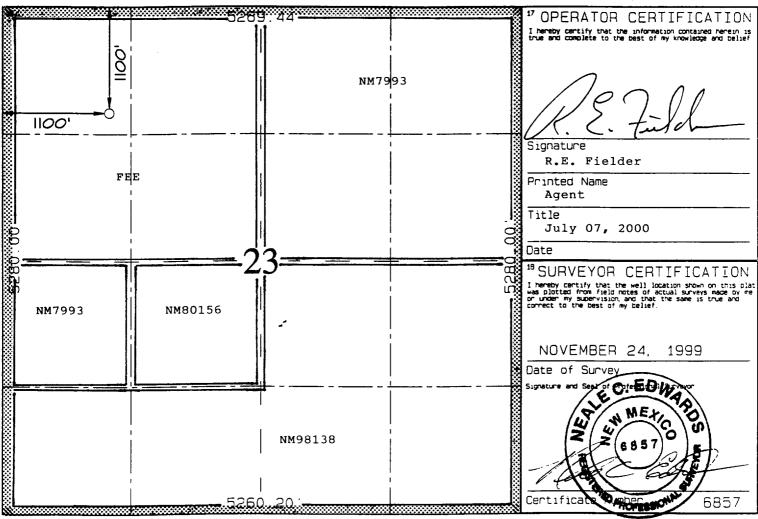
State Lease - 4 Copies Fee Lease - 3 Copies

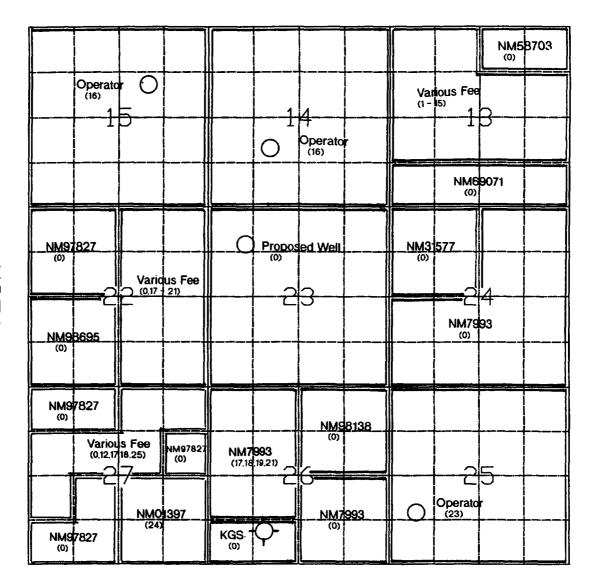
__ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1/	r		*Pool Code *Pool Name							
30-039-	30-039-26393 27194 Gavilan Mancos									
*Property	Code				*Property	Name		• 1	*Well Number	
25420					BEAR CO	DM 23			1	
'OGRID I	10 .			<u> </u>	*Operator	Name			*Elevation	
2204	1		1	McELVAIN OIL & GAS PROPERTIES					7496 '	
					^{lo} Surface	Location				
UL or lot no.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West line	County	
D	23	26N	2W		1100	NORTH	1100	WEST RI		
		11 8	ottom	Hole L	ocation I	f Different	From Surf	ace		
UL or lot no.	Sect 100	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County	
12 Dedicated Acres		13 Joint or In:	Fill ¹⁴ Cons	olidation Code	¹⁵ Order No.				<u></u>	
640				С						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION





R2W

McElvain Dil & Gas Properties, Inc.

Bear Com 23 No. 1 1100 : FNL - 1100 ' FWL Section 23, T26N, R2W, NMPM Rio Arriba Co., New Mexico Offset Operator / Lease Owner Plat

List of Offset Operators / Lessees McElvain Oil & Gas Properties Inc Bear Com 23 No. 1 Unorthodox Well Location Application

- Cynthia B. & John R. Bowmer 411 Picasso Wichita Falls, TX 76308
- 2. W. C. Duncan III 1803 Victory Wichita Falls, TX 76301
- 3. Milton B. & Marvetta R. Davis 2828 Mesilla Ne Albuquerque, NM 87110
- May Anna Anderson
 3408 Glenwood
 Wichita Falls, TX 76308
- 5. Louise Ratz 803 Old Lake Road Houston, TX 77057
- 6. Carolyn Kelly 17992 W. Lakeview Drive Troup, TX 75789
- 7. McHugh Companies 650 S. Cherry Street, Suite 1225 Denver, CO 80222
- 8. Suzanne B. & David G. Kay 898 Park Avenue New York, NY 10022
- 9. Donald C. Ward 4730 Lewis Drive Bartlesville, OK 74006
- 10.Lulu Jane Seydell
 P. O. Box 505
 Wichita Falls, TX 76307
- 11.Frank Kell Cahoon
 P. O. Box 505
 Wichita Falls, TX 76307
- 12.Imperial Oil Company 22499 Imperial Valley Drive Houston, TX 77073

List of Offset Operators / Lessees McElvain Oil & Gas Properties Inc Bear Com 23 No. 1 Unorthodox Well Location Application Page Two

- 13.Mary Elizabeth Russell 5135 N. Placida Solitaria Tucson, AZ 85715
- 14.Florance Limited Co. c/o Northern Trust Bank of Texas 2020 Ross Avenue Dallas, TX 75201
- 15. Thomas S. & Betty June Schalk 525 First Wichita National Bank Wichita Falls, TX 76301
- 16.Apache Corporation 2000 Post Oak Blvd., Suite 100 Houston, TX 77506-4400
- 17.Benson-Montin-Greer Drilling Corp. 4900 College Blvd. Farmington, NM 87402-4648
- 18.Middle Bay Oil Company, Inc. 777 Walker, Suite 2400 Houston, TX 77002
- 19. Jeannette Kurtz P. O. Box 6227 Denver, CO 80206
- 20.Energen Resources Corp. 2101 6th Ave. North Birmingham, AL 35203
- 21.Panoli & Co., a nominee of the Putnam Trust Co. c/o The Putnam Trust Co., Trust Operations P. O. Box 1610
 Greenwich, CT 06836-9960
- 22.Scythian, Ltd. 300 N. Marienfeld, Suite 850 Midland, TX 79701
- 23.AVRA Oil Co. P. O. Box 3193 Midland, TX 79702
- 24.Dugan Production Corp. P. O. Box 420 Farmington, NM 87499-0420

List of Offset Operators / Lessees
McElvain Oil & Gas Properties Inc
Bear Com 23 No. 1
Unorthodox Well Location Application
Page Three

25.The Margaret Hill Marital Trust 1601 Elm Street, Suite 5000 Dallas, TX 75201

PROPERTY MANAGEMENT & CONSULTING, INC.

P. O. BOX 2596 FARMINGTON, NEW MEXICO 87499-2596 (505) 325-5220

August 22, 2000

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

The Margaret Hill Marital Trust 1601 Elm Street, Suite 5000 Dallas, TX 75201

Re: Application for Administrative Approval
Unorthodox Well Location
Bear Com 23 No. 1
Gavilan Mancos
NW / 4, Section 23, T26N, R2W
Rio Arriba Co., New Mexico

Gentlemen:

McElvain Oil & Gas Properties Inc. has made application to the New Mexico Oil Conservation Division for administrative approval of the above referenced unorthodox well location. In accordance with Rule 104.F(4) and 1207.A(5), we are advising you of this application as the lessee / operator of an offsetting spacing unit. A copy of the application is attached for your review. If you have no objection to the application, please sign the attached waiver letter and return to the NMOCD. If you do not sign the waiver or enter an objection within twenty (20) days, the Division Director may approve this application.

Please contact the undersigned at (505)325 - 5220 if you have questions.

Sincerely

R. E. Fielder

Agent for

McElvain Oil & Gas Properties

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.

COMPANY:		 	
BY:			
TITLE:	 	 	
DATE:	 	 	



dugan production corp.



Sim 28

August 25, 2000

New Mexico Oil Conservation Division 2040 South Pacheco Santa Fe, NM 87505

Attention: Lori Wrotenbery

RE: Application for Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1

NW/4 Section 23, T 26 N, R 2 W Rio Arriba County, New Mexico

Gentlemen;

Enclosed please find a waiver of objection to the above referenced well location which has been duly executed on behalf of Dugan Production Corp.

Sincerely,

David M. Poage Land Manager

xc: R. E. Fielder

P.O. Box 2596

Farmington, NM 87499-2596

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.

COMPANY: Dugan Production Corp

BY: John Alexander

TITLE: 8/25/2000

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location. \frown

COMPANY: (Louise	Katz	
BY:			
TITLE:			
DATE:	8-26-	00	

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.

COMPANY:

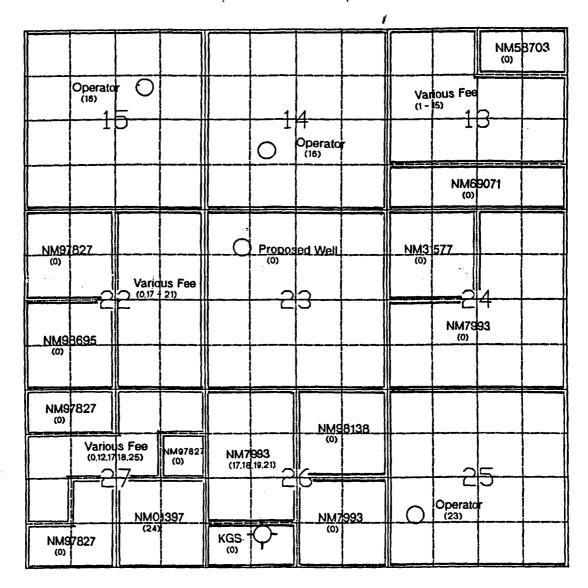
COMPANI.

BY:

TITLE:

DATE:

Frank Kell Cahoon P. O. Box 127 Midland, TX 79702 TZ6N



R2W

McElvain Dil & Gas Properties, Inc.

Bear Com 23 No. 1 1100 ; FNL - 1100 ' FWL Section 23, T26N, R2W, NMPM Rio Arriba Co., New Mexico Offset Operator / Lease Owner Plat

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- May Anna Anderson
 3408 Glenwood
 Wichita Falls, TX 76308
- 5. Louise Ratz 803 Old Lake Road Houston, TX 77057
- 6. Carolyn Kelly 17992 W. Lakeview Drive Troup, TX 75789
- 7. McHugh Companies 650 S. Cherry Street, Suite 1225 Denver, CO 80222
- Suzanne B. & David G. Kay
 898 Park Avenue
 New York, NY 10022
- 9. Donald C. Ward 4730 Lewis Drive Bartlesville, OK 74006
- 10.Lulu Jane Seydell
 P. O. Box 505
 Wichita Falls, TX 76307
- 11. Frank Kell Cahoon
 P. O. Box 505 127
 Wiehita Falls, TX 76307 W. Dom Tx 79702
- 12.Imperial Oil Company 22499 Imperial Valley Drive Houston, TX 77073

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McElvain Oil & Gas Properties Inc
Bear Com 23 No. 1
Unorthodox Well Location Application
Page Three

25. The Margaret Hill Marital Trust 1601 Elm Street, Suite 5000 Dallas, TX 75201

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.

BY: Juny Defet

TITLE: GEORGE S. WEBB, VICE-PRESIDENT

DATE: 8/32/00

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

Do Object

We have no objection to the above referenced unorthodox well location.

COMPANY: Shows 5. School & Betty June School

BY: Shows 5. School

TITLE: Oce5792

DATE: aug 31, 2000

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.

COMPANY:	
BY:	SHAWATTA P. KURTS
TITLE:	
DATE:	8/20/00

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.

€,

COMPANY:	Milto Bt Marvetta R Davis
	Wilton B Davis
TITLE:	Marvetta R Danis
ጉልጥፑ •	8-78-00

37

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

strong We have so objection to the above referenced unorthodox well location.

COMPANY:

Carl T. Anderson

BY:

TITLE:

owner___

DATE:

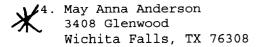
8/30/2000



The interest you show in the name of May Anna Anderson should be in the name of Carl T. Anderson. May Anna Anderson died 11/29/1988 and left her interest to her husband, Carl T. Anderson. 3408 Glenwood is the home address of Carl T. Anderson. However, the preferred mailing address is that of the office, 719 Scott Street, Suite 830, Wichita Falls, Texas 76301.

List of Offset Operators / Lessees McElvain Oil & Gas Properties Inc Bear Com 23 No. 1 Unorthodox Well Location Application

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- W. C. Duncan III
 1803 Victory
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- 3. Milton B. % Marvetta R. Davis 2828 Mesilla Ne Albuquerque, NM 87110



- 5. Louise Ratz 803 Old Lake Road Houston, TX 77057
- Carolyn Kelly 17992 W. Lakeview Drive Troup, TX 75789
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- 8. Suzanne B. & David G. Kay 898 Park Avenue New York, NY 10022
- 9. Donald C. Ward 4730 Lewis Drive Bartlesville, OK 74006
- 10.Lulu Jane Seydell
 P. O. Box 505
 Wichita Falls, TX 76307
- 11.Frank Kell Cahoon
 P. O. Box 505
 Wichita Falls, TX 76307
- 12.Imperial Oil Company 22499 Imperial Valley Drive Houston, TX 77073

Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

location.

COMPANY:	LULA JANE SEYDELL
BY:	Lula Sudell
FITLE:	Owner
DATE:	August 28, 2000



Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.

COMPANY: Benson Mortin Green

BY: Meet Mortin Green

TITLE: per

DATE: 0-7-00



Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.



Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have be objection to the above referenced unorthodox well location.

COMPANY: Steneur Family Trest

BY: Warren To

TITLE: Just 20

DATE: 8/29/00

PO Drawer DD, Artesia, NM 88211-0719

District III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Submit to Appropriate District Office	
State Lease - 6 Copie:	

Fee Lease - 5 Copies

Distr PO E

rict IV. Box 2088, Santa Fe, I	NM 87504-2	nee									AMENDED REPORT
· ·			RMIT	TO DR	ULL, RE-E	NTER. D	EEPE	E PRUG	BACK	. OR	ADD A ZONE
APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPER, PRUSBACK, OR ADD A ZONE Operator Name and Address OGRID Number											
McElvain Oil and Gas Properties, Inc. 1050 17th Street, Suite 710 MAR 2000 3API Number											
1050 17th Denver, Co			710 93-0933				· M	SCEIVED	利	3/	API Number
Denver, Co							•	LOON. DIV	<u> </u>	30	039-363
⁴ Prope	rty Code					roperty Name	3	DIST. 3			⁶ Well No.
2540	20					AR COM 23			18/2		1
· ·					⁷ Surface	Location	VE S	175777VE	SLS"		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South		et from the	East/We:		County
D	23	26N	2W		1100	NORTH		1100	WE	ST ———	RIO ARRIBA
		8P	roposed	Botton	Hole Loca	tion If Diff	erent F	rom Surf	ace		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South	line Fo	eet from the	East/Wes	st line	County
						<u> </u>			·		
		•	ed Pool 1					10 Propos	ed Pool 2		
		BASIN 1	DAROTA								
11 Work T	vne Code	1:	² Well Type	Code	13 Cable	-/Rotary	14	Lease Type Co	vde	15 Grow	nd Level Elevation
N			G		R	-	·	P		0.02	7496'
¹⁶ Mu	ltiple	17	Proposed D	epth .	18 For	mation		19 Contractor		²⁰ Spud Date	
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L			21	Dropos	od Cosing o	nd Compant	Dungana				
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12.25			525	Cashi	36	500		+	SXS	+-	SURFACE
8.75			J-55		15.5	6200				1-	
7.875		5.5,	/J&N	15	.5 & 17	836:	3	1650 SX	S-3 ST	3	SURFACE
22 Describe the pro	posed progra	um. If this appli	ication is to D	EEPEN OF P	LUG BACK give the	data on the presen	t productiv	e zone and prop	osed new pro	ductive zo	one. Describe the blowout
McElvain O	il and	Gas Prop	perties	Inc p	roposes to	spud in th	ne San	Jose for	mation	and d	rill a 12 1/4"
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psig befor	e drill	ling out	from ur	nder su	rface casin	g. BOPE wi	11 be	checked	daily a	as to	mechanical
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gel based	fluid.	If logs	indica	te Dak	ota is not	productive	a con	npletion	attempt	t will	be made in
either the	Gallur	or the	Mesa Ve	erde fo	rmation.						
23 I hereby certify	that the inf	ormation give	n above is t	rue and cor	mplete to the hest			CONTRE	X / A /7/7 /		MGION
23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. OIL CONSERVATION DIVISI							VISION				
Signature:	1/6.	Tith				Approved by:	Char	lio 1	Zor	11-	
Printed Name:	R.E. Fi	elder				Title:	TY OIL	& GAS INSI	ECTOR, D	XST.	
Title: Agent						Approval Date	AR -	7 2000	Expirati	on Date:	R -7 2001
Date:			Phone:			Conditions of			<u> </u>		1
3/01/	00		505-3	25-5220) [Attached [٦				

PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Revised February 21, 199 Energy, Minerals & Natural Resources Department

Date of Survey

6857

Instructions on bac Submit to Appropriate District Offic State Lease - 4 Copie Fee Lease - 3 Copie

-District II PO Drawer OD, Artesia, NM 88211-0719 OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 District III 1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

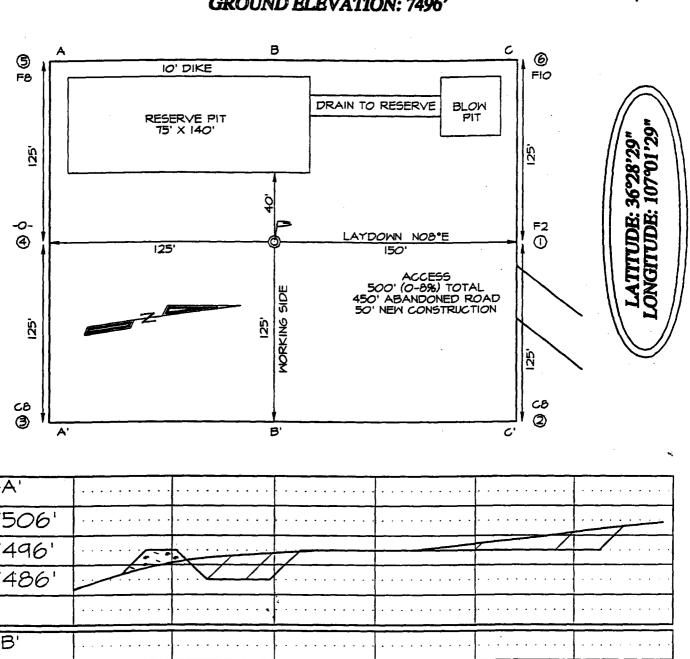
District IV PO Box 2088, Santa Fe. NM 87504-2088

NM98138

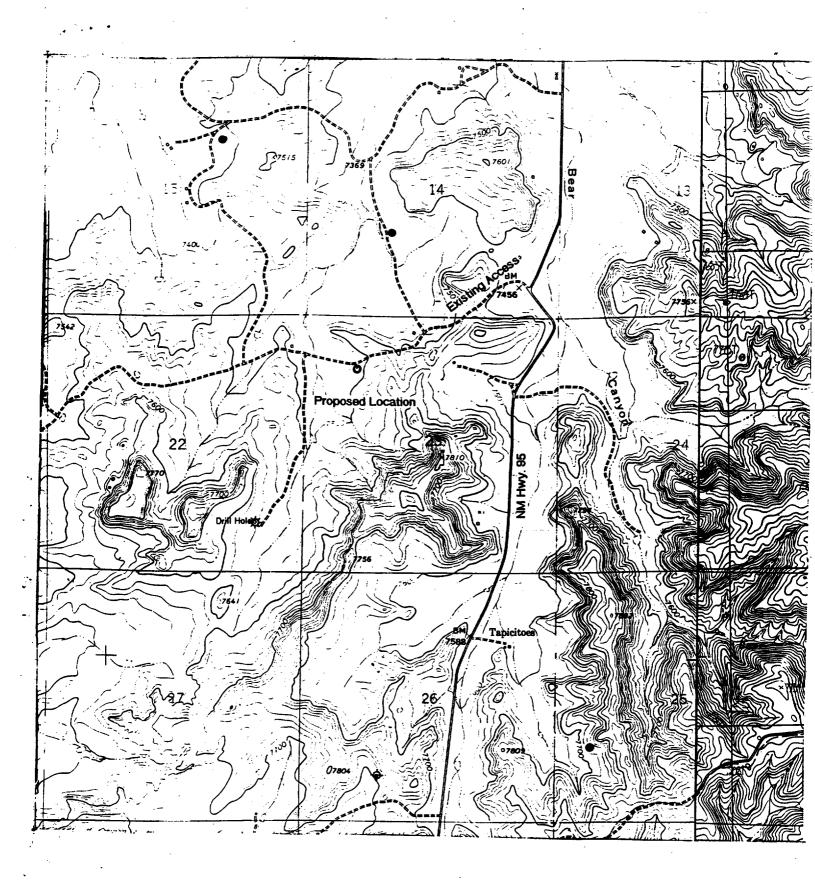
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OGRID 1				McELVA]	•	erator & (Name GAS PROPERT	TIES				levation 7495
					⁰ Surfa		Location		· .	1	-	
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UL or lot no.	Section	11 B	ottom Range	Hole L	ocatio		f Different North/South line		m Surf		st line	County
Dedicated Acres		Jount or Inf	ill M Cone	alidation Code	S Order	No.	·	<u> </u>		· ·		<u>L</u>
NO ALLOW	ABLE W	ILL BE A	SSIGNE	D TO THI	IS COMPI UNIT HA	LETIC	ON UNTIL ALL EN APPROVED	INTE BY T	RESTS H	AVE BE	EN CON	SOLIDATED
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1100' FNL, 1100' FWL, SECTION 23, T26N, R2W, NMPM RIO ARRIBA COUNTY, NEW MEXICO GROUND ELEVATION: 7496'



A-A'							
7506'							
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Vicinity Map
McElvain Oil & Gas Properties, Inc.
Bear Com 23 No. 1
1100 'FNL - 1100 'FWL
Section 23, T 26 N, R 2 W, NMPM
Rio Arriba Co., New Mexico

Page: 1 Document Name: untitled

CMD: 08/28/00 12:59:10

OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TQFC

OGRID Idn : 22044 API Well No: 30 39 26393 APD Status(A/C/P): A

Opr Name, Addr: MCELVAIN OIL AND GAS PROPERTIES Aprvl/Cncl Date : 03-07-2000

PO BOX 2148

SANTA FE,NM 87504

Prop Idn: 25420 BEAR COM 23 Well No: 1

U/L Sec Township Range Lot Idn North/South East/West

Surface Locn : D 23 26N 02W FTG 1100 F N FTG 1100 F W

OCD U/L : D API County : 39

Work typ (N/E/D/P/A) : N Well typ (O/G/M/I/S/W/C) : G Cable/Rotary (C/R) : F

Lease typ(F/S/P/N/J/U/I): P Ground Level Elevation: 7496

State Lease No: Multiple Comp (S/M/C) : N

Prpsd Depth : 8363 Prpsd Frmtn : BASIN DAKOTA

E0009: Enter data to modify record

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM

PF07 PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12

Date: 8/28/2000 Time: 01:17:49 PM

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OG5SECT

INQUIRE LAND BY SECTION

OGOMES -TQFC PAGE NO: 1

Sec : 23 Twp : 26N Rng : 02W Section Type : NORMAL

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Date: 8/28/2000 Time: 01:17:29 PM

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OG5SECT

INQUIRE LAND BY SECTION

OGOMES -TQFC PAGE NO: 2

Sec : 23 Twp : 26N Rng : 02W Section Type : NORMAL

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PF01 HELP PF02	PF03 EXIT	PF04 GoTo PF05	PF06
PF07 BKWD PF08 FW	D PF09 PRINT	PF10 SDIV PF11	PF12

Date: 8/28/2000 Time: 01:17:32 PM

county Ric Arriba Pool Gavilan-Mancos Oil

TOWNSHIP	26 North	Range 2 Lidest	NMPM ·	
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7 +	8	9 10	11	12
18	17	16 + 15 -	14	13
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19	20	21 22	23	24
			2.5	27
30 +	29	28 + 27 +	26	25
31-	32	33 34	35	36

Ext: All Secs. 25 and 26, All Secs. 35 and 36 (R-8063, 1-3-86)

Ext: ALL SECS. 15, 22, 27 34. (R-8542 "10/87) EXT: All of Sec's 10, 11.

14, 21, 23, 28, and 33 (R-8828, 12-22-88) EXT: All sec. 5 8,9 \$16 (R-8915, 4-24-89)

EXT: All Sec 3 (R-9016, 11-1-89) EXT: All SEC 2 (R-9091,1-1-90)

Ext: All Secs. 46 and 5 (R-10178,8-30-94)

PROPERTY MANAGEMENT & CONSULTING, INC.

P. O. BOX 2596

FARMINGTON, NEW MEXICO 87499-2596

(505) 325-5220

August 22, 2000

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

McHugh comparies Now owned by San Juan Basin 650 S. Cherry Street Suite 1225 Properties Denver CO 80222 Ben Juan Resources, Inc. 1

Re: Application for Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

Gentlemen:

McElvain Oil & Gas Properties Inc. has made application to the New Mexico Oil Conservation Division for administrative approval of the above referenced unorthodox well location. In accordance with Rule 104.F(4) and 1207.A(5), we are advising you of this application as the lessee / operator of an offsetting spacing unit. A copy of the application is attached for your review. If you have no objection to the application, please sign the attached waiver letter and return to the NMOCD. If you do not sign the waiver or enter an objection within twenty (20) days, the Division Director may approve this application.

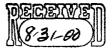
Please contact the undersigned at (505)325 - 5220 if you have questions.

Sincerely,

R. E. Fielder

Agent for

McElvain Oil & Gas Properties



Attn: Lori Wrotenbery

Re: Application For Administrative Approval

Unorthodox Well Location

Bear Com 23 No. 1 Gavilan Mancos

NW / 4, Section 23, T26N, R2W Rio Arriba Co., New Mexico

We have no objection to the above referenced unorthodox well location.

COMPANY: San Juan Resources, Inc.

1499 Blake Street, #7K

BY: Manager

DATE: 9/5/00