

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 24, 2007

McElvain Oil & Gas Properties, Inc.
1050 17th Street
Suite 1800
Denver, Colorado 80265

Attention: Ms. Linnea C. Hill, CPL

Re: **Amacker Well No. 1**
API No. 30-043-21013
1915' FSL & 545' FWL, Unit L,
Section 22, T-23 North, R-1 West, NMPM,
Sandoval County, New Mexico

RCVD JUN11'07
OIL CONS. DIV.
DIST. 3

Administrative Order NSL-5629

Dear Ms. Hill:

Reference is made to the following:

- (a) McElvain Oil & Gas Properties, Inc.'s ("McElvain") application for a non-standard well location (*administrative application reference No. pCLP0712728764*) for the Amacker Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 4, 2007; and
- (b) the Division's records pertinent to McElvain's request.

McElvain requests approval of an unorthodox gas well location in the Wildcat-Mesaverde Gas Pool (Gas – N/A) for its existing Amacker Well No. 1 which has been drilled 1915 feet from the South line and 545 feet from the West line (Unit L) of Section 22, Township 23 North, Range 1 West, NMPM, Sandoval County, New Mexico. The SW/4 of Section 22 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit.

The subject well is not located within 2 miles of an existing Division-designated Mesaverde pool. The well is therefore subject to Division Rule No. 19.15.3.104.C.(3), which requires standard 160-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the spacing unit, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

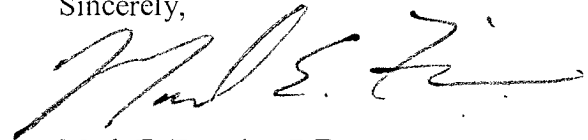
The Amacker Well No. 1 was originally drilled as a Mancos 40-acre oil test at a standard oil well location. It is our understanding that the well tested non-commercial in the Mancos formation, and will now be plugged back to test the Mesaverde formation.

The affected offset acreage is the SE/4 of Section 21, Township 23 North, Range 1 West, NMM. The applicant has provided notice of this application to all interest owners within the affected offset acreage. No interest owner has objected to the subject application.

According to Division records, the Amacker Well No. 1 will be the only well producing from the Mesaverde formation within the SW/4 of Section 22.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Wildcat-Mesaverde Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/lrc

cc: New Mexico Oil Conservation Division - Aztec