



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 29, 2007

Mr. Robert E. Fielder
Property Management & Consulting, Inc.
P.O. Box 2596
Farmington, NM 87499-2596

Administrative Order NSL-5554

Re: McElvain Oil and Gas Properties, Inc.
Ora Well No. 8
API No. 30-039-29702
M-15-25N-3W
Rio Arriba County

Dear Mr. Fielder:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-01139971**) on behalf of McElvain Oil and Gas Properties, Inc. (McElvain), submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 11, 2007, and

(b) the Division's records pertinent to this request.

McElvain has requested to drill its Ora Well No. 8 (API No. 30-039-29702) at an unorthodox Dakota oil well location, 1150 feet from the South line and 930 feet from the West line (Unit M) of Section 15, Township 25 North, Range 3 West, N.M.P.M., in Rio Arriba County, New Mexico. The SW/4 of Section 15 will be dedicated to this well in order to form a standard 160-acre spacing and proration unit in the West Lindrith Gallup-Dakota Oil Pool (39189). This pool is governed by the Special Rules for the West Lindrith Gallup-Dakota Oil Pool, as amended by Order R-4314-A, effective January 7, 1988, which provide for 160-acres units, with wells located at least 330 feet from any quarter-quarter section boundary. This location is approximately 170 feet from the nearest quarter-quarter section boundary.

Your application on behalf of McElvain has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

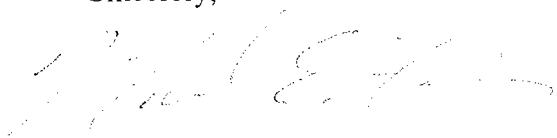
It is our understanding that Mc Elvain is seeking this location to minimize surface disturbance.

Since this location encroaches only toward an internal quarter-quarter section, within the spacing unit, there are no affected persons to whom notice is required.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark E. Fesmire", is written over a light blue horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec