

new sub date: 2/12/04

NSL

p.meso-330055302

PROPERTY MANAGEMENT & CONSULTING, INC.

P. O. BOX 2596

FARMINGTON, NEW MEXICO 87499-2596

(505) 325-5220

January 19, 2004

*re-submittal of an
appl. filed on 10-20-03
and denied on 12/12/03*

State of New Mexico
Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, New Mexico 87505

RECEIVED

JAN 23 2004

Re: Unorthodox Location, Administrative Approval Request
McElvain Oil and Gas Properties, Inc
Brown #2
Basin Dakota/Blanco Mesa Verde
2285' FSL and 855' FWL, Sec 9, T32N, R10W, NMPM
San Juan County, New Mexico

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

To Whom It May Concern:

McElvain Oil and Gas Properties, Inc respectfully requests that an unorthodox location be administratively approved for the Brown #2. The location is standard in acreage, the entire 334.06 acres in Section 9 being dedicated, but is unorthodox in that it has been recently restaked from 2100' FSL (which is 660' FNL) to 2285' FSL (which is 475' FNL) as a result of the previous site being in close proximity to a BLM "wildlife project". "The FFO biologist indeed revealed major concerns with the proposal as submitted (original APD) due to the significant winter habit value of the area." Please see attached copy of the FFO letter.

Working with the BLM, FFO biologist, the proposed suitable site (minimize surface and wildlife habitat disturbance) was located and staked at 2285' FSL - 855' FWL, Sec 9, T 32 N, R 10 W, NMPM.

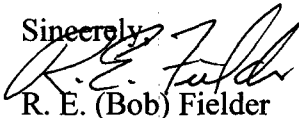
The proposed unorthodox surface and downhole location is necessary in order for the applicant to economically recover Basin Dakota Gas Pool reserves that are believed to be present in Section 9. McElvain does not propose to directionally drill this well to a standard bottom hole location because natural fracturing likely controls the Dakota production and the well will be more of a wildcat type risk rather than a typical development well. This increased risk makes it necessary to minimize the drilling costs. The bottom section of the hole will be air drilled to minimize damage to both the Mesa Verde and Dakota formations. The Dakota formation could be wet in certain intervals. Air drilling through a directional intermediate section with the possibility of mud rings introduces some mechanical risk. For both economical and mechanical reasons, McElvain does not think that directionally drilling the proposed well to a standard location is feasible.

McElvain proposes to drill this vertical wellbore to the Dakota. The Dakota will be completed and tested. The Mesa Verde will be completed and tested after the Dakota resource is evaluated. The well will be completed as a downhole commingled Mesa Verde / Dakota well or a Mesa Verde single completion, dependent on the results of the Dakota testing.

A copy of the original application was provided to the offset lease owners in October, 2003. A new letter outlining their objection rights has been sent to the lease owners shown on the attached list by certified mail on this date. A copy of the notice letter is also attached.

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "R. E. Fielder", is written over the word "Sincerely,".

R. E. (Bob) Fielder
Agent for McElvain Oil and Gas Properties, Inc.

PROPERTY MANAGEMENT & CONSULTING, INC.

P. O. BOX 2596

FARMINGTON, NEW MEXICO 87499-2596

(505) 325-5220

January 19, 2004

James Glenn Turner, Jr.
3131 Turtle Creek 1201
Dallas, TX 75219

Re: Notice of Unorthodox Location, Administrative Approval Request
McElvain Oil and Gas Properties, Inc
Brown #2
Basin Dakota/Blanco Mesa Verde
2285' FSL and 855' FWL, Sec 9, T32N, R10W, NMPM
San Juan County, New Mexico

To Whom It May Concern:

McElvain Oil and Gas Properties, Inc is re-applying to the NMOCD for administrative approval of the above unorthodox location. The October application was denied for timing reasons. All of the earlier concerns have been taken care of and the application is being sent back to the NMOCD for processing. The content of the application has not changed from the original provided to you in October, so another copy is not being sent with this letter. If you have disposed of the October documents and would like another copy for review please call and I will fax a copy to you.

As a working interest owner of Mesa Verde or Dakota rights in the east half of Section 23 or the west half of Section 24, T32N, R10W, La Plata Co., Colorado you have the right to object to this application by filing a written objection to this proposal within 20 days of receipt of the application by the NMOCD. If you have no objection, no action is required on your part.

Please do not hesitate to contact me if you have any questions.

Sincerely,



R. E. (Bob) Fielder
Agent for McElvain Oil and Gas Properties, Inc.

James Glenn Turner, Jr.
3131 Turtle Creek 1201
Dallas, TX 75219

John Lee Turner
8585 N. Stemmons, # 925
Dallas, TX 75247

Elizabeth Jeanne Turner Calloway
4801 St. Johns Drive
Dallas, TX 75205

Frederick Eugene Turner
4925 Greenville Avenue
Dallas, TX 75206

Mary Frances Turner Trust
Mbank Dallas, NA as trustee
P. O. Box 2320
Dallas, TX 75206

Schultz Management, Ltd.
500 N. Akard, Suite 2160
LB-1 Lincoln Plaza
Dallas, TX 75201-3318

Henrietta E. Schultz, trustee
Of Frank and Henrietta Schultz
Trust U/T/A dated January 2, 1990
LB-1 Lincoln Plaza
Dallas, TX 75201-3318

William G. Webb
1600 Pacific Ave., Suite 250
Dallas, TX 75201

Burlington Resources Oil & Gas Company LP
P. O. Box 4289
Farmington, NM 87499

Exxon Mobil Corporation
P. O. Box 4697
Houston, TX 77210-4697



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
8100 (07200)

Mc Elvain Oil & Gas Properties, Inc.
c/o Mr. Charles Neely
1050 17th Street, Suite 1800
Denver, CO 80265

Dear Mr. Neely:

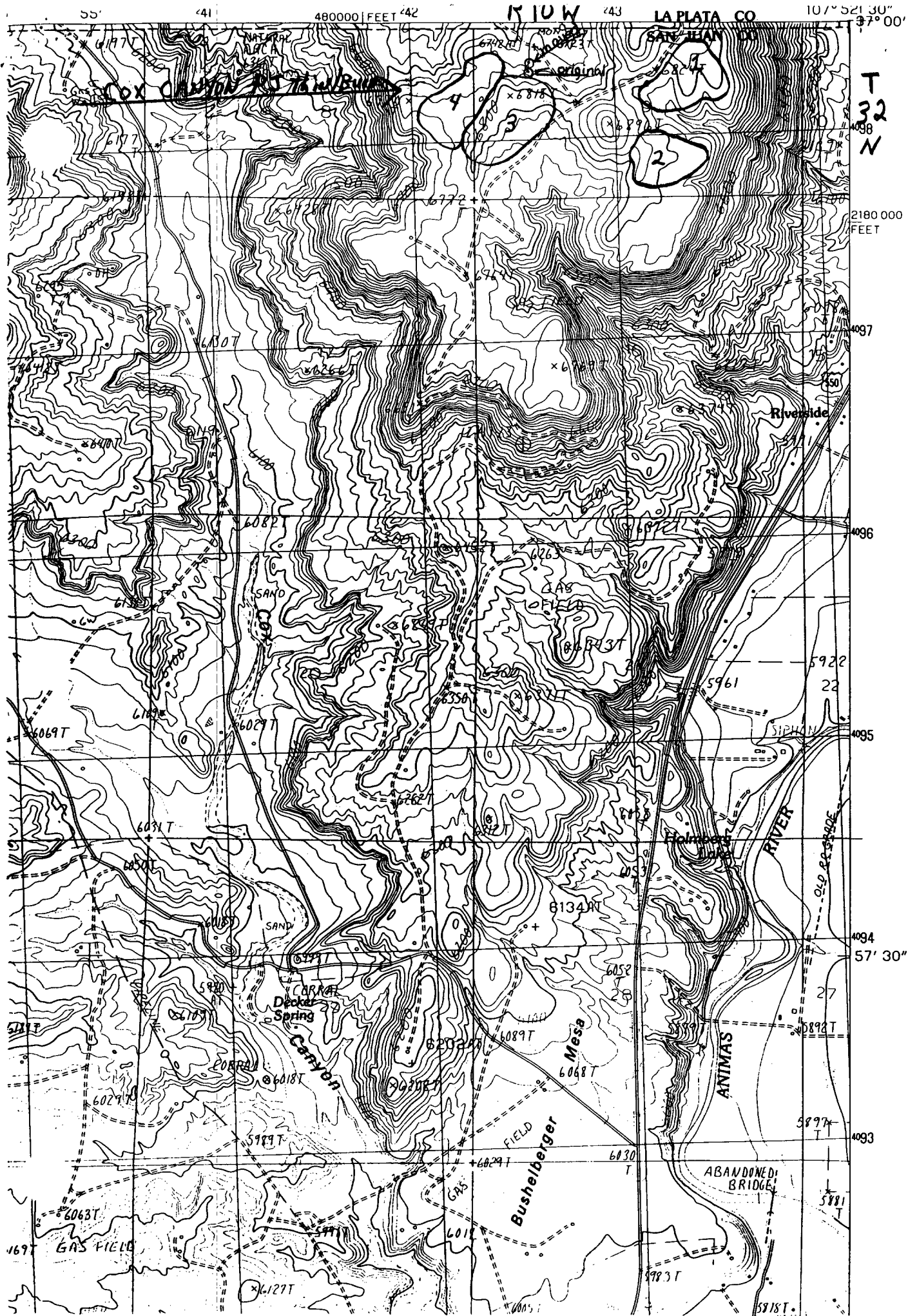
The Bureau of Land Management, Farmington Field Office (FFO), began processing the Application for Permit to Drill for the Brown #2 (received 10/15/01) by an onsite visit conducted by Mr. Neel McBride (10/11/01). The submitted location for this well was 2100 FSL - 830 FWL, Sec. 9, T. 32 N., R. 10 W., NMPM. This field visit identified a wildlife project in close proximity to the staked location and close coordination would be required to accommodate the well. Discussions with the FFO biologist indeed revealed major concerns with the proposal as submitted due to the significant winter habitat value of the area. A second field visit was conducted with the biologist in an attempt to locate a suitable site. This visit took place 11/21/01.

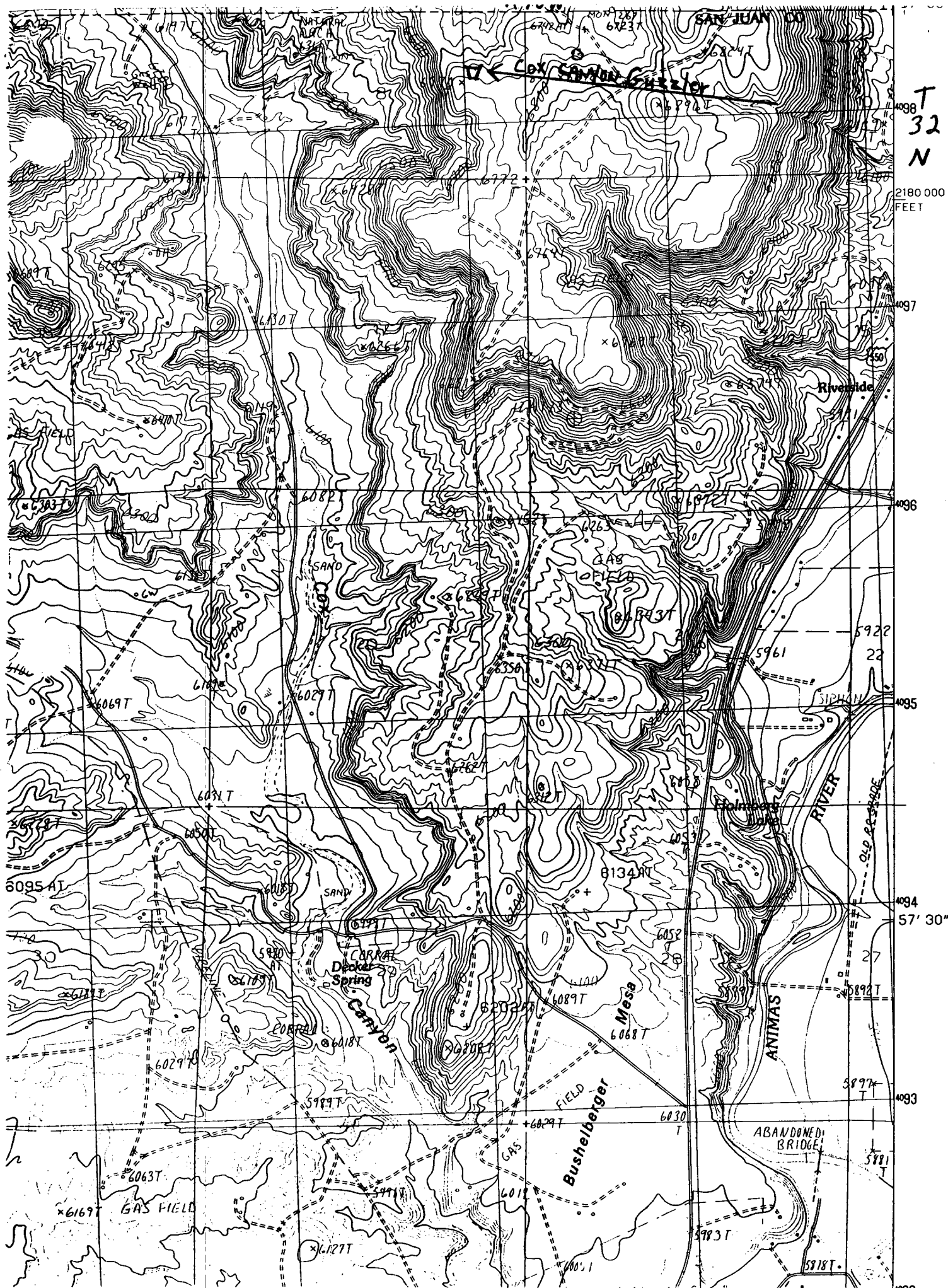
A suitable site was located at 2285 FSL - 855 FWL, Sec. 9, T. 32 N., R. 10 W., NMPM. However, this is an unorthodox location and requires approval from New Mexico Oil Conservation Division (NMOCD).

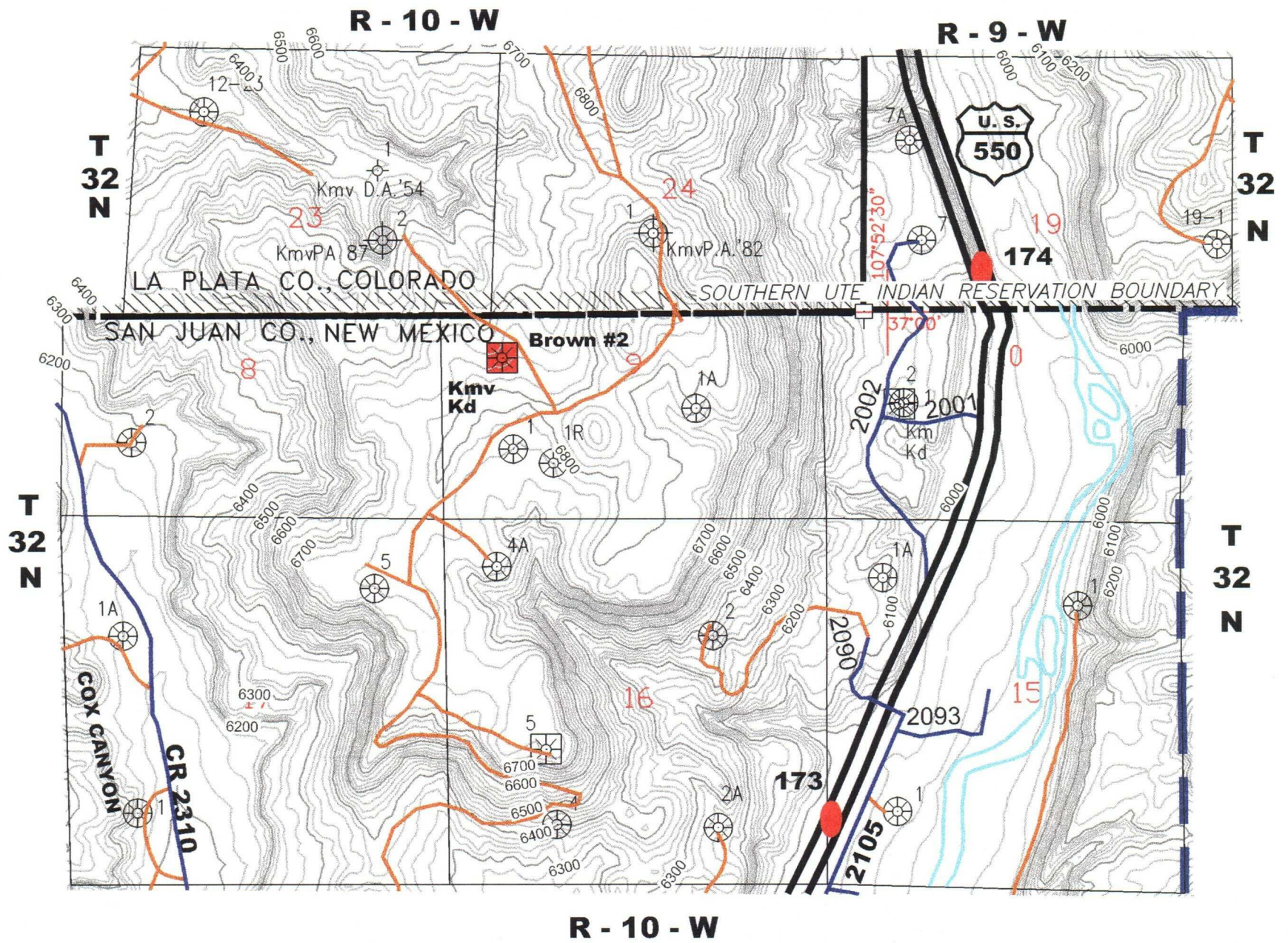
We appreciate your cooperation in dealing with this issue and offer our assistance in answering any questions from NMOCD.

Sincerely,

Joel E. Farrell
Assistant Field Manager for Resources







PRODUCING INTERVAL

	FRUITLAND SAND	Kfs
	FRUITLAND COAL	Kfc
	PICTURED CLIFFS	Kpc
	CHACRA	Kc
	MESAVERDE	Kmv
	DAKOTA	Kd

McElvain Oil & Gas Properties, Inc.

BROWN #2

2285 FSL / 855 FWL

SECTION 9

TOWNSHIP 32N / RANGE 10W

SAN JUAN COUNTY, NEW MEXICO

POSTED TO: 8-8-2003 C.I. = 20' SCALE: 1"=2000'

Prepared by:

HOPKINS MAP SERVICE

P. O. BOX 536 FARMINGTON, N.M. 87499