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March 15, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED INTEREST OWNERS

Re: Application of McElvain Oil & Gas, Inc. for compulsory pooling, Rio Arriba County,
New Mexico.

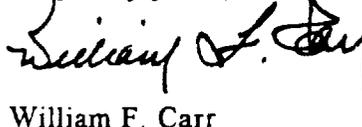
Ladies and Gentlemen:

This letter is to advise you that McElvain Oil & Gas Properties, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in certain spacing and proration units in the S/2 of Section 25, Township 25 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. McElvain proposes to dedicate the referenced pooled unit to its Naomi Well No. 1 (formerly the Wynona Well No. 1) in the SW/4 of said Section 25, which McElvain proposes to reenter and in the Mesaverde formation, Blanco-Mesaverde Pool at a previously approved unorthodox gas well location 1650 feet from the South line and 450 feet from the West line of said Section 25.

This application has been set for hearing before a Division Examiner on April 5, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr
Attorney for McElvain Oil & Gas Properties, Inc.

Enclosures

cc: Mona Binion, Land Manager
McElvain Oil & Gas Properties, Inc.