



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 25, 2010

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

Administrative Order NSL-6167

Re: McElvain Oil & Gas Properties, Inc.
Argo Well No. 1
API No. 30-045-33325
1798 feet FNL and 414 feet FWL
Unit E, Section 21-30N-13W
San Juan County, New Mexico

Dear Mr. Fielder:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-08154003**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of McElvain Oil & Gas Properties, Inc. [OGRID 22044] (McElvain), on March 22, 2010,

(b) your supplement email of March 25, 2010 and attachment thereto, and

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

McElvain has requested to drill the above-referenced well at an unorthodox gas well location, described above in the caption of this letter. The W/2 of Section 21 will be dedicated to this well in order to form a standard 320-acre, more or less, gas spacing unit in the Basin-Fruitland Coal Gas Pool (71629). Spacing in this pool is governed by the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provide generally for 320-acre units with wells to be located at least 660 feet from any unit boundary. This location is less than 660 feet from the western unit boundary.



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Your application on behalf of McElvain has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that McElvain is seeking this location for topographic and archeological reasons.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9

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

Sincerely,

Mark E. Fesmire, P.E.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management