

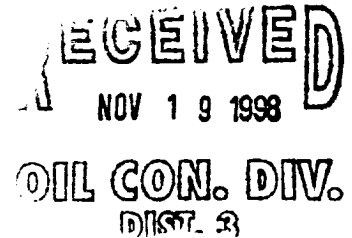


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 17, 1998

McElvain Oil & Gas Properties
c/o Properties Management & Consulting, Inc.
P. O. Box 2596
Farmington, New Mexico 87499-2596
Attention: R. E. Fielder



Administrative Order NSL-4162

Dear Mr. Fielder:

Reference is made to your application on behalf of the operator, McElvain Oil & Gas Properties, dated October 16, 1998 for its proposed Elk Com. "34" Well No. 11 to be drilled at an unorthodox gas well location within the Blanco-Mesaverde Pool 1355 feet from the South line and 1840 feet from the West line (Unit K) of Section 34, Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico. The W/2 of Section 34 is to be dedicated to this well in order to form a standard stand-up 320-acre gas spacing and proration unit for the Blanco-Mesaverde Pool.

By the authority granted me under the provisions of Rule 2(d) of the "General Rules for The Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool," as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U.S. Bureau of Land Management - Albuquerque