



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

February 16, 1998

Ms. Anna M. Griego
Exploration & Production Administrator
McElvain Oil & Gas Properties, Inc.
P. O. Box 2148
Santa Fe, New Mexico 87504-2148

Dear Ms. Griego:

Based upon the reasons stated in your letter of February 11, 1998, and in accordance with the provisions of Division Order No. R-10858, McElvain Oil & Gas Properties, Inc. is hereby granted an additional extension of time until June 1, 1998, in which to begin the well pooled by said order.

Sincerely,

Lori Wrotenbery
LORI WROTENBERY
Division Director

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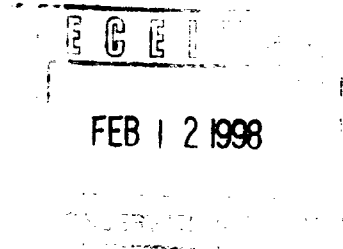
cc: ✓ Case No. 11822
OCD - Aztec

McELVAIN OIL & GAS PROPERTIES, INC.

409 ST. MICHAELS DRIVE
P.O. BOX 2148
SANTA FE, NEW MEXICO 87504-2148

ANNA M. GRIEGO
EXPLORATION & PRODUCTION ADMINISTRATOR

TELEPHONE 505/982-1935 EXT. 113
FAX 505/984-3027



February 11, 1998

New Mexico Oil Conservation Division
Attention: Lori Wrotenbery, Director
2040 South Pacheco
Santa Fe, NM 87505

RE: Order No. R-10858

Dear Ms. Wrotenbery:

McElvain Oil & Gas Properties, Inc. was granted authority for compulsory pooling by Order No. R-10858, dated August 11, 1997. Said order carried a stipulation that drilling of our Elk Com Well No. 1 shall commence on or before November 15, 1997. We were granted an extension of this deadline to March 1, 1998 due to the unavailability of drilling rigs.

Our application for permit to drill is currently in process at the BLM and it is unlikely it will be approved in time to spud before March 1st. We are requesting an extension of an additional 60 days to begin drilling operations.

If you have any questions, please contact me. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Anna M. Griego".

Anna M. Griego
Exploration & Production Administrator

xc: Land Department