

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
KATHERINE M. MOSS
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

May 13, 1999

VIA HAND-DELIVERY

Mr. Mark Ashley
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

OIL CONSERVATION DIV.
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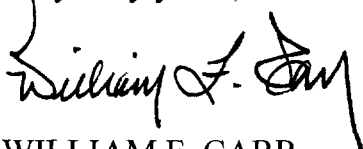
Re: ***Case No. 12172: Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico***

Dear Mark:

I have discussed the proposed location for the McElvain Elk Com Well No. 4-7 with Larry Van Ryan. Mr. Van Ryan has advised me that the well will be drilled at a location 1825 feet from the North line and 1330 feet from the East line of Section 4, Township 25 North, Range 2 West, NMPM. I believe this location is orthodox under the new rules for the Blanco-Mesaverde Pool promulgated by Order No. R-10987 entered in Case No. 12069.

If you have questions concerning this matter, please advise.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

cc: Mr. Steve Jordan
McElvain Oil & Gas Properties, Inc.