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January 24, 2002

VIA FACSIMILE

David Brooks, Esq.
New Mexico Oil Conservation Division
1220 St. Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12802; Application of D. J. Simmons, Inc. for
Compulsory Pooling, Rio Arriba County, New Mexico

Dear Mr. Brooks:

I seek clarification on the Division's ruling today on the Motion To Continue filed on behalf of McElvain Oil and Gas Properties, Inc.

Earlier in the day, at the Division's "docket call", it was announced that Case No. 12801, the McElvain application for the compulsory pooling of the **Blanco-Mesaverde** formation would be continued to February 7th. By its motion in this case, McElvain sought the continuance of the hearing on Simmons's application in Case No. 12802 for the compulsory pooling of the **Gallup-Dakota** formation to February 21st. McElvain also advocated that Case No. 12801 be heard simultaneously with Simmons's separate and more recently filed application which seeks to pool McElvain's 9% working interest in the **Blanco-Mesaverde** formation in the same lands. We agree that both of the **Blanco-Mesaverde** pooling cases should be heard on February 21st. and I understand such was the effect of your ruling.

It is also my understanding that the Division intends the hearing on Simmons's **Gallup-Dakota** pooling application in Case 12802 will be continued to February 21st as well. However, I am uncertain whether there is an expectation that the **Gallup-Dakota** case will be consolidated for hearing with the **Blanco-Mesaverde** pooling cases. I would point out that Simmons's application

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David Brooks, Esq.

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in Case No. 12802 was the first of the three applications to be filed and because it involves the pooling of a separate formation, it should be heard first as a stand-alone case. In addition, there has been no motion to consolidate the three cases and I do not understand that the Division's ruling today had the effect of consolidating them in any event. However, if my understanding is in error, I would appreciate being so advised.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "J. Scott Hall".

J. Scott Hall

cc: John Byrom
Michael Feldewert