

Brooks

T. H. McELVAIN OIL & GAS LIMITED PARTNERSHIP
McElvain Oil & Gas Properties, Inc., Sole General Partner

1050 - 17TH STREET, SUITE 2500
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT. 372
FAX 303-893-0914
e-mail: RickH@mcelvain.com

June 2, 2011

State of New Mexico
Energy, Minerals and Natural Resources Development
Oil Conservation Division
1220 South St. Francis Drive
P. O. Box 6429
Santa Fe, New Mexico 87502

Pooled Working Interest Owners
Ruby Well #1

Re: Ruby #1 Well
Township 29 North, Range 13 West, N.M.P.M.
Section 3: S/2
City of Farmington, San Juan County, New Mexico
Compulsory Pool Order No. R-12837-A

Dear Sir or Madam:

Pursuant to Order No. R-12837-A issued in Case No. 14262 and concerning the captioned well, enclosed is an itemized schedule showing the actual costs of re-completing said well in the Fruitland Coal formation. We will assume that these costs are reasonable should there not be any objections within the 45-day time limit set forth in the aforementioned order.

If you have any questions please do not hesitate to contact me at 303-893-0933, Ext.372. Thank you for your attention to this matter.

Sincerely,

T. H. McElvain Oil & Gas Limited Partnership

By: McELVAIN OIL & GAS PROPERTIES, INC., Sole General Partner



Rick Harris
Senior Landman



AFE Report (Gross)

AFE Category Description Budget Actual Amount Variance Current Month Amount Comment

AFE: RONM10000291 RUBY 1 FC 05/01/2011
Status: ACTIV

Prospect: RUBY 1 FC
Objective: RECOMP Operator:
Beginning Date: 01/01/2010 Completion Date: Remarks: COSTS TO PERF AND FRAC FC

TANGIBLES

8025	TUBING	0.00	224.03	(224.03)	0.00
TANGIBLES Totals		0.00	224.03	(224.03)	0.00

WELL WORKOVER

7004	STAKING, PERMIT & LEGAL F	0.00	900.59	(900.59)	0.00
7011	SURFACE DAMAGES, RIGHT	0.00	1,052.58	(1,052.58)	0.00
7015	LOCATION, ROAD	500.00	61.59	438.41	0.00
7112	PULLING UNIT-COMPLETION	45,600.00	44,003.65	1,596.35	0.00
7121	COMPLETION WATER	8,500.00	5,110.06	3,389.94	0.00
7126	FLUID DISPOSAL	20,000.00	1,179.46	18,820.54	0.00
7127	WATER TRUCK SVCS - OTHE	0.00	208.84	(208.84)	0.00
7220	CASED HOLE LOGS & PERFO	10,000.00	13,900.71	(3,900.71)	0.00
7250	TOOL & EQUIPMENT RENTAL	12,000.00	20,494.10	(8,494.10)	0.00
7480	TRUCKING & TRANSPORTATI	10,000.00	4,306.06	5,693.94	0.00
7515	ROUSTABOUT SERVICE & CO	3,500.00	0.00	3,500.00	0.00
7520	STIMULATION: FRAC, ACID, E	120,000.00	77,666.75	42,333.25	0.00
7615	FIELD SUPERVISION	10,200.00	16,570.29	(6,370.29)	6,275.29
7620	WORKOVER OVERHEAD	6,600.00	4,096.49	2,503.51	0.00
7715	OTHER WORKOVER COSTS	5,000.00	11,795.34	(6,795.34)	0.00
WELL WORKOVER Totals		251,900.00	201,346.51	50,553.49	6,275.29

Total Well Costs	251,900.00	201,570.54	50,329.46	6,275.29
	251,900.00	201,570.54	50,329.46	6,275.29

Afe = RONM10000291
RUBY 1 FC
Current Month =
'05/01/2011 12:00:00AM'