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McELVAIN OIL & GAS PROPERTIES, INC.

409 ST. MICHAELS

P.O. BOX 2148

SANTA FE, NEW MEXICO 87504-2148

JH

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STEVE JORDAN, CPL
LAND MANAGER

September 9, 1999

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

*CASE FILE -
11822*

CASE NO. 11822
Order No. R-10858

TO: AFFECTED OWNERS IN SECTION 3: LOTS 3 & 4, S/2NW/4, SW/4 (W/2 EQUIVALENT), TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M. (see attached list)

RE: ACTUAL WELL COSTS: ELK COM #1
NM-039-000077-MIS
W/2 3-25N-2W
RIO ARRIBA COUNTY, NEW MEXICO

Ladies and Gentlemen:

Pertaining to the order from the New Mexico Oil Conservation Commission R-10858 for the compulsory pooling application and hearing, Case No. 11822, and pursuant to the requirements under the Operating Agreement, dated May 1, 1997, for the Elk Com #1 well, located in the W/2 of Section 3, T25N, R2W, N.M.P.M., Rio Arriba County, New Mexico, please find enclosed the following:

ITEMIZED SCHEDULE OF ACTUAL WELL COSTS

Please direct any questions in these regards to the undersigned at (505) 982-1935, ext. 115.

Very truly yours,



Steve Jordan

Attachment (Owner List)
Enclosure

Billing Category	Bill Category Description	Net Amount
3012 Total	ABSTRACT AND TITLE	<u>9,039.09</u>
3017 Total	PURCHASED GEOLOGICAL DATA	<u>92.92</u>
3020 Total	RECORDING FEES	<u>12.00</u>
4005 Total	STAKING PERMIT & LEGAL FEES	<u>13,089.62</u>
4015 Total	LOCATION, RIGHT-OF-WAY	<u>45,830.47</u>
4110 Total	DRILLING, DAYWORK	<u>117,856.51</u>
4120 Total	WATER	<u>10,992.88</u>
4125 Total	DRILLING MUD & ADDITIVES	<u>16,497.13</u>
4130 Total	AIR COMPESSORS & FUEL	<u>25,614.22</u>
4135 Total	BITS	<u>21,733.42</u>
4220 Total	ELECTRIC LOGS	<u>23,484.10</u>
4405 Total	CEMENT,CEMENTING TOOLS & SERV	<u>16,927.16</u>
4505 Total	TRUCKING AND TRANSPORTATION	<u>8,794.19</u>
4510 Total	ROUSTABOUT SERVICE & LABOR	<u>4,512.65</u>
4705 Total	FIELD SUPERVISION	<u>17,215.52</u>
4710 Total	DRILLING OVERHEAD	<u>7,023.49</u>
4805 Total	OTHER INTANGIBLE DRILLING COST	<u>83.83</u>
5005 Total	CEMENTING AND CEMENTING TOOLS	<u>8,595.41</u>
5105 Total	LABOR	<u>12,863.87</u>
5110 Total	LOCATION REHABILITATION	<u>2,509.91</u>
5205 Total	PULLING UNIT	<u>37,479.92</u>
5305 Total	TOOL AND EQUIPMENT RENTAL	<u>32,415.50</u>
5405 Total	COMPLETION WATER	<u>33,200.18</u>
5406 Total	FLUID DISPOSAL	<u>3,657.30</u>
5505 Total	CASED HOLE LOGS & PERFORATING	<u>20,039.86</u>
5510 Total	STIMULATION	<u>147,661.36</u>

Billing Category	Bill Category Description	Net Amount
5605 Total	<i>TRUCKING AND TRANSPORTATION</i>	<u>3,447.69</u>
5705 Total	<i>WELL TESTING & EVALUATING</i>	<u>444.94</u>
5805 Total	<i>OTHER COMPLETION</i>	<u>1,442.28</u>
5905 Total	<i>SUPERVISION AND OVERHEAD</i>	<u>19,641.35</u>
8005 Total	<i>CASING</i>	<u>4,587.20</u>
8010 Total	<i>INTERMEDIATE CASING</i>	<u>34,087.81</u>
8015 Total	<i>PRODUCTION CASING / LINER</i>	<u>9,617.47</u>
8020 Total	<i>LINER HANGER</i>	<u>6,486.00</u>
8025 Total	<i>TUBING</i>	<u>13,249.08</u>
8030 Total	<i>CASING RELATED EQUIPMENT</i>	<u>5,105.33</u>
8205 Total	<i>CHRISTMAS TREE AND WELLHEAD</i>	<u>8,162.63</u>
8220 Total	<i>SEPARATION EQUIPMENT</i>	<u>6,151.61</u>
8225 Total	<i>PIT TANKS</i>	<u>2,986.02</u>
8230 Total	<i>STORAGE FACILITIES-TANKS</i>	<u>2,375.00</u>
8405 Total	<i>PIPELINE</i>	<u>3,803.97</u>
8505 Total	<i>STORAGE FACILITIES-TANKS</i>	<u>2,357.99</u>
8506 Total	<i>SURFACE EQUIP. INSTALLATION</i>	<u>768.42</u>
8705 Total	<i>NON-CONTROLLABLE EQUIP</i>	<u>86.27</u>
8805 Total	<i>EQUIPMENT SALVAGE</i>	<u>-100.00</u>
Grand Total		<u><u>761,923.57</u></u>