

McElvain Oil & Gas Properties, Inc.

1050 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

MONA L. BINION, CPL
LAND MANAGER

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June 8, 2000

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

CASE NO. 12412
Order No. R-11392

TO: AFFECTED OWNERS IN SECTION 10: S/2, TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M. (see attached list)

RE: Estimated Well Cost
Badger Com #10-1
S/2 Section 10, T25N-R2W
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Pertaining to the order from New Mexico Oil Conservation Commission R-11392 for the compulsory pooling application and hearing, Case No. 12412, please find enclosed the estimated well cost for the Badger Com #10-1 well, located in the S/2 of Section 10, T25N, R2W, N.M.P.M., Rio Arriba County, New Mexico along with a copy of NMOCD Order No. R-11392. Please refer to Paragraph (8), et seq of said Order R-11392, pertaining to the rights of a working interest owner to pay its share of estimated well costs within 30 days hereof, in lieu of paying its share of reasonable well costs and risk charges out of production. The estimated well cost for the Badger Com #10-1 Well are \$630,210. McElvain Oil & Gas Properties, Inc. Authority for Expenditure, which details this estimate, is enclosed herewith for your information.

Very truly yours,

McELVAIN OIL & GAS PROPERTIES, INC.



Mona L. Binion, CPL
Land Manager

MLB/idi

Attachment (Owner List)
Enclosures (AFE & Order)

Working Interest Owners
Affected by NMOCD Order No. R-11392
Badger Com #10-1 Well
S/2 Section 10, T25N-R2W

NM & O Operating Company
6 East 5th Street Suite 200
Tulsa, OK 74103
Attention: Mr. Larry Sweet