

McElvain Oil & Gas Properties, Inc.

409 St. Michaels
P.O. Box 2148
SANTA FE. NEW MEXICO 87504-2148

STEVE JORDAN, CPL LAND MANAGER TELEPHONE 505/982-1935 EXT. 115 FAX 505/984-3027

April 18, 2000

Working Interest Owners (on attached list)

RE: COUGAR COM 4 #1A - MESAVERDE RECOMPLETION PROPOSAL LOTS 1, 2, S/2NE/4, SE/4 (E/2) SECTION 4, T25N, R2W RIO ARRIBA COUNTY, NEW MEXICO

Ladies and Gentlemen:

We propose to re-enter the Dewey Bartlett #1 well located in the NE/4SE-4 of Section 4, T25N, R2W. Rio Arriba County, New Mexico, for the purpose of testing the Mesaverde formation. The spacing unit will encompass the E/2 of Section 4. Enclosed herewith is our Recompletion Procedure, along with our AFE, in duplicate, in the amount of \$360,065.00, representing the estimated cost to recomplete and test the proposed well.

Also enclosed is a Joint Operating Agreement covering operations below the base of the Pictured Cliffs formation in the E/2 of said Section 4. The Exhibit "A" to the operating agreement sets out the working interest ownership as best as we can determine, subject to unrecorded purchase and sale and farmout agreements. Please check this ownership list and advise us if you believe your interest to be different than what is shown.

McElvain proposes to drill this well as soon as possible, so your immediate response to this proposal and request for Joint Operating Agreement is greatly appreciated. If you wish to participate in this well, please execute and return one copy of this letter (marked participate), one copy of the AFE, one copy of the well information sheet, and the extra JOA signature page. If you desire to go "non-consent" on this well, please execute and return one copy of this letter (marked non-consent) along with the extra JOA signature page.

Should you have any questions, please contact the undersigned at (505) 982-1935, ext. 115.

Steve Jordan
Enclosures

THE UNDERSIGNED HEREBY ELECTS TO ____PARTICIPATE IN, ___NON-CONSENT (UNDER TERMS OF OPERATING AGREEMENT) THE DRILLING OF THE PROPOSED COUGAR COM 4 #1A WELL.

SIGNED:	
COMPANY:	
TITLE:	
DATE:	J

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 12452 Exhibit No. 4

Submitted by:

McElvain Oil & Gas Properties, Inc.

Hearing Date: July 13, 2000



COUGAR COM 4#1A RIO ARRIBA COUNTY, NEW MEXICO

TOWNSHIP 25 NORTH, RANGE 2 WEST, N.M.P.M.

Section 4: LOTS 1, 2, S/2NE/4, SE/4 (E/2), below the base of the Pictured Cliffs formation containing 320.73 acres, more or less

APRIL 18, 2000

Working Interest Owners:	Working I	nterest	Owners:
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working meetest Cowners.		
	BPO	APQ '
Dennis Hopper c/o Grove Burnett, Attorney at Law P.O. Box 368 Taos, New Mexico 87571	24.943098%	24.943098%
Noseco Corporation, a Nevada corporation 7400 Lakeside Drive Reno, NV 89511	16.957093%	15 367365%
T H. McElvain Oil &Gas Limited Partnership P O. Box 2148 Santa Fe, New Mexico 87501-2148	15 199700%	15.199700%
Neumann Family Trust ezo Peter C. Neumann P.O. Box 1170 Peno, NV 89504	13.427633%	12 168792%
Gavilan Dome Properties 1180 Cedarwood Drive Moraga, CA 94556	19.843309%	9.826749%
Mesa Grande Resources, Inc. 1200 Philtower Bldg. Tulsa, Oklahoma 74103	4.579094%	4.149804%
NM & O Operating Company 6 E. 5th Street, Suite 200 Tulsa, OK 74103	3.523647%	3 193305%
Cougar Capital, LLC 5862 Cromo Orive, Suite 199 El Paso, Texas 79912	3 039940%	3 039941%
James M. Raymond, a married man dealing in his separate property P.O. Box 1445 Kerrville, Fexas 78028	2.338415%	2 338415%
Peña Blanca Corporation P.O. Box 2148 Santa Fe, New Mexico 87504	1.169208%	1.169208%
Big Snowy Exploration Limited Partnership P.O. Box 2148 Santa Fe, New Mexico 87504\	1 169208%	1.109208%
Joe Elledge, a married man dealing in his separate property P.O. Box 111 Farmington, New Mexico 87499	0.467683%	0.467683%
Fluntington T. Walker, et ux. 1580 Lincoln Street, Suite 635 Denver, CO 80203-1508	1.558944%	l 558944%
Johansen Energy Partnership P.O. Box 1773 Whitefish, MT 59937	0.783028%	9.709619%
Williams Production Company Attn. Mr. M. Vorn Hausen	0.000000%	4.698169%

Aun iver vi. verh einnsen P.O. Box 3102 Tulsa, Oklahoma 74101

Dugan Production Corporation P.O. Box 420 Farmington, NM 87499-0420

0.0000000%

0.000000%2

Totals:

100.000000%

100 000000%

Payout is defined in that certain Agreement for Purchase and Sale dated August 1, 1986, between Northwest Pipeline Corporation and Mesa Grande Resources, Inc..

² Under Assignment of Oil and Gas Lease from Dugan Production Corporation to Mesa Grande Resources, Inc., dated March 3, 1988, recorded BK 122, PG 5, Dugan reserved a 2,125% of 8/80s ORRI, 9.5% of which may be converted to a 12,5% WI upon payout as defined in that certain formout Agreement dated December 31, 1987. The interests of Mesa Grande Resources, Inc., and its assigns, acquired from Dugan Production Corporation are subject to a reassignment provision in (avoir of Dugan under the terms of sold farmout agreement.)



McELVAIN OIL & GAS PROPERTIES, INC.

Cougar Com 4 #1A

Mesaverde Recompletion Procedure

April, 2000

Purpose of Work: To complete the well in the Mesaverde formation Cliff House, Menefee & Point Lookout

LOCATION: NE/SE 4-T25N-R2W (Formerly: Dewey Barlett #1)

1700' FSL & 800' FEL Rio Arriba County

TD: 8450' PBTD: 6950'(CIBP)

KB: 12'

Elevation: 7610'

82831

CASING:

9 5/8" 36# K-55 @ 252' in 12 1/4" hole

Cemented with 165 cu ft Class B

Circulated to surface

5 1/2" 15.5# & 17# K-55 @ 8445' in 7 7/8" hole..DV Tool @ 6243' & 3957'

1st stage cemented with 500 cu ft 50/50 POZ +2%gel +6 1/4 #/sk Kolite +1/4 #/sk flakes

No Cement top Reported

2nd stage cemented with 697 cu ft as follows:

160 sk 65/35 POZ +12%gel +1/4 #/sk flakes

200 sk 50/50 POZ +2%gel +6 1/4 #/sk Kolite +1/4 #/sk flakes

No Cement top Reported

3rd stage cemented with 1204 cu ft as follows:

420 sk 65/35 POZ +12%gel +1/4 #/sk flakes

75 sk 50/50 POZ +2%gei +6 1/4 #/sk Kolite +1/4 #/sk flakes

Circulated to surface

Note: full returns during all stages

PERFORATIONS:

Mancos

7018'-7493'

35 holes Limited entry

P&A INFORMATION

CIBP: 6950' No record of cement on top of plug....tested plug & casing to 1100 psig

30 sack Class C plug 5400'-5700' tagged plug displaced hole with 9.5# mud & pressure tested to 1100 psig

70 sack Class C plug 3159'-3850' did not tag

30 sack Class C plug 0'-305'

McElvain Oil & Gas Properties, Inc. Cougar Com 4 #1A Mesaverde Recompletion Procedure Page #2

PROCEDURE:

- 1. MI & RUSU.
- 2. Remove dry hole marker and install well head
- 3. RU power swivel, pump and tank for drilling, tally and rabbit new 2 3/8" tubing
- 4. Drill out cement plugs
- 5. RIH and tag CIBP at 6950'
- 6. Pressure test casing and CIBP to 3000 psig for 30 minutes
- 7. Circulate hole clean with 2% KCl water (approximately 165 bbls)
- 8. POOH with tubing and BHA
- 9. RIH with casing scraper and bit to 6040'
- 10. Spot 150 gallons 7 1/2% HCl
- 11. POOH with tubing and BHA
- 12. RUWL and RIH with logging tools
- 13. Log with GR/CCL/CBL/VDL from 6300' to 3800'
- 14. POOH with logging tools
- RIH with perforating guns and perforate the following SDL-DSN depths with a decentralized casing gun (max offset for 0.32" hole) from the top down:

5972' 5979',5980',5981',5982' 5993',5994',5995',5996',5997',5998' 6002',6003',6004',6005' 6015',6016',6017',6018' 6025.5' 6036.5'

16. POOH with perforating guns

21 holes total

- 17. RIH with tubing and packer to ±5850' and set packer
- 18. Establish injection rate with 2% KCl water
- 19. Acidize with 1000 gallons 15% HCl and 32 ball sealers
 Drop 10 balls after 5 bbls of acid then 2 balls/bbl until gone
- 20. Surge balls off perforations
- 21. Establish injection rate and monitor shut in for frac gradient
- 22. Release packer and RIH across perforations
- 23. POOH with tubing and packer
- 24. Frac well as per procedure
- 25. RUWL

McElvain Oil & Gas Properties, Inc. Cougar Com 4 #1A Mesaverde Recompletion Procedure Page #3

- 26. RIH with RBP and set at ±5960'
- 27. RIH with dump bailer and cap RBP with 10' of sand
- 28. POOH with wireline
- 29. Pressure test casing and RBP to 3000 psig for 30 minutes
- 30. RIH with perforating guns and perforate the following SDL-DSN depths with a decentralized (max standoff for 0.32" hole) casing gun:

```
5723'

5730',5731',5733,5734'

5738'

5790',5791',5793'

5800',5802',5804'

5851

5857',5859'

5872',5874',5876',5878',5880'

5926',5928',5930'

5938'
```

24 holes total

- 31. POOH with perforating guns
- 32. RIH with tubing and packer to ±5650' and set packer
- 33. Establish injection rate with 2% KCl
- 34. Acidize with 1500 gallons 15% HCl and 36 ball sealers
 Drop 10 balls after 5 bbls of acid then 2 balls/bbl until gone
- 35. Surge balls off of perforations
- 36. Establish injection rate with 2% KCl water and monitor shut in for frac gradient
- 37. Release packer and trip across perforations
- 38. RIH with junk basket and recover ball sealers
- 39. Frac well as per procedure
- 40. RUWL
- 41. RIH with RBP and set at ±5690'
- 42. RIH with dump bailer and cap RBP with 10' of sand
- 43. POOH with wireline
- 44. Pressure test casing and RBP to 3000 psig for 30 minutes
- 45. RIH with perforating guns and perforate the following SDL-DSN depths with a decentralized (max standoff for 0.32" hole) casing gun:

```
5623',5625',5627',5629'

5638',5639',5640,5641'

5646',5648',5650',5652',5654',5656'

5659',5660',5662',5664'

5800',5802',5804'

21 holes total
```

McElvain Oil & Gas Propentes, Inc. Cougar Com 4 #1A Mesaverde Recompletion Procedure Page #4

- 46. POOH with perforating guns
- 47. RIH with tubing and packer to ±5525' and set packer
- 48. Establish injection rate with 2% KCl
- 49. Acidize with 1500 gallons 15% HCl and 32 ball sealers
 Drop 10 balls after 5 bbls of acid then 2 balls/bbl until gone
- 50. Surge balls off of perforations
- 51. Establish injection rate with 2% KCi water and monitor shut in for frac gradient
- 52. Release packer and trip across perforations
- 53. POOH with tubing and packer
- 54. RIH with junk basket and recover ball sealers
- 55. Frac well as per procedure
- 56. Flow back well on 1/4 or 3/8 choke increasing to ½ or 3/4 as necessary
- 57. RIH with tubing, hydrostatic bailer and retrieving tool

Note: If able to maintain circulation without high volumes being lost to the reservoir the bridge plugs can be retrieved without using the bailer.

- 58. Bail down to RBP at 5690' and release
- 59. POOH with tubing, bailer and RBP
- 60. RIH with tubing, hydrostatic bailer and retrieving tool
- 61. Bail down to RBP at 5960' and release
- 62. POOH with tubing, bailer and RBP
- 63. RIH with tubing and hydrostatic bailer
- 64. Bail down to $\pm 6300^{\circ}$
- 65. POOH with tubing and bailer
- 66. RIH with I joint, seating nipple and tubing
- 67. Land tubing at ±5980'
- 68. ND BOP's and NUWH
- 69. Swab well if necessary
- 70. RDSU & MOL

NOTE:

DO NOT USE LIQUID KCI SUBSTITUTE in COMPLETION FLUIDS

MICELVAIN OIL & GAS PROPERTIES, INC. AUTHORITY for EXPENDITURE

April 5,2000

Cougar Com 4 #1A	DRY	COMPLETED
NE/SE Section 4 T25N R2W	HOLE	WELL
Drilling Intangibles	11022	AAEEC
Title Work & Survey		j
Location, Road, Damages		
Dritting Footage 1 @ \$00.00/ft		
Daywork 00 days @ \$0000/day	ļ	
Drilling Mud		
Air Compressors 3 days @ \$0000/day		
Water Hauting	1	
Rental Equipment	}	
Well Logging		
Bite		
Cement & ServicesCond. Surface.intermediate		
Cement & Services. Plugging	ļ	
Trucking & Labor		
Overhead & Supervision		
Misc Costs		
Total Drilling		
	 	
Completion Intangibles		
Completion Unit 16 days @ \$2,300/day Roads/Location		36,800
		5,000
Perforating & Cased Hole Logging		14,500
Stimulation acid & frac Tool & Tank Rental		135,000
	}	22,500
Supervision 20 days @ \$550/day		11,000
Water		15,000
Trucking		16,000
Cementing/Pressure Testing		3,500
Location Rehab		3,500
Contract Labor		14,000
5% Contingency Total Completion	0	13,840 290,640
		
Total Intangibles	0	290,640
Tangibles ,		
CasingSurface	ļ	
CasingIntermediate		
Casing Liner		
Packer & Misc Tubing Equipment		300
Bits		1,100
Tubing 6900' @ \$2.25/ft		15,525
Weitheask	1	9,500
Artifical Lift	. 1	6,500
Tanks & Pits		14,500
Separator & Dehydrator		17,500
Line Pipe & Filtings		5,500
Total Tangibles	0	69,425
Total Well Cost	\$0	\$360,065
APPROVALS:	40	+
	Deter	4.14.00
McElvain Oil & Gas Properties, Inc.		
investor Approval:		
Approved by: Title:		
Company:		

ي ن	n-16-00	04:26F	McElyain	017	& Ga	s Prop.	303-	893 0914
TOAA 3220 OCC 6 3444	Conger Com	Lames Raymond	Complete items 1, 2, and 3. Also complete m 4 if Restricted Delivery is desired. If your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to:	IS SECTION		7:0. Box 3102 13/sa, OK 74101 (Dugar Gom 4#17)	Httn: Vern Harsen	SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.
5211	3. Service Type ☐ Certified Mail ☐ Express Mail ☐ Regislered ← Fall Return Receipt for Merchandise ☐ Insured Mail ☐ C O.D 4. Restricted Delivery? (Extra Fee) ☐ Yes		A Received by (Tease Print Clearly) B. Date of Delivery That Establish (1970) 4-24-00 C. Signalule C. Signalule D. Signalule D. Is delivery and teased thorn term 12. 12 Yes If YES, effor delivery address below If YES, effor delivery address below If YES, effor delivery address below D. No. 12 Yes	COMPLETE THIS SECTION ON DELIVERY	57 9 K	3. Survice Type BLCertified Mail		COMPLETE THIS SECTION ON DELIVERY A Richard by (Please Pyrit Charly) B. Date of Delivery APR 2 2000 C. Signature C. Signature G. Addresse different from item 12 G. Yes If YES, enter delivery arkiness below: G. No.
2 Article Number (Copy from service label) 1099 3220 0006 3	5862 Cromo#, ste 199 & Paso, TX 79912-	Cough Capital LLC	Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Altrach this card to the back of the mailpiece, or on the front if space permits.	PS Form 3811, July 1999 COMPLETE TAILS SECTION: COMPLETE	Number (Copy from service label)	Farmington, NM 8749	Loc Elledge	SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.
3444 5174	3. Service Type Certified Mail	If YES, enter delivery address below: LI No	7 8 9	ETHIS SECTION ON DE IVERY	344 5228	3 Service Type Discontined Mail Lxpress Mail Discontined Discontine Receipt for Merch. Insured Mail C.O.L. 4. Restricted Delivery? (Extra Fee) Yes		COMPLETE THIS SECTION ON DEUVERY A. Received by (Please Print Clearly) B. Date of Dec. C. Signature C. Signature X. J.

Togg 3220 0006 3444	T C	N)ennis Hopper Oclo Grove Burnett	, 7, and 3. Also complete d Delivery is desired. nd address on the reverse furn the card to you. If the back of the mailpiece, pace permits.	Dornestic Return Hecesy O DER: COMPLETE THIS SECTION COMPLETE	Service labell	•	3 Johansen Energy	ENDER: COMPLETE THIS SECTION 4 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. 9 Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or or on the front if space pomilts.
44 7314	3. Service Type 29 Certified Mail	If YES, enter delivery address below:	A. Heceived by iPlease Print Clearly) B. Daig of Delivery Kirsten, M. Bavec 4/24/60 C. Signaliue X. Tungan M. Mayer D. Is delivery address different from norm 17 9 Yes	COMPLETE THIS SECTION ON DELIVERY		3 Service Type 4 Certified Mail	If YES, enter delivery address below: No	
1099 3220 (2006 344 5150	Ougar Com 4#17	Nosero Corp 1400 Lakeside Dr.	 Complete items 1, 2, and 3. Also complete item 4 if Hestricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to. 	SENDER: COMPLETE THIS SECTION	Domestic	Cougar Com	Dugan Prod.Co. P.E. Box 420	SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.
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3220 000%	6 -1	NM & O OPERATING	in a in plete items 1, 2, and 3. Also complete items 1, 2, and 3. Also complete in 4 if Pestricted Delivery is desired. Print your name and address on the reverse in so that we can return the card to you. O Attach this card to the back of the mailpiece, To or on the front if space permits.	O ENDER: COMPLETE THIS SECTION	8 7099 3230 COC6 3441	Moraga, CA 94556		SENDER: COMPLETE THIS SECTION 4 Complete items 1, 2, and 3. Also complete item 4 if Restricted Onlivery is desired. 9 Print your name and address on the reverse so that we can return the card to you. 9 Attach this card to the back of the mailpiece, or on the front if space permits.
344 5105	3. Service Type B Certified Mail	1 ł	A. Received by (Please Print Clearly) B. Dangol Delivity C. Signature X. D. Sagant	COMPLETE THIS SECTION ON DELIVERY	3444 5143 002502 49 M 1289	Service Type St. Certified Mail	D. is delivery address different from item 12. L. Yes if YES, enter delivery address helow	OMPLETE THIS SECTION ON DELIVERY RECEIVED PHOSE PHOTOGRAMM (B. D)
2. Articlé Number (Capy from service label) 7099 32-20 0006	Reno, NV 89504	Neumann tamby Trust P.O. Box 1170	 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	SENDER: COMPLETE THIS SECTION	2. Article Number (Copy from service label) 7099 32-20 0006 3444 52 PS Form 3811, July 1999 Domestic Return Receipt	Danver, (O 80203	Huntington Wadder	SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.
3444 T321	3. Service Type E) Certified Mail	20.35	A. Received by (Please Print Clearly) B. Date of Delive C. Highhrup C. Highhrup C. Highhrup D. Is delivery address differing from item 17. The server of Delivery address differing from 19. D. Is delivery address differing from item 17. The server of Delivery address differing from 19. D. Is delivery address differing	COMPLETE THIS SECTION ON DELIVERY	1um Receipt xc595-99.M-1	3 Service Type R Centified Mail	H YES, enter delivery address below.	73

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY		
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Javilan Dome Propertue	If YES, enter delivery address below: \(\sigma\) No	Layres Raymond	D. Is delivery address different from item 1? If YES, enter delivery address below:
1180 Cadarwood Dr.		P.O. Box 1445	
Moraga, CA 94556	꾈	Kerryille, IX 18018	Service Type Gertified Mail
`	}		
Cougar 4#2	4. Restricted Delivery? (Extra Fee) Yes	COVARY + #2	4 Restricted Delivery? (Extra Fee)
7019 32.20 0005	9425 85A	2. Article Number (Capy from service label)	9428 8500
PS Form 3811, July 1999 Domestic Return Receipt	rn Receipt 102595 99 M 1789	Comestic Rel	
	•	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
		plete	A Herewood by (Please Print Clearly) B. Date of Day ON 11-27-C. Signature
		Attach this card to the back of the malipiece, or on the front if space permits.	Dalen
		1. Article Andressed to:	H YES TOURS I MANY address below: I No
		Neumann Family Trust	R III
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		Pero, NV 89524	3. Service Parties Barreit for Morrhand
		. :	
		Cougar 4 #2	4. Restricted Delivery? (f. xira fee) Ures
			9425 8548

303-893 0914 F

P.O. Box 819 Ranchos de Taos, NM 87557

ATTORNEY -

W. H. MCDERMOTT

BUSINESS CONSULTANT

May 22, 2000

TO: Working Interest Owners (Mailing list attached)

RE: Basin Dakota Recompletion Proposal Dewey Bartlett #1 Well (Re-entry) E/2 Section 4-T25N-R2W Rio Arriba County, New Mexico

Dear Working Interest Owner:

NM&O Operating Company ("NM&O") proposed to re-enter the Dewey Bartlett #1 Well for the propose of completing and testing the Basin Dakota formation. The spacing unit will encompass the E/2 of Section 4.

Enclosed for your review and execution is NM&O's AFE, submitted in duplicate, in the amount of \$230,125 to recomplete and test the proposed well. Also enclosed for your files and information is NM&O's proposed work procedure for this project.

Please call if you have any questions concerning NM&O's proposal. In the event you wish to participate, please sign one of the AFE's and mail it to me at your earliest convenience.

Very truly yours,

W. H. McDermott

enclosures

ILLEGIBLE

PROPOSED WELL WORK PROCEDURE

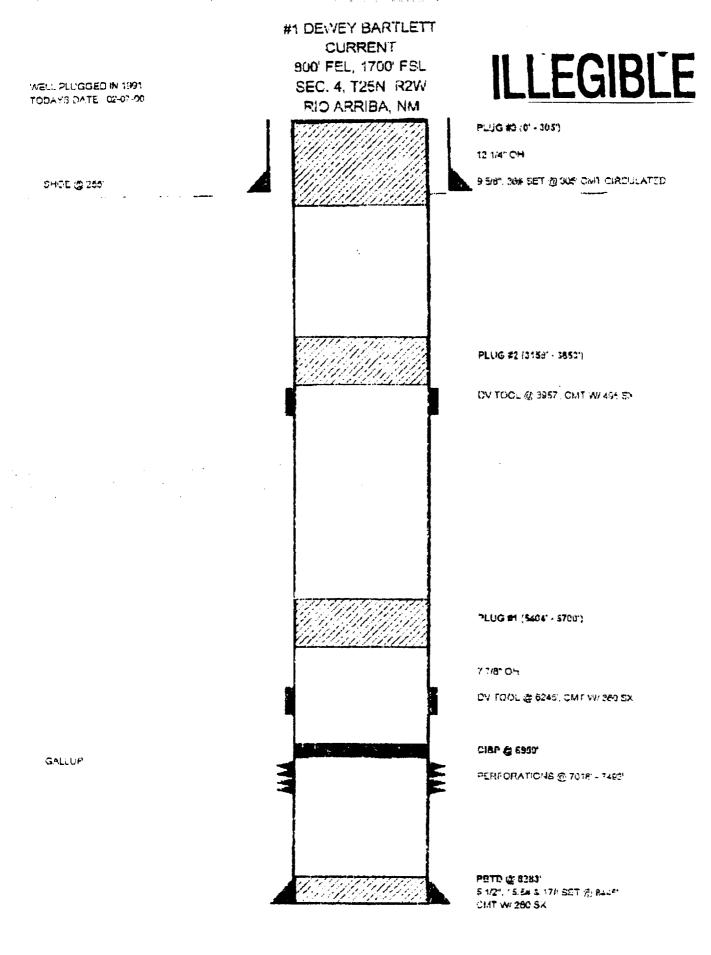
#1 DEWEY BARTLETT

(Re-entry)
800' fel, 1700' fsl
Section 4-T25N-R2W
Rio Arriba County, New Mexico

- 1. NOTIFY ALL REGULATORY AGENCIES. DC A ONE-CALL FOR DIGGING AND SITE PREP. CLEAR OFF WELL PAD. LOCATE WELL AND DIG CELLAR TO FIND 9 %" SURFACE CASING. INSTALL AND TEST RIG ANCHORS.
- 2. MOL AND RU DAYLIGHT PULLING UNIT. CALL OUT WELDER AND WELD ON 11" 3000# CASING HEAD. NU CIRCULATING SPOOL AND BOP. TEST BOP. MOL AND SPOT PIPE RACKS, STEEL CIRCULATING PIT, DRILL COLLARS, AND WORK STRING.
- 3. PU 8%" COME BIT ON 3%" DRILL PIPE. DRILL CEMENT FROM SURFACE TO APPROXIMATELY 20' UNTIL 5%" PRODUCTION CASING IS FOUND. POH.
- 4. PU 8%" WASH OVER PIPE WITH 8%" CUTRITE SHOE AND WASH OVER 9%" CASING UNTIL 5%" IS FREE FROM THE 9%" SURFACE CASING. PCH.
- 5. PU 4%" DRAG BIT ON 3%" DRILL PIPE AND DRILL OUT 30' OF CEMENT INSIDE THE 5%" CASING. POH. PU 5%" CASING SPEAR AND SPEAR PRODUCTION CASING. PULL 5%" CASING UP TO THE CASING HEAD AND INSTALL CASING SLIPS. LD CASING SPEAR.
- 6. PU 4%" DRAG BIT ON 3%" DRILL PIPE (3) AND 3% EUE TUBING AND DRILL CUT CEMENT TO 305'. TIH TO 3150' AND DRILL OUT CEMENT PLUG TO 3900' (750'). TIH TO 5400' AND DRILL OUT CEMENT PLUG TO 5700' (300'). TIH TO 6950' AND TAG CIBP. POH AND LD DRILL PIPE.
- 7. PU 4%" ROCK BIT ON 3M" BUE TUBING AND TIH TO 6950'. MILL UP CIBP AND TIH TO 8283' AND TAG ORIGINAL PBTD. POH. PU TM" CASING SCRAPPER AND TIH TO 7000'. POH.
- 8. PU 4%" FULLBORE PACKER AND TIH TO 6500' AND SET PACKER. ESTABLISH INJECTION RATE INTO THE GALLUP PERFORATIONS WITH WATER. MIX AND FUMP 111 SX CL. B. CEMENT 2% CaCl AND DISPLACE TO 6900'. RELEASE PACKER AND REVERSE TUBING CLEAN AND WOC. NCTE: IF NOT ABLE TO INJECT INTO THE GALLUP PERFORATIONS THEN POH AND LD PACKER. RIH OPEN ENDED WITH 3%" WORK STRING TO 7550'. BALANCE 74 SX CL B CEMENT PLUG INSIDE CASING. PUR TO 6500' AND REVERSE TUBING CLEAN. PRESSURE UP CASING TO 1000 PSI AND WOC. RIH AND TAG TOP OF CEMENT. TOP OF CEMENT MUST BE ABOVE 7000'. REPEAT IF NEEDED. POH.
- 9. PU AND RIH WITH 4%" DRAG BIT AND DRILL OUT CEMENT FLUG TO 7550'. POE. PU 5%" CASING SCRAPER AND TIH TO 8283' AND CIRCULATE HOLE CLEAN. POH. LOAD CASING AND PRESSURE TEST 5%" CASING TO 1000 PSI.
- 10. RU PERFORATING COMPANY AND FERFORATE DAKOTA ZONE. PU 4%" FULLECRE PACKER AND FOLLOW FRACTURING/STIMULATION PROCEDURES. FLOW/SWAB WELL IN. NO BOP AND HANG OFF TUBING. NU TUBING HEAD AND PUT ON PRODUCTION.

CMT W/ 260 5X

#1 DEWEY BARTLETT PURPOSED RE-ENTRY ILLEGIBLE 800' FEL, 1700' FSL SEC. 4, T25N, R2W WELL FLUGGED IN 1991 TOCAYS DATE 02-07-00 RIO ARRIBA, NM PLUG DRILLED OUT FROM 01 - 305 12 1/4" OH 9 5/5", 36# SET @ 305" CMT C/ROULATED SHOE @ 2551 PRODUCTION STRING & \$250" PLUG DRILLED OUT FROM 3150' - 3850' DV TOOL @ 3957", OMT W/ 496 SX PLUG DRILLED OUT FROM 3484' - 5700. 7.7/8" OH DV TOOL @ 6245". CMT W/ 960 SX GALLUP PERFORATIONS (Q 7018 - 7493) SOUBEZED WINTER SKICL 6 + 2% Cool PACKER @ 8213" DAKOTA PERFORATIONS (5) 32/4" - 8296" 2970 @ 8283° \$ 1/2", 15 5# & 17# SET @ 6445"



ILLEGIBLE

AUTHORIZATION FOR EXPENDITURE

LEASE & WELL:	#1 Dewey Bartlett (Re-entry)
FIELD:	Basin Dakota
TOTAL DEPTH:	8450'
	FIELD:

CEDVICE & CHEDITE	DRILLING ESTIMATE		COMPLETION	EST!MATE	PRODUCTION SQUIP.	
SERVICE & SUPPLIES	TANGIBLE	INTANGIBLE	TANGIBLE	INTANGIBLE	TANGIBLE	INTANGIBL
PERMIT, SURVEY, ELEVATION						
DAMAGES & WATER		1		\$10,300		
SITE WORK		,		\$7,500		
FOOTAGE DRILLING						
DAYWORK (15 days @ \$2000/day)				\$30,000	•	1
LOGGING & SURVEYS						
GEOLOGICAL A/O MUDLOGGING						
CORING						
DST:						ì
DOZER & EQUIPMENT MOVING				\$2,500		
DRILL BITS				\$1,700		
MUD & CHEMICALS				\$5,000		
TRUCKING & HAULING				\$12,000		
BRADENHEAD			\$2,500			
SURFACE CASING						ļ
INTERMEDIATE CASING			 			7
PRODUCTION CASING						<u>† </u>
CEMENT & SERVICES - SURFACE CSG.		T				
CEMENT & SERVICES - INTERM. CSG.						
CEMENT & SERVICES - PROD. CSG.		-		\$2,000		·i
		 		\$3,000		-
PERFORATING (Asid & Essa)		 		\$3,500		-
STIMULATION (Acid & Frac)				\$65,000		
COMPLETION UNIT		+				
OTHER SERVICES		-			· · · · · · · · · · · · · · · · · · ·	
EQUIPMENT RENTALS		 	410.450	\$26,000		
TUBING (8200' @ \$2.25/ft)		ļ	\$19,450			
WELL HEAD EQUIPMENT			\$5,000			
MISC. VALVES, FITTING, PIPE				· · ·	\$4,000	<u> </u>
PUMPING UNIT, RODS, ETC.		÷	 			ļ
TANK BATTERY		·				
WELL SITE TREATING EQUIPMENT			i			
MISCELLANEOUS SUPPLIES		·			\$2,500	
WELL SITE SUPERVISION		·	 	\$4,500	ļ	\$1,50
OTHER -						
ADMINISTRATIVE OVERHEAD	1	 	! 	\$3,000		
SEISMIC COST			ļ			· - ,
DIRECTIONAL HOLE COSTS		<u> </u>	1		· 	
LABOR - COMPLETION & TESTING						\$3,00
LABOR - INSTALLATION & CONSTRUCTION		 				
INSURANCE		1				
PIT LINER	1					
PARAFFIN CONTROL EQUIPMENT						
GAS DEHYDRATOR/SEPARATER					\$8,500)
DOWN HOLE EQUIPMENT						
PROSPECT MGT GEOL. & GEOPHYSICS		.]	I .			1
LAND AND LEGAL		1	1			
LEASE BONUS AND ACQUISITION COST						·
CLEAN UP		!	T			-
CONTINGENCIES (.05%)	-	-	\$1,300	\$8.700	\$750): \$ 22

CONTINGENCIES (.05%)			<u>\$1 200</u>		\$750	\$225
TOTAL TANGIBLES & INTANGIBLES	90	\$0	\$27,250	\$182,400	\$15,750	\$4,725
TOTAL DRLG & COMPL. & EQUIP. COSTS	\$0		\$209,650		\$20,475	
TOTAL COMPLETED WELL COST						\$230,125
RECOMMENDED SPUD DATE: September 15, 2000		AFE APPROVED:	YES		NO	
RECOMMENDED DRIES, CONT'R: Key Energy	:	NON-CPERATOR;				
TYPE OF WELL: Gas	ı	BY:				
PREPARED BY: NM&O Operating Company 5/22/00		DATE:				·

#1 DEWEY BARTLETT (RE-ENTRY)

E/2 SEC. 4-T25N-R2W RIO ARRIBA COUNTY, NEW MEXICO

Section 4: Lots 1.2, S/2 NE/4, SE/4 (E/2), below the base of the Pictured Cliffs formation containing 320.73 acres, more or less

	Working Interest Owners:	BPO
	Dennis Hopper c/o Grove Burnett, Attorney at Law P.O. Box 368 Taos, NM 87571	.24943098
1	T.H. McElvain Oil & Gas Limited Partnership P.O. Box 2148 Santa Fe, NM 87501-2148	.15199700
1	Noseco Corporation, a Nevada Corporation 7400 Lakeside Drive Reno, NV 89511	.13053575
	Peter and Renate Neumann P.O. Box 1170 Reno, NV 89504	.10336595
	Gavilan Dome Properties 1180 Cedarwood Drive Moraga, CA 94556	.07411818
į	Mesa Grande Resources, Inc. 1200 Philtower Bldg. Tulsa, OK 74103	.03524988
7	NM&O Operating Company 6 E. 5th Street, Suite 200 Tulsa, OK 74103	.02712504
)	Cougar Capital, LLC 5862 Cromo Drive, Suite 199 El Paso, TX 79912	.03039940
i	James M. Raymond P.O. Box 1445 Kerrville, TX 78028	.02338415
1	Pena Blanca Corporation P.O. Box 2148 Santa Fe, NM 87504	.01169208
\	Big Snowy Exploration Limited Partnership P.O. Box 2148 Santa Fe, NM 87504	.01169203
1	Joe Elledge P.O. Box 111	.00467683

Farmington, NM 8° 9

Huntington T. Walker
1580 Lincoln Street, Suite 635
Denver, CO 80203-1508

.01558944

Johansen Energy Partnership
P.O. Box 1773
Whitefish, MT 59937

.00602775

Mr. David M. Poage
Dugan Production Corporation
P.O. Box 420
Farmington, NM 87499-0420

.12471549

Total

1.00000000

McElvain Oil & Gas Properties, Inc.

1050 17th Street, Suite 1800 Denver, Colorado 80265

MONA L. BINION, CPL LAND MANAGER TELEPHONE 303-893-0933 EXT.306 FAX 303-893-0914 Cell 303-809-2058

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 14, 2000

TO WORKING INTEREST OWNERS (See Attached Address List)

Re: Cougar Com 4-#1A
Re-Entry of Dewey Bartlett #1
E/2 Section 4, T25N-R2W
R10 Arriba County, New Mexico

McElvain Cougar Prospect

Gentlemen:

I would like to take this opportunity to first introduce myself, Mona L. Binion, CPL as Land Manager for McElvain Oil & Gas Properties, Inc. ("McElvain") replacing Steve Jordan. Also you should be aware that McElvain has relocated their offices to:

1050 17TH STREET, SUITE 1800 DENVER, CO 80265 (303) 893-0933 (303) 893-0914 FAX

and that effective July 1, 2000, the offices located at 409 St. Michael's Drive, Santa Fe, New Mexico will be closed.

By letter dated April 18, 2000, McElvain proposed the re-entry of the Dewey Bartlett #1 well for the purpose of recompletion of the Mesaverde formation. Enclosed with the proposal was a AAPL Model Form 610-1982 Operating Agreement covering the E/2 of Section 4, T25N-R2W as to all depths below the Pictured Cliffs formation ("Operating Agreement").

By letter dated May 22, 2000, W. H. McDermott submitted a proposal from NM&O Operating Company ("NMO") to re-enter the same well for the purpose of recompletion of the Dakota formation.

This letter is written to respond to the NMO proposal for a Dakota completion of the Dewey Bartlett #1 well and again solicit voluntary commitment of all parties to McElvain's April 18 proposal to complete the Cougar Com #4-1A Well (f/k/a Dewey Bartlett #1) in the Mesaverde

To Working Interest Owners Cougar Com #4-1A June 14, 2000 Page 2

formation. McElvain's evaluation of this location shows the Mesaverde formation to have a higher potential for recovery of economic production than the Dakota. The formation previously perforated in this well was the Gallup, which is deeper than the Mesaverde and shallower than the Dakota. In this particular well, a completion of the Dakota would include stimulation down tubing (which is consistent with NMO proposal) and the Gallup perforations would require cement squeeze regardless of whether the Dakota completion was before or after Mesaverde completion. After giving consideration to all existing circumstances, it was McElvain's opinion that the best opportunity to optimize initial recovery from the well was to attempt a completion of the Mesaverde formation, with the intention, after review of production from the Mesaverde consider later proposing a payadd of the Dakota interval, which does not create any additional cost or complication to a Dakota completion than would exist in this well if the Dakota were completed first. The Operating Agreement submitted with the McElvain April 18 proposal covers depths including both intervals. All parties have been invited to join in the execution of this agreement which provides for the means to later propose and consider completing and producing the Dakota.

We again request that all parties who have not yet responded to the McElvain April 18 Cougar Com #4-1A proposal to re-enter and complete the Mesaverde formation please review and respond with an election regarding participation. We have in hand voluntary commitment from approximately 42% of the working interest in this spacing unit to the enclosed Operating Agreement or other operating agreements covering this unit all of which name McElvain Oil & Gas Properties, Inc. as Operator. Whether or not you elect to participate, we request that you execute the Operating Agreement to provide the parties who do elect to participate a voluntary basis for allocation of cost and production and a method of producing and operating the well.

For your convenience, a copy of the original McElvain proposal, Authority for Expenditure and Operating Agreement are enclosed herewith to the parties who have not yet responded. It has been noted that various interests shown on the NMO proposal are slightly different from the interests shown for those parties in the enclosed Operating Agreement. We are aware of certain title questions which exist affecting these parties which will be addressed prior to commencement of operations.

We thank you for consideration to this request. Please feel free to contact the undersigned if you have any questions regarding this response or the McElvain proposal. If your questions relate to science, feel free to contact Larry Van Ryan (303) 893-0933 x301, or engineering feel free to contact John Steuble (303) 893-0933 x302.

Very truly yours,

McElvain Oil & Gas Properties, Inc.

Mona L. Binion, CP Land Manager

Land Wanager

MLB/idi Encls

ELECTION BALLOT

Cougar Com #4-1A Well Mesaverde Recompletion Re-entry June 14, 2000

This ballot represents elections under McElvain April 18, 2000 proposal for re-entry of the Dewey Bartiett #1 well – now known as the McElvain Cougar Com #4-1A Well for a Mesaverde recompletion

	YES, I/We hereby elect to participate in the Mesaverde recompletion in the McElvain Cougar Com #4-1A Well located in the NE/4SE/4 of Section 4, T25N-R2W.
	NO, I/We do hereby elect NOT to participate in the Mesaverde recompletion in the McElvain Cougar Com #4-1A Well located in the NE/4SE/4 of Section 4, T25N-R2W.
COMI	PANY / INDIVIDUAL NAME:
BY: _ Title: Date:	

Please execute this Election Ballot in the space provided above along with the attached Operating Agreement signature pages and return all executed pages to McElvain as follows:

To Mona Binion Fax (303) 893-0914

FOLLOWED BY ORIGINALS DELIVERED TO McElvain Oil & Gas Properties, Inc. 1050 17th Street, Suite 1800 Denver, CO 80265

WORKING INTEREST OWNERS Cougar Com #4-1A E/2 Section 4, T25N-R2W Rio Arriba County, New Mexico

T. H. McElvain Oil & Gas Limited Partnership Big Snowy Exploration Limited Partnership Pena Blanca Corporation c/o McElvain Oil & Gas Properties, Inc. 1050 17th Street, Suite 1800 Denver, CO 80265

Dennis Hopper c/o Spencer Cross Dharma Properties, Inc. 8018 NDCBU Taos, New Mexico 87571 xc/ without attachments Grove Barnett P. O. Box 386 Taos, New Mexico 87571

Noseco Corporation 7400 Lakeside Drive Reno, NV 89511

Neumann FamilyTrust Peter and Renate Neumann, individually c/o Peter Neumann P. O. Box 1170 Reno, NV 89504

Dugan Production P. O. Box 420 Farmington, NM 87499-420 Attention: Mr. David Poage

Cougar Capital LLC 5862 Cromo Drive, Suite 139 El Paso, TX 79912-5510 Johansen Energy Partnership P. O. Box 1773 Whitefish, MT 59937

Gavilan Dome Properties 1180 Cedarwood Drive Moraga, CA 94556 Attention: Mr. Vern Hansen

Mesa Grande Resources, Inc. 1200 Philtower Bldg. Tulsa, OK 74103

NM & O Operating Company 6 East 5th Street, Suite 200 Tulsa, OK 74103

Huntington and Carol Walker 2961 S. Filmore Way Denver, CO 80210

Williams Production Company P. O. Box 3102 Tulsa, OK 74101

James M. Raymond
P. O. Box 291445
Kerrville, TX 78029-1445

Joe Elledge
P. O. Box 111
Farmington, New Mexico 87499