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8-9-00

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Via Facsimile and U.S. Mail

08.08.00

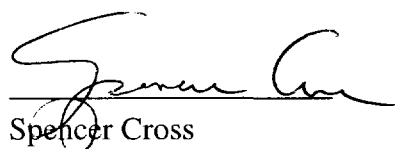
Ms. Lori Wrotenbery
Director
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
20405 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case Numbers 12452, 12467 Before the Oil Conservation Division April 10, 2000

Dear Ms. Wrotenbery:

This letter serves as a declaration of intent by Mr. Dennis Hopper to enter into a gas lease with McElvain Oil covering all formations developed on the 320 acre spacing from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying the E1/2 of Section 4, Township 25 North, Range 2 West, N.M.P.M. Rio Arriba County, New Mexico. Mr. Hopper has a 24.9% BPO & APO interest in all located in all gas located in this spacing unit and sole ownership of 1/2 of the unit's surface. The gas lease will be signed upon the final approval of a draft surface use agreement being negotiated by Mr. Hopper and McElvain. As the representative for Mr. Hopper in this matter I would note that McElvain Oil has been diligent in negotiating a surface use agreement throughout its dealings with Mr. Hopper.

Sincerely,



Spencer Cross
Attorney for Dennis Hopper