

T. H. McELVAIN OIL & GAS LIMITED PARTNERSHIP
McElvain Oil & Gas Properties, Inc., Sole General Partner
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DENVER, COLORADO 80265

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VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

July 19, 2001

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

Case No. 12484
Order No. R-11471

RECEIVED
C1 JUL 27 PM 1:30

TO: Non-Consenting Working Interest Owners
(See attached list)

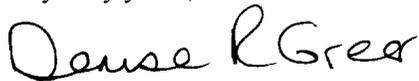
RE: Cougar Com 4 #2well
W/2 Section 4, T25N-R2W
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Pursuant to Page 4, Paragraph 9 of the above case and order number, enclosed is an itemized schedule of actual costs incurred in the drilling and completion of the Cougar Com 4-2 well. We will assume that the actual costs are the reasonable well costs should there not be any objections within the 45-day time limit set forth in said order.

Should you have any questions regarding the above, please feel free to contact us.

Very truly yours,



Denise R. Greer
Consulting Landman

Non-Consenting Working Interest Owners

Case No. 12484

Order No. R-11471

W/2 Sec. 4-T25N-R2W

Rio Arriba County, New Mexico

Neumann Family Trust

c/o Peter C. Neumann

P. O. Box 1170

Reno, NV 89504

Noseco Corporation

7400 Lakeside Drive

Reno, NV 89511

Mesa Grande Resources, Inc.

1200 Philtower Bldg.

Tulsa, OK 74103

NM&O Operating Company

6 E. 5th Street, Suite 200

Tulsa, OK 74103

Johansen Energy Partnership

P. O. Box 1773

Whitefish, MT 59937

Gavilan Dome Properties

c/o Skredynski & Company, General Partner

1180 Cedarwood Drive

Moraga, CA 94556

Dugan Production Corporation²

P. O. Box 420

Farmington, NM 87499-0420

Williams Production Company¹

Attn: Mr. M. Vern Hansen

P.O. Box 3102

Tulsa, Oklahoma 74101

¹ This party is incorporated hereunder due to reference in title to a certain "payout" defined in that certain Agreement for Purchase and Sale dated August 1, 1986, between Northwest Pipeline Corporation and Mesa Grande Resources, Inc., which creates uncertainty in title.

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 8/8ths ORRI, 0.5% of which *may* be converted to a 12.5% WI upon payout as defined in that certain Farmout 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 favor of Dugan under the terms of said farmout agreement. Dugan has been included hereunder due to the uncertainty as to the status of such right to reassignment.