# McElvain Oil & Gas Properties, Inc.

1050 17<sup>™</sup> Street, Suite 1800 Denver, Colorado 80265

MONA L. BINION, CPL LAND MANAGER TELEPHONE 303-893-0933 EXT.306 Fax 303-893-0914

January 23, 2001

#### VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

TO WORKING INTEREST OWNERS (See Attached Address List)

Re: Badger #10-1A Well Proposed Dakota Test S/2 Section 10, T25N-R2W Rio Arriba County, New Mexico McElvain Badger Prospect

Gentlemen:

McElvain Oil & Gas Properties, Inc. hereby proposes the drilling of an 8,400' Mesaverde / Dakota test well to be drilled at a legal location in the SE/4 of Section 10, Township 25 North, Range 2 West, Rio Arriba County, New Mexico. The dedicated spacing unit for the proposed well is the S/2 of Section 10 which contains three federal and one fee oil and gas leases. The estimated cost to drill and complete the well as a producer in both the Mesaverde and Dakota formations, commingled, is \$996,640. Enclosed for your review and information is McElvain's Authority for Expenditure dated January 5, 2001 which represents a detailed estimate of the cost to conduct the operation. Our records reflect that the interest of the parties in the dedicated proration unit is as follows:

T. H. McElvain Oil & Gas Limited Partnership James M. Raymond, a married man dealing	40.15845%
in his separate property	2.83744%
McElvain Oil Company	2.83744%
Ibex Partnership	3.90218%
States, Inc.	3.90218%
Clark & Oatman, a Texas general partnership	.52897%
Dugan Production Corporation	25.00000%
Georgia Ann Fundingsland, Co.	3.12500%
Ernest Laurell Fundingsland, Jr., Co.	3.12500%
Joanne Lee Rasmussen	6.25000%
NM&O Operating Company	8.33334%

The above interests represent the ownership of the parties in both the Mesaverde and Dakota formations and incorporates all existing farmouts arrangements and assumes that such arrangements and the governing operating agreement are revised to incorporate the deeper Dakota horizion.

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. <u>12634</u> Exhibit No. 4 Submitted by: <u>McElvain Oil & Gas Properties, Inc.</u> Hearing Date: <u>April 5, 2001</u> To Working Interest Owners January 23, 2001 Page 2

Our evaluation of this location included the comparison of drilling a single Mesaverde test versus drilling a dual Mesaverde / Dakota test. The incremental difference in cost to drill the well to the Dakota formation as opposed to only to the Mesaverde is minimal which certainly affords the justification of proposing the depth of the Mesaverde infill well to test the Dakota . Our intention (if independent testing of each formation supports) is to complete both the Dakota and Mesaverde formations and commingling the production therefrom. The cost estimates represented in the enclosed Authorization for Expenditure contemplates the full operation to drill and complete both formations.

In the process of preparing for the drilling of the Badger #10-1 well in the SW/4 of Section 10, the parties entered into an operating agreement dated March 1, 2000 covering the S/2 of Section 10, Township 25 North, Range 2 West ("Operating Agreement"). The initial well in this spacing unit, the Badger #10-1 Well was drilled to test only the Mesaverde formation, therefore, the depth covered under the Operating Agreement is from the base of the Pictured Cliffs formation to the base of the Mesaverde formation. Inasmuch as this proposal includes drilling the infill well under this Operating Agreement to a depth to test the Dakota formation, it is necessary to amend the Operating Agreement to extend the depths covered thereunder to include the Dakota formation. We have, therefore, enclosed herewith an Amendment to Operating Agreement which revises the depth limitation of to cover depths from the base of the Pictured Cliffs formation to the base of the Dakota formation. Maintaining a uniform interest in both formations for participation in the well will allow a more efficient commingling opportunity for the participating parties.

Also enclosed for your review and information is a copy of the Drilling and Division Order Opinion dated September 19, 2000 covering the S/2 of Section 10 prepared by Roberts & Strothers, PC. We would appreciate your reviewing the comments and requirements contained therein and completing the enclosed Title Approval to return to this office at your earliest convenience. Please advise this office immediately in the event the interests reflected in the opinion for you or your firm are inconsistent with your recrods.

We request that you review this proposal and respond in the following manner:

- Operating Agreement Amendment Execute both copies and return one
- <u>Election Page</u> Indicate on both copies your election regarding participation, sign and return one copy
- <u>Authorization for Expenditure</u> *If your election is to participate*, execute both copies and return one
- <u>Title Approval</u> review the opinion and its representation of your interest, sign and return one copy of the Title Approval form
- <u>Well Information Requirements</u> return a listing of your Well Information requirements with your elections. If you do not have requirement summary prepared, please complete the form enclosed herewith and return it with your elections.

This well is scheduled in our program as one of the next upcoming wells to commence within the next three weeks. *We would appreciate your prompt response to this proposal*. We thank you for your time and consideration and ask that if you have any questions whatsoever related to this

To Working Interest Owners January 23, 2001 Page 2

proposal, please feel free to call. Science questions may be directed to Larry Van Ryan (303) 893-0933 x301. Engineering questions may be directed to John Steuble (303) 893-0933 x302. We look forward to hearing from you soon.

Very truly yours,

McElvain Oil & Gas Properties, Inc.

mon

Mona L. Binion

Mona L. Binion, CPL Land Manager

MLB/idi

Encls.

## ELECTION PAGE Badger Com #10-1A Well January 23, 2001 Proposal to Drill and Complete Mesaverde / Dakota Test

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VFS I	we do hereby elect to participate in the proposed drilling of the Badger		
Com #1	0-1A Well located in the SE/4 of Section 10, Township 25 North, Range Rio Arriba County, New Mexico.		
	<ul> <li>YES, I/we do hereby elect to assume my/our proportionate share of any additional interest available through non-consent elections or compulsory pooling.</li> <li>NO, I/we do hereby elect NOT to assume my/our proportionate share of any additional interest available through non-consent elections or compulsory pooling.</li> </ul>		
	If your election is to participate, please include: Executed Authority for Expenditure Well Reporting Requirements for your firm		
Well lo	we hereby elect <u>NOT</u> to participate in the proposed Badger Com #10-1A cated in the SE/4 of Section 10, Township 25 North, Range 2 West, Rio County, New Mexico.		
PARTICIPANT NAM	E:		
BY:			
Date:	(Title)		
PLEASE RETURN THIS ELECTION AS INSTRUCTED ABOVE TO: Mona L. Binion Telefax (303) 893-0914			

Mail original to:

McElvain Oil & Gas Properties, Inc. 1050 17<sup>th</sup> Street, Suite 1800 Denver, CO 80265

# TITLE APPROVAL Badger Com #10-1A Well

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	YES, I/we do hereby approve title as represented under the Drilling and Division Order Title Opinion done by Roberts & Strother, P.C. Dated September 19, 2000 for the Badger Com 10-1 Well S/2 Section 10, Township 25 North, Range 2 West, N.M.P.M. Rio Arriba County, New Mexico
	NO, I/we do NOT approve title as represented under the Drilling and Division Order Title Opinion done by Roberts & Strother, P.C. Dated September 19, 2000 for the Badger Com 10-1 Well S/2 Section 10, Township 25 North, Range 2 West, N.M.P.M. Rio Arriba County, New Mexico
	REASON for non approval
PARTICIPAN	T NAME:
BY:	/T'/1_)
Date:	(Title)

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#### WORKING INTEREST OWNERS

Badger Com #10-1A Well January 23, 2001 Proposal to Drill and Complete Mesaverde / Dakota Test Well

#### **T. H. McElvain Oil & Gas Limited Partnership** c/o. McElvain Oil & Gas Properties, Inc., Sole General Partner 1050 17<sup>th</sup> Street, Suite 1800 Denver, Colorado 80265

*James M. Raymond* P. O. Box 1445 Kerville, TX 78029-1446

McElvain Oil Company P. O. Box 80188 Dallas, TX 75380

#### *Ibex Partnership States, Inc.* P. O. Box 911

Breckenridge, TX 76424

## Clark & Oatman

P. O. Box 310 Bishop, TX 75602

Dugan Production Corporation 709 E. Murray Drive Farmington, NM 87499

# Georgia Ann Fundingsland, Co. Ernest Laurell Fundingsland, Jr., Co. 713 Front Range Road Littleton, Colorado 80120

Joanne Lee Rasmussen 557 Stagecoach Road Grand Island, NE 68801

*NM&O Operating Company* 6 East 5<sup>th</sup> Street, Suite 200 Tulsa, Oklahoma 74103



# AUTHORITY for EXPENDITURE January 5,2001

SE/4         10-25N-2W         HOLE         WELL           Drilling Intangibles         16.000         16.000         16.000           Staking,Permitting,Title Work & Survey         16.000         16.000         16.000           Location, Road,Damages         27.500         27.500         27.500           Pootage 8400'@ \$22.00/t         184.800         184.800         30.600           Daywork 4.5 days @ \$6800/day         30.600         30.500           Mud Logging         15.000         15.000         15.000           Well Logging         2.000         22,000         22,000           Porting Mud         55.000         55.000         55.000           Carment & ServicesFurdree,Intermediate         8.600         8.500         2.500           Carment & ServicesFurdreging         20.000         12.000         12.000           Consider a & Supervision         15.000         15.000         15.000           Misc Costs         12.000         12.000         25.000         25.000           Completion Intangibles         Cement & Services	Badger Com 10 #1A	DRY	COMPLETED
Drilling Intangibles         16.000         16.000           Staking Permitting, Tile Work & Survey         16.000         16.000           Cactaton, Road, Damages         27.500         27.500           Footage 8400' (@ \$22.00/ft         184.800         184.800           Daywork & 5 days @ \$86800/day         30.800         30.800           Mud Logging         15,000         15,000           Water Hauling         15,000         15,000           Rental Equipment         2,000         22,000           Cement & Services. Surface, Intermediate         8,600         8,600           Cement & Services. Plugging         20,000         12,000           Ordered & Supervision         15,000         15,000           Mas Costs         12,000         12,000           Completion Intangibles         55,000         65,000           Completion Intangibles         55,000         65,000           Completion Intangibles         25,000         405,900           Completion Intangibles         55,000         16,200           Completion Intangibles         26,000         16,200           Supervision 25 days @ \$850/day         16,200         16,200           Supervision 25 days @ \$2,800/day         20,000         20,000	•		
Staking, Permitting, Title Work & Survey         16,000         16,000           Location, Read, Darnages         27,500         27,500           Daywork 4.5 days @ \$6800/day         30,600         30,600           Mud Logging         15,000         15,000           Water Hauling         15,000         15,000           Rental Equipment         2,000         2,000           Well Logging         22,000         22,000           Carment & Services, Surface, Intermediate         8,500         65,000           Carment & Services, Surface, Intermediate         8,500         405,000           Contingency         Total Drilling         425,900         405,900           Contingency         Total Drilling         425,900         405,900           Completion Intrangibles         6,600         6,500         6,500           Completion Unit 24 days @ \$2,800/day         6,200         6,200           Completion Unit 24 days @ \$2,800/day         6,500         7,200           Sindexiton         16,200         12,000         12,000           Sindexiton         5,000         6,000         7,200           Contingency         0         425,900         405,000           Sindexiton         16,000         16,2		HOLL	
Location,Road,Damages         27,500         27,500           Footage 8400 '@ \$22.00/th         184,800         184,800           Daywork 4.5 days @ \$8800/day         30,600         30,600           Mud Logging         15,000         15,000           Mud Logging         15,000         15,000           Water Hauling         7,500         22,000           Rental Equipment         2,000         22,000           Well Logging         22,000         25,000           Orwing & Labor         2,500         2,500           Overhead & Supervision         15,000         15,000           Mid Logging         2,000         2,000           Completion Intangibles         12,000         12,000           Completion Intangibles         55,000         55,000           Completion Intangibles         56,000         56,000           Completion Intangibles         22,800/day         26,000           Simulation         18,000         18,000         18,000           Tod & Tank Rental         56,000         56,000         18,000           Supervision .25 days @ \$650/day         425,900         445,900         18,000           Supervision .25 days @ \$650/day         14,000         56,000		16,000	16.000
Footage 8400° @ \$22.00/ft         184.800         38.600           Daywork 4.5 days @ \$6800/day         30.600         30.600           Mud Logging         15.000         15.000           Water Hauling         15.000         22.000           Rental Equipment         2.000         22.000           Velit Logging         22.000         22.000           Drilling Mud         65.000         65.000           Cement & ServicesPugging         2.000         2.600           Overhead & Supervision         15.000         15.000           Masc Costs         12.000         2.600           Completion Intangibles         2.600         2.600           Completion Intangibles         26.000         26.000           Completion Intangibles         26.000         26.000           Completion Intangibles         26.000         26.000           Completion Intangibles         26.000         26.000           Completion Intag bles         26.000         26.000           Completion Intag bles         26.000         26.000           Supervision 20 days @ \$650/day         45.250         405.900           Vater         7         30.000         7           Total Completion         0			
Daywork 4.5 days @ \$8800/day         30,600         30,600           Mud Logging         15,000         15,000           Water Hauling         15,000         2,000           Rental Equipment         2,000         22,000           Well Logging         22,000         22,000           Ording Mud         55,000         55,000           Cement & ServicesSurface.Intermediate         8,500         8,500           Cement & ServicesSurface.Intermediate         8,500         8,500           Completion Intangibles         2,600         2,600           Completion Intangibles         2,600         2,600           Completion Intangibles         26,000         5,000           Completion Intangibles         26,000         55,000           Completion Intangibles         26,000         55,000           Completion Intangibles         26,000         55,000           Supervision 25 days @ \$650/day         16,255         000           Supervision 25 days @ \$650/day         16,255         00,000           Tucking         8,040         8,040         8,040           Supervision 25 days @ \$650/day         20,900         20,900         20,900           Tucking         8,0200/day         20,900 <td></td> <td></td> <td></td>			
Mud Logging         15,000         15,000           Mud Logging         15,000         15,000           Mental Equipment         2,000         2,000           Vell Logging         22,000         22,000           Drilling Mud         55,000         8,500           Cement & Services. Plugging         20,000         2,500           Cement & Services. Plugging         2,600         2,500           Completion Intangibles         2,600         2,500           Completion Intangibles         2,600         12,000           Completion Intangibles         6,600         6,5000           Completion Intrangibles         55,000         16,000           Completion Unit 24 days @ \$2,800/day         6,7200         16,260           Stimulation         16,500         16,000         16,000           Stimulation         16,250         26,000         16,260           Stimulation         16,250         26,000         16,260           Stimulation         16,250         16,250         16,250           Tracking         26,000         16,260         16,260           Specialized Tools         20,000         16,250         24,900           Route Const 9, 7 days @ \$2,300/t <td< td=""><td></td><td>-</td><td></td></td<>		-	
Water Hauling         15,000         15,000           Rental Equipment         2,000         22,000           Weil Logging         22,000         55,000         55,000           Drilling Mud         55,000         55,000         55,000           Cement & Services. Surface, Intermediate         8,500         8,500         2,000           Cement & Services. Plugging         20,000         70,000         15,000         15,000           Overhead & Supervision         15,000         15,000         15,000         15,000           Overhead & Supervision         15,000         15,000         12,000         12,000         12,000           Completion Intangibles         2,500         405,900         67,200         22,000         20,000         16,000         15,000         16,000         16,000         16,200         20,000         20,000         20,000         16,250         20,000         16,250         20,000         16,250         30,000         16,250         30,000         30,000         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250	Daywork 4.5 days @ 40000day	00,000	00,000
Water Hauling         15,000         15,000           Rental Equipment         2,000         22,000           Weil Logging         22,000         55,000         55,000           Drilling Mud         55,000         55,000         55,000           Cement & Services. Surface, Intermediate         8,500         8,500         2,000           Cement & Services. Plugging         20,000         70,000         15,000         15,000           Overhead & Supervision         15,000         15,000         15,000         15,000           Overhead & Supervision         15,000         15,000         12,000         12,000         12,000           Completion Intangibles         2,500         405,900         67,200         22,000         20,000         16,000         15,000         16,000         16,000         16,200         20,000         20,000         20,000         16,250         20,000         16,250         20,000         16,250         30,000         16,250         30,000         30,000         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250         30,000         16,250	สมระโปยรรรโยบสรรสมอาณาสมัยนารมีเป็นให้เห็นของหลังสีสมสมอันได้เสียงกับอยินออสเป็นให้ (ร.ศ. อ.ศ. องโอสโลนมีหมือสันประโยสมัย		
Rental Equipment         2,000         22,000           Well Logging         22,000         22,000           Drilling Mud         55,000         55,000           Cement & Services. Plugging         20,000         25,000         25,000           Overhead & Supervision         16,000         15,000         15,000           Misc Costs         12,000         12,000         12,000           Completion Intangibles         425,900         405,900           Completion Intangibles         67,200         20,000           Completion Intangibles         67,200         20,000           Completion Unit 24 days @ \$2,800/day         67,200         185,000           Completion Unit 24 days @ \$2,800/day         67,200         185,000           Supervision         25 days @ \$2,800/day         16,250           Supervision         25 days @ \$2,800/day         16,250           Water         30,000         16,250           Trucking         8,600         9,600           Total Intangibles         20,900         20,900           Rotal Soutifier         0         438,850         20,900           Total Intangibles         425,900         844,750         36,800           Tubing, 8500* 2,307			
Weil Logging         22,000         22,000         22,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         55,000         70,000         10,000         10,000         10,000         10,000         10,000         10,000         12,000         14,000         15,250         14,000         14,000         14,000         14,000         14,000         1		-	
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Cerrent & ServicesSurface.Intermediate         8,500         8,500           Cerrent & ServicesPlugging         20,000         20,000           Trucking & Labor         2,500         2,500           Overhead & Supervision         15,000         15,000           Misc Costs         12,000         20,000           Completion Intangibles         20,000         405,900           Completion Intangibles         55,000         65,000           Completion Unit 24 days @ \$2,800/day         67,200         166,000           Logging & Perforating         26,000         18,000           Stimulation         186,000         186,000           Tool & Tank Rental         0.18,000         180,000           Supervision         25 days @ \$2500/day         16,250           Water         30,000         14,000           Specialized Tools         55         500           Sys Contingency         20,900         14,000           Specialized Tools         512/2 @ \$13,40/ft.         8,040           CasingSurface 600' 9 5/8'' @ \$13,40/ft.         8,040         6,640           CasingSurface 600' 9 5/8'' @ \$13,40/ft.         8,040         6,500           CasingSurface 600' 9 5/8'' @ \$13,40/ft.         8,040         8,			
Cement & Services. Plugging         20,000           Trucking & Labor         2,500         2,500           Overhead & Supervision         15,000         15,000           Misc Costs         12,000         12,000           Completion Intangibles         25,000         405,900           Completion Intangibles         55,000         67,200           Completion Unit 24 days @ \$2,800/day         67,200         185,000           Logging & Perforating         26,000         185,000           Stimulation         185,000         185,000           Tool & Tank Rental         185,000         185,000           Supervision         25 days @ \$25,00/day         16,250           Water         30,000         16,250           Trucking         6,500         30,000           Routsbouts/Labor 7 days @ \$2000/day         50,900         438,850           Decisitized Tools         51/2" @ \$7,00/ft.         56,800           S% Contingency         20,900         20,900         20,900           Total Intangibles         425,900         844,750           Casing, Surface 600' 9,5/8" @ \$13,40/ft.         8,040         58,040           Casing, Surface 600' 9,5/8" @ \$13,40/ft.         8,040         58,040 <tr< td=""><td>ala biya anika akwa kwaki kuki kuki kuki kuki kuki kuki kuki k</td><td>instruction of the second second Cor</td><td>Charlie charles to see a see an tax and</td></tr<>	ala biya anika akwa kwaki kuki kuki kuki kuki kuki kuki kuki k	instruction of the second second Cor	Charlie charles to see a see an tax and
Trucking & Labor       2,500       2,500         Overhead & Supervision       15,000       15,000         Misc Costs       12,000       12,000         Completion Intangibles       425,900       405,900         Cement & Services. Production Casing       55,000       67,200         Logging & Perforating       55,000       26,000         Stimulation       185,000       186,000         Trucking R       186,000       26,000         Supervision 25 days @ \$25,00/day       26,000       185,000         Supervision 25 days @ \$550/day       16,250       30,000         Trucking R       8,040       6,500         Roustabouts/Labor 7 days @ \$2000/day       20,900       6,500         Sw Contingency       0       438,850       20,900         Total Completion       0       438,850       20,900         Total Completion       0       438,850       56,800         Casing. Surface 600' 9 5/8' @ \$13,40/ft.       8,040       8,040         Casing. Froduction 8400' 5 1/2' @ \$7,00/ft.       19,550       19,550         Float Equipment       1,500       8,500       8,000         Wellhead       1,500       8,500       8,000         Total Tangibles			8,500
Overhead & Supervision         15,000         15,000           Misc Costs         12,000         12,000           Contingency         Total Drilling         425,900         405,900           Completion Intangibles         ServicesProduction Casing         55,000           Completion Unit 24 days @ \$2,800/day         67,200         26,000           Logging & Perforating         185,000         76,200           Stimulation         185,000         76,200           Tool & Tank Rental         18,000         86,000           Supervision 25 days @ \$650/day         16,250         30,000           Trucking         8,040         8,040           Roustabouts/Labor 7 days @ \$2000/day         20,900         30,000           Total Completion         0         438,850           Total Completion         0         438,850           Tagibles         20,900         4425,900           CasingSurface 600' 9 5/8' @ \$13,40/ft.         8,040         8,040           CasingProduction 8400' 5 1/2'' @ \$7,00/ft.         1,500         8,500           Tubing8500' 2 3/8'' @ \$2.30/ft         1,500         8,500           Float Equipment         1,500         8,500         16,500           Mellhead         1,	Cement & ServicesPlugging		
Misc Costs Contingency       12,000       12,000         Completion Intangibles Cement & ServicesProduction Casing Completion Unit 24 days @ \$2,800/day       425,900       405,900         Completion Unit 24 days @ \$2,800/day       67,200         Logging & Perforating       26,000         Stimulation       185,000         Tool & Tank Rental       180,000         Supervision 25 days @ \$650/day       16,250         Water       30,000         Trucking       6,500         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       20,900         S% Contingency       20,900         Total Completion       0         Tank Service 600° 9 5/8" @ \$13,40/ft.       8,040         CasingSurface 600° 9 5/8" @ \$2,30/ft       1,500         Float Equipment       1,500       8,500         Wellhead       1,500       8,500         Ine Pipe & Fittings       11,040       1	Trucking & Labor		
Contingency         425,900         405,900           Completion Intangibles         55,000           Completion Unit 24 days @ \$2,800/day         67,200           Logging & Perforating         26,000           Stimulation         185,000           Tool & Tank Rental         18,000           Supervision 25 days @ \$650/day         6,500           Water         30,000           Trucking         6,500           Roustabouts/Labor 7 days @ \$2000/day         20,900           Total Completion         0           Masses         20,900           Total Completion         0           System         20,900           Total Completion         0           Masses         20,900           Total Completion         0           System         20,900           Total Completion         0           Tagibles         8,040           CasingSurface 600' 9,5/8'' @ \$13,40/ft.         8,040           CasingProduction 8400' 5 1/2'' @ \$7.00/ft.         9,050           TubingB500' 2 3/8'' @ \$2.30/ft         1,500           Float Equipment         1,500         8,500           Weilhead         1,500         8,500           Total We	Overhead & Supervision		
Total Drilling         425,900         405,900           Completion Intangibles         67,200         67,200           Completion Unit 24 days @ \$2,800/day         67,200         26,000           Logging & Perforating         185,000         700           Stimulation         185,000         162,500           Total Drill value         6,500         30,000           Total Stark Rental         18,000         30,000           Supervision 25 days @ \$650/day         16,250         30,000           Water         30,000         6,500           Roustabouts/Labor 7 days @ \$2000/day         8,500         844,750           Specialized Tools         20,900         433,850           5% Contingency         0         433,850           Total Intangibles         425,900         844,750           CasingSurface 600' 9 5/8'' @ \$13.40/ft.         8,040         8,040           CasingProduction 8400' 5 1/2'' @ \$7.00/ft.         1,500         8,500           Tubing8500' 2 3/8'' @ \$23.30/ft         1,500         8,500           Float Equipment         1,500         8,500         1,500           Wellhead         1,500         8,500         17,500           Total Well Cost         \$436,940 <td< td=""><td>Misc Costs</td><td>12,000</td><td>12,000</td></td<>	Misc Costs	12,000	12,000
Completion Intangibles         55,000           Cement & ServicesProduction Casing         67,200           Logging & Perforating         185,000           Stimulation         185,000           Tool & Tank Rental         18,000           Supervision 25 days @ \$850/day         16,250           Water         30,000           Trucking         6,500           Roustabouts/Labor 7 days @ \$2000/day         14,000           Specialized Tools         20,900           5% Contingency         20,900           Total Completion         0           Total Intangibles         425,900           CasingSurface 600' 9 5/8''@ \$13,40/ft.         8,040           CasingProduction 8400' 5 1/2'@ \$7,00/ft.         1,500           Tubing .BSO0' 2 3/8''@ \$2,30/ft         1,500           Float Equipment         1,500           Weilhead         1,500           Artificial Lift. Plunger         4,500           Tanks & Pits         5,000           Separator         11,040           Line Pipe & Fittings         11,040           Total Well Cost         \$436,940           APPROVALS:         McElvain Oil & Gas Properties, Inc.           Maproveed by:         Title:			
Cement & ServicesProduction Casing         55,000           Completion Unit 24 days @ \$2,800/day         67,200           Logging & Perforating         185,000           Stimulation         185,000           Tool & Tank Rental         180,000           Supervision 25 days @ \$650/day         16,250           Water         30,000           Trucking         6,500           Roustabouts/Labor 7 days @ \$2000/day         14,000           Specialized Tools         20,900           5% Contingency         0           Total Completion         0           438,850         8,040           CasingSurface 600° 9 5/8° @ \$13 40/ft.         8,040           CasingProduction 8400° 5 1/2° @ \$7.00/ft.         1,500           Tubing8500° 2 3/8° @ \$2.30/ft         19,550           Float Equipment         1,500           Wellhead         1,500           Artificial LiftPlunger         4,500           Tanks & Pits         8,040           Separator         11,040           Line Pipe & Fittings         11,040           Total Well Cost         \$436,940           APPROVALS:         McElvain Oil & Gas Properties_Inc.           McElvain Oil & Gas Properties_Inc.         Intet	Total Drilling	425,900	405,900
Completion Unit 24 days @ \$2,800/day         67,200           Logging & Perforating         26,000           Stimulation         185,000           Tool & Tank Rental         18,000           Supervision 25 days @ \$650/day         16,250           Water         30,000           Trucking         6,500           Roustabouts/Labor 7 days @ \$2000/day         14,000           Specialized Tools         20,900           5% Contingency         20,900           Total Completion         0           Tangibles         425,900           CasingSurface 600' 9 5/8" @ \$13.40/ft.         8,040           CasingProduction 8400' 5 1/2" @ \$7.00/ft.         1,500           Tubing.8500' 2 3/8" @ \$2.30/ft         1,500           Float Equipment         1,500           Wellhead         1,500           Tarks & Pits         1,500           Separator         11,040           Line Pipe & Fittings         11,040           Total Well Cost         \$436,940           APPROVALS:         McElvain Oil & Gas Properties_Inc.	Completion Intangibles		
Logging & Perforating       26,000         Stimulation       185,000         Tool & Tank Rental       16,250         Supervision 25 days @ \$650/day       30,000         Water       30,000         Trucking       6,500         Roustabouts/Labor 7 days @ \$2000/day       20,900         Specialized Tools       20,900         5% Contingency       20,900         Total Completion       0         438,850       425,900         Roustabouts/Labor 5 1/2" @ \$7,00/ft.       8,040         CasingSurface 600" 9 5/8" @ \$13,40/ft.       8,040         CasingProduction 8400' 5 1/2" @ \$7,00/ft.       1,500         Tubing6500' 2 3/8" @ \$2,30/ft       19,550         Float Equipment       1,500         Wellhead       1,500         Artificial LiftPlunger       4,500         Tanks & Pits       11,040         Spearator       11,040         Line Pipe & Fittings       11,040         Total Well Cost       \$436,940         APPROVALS:       McElvain Oil & Gas Properties Inc.         McElvain Oil & Gas Properties Inc.       Jan         Maproved by:       Title:	Cement & ServicesProduction Casing		55,000
Stimulation       185,000         Tool & Tank Rental       185,000         Supervision 25 days @ \$650/day       16,250         Water       30,000         Trucking       6,500         Roustabouts/Labor 7 days @ \$2000/day       20,900         Specialized Tools       20,900         5% Contingency       20,900         Total Completion       0         438,850       425,900         Roustabouts/Labor 5 days @ \$2,000/day       8,44,750         Tangibles       425,900         CasingSurface 600' 9 5/8" @ \$13,40/ft.       8,040         CasingProduction 8400' 5 1/2" @ \$7.00/ft.       1,500         Tubing8500' 2 3/8" @ \$2.30/ft       1,500         Float Equipment       1,500         Wellhead       1,500         Total Vell Cost       \$436,940         Separator       11,040       151,890 </td <td>Completion Unit 24 days @ \$2,800/day</td> <td></td> <td>67,200</td>	Completion Unit 24 days @ \$2,800/day		67,200
Stimulation       185,000         Tool & Tank Rental       185,000         Supervision 25 days @ \$650/day       16,250         Water       30,000         Trucking       6,500         Roustabouts/Labor 7 days @ \$2000/day       20,900         Specialized Tools       20,900         Total Completion       0         438,850       425,900         Tangibles       425,900         CasingSurface 600' 9 5/8" @ \$13.40/ft.       8,040         CasingProduction 8400' 5 1/2" @ \$7.00/ft.       1,500         Tubing.8500' 2 3/8" @ \$2.30/ft       1,500         Float Equipment       1,500         Wellhead       1,500         Artificial Lift_Plunger       4,500         Tanks & Pits       11,040         Sparator       11,040         Line Pipe & Fittings       11,040         Total Well Cost       \$436,940         APPROVALS:       McElvain Oil & Gas Properties, Inc.         McElvain Oil & Gas Properties, Inc.       Jan         Approved by:       Title:			26,000
Supervision 25 days @ \$650/day       16,250         Water       30,000         Trucking       6,500         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       20,900         5% Contingency       0         438,850       425,900         Total Completion       0         438,850       425,900         Tangibles       8,040         Casing.Surface 600' 9 5/8" @ \$13.40/ft.       8,040         Casing.Production 8400' 5 1/2" @ \$7.00/ft.       8,040         Tubing.8500' 2 3/8" @ \$2.30/ft       1,500         Float Equipment       1,500         Wellhead       1,500         Artificial Lift.Plunger       4,500         Tanks & Pits       18,500         Separator       11,040         Line Pipe & Fittings       11,040         Total Well Cost       \$436,940         APPROVALS:       Date: 1/5/01         McElvain Oil & Gas Properties, Inc.       Jan         Approved by:       Title:			185,000
Supervision 25 days @ \$650/day       16,250         Water       30,000         Trucking       6,500         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       20,900         5% Contingency       20,900         Total Completion       0         438,850       425,900         Tangibles       8,040         CasingSurface 600' 9 5/8" @ \$13.40/ft.       8,040         CasingProduction 8400' 5 1/2" @ \$7.00/ft.       1,500         Tubing.8500' 2 3/8" @ \$2.30/ft       1,500         Float Equipment       1,500         Wellhead       1,500         Artificial LiftPlunger       4,500         Tanks & Pits       11,040         Separator       11,500         Line Pipe & Fittings       11,040         Total Well Cost       \$436,940         APPROVALS:       McElvain Oil & Gas Properties Inc.         McElvain Oil & Gas Properties Inc.       Jan         Approved by:       Title:			18,000
Water       30,000         Trucking       6,500         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       20,900         Total Completion       0         438,850       425,900         Roustabouts/Labor 7 days @ \$2000/day       20,900         Total Completion       0         438,850       425,900         Roustabouts/Labor 7 days @ \$2000/day       844,750         Specialized Tools       425,900         Source Completion       0         Tangibles       8,040         Casing.Surface 600' 9 5/8" @ \$13.40/ft.       8,040         Casing.Production 8400' 5 1/2" @ \$7.00/ft.       19,550         Tubing.8500' 2 3/8" @ \$2.30/ft       1,500         Float Equipment       1,500         Vellhead       1,500         Astron       4,500         Tanks & Pits       8,040         Separator       11,040         Line Pipe & Fittings       11,040         Total Vell Cost       \$436,940         APPROVALS:       McElvain Oil & Gas Properties, Inc.         McElvain Oil & Gas Properties, Inc.       Mc         Approved by:       Title:		stusticuset (* davatel estetatelsetente	16.250
Trucking       6,500         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       20,900 <b>Total Completion</b> 0 <b>Total Completion</b> 0 <b>Total Completion</b> 0 <b>Tangibles</b> 425,900         Casing.Surface 600' 9 5/8" @ \$13.40/ft.       8,040         Casing.Production 8400' 5 1/2" @ \$7.00/ft.       8,040         Tubing.8500' 2 3/8" @ \$2.30/ft       1,500         Float Equipment       1,500         Wellhead       1,500         Artificial LiftPlunger       4,500         Tanks & Pits       11,040         Separator       11,040         Line Pipe & Fittings       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.         McElvain Oil & Gas Properties, Inc.       Jan         Approved by:       Title:			
Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       20,900         5% Contingency       0         Total Completion       0         438,850       425,900         Secialized Tools       425,900         Sourface 600' 9 5/8" @ \$13.40/ft.       8,040         CasingSurface 600' 9 5/8" @ \$13.40/ft.       8,040         CasingProduction 8400' 5 1/2" @ \$7.00/ft.       1,500         Tubing.8500' 2 3/8" @ \$2.30/ft       1,500         Float Equipment       1,500         Wellhead       1,500         Artificial LiftPlunger       4,500         Tanks & Pits       11,040         Separator       11,040         Line Pipe & Fittings       11,040         Total Well Cost       \$436,940         APPROVALS:       Approved by:			
Specialized Tools         20,900           5% Contingency         0         438,850           Total Completion         0         438,850           Tangibles         425,900         844,750           CasingSurface 600' 9 5/8" @ \$13.40/ft.         8,040         8,040           CasingProduction 8400' 5 1/2" @ \$7.00/ft.         8,040         58,800           Tubing8500' 2 3/8" @ \$2.30/ft         1,500         8,500           Float Equipment         1,500         8,500           Wellhead         1,500         8,500           Artificial LiftPlunger         4,500         18,500           Tanks & Pits         11,040         151,890           Separator         11,040         151,890           Line Pipe & Fittings         11,040         151,890           APPROVALS:         McElvain Oil & Gas Properties, Inc.         Jan.         Jan.           McElvain Oil & Gas Properties, Inc.         Title:	-		· ·
5% Contingency       0       20,900         Total Completion       0       438,850         Total Intangibles       425,900         Surface 600' 9 5/8" @ \$13.40/ft.       8,040       8,040         CasingSurface 600' 9 5/8" @ \$13.40/ft.       8,040       8,040         CasingProduction 8400' 5 1/2" @ \$7.00/ft.       1,500       58,800         Tubing.8500' 2 3/8" @ \$2.30/ft       1,500       8,500         Float Equipment       1,500       8,500         Vellhead       1,500       8,500         Artificial LiftPlunger       4,500       18,500         Tanks & Pits       11,040       151,890         Separator       11,040       151,890         Line Pipe & Fittings       11,040       151,890         APPROVALS:       McElvain Oil & Gas Properties, Inc.       Jan.       Date: 1/5/01         Approved by:			,
Total Completion         0         438,850           Total Intangibles         425,900         844,750           Tangibles         8,040         8,040         8,040           CasingSurface 600' 9 5/8" @ \$13.40/ft.         8,040         8,040         8,040           CasingProduction 8400' 5 1/2" @ \$7.00/ft.         8,040         8,040         8,040           Tubing. 8500' 2 3/8" @ \$2.30/ft         1,500         8,500         19,550           Float Equipment         1,500         8,500         8,500           Wellhead         1,500         8,500         8,500           Artificial LiftPlunger         4,500         8,500           Tanks & Pits         1,500         8,500           Separator         11,040         151,890           Line Pipe & Fittings         11,040         151,890           APPROVALS:         McElvain Oil & Gas Properties, Inc.         Art Fitte:         Date:         1/5/0/           Approved by:         Title:         Title:         Title:         1/5/0/	1 ·		20.900
Total Intangibles         425,900         844,750           Tangibles         600' 9 5/8" @ \$13.40/ft.         8,040         8,040           CasingSurface 600' 9 5/8" @ \$13.40/ft.         8,040         8,040         8,040           CasingProduction 8400' 5 1/2" @ \$7.00/ft.         19,550         58,800         19,550           Tubing8500' 2 3/8" @ \$2.30/ft         1,500         8,500         19,550           Float Equipment         1,500         8,500         8,500           Wellhead         1,500         8,500         8,500           Artificial LiftPlunger         4,500         8,000         11,500         8,000           Tanks & Pits         18,500         17,500         8,000         151,890           Line Pipe & Fittings         11,040         151,890         8,000         151,890           APPROVALS:         McElvain Oil & Gas Properties, Inc.         Image: If / 5 / 0 /         Date: I / 5 / 0 /         If / 5 / 0 /		0	· · ·
Tangibles       8,040         Casing .Surface 600' 9 5/8" @ \$13.40/ft.       8,040         Casing .Production 8400' 5 1/2" @ \$7.00/ft.       58,800         Tubing .8500' 2 3/8" @ \$2.30/ft       19,550         Float Equipment       1,500         Wellhead       1,500         Artificial LiftPlunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       11,040         Total Tangibles       11,040         Total Well Cost       \$436,940         APPROVALS:       McElvain Oil & Gas Properties, Inc.         Approved by:       Title:		425 900	
CasingSurface 600' 9 5/8" @ \$13.40/ft.       8,040       8,040         CasingProduction 8400' 5 1/2" @ \$7.00/ft.       58,800         Tubing8500' 2 3/8" @ \$2.30/ft       19,550         Float Equipment       1,500       8,500         Wellhead       1,500       8,500         Artificial LiftPlunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       11,040         Total Tangibles       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.       Jan.         Approved by:       Title:			
Casing.Production 8400' 5 1/2" @ \$7.00/ft.       58,800         Tubing.8500' 2 3/8" @ \$2.30/ft       19,550         Float Equipment       1,500         Wellhead       1,500         Artificial Lift.Plunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       11,040         Total Tangibles       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.         McElvain Oil & Gas Properties, Inc.       Ittle:	Tangibles		
Tubing. 8500' 2 3/8" @ \$2.30/ft       19,550         Float Equipment       1,500         Wellhead       1,500         Artificial LiftPlunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       17,500         Total Tangibles       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.         McElvain Oil & Gas Properties, Inc.       Title:	CasingSurface 600' 9 5/8" @ \$13.40/ft.	8,040	8,040
Float Equipment       1,500       8,500         Wellhead       1,500       8,500         Artificial LiftPlunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.       Image: 1/5/01         Approved by:       Title:       Ittle:	CasingProduction 8400' 5 1/2" @ \$7.00/ft.		58,800
Wellhead       1,500       8,500         Artificial LiftPlunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.       Image: 1/5/01         Approved by:       Title:       Image: 1/5/01	Tubing8500' 2 3/8" @ \$2.30/ft		19,550
Artificial LiftPlunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.       McElvain Oil & Gas Properties, Inc.         Approved by:	Float Equipment	1,500	8,500
Artificial LiftPlunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.       Am type         Approved by:       Title:	Wellhead	1,500	8,500
Artificial LiftPlunger       4,500         Tanks & Pits       18,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       11,040         APPROVALS:       McElvain Oil & Gas Properties, Inc.       Am type         Approved by:       Title:		da portante da fosía pór	an and the at the state backs in a second
Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       11,040       151,890         APPROVALS:       McElvain Oil & Gas Properties, Inc.       Am       Jam       Date: 1/5/01         Approved by:			4,500
Line Pipe & Fittings       8,000         Total Tangibles       11,040       151,890         Total Well Cost       \$436,940       \$996,640         APPROVALS:       Approved by:	Tanks & Pits		18,500
Total Tangibles         11,040         151,890           Total Well Cost         \$436,940         \$996,640           APPROVALS:         Am         Jan         Date: 1/5/01           McElvain Oil & Gas Properties, Inc.         Am         Jan         Date: 1/5/01	Separator		17,500
Total Well Cost         \$436,940         \$996,640           APPROVALS:         /an         /an         Date: 1/5/01           McElvain Oil & Gas Properties, Inc.         /an         /an         Date: 1/5/01           Approved by:	Line Pipe & Fittings		8,000
APPROVALS:     McElvain Oil & Gas Properties, Inc.     Approved by:   Title:	Total Tangibles	11,040	151,890
McElvain Oil & Gas Properties, Inc Date:	Total Well Cost	\$436,940	\$996,640
Approved by: Title:	APPROVALS:		
Approved by: Title:	McElvain Oil & Gas Properties, Inc.	Date:	1/5/01
Company:	Approved by: Title	:	
	Company:		