

Sequence of Events

From date of first written and telephonic contact.

Starting November 10th, 2000 to present.

Initiated by Simmons concerning the Naomi Com #1 Well

- ① *Phone conversation of November 15th, 2000, between Lisa Gusek of Simmons and Mona Binion of McElvain requesting an AFE and Well Procedure. And a conversation with Jane Estes-Jackson of McElvain where Lisa requested copies of the logs from the Wynona #1 well located in the SW/4NW/SW/4 of Section 25, Township 25 North Range 3 West, N.M.P.M. Rio Arriba County, New Mexico. Logs were received November 15th, 2000 by FAX as well as a note stating that McElvain's engineer had not written the procedure yet.*
2. *McElvain cover letter dated November 20th, 2000 enclosed requested AFE and Well Procedure.*
- ③ *Phone conversation of December 14th, 2000, between Mona Binion and Ed Dunn. The conversation was about lease ownership in the S/2SE/4 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico and if any of the owners had agreed to participate in the Naomi Com #1 well located in the SW/4NW/4SW/4 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.*
- ④ *Phone conversation the first week of January, 2001, between Steve Shefte and Ed Dunn at which time I asked him for some geology to support a S/2 spacing unit in Section 25 Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. I asked if he could call Lisa Gusek and talk with her about the geology. Steve Shefte stated it was not standard procedure to send maps.*
- ⑤ *April 5th, 2001, conversation at a meeting in Socorro, New Mexico, Steve Shefte commented to Lisa Gusek "why should McElvain take 100% of the risk and pay 100% of the cost to prove up Simmons acreage".*
6. *Phone conversation on the 17th of May, 2001 between John Byrom of Simmons and Herbert Kai, working interest owner in the S/2SE/4 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. Herbert Kai indicated that he had just sold his interest to McElvain.*
- ⑦ *September 13, 2001, Simmons sent an offer to settle, by FAX and Certified mail to McElvain. Simmons offer was to sell to McElvain our interest in the N/2SE/4 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, as to depths from 750 feet below the Huerfanito Bentonite Marker to the Base of the Mesaverde formation. And in addition, form two 160 acre units in the N/2 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. Our offer was held open until 5:00 P.M., September 19th, 2001.*
8. *October 3rd, 2001 Simmons received a letter from McElvain agreeing it would be beneficial to reach an agreement concerning development of the Mesaverde under the N/2 of*

*Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.
No proposals were suggested by McElvain.*

9. *Letter dated October 11, 2001, from Holland & Hart, law firm for McElvain,
Application for Compulsory Pooling, pooling the N/2 of Section 25, Township 25 North –
Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.*

10. **October 25, 2001, Simmons FAXed and sent a letter overnight to McElvain offering to settle our differences. We asked for 2 special 160 units in the N/2 and we would drop our appeal concerning their 320 Unit, S/2 in Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. our offer was held open until October 31, 2001.**