



RECEIVED

ConocoPhillips
San Juan Business Unit
P.O. Box 4289
Farmington, NM 87499-4289

2008 JUN 27 2 44

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265-1801
Attn: Mr. Rick Harris

Re: **NOTIFICATION OF ELECTION**
Pursuant to Compulsory Pooling Order R-12957
Hutchinson Well No. 2 (API # 30-045-34241)
N/2 equivalent of Section 1, T29N, R313W, NMPM
San Juan County, New Mexico
NMOCD Case 14115, Order R-12957 dated June 6, 2008

Dear Mr. Harris

On behalf of ConocoPhillips Company and in accordance with the terms of the New Mexico Oil Conservation Division Order R-12957, we are electing to participate as a consenting pooled party with the intent and understanding that we have the right to contest the estimated \$85,000 costs of abstract and title examination at a Division well costs hearing after the well is drilled.

Pursuant to the provisions of Ordering Paragraph (9) of Order R-12957, ConocoPhillips has enclosed its check for its share of McElvain's AFE for the Hutchinson # 2 Well. Although this payment includes the disputed abstract and title costs, COP reserves the right to challenge such costs at a subsequent "well cost hearing."

Very truly yours,

William Rainbolt
Manager San Juan Land

cc: Director NMOCD-Santa Fe

This check was issued by ConocoPhillips Company

DATE	INVOICE(DESCRIP)	CO	DOCUMENT NO.	GROSS	DISCOUNT	NET
06/11/08	NM0012-04 CC	HZ	6800000755 USD	713,686.88	0.00	713,686.88
	PAYEE NUMBER		CHECK DATE	CHECK NO		CHECK AMOUNT
	K096329001		06/12/2008	00756737		713686.88

If you have questions about this check, call (918)661-5060

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

Deutsche Bank Trust
Company Delaware

ConocoPhillips Company
Houston, TX

62-38/311
Check No: 00756737

K096329001

06/12/2008 00756737 \$***713,686.88*

PAY TO THE ORDER OF

EXACTLY ***713686 US Dollars and 88 Cents**

MCELVAIN OIL & GAS
1050 17TH ST SUITE 1800
DENVER, CO 80265

Treasurer

MCELVAIN OIL AND GAS, PROPERTIES, INC.

AUTHORITY FOR EXPENDITURE SUMMARY FOR EXPENDITURES EXPLORATION & DEVELOPMENT

WELL INFORMATION

DATE:	January 31, 2008	AFE NO.: DONM07000181
WELL NAME:	Hutchinson #2	McELVAIN WELL NO.: NM0012-04
LOCATION:	NENW Sec. 1, T29N, R13W	
COUNTY	San Juan	
STATE	New Mexico	
PROPOSED DEPTH:	1716'	
PURPOSE OF AFE:	Drill and Complete Fruitland Coal Well	

COST ESTIMATES

Intangible Costs:	\$521,150	
Tangible Costs	\$10,600	
SUB TOTAL TO CASING POINT		\$531,750
Plugging and Abandonment Costs	\$12,000	
TOTAL DRY HOLE COSTS:		\$543,750
Intangible Completion Costs:	\$309,400	
Tangible Completion Costs:	\$175,420	
TOTAL COMPLETION COSTS:		\$484,820
TOTAL COMPLETED WELL COSTS:		\$1,016,570
Facilities		
Land, Geological, Geophysical, Prospect		
TOTAL THIS AFE:		\$1,016,570

APPROVALS

COMPANY:	T. H. McElvian Oil & Gas Ltd.	WORKING INTEREST:	28.518472%
BY:	By: McElvian Oil & Gas Properties Inc., 	DATE:	
COMPANY:	ConocoPhillips Company	WORKING INTEREST:	70.205385%
BY:		DATE:	
COMPANY:	Joan T. Henderson, Successor Trustee of the Howard Henderson Trust UTA dated 9/24/97	WORKING INTEREST:	1.276143%
BY:		DATE:	
COMPANY:		WORKING INTEREST:	
BY:		DATE:	
COMPANY:		WORKING INTEREST:	
BY:		DATE:	
COMPANY:		WORKING INTEREST:	
BY:		DATE:	
COMPANY:		WORKING INTEREST:	
BY:		DATE:	
COMPANY:		WORKING INTEREST:	
BY:		DATE:	
COMPANY:		WORKING INTEREST:	
BY:		DATE:	
TOTAL			100.000000%

M LVAIN OIL & GAS PROPERTIES, INC.

AUTHORITY for EXPENDITURE

January 31, 2008

CATEGORY NUMBER	Hutchinson #2 NENW Sec 1, T29N, R13W TD: 1,716' Basin Fruitland Coal	DRY HOLE	COMPLETED WELL
Drilling Intangibles			
3010	Landman Costs	12,000	12,000
3012	Abstract/Title	85,000	85,000
4004	Staking, Permitting, Title Work & Survey	15,000	15,000
4011	Surface Damages/ROW	150,000	150,000
4015	Location/Road	43,000	43,000
4116	Rig MOB & DEMOB	5,000	5,000
4104	Drilling Footage (500' of 12 1/4" Hole @ \$26/ft)	13,000	13,000
4225	Cement for Surface Casing	26,250	26,250
4104	Drilling Footage (1716' of 7 7/8" Hole @ \$26.00/ft)	44,650	44,650
4111	Drilling Rig..Daywork..3 days @ \$7800	23,400	23,400
4118	Rig fuel	1,000	1,000
4120	Drilling Water	4,100	4,100
4125	Drilling Mud	5,000	5,000
4126	Fluid Disposal	40,000	40,000
4135	Bits	0	0
4204	Mud logger/Geologist	0	0
4220	Open Hole Logs	10,000	10,000
4480	Transportation	3,500	3,500
4250	Rental Equipment	20,000	20,000
4408	Casing Crew for Surface Casing	0	0
4515	Roustabouts & Contract Labor 2.5 days @ \$2500/day	6,250	6,250
4615	Field Supervision - 6 days @ \$950/day	5,700	5,700
4620	Drilling Overhead - 6 days @ \$550/day	3,300	3,300
4603	P&A Costs	12,000	
4715	Contingency	5,000	5,000
Total Intangible Drilling		533,150	521,150

Completion Intangibles			
5225	Cement & Cementing Tools		12,500
5112	Completion Unit 8 days @ \$3,800/day		30,400
5135	Bits		500
5220	Cased Hole Logs/Perf		15,000
5520	Stimulation		160,000
5250	Tool & Equip Rental		15,000
5615	Field Supervision (10 days @ \$850/day)		8,500
5121	Completion Water		12,000
5480	Trucking & Transportation		9,500
5408	Casing Crew		3,500
5515	Roustabouts & Contract Labor		2,000
5015	Location & Road		12,500
5550	Slickline Services..BHP Survey		2,500
5126	Fluid Disposal		10,000
5620	Completion Overhead (10 days @ \$550/day)		5,500
5715	Contingency		10,000
Total Intangible Completion		0	309,400

Total Intangibles 533,150 830,550

Tangibles			
8005	Surface Casing (500' 8 5/8" 24# @ \$15.20/ft)	7,600	7,600
8015	Production Casing 1716' 5.5", 15.5# @ \$9.80/ft		16,820
8025	Tubing 1716' 2 7/8" J-55 @ \$5.00/ft		8,600
8205	Wellhead	3,000	11,500
8305	Pumping Unit, Engine, Base etc		21,000
8303	Engine		15,000
8310	Rods, Pump etc		15,000
8230	Tanks (2-400 bbl with heaters)		26,000
8220	Separator/Dehydrator		22,500
8250	Line Pipe & Fittings		12,000
8505	Labor for Equipment Install		25,000
8506	Trucking/Transportation		5,000
Total Tangibles		10,600	186,020

Total Well Cost \$543,750 \$1,016,570

APPROVALS:

McElvain Oil & Gas Properties, Inc.

John A. Steidle

Date: 1-31-08