

COMPLETE
Sequence of Events

1. **On July 19th, 2000 at the BLM sale in Santa Fe, Simmons was top bidder on Tract #200007024. This tract covered Section 24: W/2 and Section 25: NE/4, N/2SE/4, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.**
2. **Lease #NM-105189 was issued to Simmons effective September 1, 2000. This lease covered Section 24: W/2 and Section 25: NE/4, N/2SE/4, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.**
3. **McElvin sent a Proposal Letter dated November 10th, 2000⁰. McElvain proposed to re-enter the Wynona #1 well in the NW/4SW/4 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico and complete same as Mesaverde producer. There was no AFE or Well Procedure included at that time.**
4. **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.**
5. **McElvain cover letter dated November 20th, 2000 enclosed AFE and Well Procedure.**
6. **Phone conversation of December 14th, 2000, between Mona Binion and myself. 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.**
7. **Phone conversation the first week of January, 2001, between Steve Shefte and myself 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.**
8. **Holland and Hart letter dated March 15, 2001, Application for Compulsory Pooling.**
9. **McElvain letter dated March 28th, 2001 with an Election page to participate, AFE, Well Re-completion Procedure and JOA with Exhibits.**
10. **Phone conversation of March 30th, 2001, between Steve Shefte and Lisa Gusek. The discussion was centered around why Simmons opposed their Spacing Unit in the S/2 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. Lisa simply explained to Steve that Simmons wanted the option to complete the Mesaverde in**

our Bishop #25-2 well in the NW/4SE/4 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, should the Dakota be productive or non-productive.

11. *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”.*

12. *Phone conversation of May 16th, 2001, the day before the first scheduled hearing, between Mona Binion and myself where we discuss ways we could resolve our differences before going to hearing. Ed called her*

13. *Meeting on May 17th, 2001 at the Oil Conversation Division office Santa Fe, with Counsel and company personnel from both companies, the morning of the hearing. We were unable to come to an equitable agreement.*

14. *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.*

15. *June 7th, 2001 we sent by certified mail a proposal letter to Forest Oil Corporation, T. H. McElvain Oil & Gas Limited Partnership and Dugan Production Corporation proposing two wells, the Bishop #25-1 in the NE/4 of Section 25 and the Bishop #25-2 in the NW/4SE/4 of Section 25 and forming an E/2 Spacing Unit. This letter set out the terms for a JOA which would be furnished at a latter date after the participants had agreed to participate, and accompany this letter was a Drilling and Completion Plan and AFEs for the Bishop #25-1 and a set for the Bishop #25-2 wells, in Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.*

16. *On or about June 14, 2001, Simmons received by Certified Mail a letter from T. H. McElvain Oil & Gas Limited Partnership proposing a Mesaverde well in the NW/4 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, the Naomi Com #2. With this letter we received a JOA with exhibits A thru F and an AFE.*

17. *On August 6, 2001, Simmons sent out a letter to Forest, McElvain and Dugan, by Certified Mail. This letter was to clarify the percentage of costs for the drilling and completion of the Mesaverde formation in the Bishop #25-1 and #25-2 wells in Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.*

18. *Sometime around August 9, 2001, I had a conversation with Mr. Chuck Rasey with Forest Oil Corporation. He asked me if the commission had made a ruling on the May 17, 2001, Hearing. I told him they had not, but I would advise him when and if they did. He said Forest would be willing to do something, depending on the outcome of the Hearing.*

19. *September 13th, 2001, Simmons FAXed and by certified mail sent a letter to Forest, McElvain and Dugan setting out the interest as to the Mesaverde formation for the Bishop Federal #25-1 well in the NE/4 of Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico. This letter included an AFE for drilling and completing the Mesaverde formation.*
20. *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.*
21. *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.*
22. *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.*
23. *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 allow them to have their 320 Unit, S/2 in Section 25, Township 25 North – Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.*