

McElvain Oil & Gas Properties, Inc., Sole General Partner

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brooks

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Certified Mail, Return Receipt Requested

August 23, 2001

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OIL CONSERVATION DIV.

✓ State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505

CASE NO. 12692
Order No. R-11627

TO: Affected Owners in N/2 of Section 29, Township 26 North, Range 2 West, N.M.P.M.
(See attached list)

RE: Estimated Well Cost
Bear Com 29-2 well
N/2 Section 29, T26N-R2W
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Pursuant to New Mexico Oil Conservation Division Order No. R-11627 for the compulsory pooling, please find enclosed the McElvain Oil & Gas Properties, Inc. Authority for Expenditure, which details the estimated cost to drill and complete the Bear Com #29-2 well located in the N/2 of Section 29, T26N, R2W, N.M.P.M., Rio Arriba County, New Mexico along with a copy of said NMOCD Order No. R-11627.

Please refer to Paragraph (7), et seq on Page 4 of said Order R-11627, pertaining to the rights of a working interest owner to pay its share of estimated well costs within 30 days hereof, in lieu of paying its share of reasonable well costs and risk charges out of production.

Very truly yours,
McELVAIN OIL & GAS PROPERTIES, INC.

Denise R Greer

Denise R. Greer
Consulting Landman

Attachment (Owner List)
Enclosures (AFE & Order)

Working Interest Owners
Affected by NMOCD Order No. R-11627
Bear Com #29-2 well
N/2 Section 32, T26N-R2W

HOOPER, KIMBALL & WILLIAMS, INC.
5550 S. Lewis, Suite 301
Tulsa, OK 74105