



EXCO Resources, Inc.

1775 Sherman Street • Suite 2650 • Denver, Colorado 80203

Phone (303) 830-1490 • FAX (303) 831-1397

June 1, 2001

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Eland Energy, Inc.
Providence Energy Corporation
C/O Eland Energy, Inc.
8150 North Central Expressway, Suite 400
Dallas, Tx 75206
Attn: Mr. Kyle Wood

Re: Rose Federal #14 Well
SWSW Sec. 19 T5S-R25E
Pecos Slope Prospect
Chaves County, New Mexico

Gentlemen:

EXCO Resources, Inc., (EXCO) proposes to drill the Rose Federal #14, a second Abo well in the spacing unit in the SW/4 of Section 19, Township 5 South, Range 25 East to be located 660'FSL, 660'FWL (SWSW) of Section 19. Exco will drill this well to a depth of 4,150' or to a depth sufficient to adequately test the Abo Formation, whichever is the lesser depth.

Enclosed is a proposed Operating Agreement in compliance with the 1983 Exploration Agreement between Depco and NICO which this acreage is subject to. As we have discussed, the operating agreement governing these lands and the Rose Federal #6K, could not be located in either of our offices.

We anticipate drilling the five Rose Federal wells that we are proposing by the end of this year at the latest. We anticipate having a rig in the area in July, so your earliest response is appreciated.

Please indicate your election to participate by signing and dating the election page for this well, the enclosed AFE and signature page to the Operating Agreement, if appropriate, and return one copy of each to the undersigned.

Very truly yours,

Gayle A. Baker, CPL
Consulting Landman

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12700/12701/12702 Exhibit No. 2
Submitted by:
Exco Resources, Inc.
Hearing Date: July 26, 2001

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Rose Federal #14

Election: **Rose Federal #14 Well**

COMPANY: _____

NAME: _____

TITLE: _____

_____ We elect to participate for our proportionate share in the drilling of
the Rose Federal #14 well.

_____ We elect **not** to participate for our proportionate share in the drilling
of the Rose Federal #14 well.