

HOLLAND & HART<sup>LLP</sup>



**Michael H. Feldewert**  
Recognized Specialist in the Area of  
Natural Resources – oil and gas law –  
New Mexico Board of Legal  
Specialization

mfeldewert@hollandhart.com

September 16, 2004

2004 SEP 16 PM 3 18

**BY HAND DELIVERY**

Richard Ezeanyim, Examiner  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: **Case No. 13340**: Application of McElvain Oil & Gas Properties, Inc. for  
Compulsory Pooling, Rio Arriba County, New Mexico.

Dear Mr. Ezeanyim:

Pursuant to your request at the September 16th hearing, enclosed please find additional documentation demonstrating the efforts by the applicant since May to locate and reach an agreement with the three parties subject to the pooling application: San Juan Gas Corporation (Alex Phillips), Four Star Oil & Gas Company, and Christopher Phillips. In addition, we have determined that the API number for the proposed well is 30-039-275-76.

If you need anything else for this unopposed matter, please feel free to call.

Sincerely,

Michael H. Feldewert

cc. Denise Greer

**Holland & Hart LLP**

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

U.S. Postal Service<sup>TM</sup>  
**CERTIFIED MAIL<sup>TM</sup> RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage \$

Certified Fee

Re Badger 14 #1 Proposal - 5/11/2004 Postmark  
(Endors Here)  
Mailed 5/13/2004

Restrict  
(Endorsement required)

Total

Christopher Phillips  
23 West 4<sup>th</sup> Street, Suite 900  
Tulsa, OK 74103

Sent

Street  
or PO

City,



U.S. Postal Service  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only. No Insurance Coverage Provided)

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage \$

Certified Fee

Postmark  
Here

R  
(Endor) **Badger 14 #1 Proposal - 5/11/2004**  
Restr  
(Endor) **Mailed 5/13/2004**

Total f

Sent To  
Street,  
or PO E  
City, St

San Juan Gas Corporation  
1318 Philtower Bldg  
Tulsa, OK 74101-3102

PS Form 3800, June 2002

See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

Complete items 1, 2, and 3. Also complete Restricted Delivery if desired.  
Print your name and address on the reverse so that we can return the card to you.  
Attach this card to the back of the mailpiece, front if space permits.

Addressed to:

San Juan Gas Corporation  
Philtower Bldg  
Tulsa, OK 74101-3102  
#7003-1010-0002-6390-9188

Number  
(Transfer from service label)

11, August 2001

Domestic Return Receipt

102595-01-M-2509

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *[Signature]* ☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7003 1010 0002 6390 9188

U.S. Postal Service™  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only. No Insurance Coverage Provided)

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage \$

Ret  
(Endorse) **Badger 14 #1 Proposal - 5/11/2004**  
Restr  
(Endorsement Required) **Mailed 5/13/2004**

Ramona Sweet Revocable Trust  
NM&O Operating Company  
15 East 5<sup>th</sup> Street, Suite 3000  
Tulsa, OK 74103

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ramona Sweet Revocable Trust  
NM&O Operating Company  
15 East 5<sup>th</sup> Street, Suite 3000  
Tulsa, OK 74103  
Certified # 7003-1010-0002-6390-9201

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *[Signature]* ☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7003 1010 0002 6390 9201

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage \$

Certified Fee \$

Return (Endorsement) **Badger 14 #1 Proposal - 5/11/2004**

Restricted (Endorsement) **Mailed 5/13/2004**

Total

Sent  
Street or PO  
City

Four Star Oil & Gas Company  
111 Bagby  
Houston, TX 77002

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Four Star Oil & Gas Company  
111 Bagby  
Houston, TX 77002  
**Certified #7003-1010-0002-6390-9171**

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7003 1010 0002 6390 9171

01-M-25

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage \$

Certified Fee \$

Return (Endorsement) **Badger 14 #1 Proposal - 5/11/2004**

Restricted (Endorsement) **Mailed 5/13/2004**

Total Postage & Fees \$

Sent  
Street or PO  
City

Hooper, Kimball & Williams  
5550 South Lewis Avenue, Suite 301  
Tulsa, OK 74105

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hooper, Kimball & Williams  
5550 South Lewis Avenue, Suite 301  
Tulsa, OK 74105  
**Certified #7003-1010-0002-6390-9218**

2. Article Number

(Transfer from service label)

PS Form 3811, August 2001

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

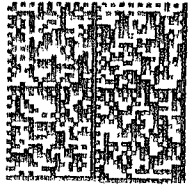
☐ Yes

7003 1010 0002 6390 9218

102595-01-M-25

Gas Properties, Inc.  
Suite 1800  
CO 80265  
ON: Mona L. Binion

US POSTAGE  
\$ 06.95  
FIRST CLASS  
Mailed From 00000  
05/13/2004  
031A 0002301503



- ☐ Not Deliverable As Addressed
- ☐ Unable To Forward
- ☐ Insufficient Address
- ☐ Moved, List New Address
- ☐ Undelivered ☐ Returned
- ☐ Attempted - Not There
- ☐ No Such Street ☐ Unknown
- ☐ Vacant ☐ Empty
- ☐ No Mail Permitted
- ☐ Box Closed - No Entry
- ☐ Prepared For Better Address
- ☐ Postage Due

~~J. VANCE~~  
~~WIK~~  
~~00-319~~

Christopher Phillips  
23 West 4<sup>th</sup> Street, Suite 900  
Tulsa, OK 74103

RECEIVED

MAY 27 2004

McELVAIN OIL & GAS  
PROPERTIES INC

Colleen Dick House  
6/24/04  
Left msg



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Christopher Phillips  
23 West 4<sup>th</sup> Street, Suite 900  
Tulsa, OK 74103

Certified #7003-1010-0002-6390-9225

2. Article Number  
(Transfer from service label)

PS Form 3811, August 2001

7003 1010 0002 6390 9225

Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

B. Received by (Printed Name)

☐ Agent  
☐ Addressee

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

102595-01-M-2509

US Airbill

FedEx  
Tracking  
Number

8457 9336 2846

Sender's Copy

Sender's FedEx  
Account Number

1112-8470-9

Mona Binion

Phone (303) 873-0933

Company MCELVAIN OIL &amp; GAS PROP INC

Address 1050 17TH ST STE 1800

City DENVER

State CO

ZIP

80265-1801

Internal Billing Reference  
14 characters will appear on invoice.

Badger 14 #1

Shipper's  
Name

Aley Phillips

Phone (918) 747-0007

Company

San Juan Gas Corp.

Shipper's  
Address

1721 East, 30th Place

cannot deliver to P.O. boxes or P.O. ZIP codes.

Dept./Floor/Suite/Room

Address

Request a package be held at a specific FedEx location, print FedEx address here.

Tulsa

State OK

ZIP

74114

Try online shipping at fedex.com

By using this Airbill you agree to the service conditions on the back of this Airbill  
and in our current Service Guide, including terms that limit our liability.Questions? Visit our Web site at fedex.com  
or call 1.800.GoFedEx 1.800.463.3339.

0280326182

## 4a Express Package Service

☐ FedEx Priority Overnight  
Next business morning\*☒ FedEx Standard Overnight  
Next business afternoon\*☐ FedEx First Overnight  
Earliest next business morning  
delivery to select locations\*☐ FedEx 2Day  
Second business day\*☐ FedEx Express Saver  
Third business day\*

FedEx Envelope rate not available. Minimum charge: One-pound rate

## 4b Express Freight Service

Packages over 150 lbs.  
\*\* To most locations☐ FedEx 1Day Freight\*\*  
Next business day\*\*☐ FedEx 2Day Freight  
Second business day\*\*☐ FedEx 3Day Freight  
Third business day\*\*

\* Call for Confirmation:

## 5 Packaging

\* Declared value limit \$500

☐ FedEx  
Envelope\*☒ FedEx Pak\*  
Includes FedEx Small Pak,  
FedEx Large Pak, and FedEx Sturdy Pak☐ FedEx  
Box☐ FedEx  
Tube☐ Other

## 6 Special Handling

Include FedEx address in Section 3.

## SATURDAY Delivery

Available ONLY for  
FedEx Priority Overnight, FedEx 2Day,  
FedEx 1Day Freight, and FedEx 2Day  
Freight to select ZIP codes

## HOLD Weekday

at FedEx Location  
NOT Available for  
FedEx First Overnight

## HOLD Saturday

at FedEx Location  
Available ONLY for  
FedEx Priority Overnight and  
FedEx 2Day to select locationsDoes this shipment contain dangerous goods?  
One box must be checked.☒ No☐ YesAs per attached  
Shipper's Declaration☐ YesShipper's Declaration  
not required☐ Dry Ice

Dry Ice, S, UN 1845

x kg

☐ Cargo Aircraft Only

Dangerous goods (including Dry Ice) cannot be shipped in FedEx packaging.

## 7 Payment Bill to:

Enter FedEx Acct. No. or Credit Card No. below.

☒ Sender  
Acct. No. in Section  
1 will be billed.☐ Recipient☐ Third Party☐ Credit Card☐ Cash/CheckFedEx Acct. No.  
Credit Card No.Exp.  
Date

Total Packages

Total Weight

Total Declared Value†

\$ .00

†Our liability is limited to \$100 unless you declare a higher value. See back for details.

FedEx Use Only

## 8 Sign to Authorize Delivery Without a Signature

By signing you authorize us to deliver this shipment without obtaining a signature  
and agree to indemnify and hold us harmless from any resulting claims.

466

SRF • Rev. Date 11/03 • Part #158279 • ©1994-2003 FedEx • PRINTED IN U.S.A.

FEDX001

Vendor

Check Date: 08/19/2004

Check Amount

92.17

US Airbill

FedEx  
Tracking  
Number

8457 9336 2835

Sender's Copy

Sender's FedEx  
Account Number

1112-8470-9

Mona Binion

Phone (303) 893-0933

MCELVAIN OIL &amp; GAS PROP INC

1050 17TH ST STE 1800

Dept./Floor/Suite/Room

DENVER

State CO ZIP 80265-1801

Internal Billing Reference  
Numbers will appear on invoice.

Badger OPT #1

Chris Phillips

Phone (918) 592-7830

1620 S. Newport

Dept./Floor/Suite/Room

Package to be held at a specific FedEx location, print FedEx address here.

Dulsa

State OK ZIP 74120

Try online shipping at fedex.com

By using this Airbill you agree to the service conditions on the back of this Airbill  
and in our current Service Guide, including terms that limit our liability.Questions? Visit our Web site at fedex.com  
or call 1.800.GoFedEx 1.800.463.3339.

0280326182

## 4a Express Package Service

☐ FedEx Priority Overnight  
Next business morning\*☒ FedEx Standard Overnight  
Next business afternoon\*Packages up to 150 lbs.  
To most locations  
FedEx First Overnight  
Earliest next business morning  
delivery to select locations\*☐ FedEx 2Day  
Second business day\*☐ FedEx Express Saver  
Third business day\*

FedEx Envelope rate not available. Minimum charge: One-pound rate

## 4b Express Freight Service

Packages over 150 lbs.  
To most locations☐ FedEx 1Day Freight\*☐ FedEx 2Day Freight  
Second business day\*☐ FedEx 3Day Freight  
Third business day\*

\* Call for Confirmation

## 5 Packaging

\* Declared value limit \$500

☐ FedEx  
Envelope\*☒ FedEx Pak\*  
Includes FedEx Small Pak,  
FedEx Large Pak, and FedEx Surety Pak☐ FedEx  
Box☐ FedEx  
Tube☐ Other

## 6 Special Handling

Include FedEx address in Section 3.

☐ SATURDAY Delivery  
Available ONLY for  
FedEx Priority Overnight, FedEx 2Day,  
FedEx 1Day Freight, and FedEx 2Day  
Freight to select ZIP codes☐ HOLD Weekday  
at FedEx Location  
NOT Available for  
FedEx First Overnight☐ HOLD Saturday  
at FedEx Location  
Available ONLY for  
FedEx Priority Overnight and  
FedEx 2Day to select locationsDoes this shipment contain dangerous goods?  
One box must be checked.☒ No☐ YesAs per attached  
Shipper's Declaration☐ YesShipper's Declaration  
not required☐ Dry Ice

Dry Ice, 9 UN 1845

x kg

☐ Cargo Aircraft Only

Dangerous goods (including Dry Ice) cannot be shipped in FedEx packaging.

## 7 Payment

Bill to:

Enter FedEx Acct. No. or Credit Card No. below.

☒ Sender  
Acct. No. in Section  
1 will be billed.☐ Recipient☐ Third Party☐ Credit Card☐ Cash/CheckFedEx Acct. No.  
Credit Card No.Exp.  
Date

Total Packages

Total Weight

Total Declared Value\*

\$ .00

\*Our liability is limited to \$100 unless you declare a higher value. See back for details.

FedEx Use Only

## 8 Sign to Authorize Delivery Without a Signature

By signing you authorize us to deliver this shipment without obtaining a signature  
and agree to indemnify and hold us harmless from any resulting claims.

466

SFF - Rev. Date 11/03 - Part #158279 - ©1994-2003 FedEx - PRINTED IN U.S.A.

DX001

Vendor

Check Date: 08/19/2004

Check Amount

92.17



Invoice Number: 1-948-74055

Invoice Date: Aug 09, 2004

Account Number: 1112-8470-9

Page: 5 of 6

## Express Shipment Detail By Payor Type (Original)

Shipped off: Jul 27, 2004

Payor: Shipper

Reference: BADGEN-14 1

Fuel Surcharge - FedEx has applied a fuel surcharge of 7.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 393.38

Distance Based Pricing, Zone 4

Package sent from: 80216 zip code

FedEx has audited this shipment for correct packages, weight, and service. Any changes made are reflected in the invoice amount.

Release signature on file.

Tracking ID	845793362835 ✓	Sender	NONA BINIDA	Recipient	CHRIS PHILLIPS
Service Type	FedEx Standard Overnight		MCELVAIN OIL & GAS PROP INC		1620 S NEWPORT
Package Type	FedEx Pak		1050 17TH ST STE 1800		TULSA OK 74120 US
Weight	4		DENVER CO 80265-1801 US		
Dimensions	1				
Weight	1.0 lbs, 0.5 kgs				
Delivered	Jul 28, 2004 14:04	Transportation Charge			20.00
Zone Area	A1	Fuel Surcharge			1.47
Shipped by	13993051	Residential Delivery			1.75
FedEx Use	209225450/0001327/02	Earned Discount			-0.40
Total Charge					USD \$ 22.82

Shipped off: Jul 27, 2004

Payor: Shipper

Reference: BADGER 14 1

Fuel Surcharge - FedEx has applied a fuel surcharge of 7.50% to this shipment.

The Earned Discount for this ship date has been calculated based on a revenue threshold of \$ 393.38

Distance Based Pricing, Zone 4

Package sent from: 80216 zip code

1st attempt Jul 28, 2004 at 02:58 PM.

Recipient not in/business closed.

Shipment delivered to address other than recipient's.

Tracking ID	845793362846 ✓	Sender	MONA BINION	Recipient	ALEX PHILLIPS
Service Type	FedEx Standard Overnight		MCELVAIN OIL & GAS PROP INC		SAN JUAN GAS CORP
Package Type	FedEx Pak		1050 17TH ST STE 1800		1721 EAST 30TH PL
Weight	4		DENVER CO 80265-1801 US		TULSA OK 74114 US
Dimensions	1				
Weight	1.0 lbs, 0.5 kgs				
Delivered	Jul 28, 2004 15:01	Transportation Charge			20.00
Zone Area	A1	Fuel Surcharge			1.47
Shipped by	E KOPPLES	Residential Delivery			1.75
FedEx Use	209229130/0001327/04	Earned Discount			-0.40
Total Charge					USD \$ 22.82

Shipment Detail Subtotal ..... USD \$ 71.83

**Mona Binion**

**From:** Deborah Greenwich [deborah.xanadu@sbcglobal.net]  
**Sent:** Tuesday, June 01, 2004 11:17 AM  
**To:** Mona Binion  
**Subject:** Re: Abstracts

Mona

Regarding McElvain's well proposal in the W/2 of Sec 14-T25N-R2W: Chris Phillips will not return our phone calls and Alex Phillips is almost impossible to reach. However, Dick Harris may be able to assist you with reaching them. His number, if you want to give him a call, is 743-6201. *Ext 14*

Good luck with those 2. Sorry we can't be of more help to you.

Deborah

----- Original Message -----

**From:** Mona Binion  
**To:** Deborah Greenwich  
**Sent:** Thursday, May 13, 2004 1:27 PM  
**Subject:** RE: Abstracts

No, problem. thank you....

I will get these out to you today. They're all sitting on my desk. I will also include a copy of the title opinion we had done using these (most of) abstracts. I have also mailed out today a well proposal for a Mesaverde well we want to drill in W/2 of Section 14 - 25N-2W. the title still shows San Juan Gas Corporation (Alex Phillips) with and interest, which I believe was not intended to be left there. Could you have Larry look at it and maybe talk to Alex or Chris Phillips and see where that interest really belongs. for now, I have sent Alex a well proposal, as well as Chris and Ramona and NM&O who all show up with interests.

Have a good weekend if I don't talk to you again before then.

My best to everyone.  
Mona

**From:** Deborah Greenwich [mailto:deborah.xanadu@sbcglobal.net]  
**Sent:** Thursday, May 13, 2004 6:51 AM  
**To:** Mona Binion  
**Subject:** Re: Abstracts

Thanks Mona!

----- Original Message -----

**From:** Mona Binion  
**To:** Deborah Greenwich  
**Sent:** Wednesday, May 12, 2004 4:00 PM  
**Subject:** RE: Abstracts

Yes, as a matter of fact I just got them back from ATTY last week. I'll try and get them out to you before end of week.  
Thanks. M

*Resent Fred Ex 7/27/04*  
*called & left msg 8/5/04*  
Chris Phillips  
1620 S. Newport  
Tulsa 74120  
918 - 592 - 7830

alex Home 918 -  
747-0007

1721 E. 30<sup>th</sup> Pl  
74114

**T. H. McELVAIN OIL & GAS LIMITED PARTNERSHIP**  
**McElvain Oil & Gas Properties, Inc., Sole General Partner**

1050 17<sup>TH</sup> STREET, SUITE 1800  
DENVER, COLORADO 80265

MONA L. BINION, CPL  
LAND MANAGER  
e-mail [monab@mcelvain.com](mailto:monab@mcelvain.com)

TELEPHONE 303-893-0933 EXT.306  
FAX 303-893-0914  
Cellular 303-809-2058

---

June 1, 2004

Four Star Oil & Gas  
Attention: NOJV Manager  
P. O. Box 36366  
Houston, TX 77236

Re: Acquisition of Interest  
T25N-R14W  
Section 14: W/2  
Rio Arriba County, NM

Gentlemen:

This letter is written for the purpose of setting forth the agreement between T. H. McElvain Oil & Gas Limited Partnership, as Buyer and Four Star Oil & Gas Company, as Seller for the purchase of oil and gas rights under the referenced property. The terms, as agreed, are as follows:

1. For cash in hand paid to Seller of the sum of four thousand dollars (\$4,000.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged Seller shall deliver the assignment described in 2. below.
2. Simultaneously with and in consideration for the performance of 1. above, Seller shall deliver to Buyer an assignment of Seller shall deliver to Buyer an assignment of all right, title and interest in and to the following oil and gas lease:

Lessor:	Gause Dunham, a single man
Lessee:	C. W. Gillette
Lease Date:	July 1, 1947
Description:	Township 25 North, Range 2 West Section 14: SW/4 Rio Arriba County, New Mexico
Recorded:	Book 3, Page 253

3. Assignment shall be on a form mutually acceptable to both parties and shall be subject to all existing burdens against Assignor's interest.
4. This agreement shall terminate if not executed by Seller and delivered to Buyer on or before June 15, 2004.

Four Star Oil & Gas Company

June 1, 2004

Page 2

Please indicate your acceptance to the above terms by signing in the space provided below and returning one copy of this letter to the undersigned at your earliest convenience. Upon receipt of this letter fully executed, McElvain will proceed to prepare and transmit to you an assignment for your execution and payment of cash consideration. If you have any questions, please feel free to contact the undersigned.

Very truly yours,

**T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP**

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

Mona L. Binion, CPL

Land Manager

MLB/idi

AGREED AND ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2004.

FOUR STAR OIL & GAS COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

## Denise Greer

---

**From:** Denise Greer  
**Sent:** Wednesday, August 18, 2004 3:33 PM  
**To:** 'dpme@chevrontexaco.com'  
**Subject:** Badger14 #1 - T25N-R2W, Sec 14: W/2

David,

Pursuant to our conversation, attached is a copy of our June 1, 2004, letter offering to buy Four Star's 12.5% WI in the captioned lands. Four Star had elected in late May not to participate in this well and indicated that they would prefer to sell their interest.

If you would look into the status of our offer it would be greatly appreciated. We are trying to tie up the last few pieces on this well and would prefer not to have to force pool anyone. Please feel free to contact the undersigned with any questions.

Denise Greer

Denise R Greer  
Landman  
*McElvain Oil & Gas Properties, Inc.*  
1050 - 17th St., Suite 1800  
Denver, CO 80265  
(303) 893-0933 x 329 - Voice (303) 893-0914 - Fax  
deniseg@mcelvain.com

8/18/2004

\* \* \* COMMUNICATION RESULT REPORT ( AUG.23.2004 10:41AM ) \* \* \*

FILE MODE	OPTION	ADDRESS (GROUP)	TTI RESULT	PAGE
401	MEMORY TX	12815613775	OK	P. 3/3

## REASON FOR ERROR

E-1) HANG UP OR LINE FAIL  
E-3) NO ANSWERE-2) BUSY  
E-4) NO FACSIMILE CONNECTION1050 - 17th St., Suite 1800  
Denver, CO 80265  
Phone: 303-893-0933 x 329  
Fax: 303-893-0914**T. H. McElvain Oil &  
Gas Limited  
Partnership**

# Fax

<b>To:</b> John Albert	<b>From:</b> Denise Greer
<b>Fax:</b> 281-561-3775	<b>Date:</b> August 23, 2004
<b>Phone:</b> 281-561-3919	<b>Pages:</b> 3
<b>Re:</b> T25N-R2W, Sec 14	<b>CC:</b>
<input type="checkbox"/> Urgent <input checked="" type="checkbox"/> For Review <input type="checkbox"/> Please Comment <input checked="" type="checkbox"/> Please Reply <input type="checkbox"/> Please Recycle	

## •Comments:

John,



**T. H. McELVAIN OIL & GAS LIMITED PARTNERSHIP**  
**McElvain Oil & Gas Properties, Inc., Sole General Partner**

1050 – 17<sup>TH</sup> STREET, SUITE 1800  
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT.329  
FAX 303-893-0914  
e-mail: deniseg@mcelvain.com

---

August 23, 2004

Mr. John Albert  
Four Star Oil & Gas  
1111 S Wilcrest  
Houston, TX 77099

RE: Acquisition of Interest  
T25N-R2W  
Section 14: W/2  
Rio Arriba County, NM

Gentlemen:

This letter is written for the purpose of setting forth the agreement between T. H. McElvain Oil & Gas Limited Partnership, as Buyer and Four Star Oil & Gas Company, as Seller for the purchase of oil and gas rights under the referenced property. The terms, as agreed, are as follows:

1. For cash in hand paid to Seller of the sum of four thousand dollars (\$4,000.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged Seller shall deliver the assignment described in 2. below.
2. Simultaneously with and in consideration for the performance of 1. above, Seller shall deliver to Buyer an assignment of Seller shall deliver to Buyer an assignment of all right, title and interest in and to the following oil and gas lease:

Lessor: Gause Dunham, a single man  
Lessee: C. W. Gillette  
Lease Date: July 1, 1947  
Description: Township 25 North, Range 2 West  
Section 14: SW  
Rio Arriba County, New Mexico  
Recorded: Book 3, Page 253

3. Assignment shall be on a form mutually acceptable to both parties and shall be subject to all existing burdens against Assignor's interest.
4. This agreement shall terminate if not executed by Seller and delivered to Buyer on or before August 25, 2004.

Four Star Oil & Gas Company  
August 23, 20044  
Page 2

Please indicate your acceptance to the above terms by signing in the space provided below and returning one copy of this letter to the undersigned at soon as possible. Upon receipt of this letter fully executed, McElvain will proceed to prepare and transmit to you an assignment for your execution and payment of cash consideration. If you have any questions, please feel free to contact the undersigned.

Very truly yours,



Denise R. Greer  
Landman

AGREED AND ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2004.

FOUR STAR OIL & GAS COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

# TELEFAX TRANSMITTAL COVER

## **McELVAIN OIL & GAS PROPERTIES, INC.**

**1050 17<sup>TH</sup> STREET, SUITE 1800**

**DENVER, CO 80265**

**(303) 893-0933**

**(303) 893-0914 FAX**

**TO: D. A. Brelir**  
**Company: Four Star Oil & Gas Company**  
**Fax No.: 281-561-3880**  
**Telephone No.:**

**Date: June 1, 2004**  
**FROM: Mona L. Binion**  
**No. of Pages (Including cover): 3**  
**Fax No: (303) 893-0914**  
**Telephone No: (303) 893-0933 x 306**

### **COMMENTS:**

**Following this transmittal is an offer to purchase your interest in the oil and gas lease contained in our well proposal for the Badger 14 #1 well in Rio Arriba county, New Mexico.**

**Original copies will follow in the mail.**

**Mona**