

**McElvain Oil & Gas Properties, Inc.**

**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

*Certified Mail, Return Receipt Requested*

October 7, 2005

TO: WORKING INTEREST OWNERS

RE: Badger 14 #1A Well Proposal  
Township 25 North, Range 2 West  
Section 14: NWSW  
Rio Arriba County, New Mexico

Gentlemen:

McElvain Oil & Gas Properties, Inc. proposes the drilling of the captioned infill Mesaverde test well. The estimated cost to drill and complete the well, as proposed, is \$1,125,110.00, as detailed on the enclosed Authority for Expenditure. The area designated as the "Spacing Unit" for this well is W/2 of Section 14, Township 25 North, Range 2 West, containing 320 acres, more or less.

We request that you review all of the enclosed materials relative to this proposal and proceed as follows:

- Indicate your election regarding participation on the enclosed Election Page, execute both copies in the space provided and return one copy to the undersigned;
- If your election is to participate, also execute both copies of the enclosed Authorization for Expenditure and return one copy to the undersigned along with a summary of your well reporting requirements.
- Execute the enclosed Operating Agreement and extra signature page thereto, returning the extra signature page fully executed to the undersigned

An Operating Agreement prepared on AAPL Model form 610-1982 to govern operations across the designated Spacing Unit **insofar as only those depths from the base of the Pictured Cliffs formation to the base of the Mesaverde formation**, has been prepared and is also enclosed herewith for your review and execution.

We respectfully request that you review and respond to this proposal at your earliest possible convenience. If you have any questions concerning this proposal, please feel free to contact the undersigned. Thank you for your consideration to this proposal

Very truly yours,

Denise R. Greer  
Senior Landman

Enclosures

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13693 Exhibit No. 4

Submitted by:

McElvain Oil & Gas Properties, Inc.

Hearing Date: April 13, 2006

**ELECTION PAGE  
BADGER 14 #1A Well  
October 7, 2005**

\_\_\_\_\_ YES, I/We do hereby elect to participate in the drilling of the BADGER 14 #1A Well to be located in the NWSW of Sec. 14-T25N-R2W, Rio Arriba County, New Mexico.

\_\_\_\_\_ NO, I/We do hereby elect NOT to participate in the drilling of the BADGER 14 #1A Well to be located in the NWSW of Sec. 14, T25N-R2W, Rio Arriba County, New Mexico.

As an alternative to participation, I/We hereby offer support to McElvain and the participating parties hereunder the following:

*(Please select one of the following if your election is NOT to participate)*

\_\_\_\_\_ I/We hereby offer to farmout my/our working interest in the proposed well on mutually acceptable terms to be negotiated among the parties and, therefore, request a proposal of terms from McElvain; OR,

\_\_\_\_\_ I/We hereby offer to sell my/our interest in the proposed well as an alternative to participation and hereby request a proposal of sale terms from McElvain; OR,

\_\_\_\_\_ I/We hereby offer to execute a mutually acceptable Operating Agreement which shall reflect an election against my/our working interest as a non-participating, non-drilling party subject to the penalty provisions contained therein.

FAX EXECUTED DOCUMENTS TO:

**DENISE GREER  
(303) 893-0914**

MAIL ORIGINAL EXECUTED DOCUMENTS TO:

**DENISE GREER  
McElvain Oil & Gas Properties, Inc.  
1050 17<sup>th</sup> Street, Suite 1800  
Denver, CO 80265**

**PARTICIPANT NAME:** \_\_\_\_\_

**BY:** \_\_\_\_\_

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

**Date:** \_\_\_\_\_