

**Sheryl Olson**

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**From:** Sheryl Olson  
**Sent:** Thursday, December 06, 2007 4:26 PM  
**To:** 'Ocean Munds-Dry'  
**Subject:** FW: Williams Well Proposal - Badger Com 14 #2 & 14 #2A  
**Attachments:** \_1025154139\_001.pdf

Ocean:

Re: Exhibits for Hearing:

Here is the Williams cover email notice with attachment. The JOA was included with the proposal, but is not attached hereto.

Sheryl A. Olson, CPL  
Senior Landman  
303-893-0933 x 329  
sherylo@mcelvain.com

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**From:** Sheryl Olson  
**Sent:** Thursday, October 25, 2007 4:29 PM  
**To:** Barbara Burnett (barbara.burnett@williams.com)  
**Cc:** 'twyla.croff@williams.com'  
**Subject:** FW: Williams Well Proposal - Badger Com 14 #2 & 14 #2A

Dear Barbara:

Twyla indicated I just missed you yesterday as you left for time off - she has taken excellent care of our business and is circulating the proposal within Williams during your absence.

Attached is the cover proposal which includes the initial well plus infill. The JOA drafted is very similar to that used by you for the 2 Williams' operated Mesaverde wells: Ignacio 33-7 in LaPlata County except we have included provisions under Article XVI. and the GBA attached is the AAPL form.

Once I have responses from all parties, we will prepare and circulate the Communitization Agreement. McElvain has accelerated our drilling schedule because of the anticipated new pit rules, thus, the somewhat tight time frame.

I look forward to discussing the pit rule ramifications with you upon your return November 4th. Thanks much.

Sheryl A. Olson, CPL  
Senior Landman  
303-893-0933 x 329  
sherylo@mcelvain.com

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**From:** Sheryl Olson  
**Sent:** Thursday, October 25, 2007 3:49 PM  
**To:** 'twyla.croff@williams.com'

12/6/2007

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 14048..... Exhibit No. 5  
Submitted by:  
MCELVAIN OIL & GAS PROPERTIES, INC.  
Hearing Date: December 13, 2007

## 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: sherylo@mcelvain.com

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Federal Express (Phone: 918-573-0491 or 4995)

October 24, 2007

Williams Production Company, LLC  
One Williams Center  
Mail Drop 25-3Tulsa, OK 74172  
Attn: Ms. Barbara Burnett, Landman

RE: Badger Com 14 #2 & 14 #2A Well Proposals  
Township 25 North, Range 2 West  
Section 14: E/2  
Rio Arriba County, New Mexico

Gentlemen:

McElvain Oil & Gas Properties, Inc., as sole general partner and Operator on behalf of T. H. McElvain Oil & Gas Limited Partnership ("McElvain") hereby proposes the drilling of two Blanco Mesaverde test wells to be at a legal locations in the NE/4 and the SE/4 of Section 14, Township 25 North, Range 2 West, Rio Arriba County, New Mexico.

The estimated costs to drill and complete the wells, as proposed, are \$1,366,290. and \$1,312,790. as detailed on the enclosed McElvain Authority for Expenditure No. DONM07000157 and No. DDONM070000156. The area designated as the "Spacing Unit" for these wells when completed in the Blanco Mesaverde, is the E/2 of Section 14, Township 25 North, Range 2 West, containing 320 acres, more or less.

The A.A.P.L. Form 610 -1989 Model Form Operating Agreement to govern operations across the designated Spacing Unit has been prepared and enclosed for your review and execution. Both wells have been fully permitted; a copy of each location plat is enclosed for your convenience.

We request that you review all of the enclosed materials relative to this proposal, verify your ownership 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 fully executed signature page to the undersigned.

Badger Com 14 #2 & 14 #2A  
October 24, 2007  
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**McElvain intends to spud whichever location is ready first and then move directly to the infill location. Plans are to commence operations in approximately thirty (30) days, therefore, we respectfully request that you review and respond to this proposal at your earliest possible convenience. Should you have any questions concerning this proposal, please feel free to contact the undersigned.**

Thank you for your timely consideration.

Very truly yours,

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

A handwritten signature in black ink, appearing to read "Sheryl A. Olson". The signature is fluid and cursive, written over the printed name.

Sheryl A. Olson, CPL  
Senior Landman

Enclosures

**ELECTION PAGE**  
**Badger Com 14 #2 & 14 #2A**  
**October 24, 2007**

\_\_\_\_\_ YES, I/We do hereby elect to participate in the drilling of the referenced Wells and elect to be covered by the Operator's Insurance per Exhibit "D" of the JOA dated October 1, 2007, or shall provide a Certificate of Insurance for like coverage to the Operator.

\_\_\_\_\_ NO, I/We do hereby elect NOT to participate in the drilling of the referenced wells.

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

*(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 between 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 the enclosed 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

**Sheryl A. Olson, CPL**  
**(303) 893-0914**

MAIL ORIGINAL EXECUTED DOCUMENTS TO

**Sheryl A. Olson, CPL**  
**McElvain Oil & Gas Properties, Inc.**  
**1050 17<sup>th</sup> Street, Suite 1800**  
**Denver, CO 80265**

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

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

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

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