

Rick Harris

From: Rick Harris
Sent: Tuesday, March 18, 2008 4:23 PM
To: David Siple
Subject: FW: Hutchinson #2 Well Title Costs

Rick Harris
Landman
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265
303-893-0933 ext. 372
rickh@mcelvain.com

Oil Conservation Division
Case No. _____
Exhibit No. 4

McElvain

From: Corcoran, Richard [mailto:Richard.Corcoran@conocophillips.com]
Sent: Tuesday, March 18, 2008 4:19 PM
To: Rick Harris
Subject: Hutchinson #2 Well Title Costs

Rick:

Reference is made to your letter dated March 17, 2008 and our previous conversations concerning the Title Opinion cost for the Hutchinson #2 Well located in the

N/2 Section 1, T29N-R13W, San Juan County, NM.

As discussed ConocoPhillips Company operates the Federal Com #15 that produces from the Dakota formation with a spacing unit consisting of the N/2 of Section 1, T29N-R13W, San Juan County, NM. This well has continuously produced since its completion in 1963 with both ConocoPhillips and McElvain Oil & Gas marketing their respective interest. Further McElvain Oil & Gas Properties, Inc operates the Hutchinson 1R well which is a Pictured Cliffs well with a spacing unit covering the NE/4 of Section 1, T29N-R13W. A Title Report was done in 2003 that was based on an earlier 1973 Title Opinion from the Hinkle law firm. The Title Report received detailed scrutiny and provided a basis to update.

Had the material in our respective files been accessed and an update done, rather than having a completely new opinion expressed, the cost could have been substantially reduced. Additionally we were not consulted concerning any expenditures until after they had been assumed.

ConocoPhillips Company does not agree that this amount of expense should have been incurred and believes the existing title would have been adequate as to its interest. However as a concession to McElvain Oil & Gas, ConocoPhillips would be willing to pay up to \$7,500.00 as its total share of the new Title Opinion cost.

In addition as previously agreed we will execute the Operating Agreement subject to the following changes:
Title Page, The Meridian need to be changed to NMPM.

Page 2-3, Article IV A, Option 2; ConocoPhillips Company's share of the cost incurred in procuring abstracts, fees paid outside attorneys for title examination ... shall be limited to \$7,500.00.

Page 3, Article IV B, Loss of Title; Needs to be reinstated such that each party is responsible on an Individual Loss basis for its respective interest.

4/28/2008

Page 13, Article XIII, Term of Agreement; Change to option No. 2, 90 days.

Exhibit "B" O&G Lease; Reference to Colorado needs to be deleted.

Exhibit "D" Insurance; ConocoPhillips self insures and will not be subject to the exhibit.

We are waiting for correction pages to insert in the Operating Agreement before it is executed. Please forward so that we can proceed.

Thank you

Richard Corcoran
Staff Landman
ConocoPhillips Company
3401 E. 30th Street
Farmington, MN 87402
email: richard.corcoran@conocophillips.com
Phone 505-326-9589
Fax 505-326-9781
Cell 505-608-4330

4/28/2008

McElvain Oil & Gas Properties, Inc.

1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT. 372
FAX 303-893-0914
e-mail: RickH@mcelvain.com

March 17, 2008

VIA Fax and US Mail

Richard Corcoran
ConocoPhillips Company
3401 E. 30th Street
Farmington, NM 87402

RE: Hutchinson #2 Well, Title Costs
Township 29 North, Range 13 West
Section 1: N2
San Juan County, New Mexico

Dear Mr. Corcoran:

Based on our recent telephone conversations, it is clear that ConocoPhillips does not agree with the Abstract, Title, and Landman costs listed on our AFE for the Hutchinson #2 well. The costs listed on the AFE total \$97,000. The \$97,000 was an estimate based on costs we incurred on other wells drilled within the city limits of Farmington. Our actual costs have come in lower than what was listed on the AFE. Abstract and Title costs totaled \$81,090.19 and Landman costs totaled \$1,851.49.

In an effort to try and facilitate the drilling of this well, and as an accommodation to ConocoPhillips, McElvain hereby agrees to reduce ConocoPhillips' share of the above described costs from 70.205385% to 50%. Therefore we would limit ConocoPhillips share of Abstract, Title and Landman costs to \$42,000. McElvain will pay for 100% of these costs that exceed \$42,000. If this is acceptable please execute and return to the undersigned the AFE and JOA we sent to your office on January 31, 2008.

We are hoping to get this matter resolved as soon as possible so please let us know by March 19, 2008 if these terms are acceptable. If you have any questions please do not hesitate to contact me.

Sincerely,

Rick Harris
Landman

cc: Bill Rainbolt, ConocoPhillips

McElvain Oil & Gas Properties, Inc.

1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT. 372
FAX 303-893-0914
e-mail: RickH@mcelvain.com

March 17, 2008

VIA Fax and US Mail

Richard Corcoran
ConocoPhillips Company
3401 E. 30th Street
Farmington, NM 87402

RE: Hutchinson #2 Well, Title Costs
Township 29 North, Range 13 West
Section 1: N2
San Juan County, New Mexico

Dear Mr. Corcoran:

Based on our recent telephone conversations, it is clear that ConocoPhillips does not agree with the Abstract, Title, and Landman costs listed on our AFE for the Hutchinson #2 well. The costs listed on the AFE total \$97,000. The \$97,000 was an estimate based on costs we incurred on other wells drilled within the city limits of Farmington. Our actual costs have come in lower than what was listed on the AFE. Abstract and Title costs totaled \$81,090.19 and Landman costs totaled \$1,851.49.

In an effort to try and facilitate the drilling of this well, and as an accommodation to ConocoPhillips, McElvain hereby agrees to reduce ConocoPhillips' share of the above described costs from 70.205385% to 50%. Therefore we would limit ConocoPhillips share of Abstract, Title and Landman costs to \$42,000. McElvain will pay for 100% of these costs that exceed \$42,000. If this is acceptable please execute and return to the undersigned the AFE and JOA we sent to your office on January 31, 2008.

We are hoping to get this matter resolved as soon as possible so please let us know by March 19, 2008 if these terms are acceptable. If you have any questions please do not hesitate to contact me.

Sincerely,

Rick Harris
Landman

cc: Bill Rainbolt, ConocoPhillips

Rick Harris

From: Rick Harris
Sent: Monday, January 14, 2008 2:23 PM
To: 'Corcoran, Richard '
Subject: Metes and Bounds Descriptions
Attachments: _0114140137_001.pdf

Rich,

I have attached three metes and bounds descriptions for the following tracts:

Tract 15 is the unleased mineral tract where McElvain owns the minerals.

Tract 18: is the JBS Group, LLC lease

Tract 29 is on your Porter lease for 50% and we have a lease with Jack Fortner for the other 50%.

Let me know if this helps or if you have any questions.

Thanks,

Rick Harris
Landman
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265
303-893-0933 ext. 372
rickh@mcelvain.com

4/28/2008

McElvain Oil & Gas Properties, Inc.

**1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265-1801**

TELEPHONE 303-893-0933 EXT.372

FAX 303-893-0914

E-mail: rickh@mcelvain.com

Sent Certified/Return Receipt

January 31, 2008

To: Working Interest Owners on Page Two

RE: Fruitland Coal Well Proposal
Hutchinson #2
T29N-R13W
Sec. 1: SENW
San Juan County, New Mexico

Dear Ms. Henderson and Ms. Dean:

Enclosed please find an updated AFE on the captioned well. You originally received this proposal in July of 2007.

Please indicate your election on the enclosed AFE **and** Election Page and return a set to:
McElvain Oil & Gas Properties, Inc.
Attn: Rick Harris

If you have any questions please do not hesitate to contact me or for Engineering questions please contact John Steuble at ext. 302. Thank you for your attention to this matter.

Very truly yours,

Rick Harris
Landman

January 31, 2008

Page 2

WELL PROPOSAL ELECTION PAGE

Hutchinson #2 Well

January 31, 2008

_____ **YES**, I/We do hereby elect to participate in the proposed drilling of the Hutchinson #2 Well located in the SENW of Section 1 T29N, R13W, San Juan County, New Mexico.

- *Execute both copies of this Election Page - return one executed to McElvain*
- *Execute both copies of the AFE - return one executed to McElvain*

_____ **NO**, I/We do hereby elect NOT to participate in the drilling of the Hutchinson #2 Well located as described above in San Juan County, New Mexico

TELEFAX EXECUTED DOCUMENTS TO

Rick Harris

(303) 893-0914

MAIL ORIGINAL EXECUTED DOCUMENTS TO

RICK HARRIS

McElvain Oil & Gas Properties, Inc.

1050 17th Street, Suite 1800

Denver, CO 80265-1801

PARTICIPANT NAME: _____

BY: _____

Title: _____

Date: _____

Working Interest Owners:

T H. McElvain Oil & Gas Limited Partnership
1050 17th Street, Suite 1800
Denver, CO 80265

ConocoPhillips Company
Attn: Linda Dean
3401 E. 30th Street
Farmington, NM 87402-8807

Joan T. Henderson, Successor Trustee of the
Howard Henderson Trust U/T/A dated 9/24/1997
7550 North 16th Street, #6227
Phoenix, Arizona 85020

McElvain Oil & Gas Properties, Inc.

1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

TELEPHONE 303-893-0933 EXT. 372
FAX 303-893-0914
e-mail: RickH@mcelvain.com

January 22, 2008

Richard Corcoran
ConocoPhillips Company
3401 E. 30th Street
Farmington, NM 87402

RE: Hutchinson #2 Well JOA
Township 29 North, Range 13 West
Section 1: N2
San Juan County, New Mexico

Dear Mr. Corcoran:

Enclosed please find an amended A.A.P.L. Form 610-1982 JOA for the captioned well. Please review the JOA and return fully executed signature pages to the undersigned.

Since it has been some time since we sent the original proposal, I have asked our Engineering department to review the AFE we sent in July. If there are any changes I will immediately forward you a revised AFE.

If you have any questions please do not hesitate to contact me. Thank you for your attention to this matter.

Sincerely,



Rick Harris
Landman

Rick Harris

From: Rick Harris
Sent: Friday, January 11, 2008 2:25 PM
To: 'Corcoran, Richard '
Subject: RE: Hutchinson #2

Thanks Rich. Quick glance and we look pretty close. Let me analyze the spreadsheet and I will give you a call on Monday.

Thanks,

Rick Harris
Landman
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265
303-893-0933 ext. 372
rickh@mcelvain.com

From: Corcoran, Richard [mailto:Richard.Corcoran@conocophillips.com]
Sent: Friday, January 11, 2008 2:13 PM
To: Rick Harris
Subject: FW: Hutchinson #2

From: Corcoran, Richard
Sent: Friday, January 11, 2008 2:11 PM
To: 'Rick Harris'
Cc: Corcoran, Richard
Subject: Hutchinson #2

Rick, attached is a plat used when the Hutchinson # 1 was communitized along with a DRAFT spreadsheet setting out the interest as I presently understand them. This is based on my efforts to meld the description of the few tracts you provided from your title opinion, and the descriptions set out in earlier title opinions, along with other information available to me.

As we discussed, the status of the Henderson Trust interest is still a little unclear but that is something I can work out internally. The lease from the City of Farmington to McElvain will need to describe the tracts identified in your title opinion and indicate it covers streets and alleys in the Cherry Hills and Iles subdivisions.

Please review and advise of any discrepancies.

Thanks
Rich

Richard Corcoran
Staff Landman
ConocoPhillips Company

4/28/2008

Rick Harris

From: Corcoran, Richard [Richard.Corcoran@conocophillips.com]
Sent: Friday, January 11, 2008 2:13 PM
To: Rick Harris
Subject: FW: Hutchinson #2
Attachments: Hutchinson 2 FTC Leases only_McElvain.xls #6.xls

From: Corcoran, Richard
Sent: Friday, January 11, 2008 2:11 PM
To: 'Rick Harris'
Cc: Corcoran, Richard
Subject: Hutchinson #2

Rick, attached is a plat used when the Hutchinson # 1 was communitized along with a DRAFT spreadsheet setting out the interest as I presently understand them. This is based on my efforts to meld the description of the few tracts you provided from your title opinion, and the descriptions set out in earlier title opinions, along with other information available to me.

As we discussed, the status of the Henderson Trust interest is still a little unclear but that is something I can work out internally. The lease from the City of Farmington to McElvain will need to describe the tracts identified in your title opinion and indicate it covers streets and alleys in the Cherry Hills and Iles subdivisions.

Please review and advise of any discrepancies.

Thanks

Rich

Richard Corcoran
Staff Landman
ConocoPhillips Company
3401 E. 30th Street
Farmington, MN 87402
email: richard.corcoran@conocophillips.com
Phone 505-326-9589
Fax 505-326-9781
Cell 505-608-4330
<<Hutchinson 2 FTC Leases only_McElvain.xls #6.xls>>

4/28/2008

DRAFT

COPC Lease No.		Lessor	Description	Lessor %	Lease Gross Acres (CA)	Alternate Gross Acres TO	Alternate Gross Acres	Alternate Gross Acres McElvain	Lease Net Acres	Wt	CA Tract
319.40000000											
262982/001.3		Frank O. Brothers, et ux	SWNW (Tr 21)	0.5	24.670				12.3351	1.0000000	21
266060		Lone Star/	24.6701 ac out of S2NW (Tr 21)	0.5	0.000				12.3351		21
266060		Lone Star/	15.4187 ac out of S2NW (Tr 10)	0.5	0.000				7.7094		10
263784/001.1		WR Porter, et ux	15.4187 ac out of S2NW	0.5	15.419				7.7094	1.0000000	10
		WR Porter, et ux	1.147 ac out of S2NW	0.5	1.147				0.5735	1.0000000	11
		WR Porter, et ux	2.253 ac out of SESWNW	0.5	2.253				1.1265	1.0000000	12
		WR Porter, et ux	.046 ac out of SENW	0.5	0.046				0.0230	1.0000000	14
		WR Porter, et ux	23.5342 ac out of E2NW	1	23.534				23.5342	1.0000000	16
		WR Porter, et ux	29.5546 ac out of E2NW	0.5	29.555				14.7773	1.0000000	17
		WR Porter, et ux	8.08 ac out of S2NW	0.5	8.080				4.0400	1.0000000	18
			7.25 ac of Streets & Alleys in the SENW	0.5	-7.250				-3.6250		10,15,17, & 18
			10.377 ac out of E2NW	0.5				10.377	5.1885		17 (d, e, & part of c)
263660/001.1		William T. Eckhart, et ux	Part of NWSENE	0.5	40.000				20.0000	1.0000000	2,3,4,5
263850/001		George R. House, et ux	Part of NWSENE	0.25	0.000				10.0000	1.0000000	2,3,4,5
263660/003.1		Howard E. Henderson, et ux	Part of NWSENE	0.125	0.000				5.0000	1.0000000	2,3,4,5
263777/001		R.D. Golding, et ux	Part NWSENE, NESENE (11 ac.)	0.125	0.000				1.3750	1.0000000	2
263780/001		Edward J. Jameson, et ux	Part of SWSENE (11 ac.)	0.125	0.000				1.3750	1.0000000	3
263778/001		Joe E Campbell, et ux	Part of SESENE (9 ac.)	0.125	0.000				1.1250	1.0000000	4
263779/001		H.D. Hughes, et ux	Part of NESENE (9 ac.)	0.125	0.000				1.1250	1.0000000	5
263622/000		Elin M. Iles	NWNE less Tr 7,8,9, & 5.419 ac Streets / Alleys	1					32.7570	1.0000000	6
263781/001		Ray Williams	.44 ac out of SENWNE	1	0.440				0.4400	1.0000000	7
263782/000		Weldon Smith, et ux	.6550 ac out of SENWNE	1	0.655				0.6550	1.0000000	8
263783/000		Anton H. Lee	.618 ac out of NWNE	1	0.618				0.6180	1.0000000	9
263785/001		Miles F. Black, et ux	1.147 ac out of S2NW	0.5	0.000				0.5735	1.0000000	11
263786/001		L. C. Lamar, et ux	2.253 ac out of SENW	0.5	0.000				1.1265	1.0000000	12
263789/001		Ellis Dahlgren, et ux	2.4876 ac out of SWNW	1	2.500				2.5000	1.0000000	13
263787/001		Sheila A. O'Malley, et al	8.08 ac out of S2NW	0.5	0.000				4.0400	1.0000000	18
263788/001		Bob M. Browning, et al	.046 ac out of SENW	0.5	0.000				0.0230	1.0000000	14
263791/001		James R. McGee, et ux	1.4748 ac out of SENW	1	1.470				1.4700	1.0000000	20
263790/000		B. & Jewell Slatton	10.11 ac out of SENW	1	10.110				10.1100	1.0000000	15
263792/001		Bob M. Browning, et al	5.748 out of SWNE	1	5.748	5.432			5.7480	1.0000000	22 (1)
263845/000		Larry Crawford Salo	.510 out of SWNE	1	0.575	0.506	0.510		0.5750		22 (2)
263846/001		Thomas M. Thompson	xxx out of SWNE	0.5	0.094	0.097	0.049		0.0470		22 (3)
263847/000		Oscar P. Bridges, et ux	2.369 out of SWNE	1	1.844	2.370	2.369		1.8440		22 (4)

Rick Harris

From: Corcoran, Richard [Richard.Corcoran@conocophillips.com]
Sent: Thursday, December 27, 2007 11:06 AM
To: Rick Harris
Subject: RE: Howard Henderson Trust
Importance: High

Rick, we show this interest to be under lease to ConocoPhillips by virtue of 2 leases, 50% each, being:

- 1) Lessor - W.R. Porter & Maggie Jo Porter
Lessee - Howard E. Henderson
Date - March 15, 1966
Recorded - Book 642, Page 48
- 2) Lessor - Sheila A. O'Malley & Fidelia Papillen
Lessee - Howard E. Henderson
Date - March 15, 1966
Recorded - Book 642, Page 51

The descriptions are set out on Exhibit "A" to the Operating Agreement you provided earlier.

Our records indicate they are valid leases, if this is not correct please advise which lease is in question and why it wouldn't be active ?

Thanks
Rich

Richard Corcoran
Phone 505-326-9589

From: Rick Harris [mailto:RickH@mcelvain.com]
Sent: Thursday, December 20, 2007 3:33 PM
To: Corcoran, Richard
Subject: Howard Henderson Trust

Rich,

The attached legal description for Tract 31 is the tract where the Howard Henderson trust owns 50%.
ConocoPhillips owns the other 50%.

Thanks,

Rick Harris
Landman
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265
303-893-0933 ext. 372
rickh@mcelvain.com

4/28/2008

Rick Harris

From: Helton JR, J Robert [JROBERT.R.HELTONJR@conocophillips.com]
Sent: Friday, December 07, 2007 11:12 AM
To: Rick Harris
Cc: Dean, Linda K; Charley, Cherylene A
Subject: Hutchinson 2 well status

Rick:

I believe two COP/BR issues with this well --

- 1) A +/- 3% GWI difference with our interest and,
- 2) Unacceptable 1989 JOA form submitted for our approval.

I'll let Linda and Cherylene add any comments when they are back in the office since I have not been involved with this well.

Thanks,

J. R. (Rob) Helton, Jr.
Land Dept. - San Juan Business Unit
ConocoPhillips Company
3401 E. 30th St., Rm. 421
Farmington, NM 87402-8807
email: jhelton@conocophillips.com
PH 505-599-4058 (W)
PH 505-801-1654 (C)
PH 505-326-9781 (FX)

4/29/2008

Rick Harris

From: Charley, Cherylene A [Cherylene.A.Charley@conocophillips.com]
Sent: Tuesday, August 14, 2007 7:16 AM
To: Rick Harris
Subject: RE: Hutchinson #2 FTC New Drill

Rick:

It is COP's preference to utilize the 1982 AAPL model form JOA. We typically don't use the 1989 form. Is it possible to get a new JOA on the 1982 form?

Please advise.

Thanks!
Cherylene

From: Rick Harris [mailto:RickH@mcelvain.com]
Sent: Monday, August 13, 2007 10:32 AM
To: Charley, Cherylene A
Cc: David Siple
Subject: RE: Hutchinson #2 FTC New Drill

Cherylene,

I just talked to New Mexico OCD and they are going to change the C-102 form to 319.4.

Thanks,

Rick Harris
Landman
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265
303-893-0933 ext. 372
rickh@mcelvain.com

From: Charley, Cherylene A [mailto:Cherylene.A.Charley@conocophillips.com]
Sent: Monday, August 13, 2007 9:19 AM
To: Rick Harris
Subject: RE: Hutchinson #2 FTC New Drill

Rick:

Another thing, the C-102 plat shows 318.4 acres. Will that also be revised?

Cherylene

4/29/2008

From: Charley, Cherylene A
Sent: Monday, August 13, 2007 8:35 AM
To: 'Rick Harris'
Subject: RE: Hutchinson #2 FTC New Drill

Rick:

Will you be revising the Ex. "A" to the JOA to reflect the correct dedicated acreage? In a previous conversation, you agreed it should be 319.4, as per the BLM. That would also change the interests slightly.

Please revise the Ex. A at your earliest convenience, so that we can get the JOA executed in a timely manner.

Also, we would need a copy of the drilling title opinion.

Thanks,
Cherylene

From: Rick Harris [mailto:RickH@mcelvain.com]
Sent: Monday, August 06, 2007 9:56 AM
To: Charley, Cherylene A
Subject: RE: Hutchinson #2 FTC New Drill

Hi Cherylene:

Attached please find the pertinent pages of the Title Opinion covering the Iles Subdivision. If you have any questions please do not hesitate to contact me.

Thanks,

Rick Harris
Landman
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265
303-893-0933 ext. 372
rickh@mcelvain.com

From: Charley, Cherylene A [mailto:Cherylene.A.Charley@conocophillips.com]
Sent: Friday, July 20, 2007 2:02 PM
To: Rick Harris
Subject: Hutchinson #2 FTC New Drill

Rick:

We are in receipt of your proposal dated 7/9/07.

I have a question on your spacing unit acreage of 320.4 acres on the JOA Ex. "A". Where/how did you come up with that number? We have an existing COP operated DK Com Agreement with the same N/2 spacing and it has 319.4 acres. However, when I pull it up on a map, I come up with 318.4!!

4/29/2008

Would you tell me the lot acres you have for the N/2 N2/ (lots 1-4)? That would be very helpful.

Thank you!

Cherylene L. Charley

Sr. Land Technician - L48 Land

ConocoPhillips Company - SJBU

(505) 326-9789

(505) 326-9781 (fax)

Cherylene.A.Charley@conocophillips.com

Rick Harris

From: Helton JR, J Robert [JROBERT.R.HELTONJR@conocophillips.com]
Sent: Monday, August 13, 2007 11:16 AM
To: Rick Harris
Cc: Charley, Cherylene A
Subject: RE: AFE approval - Hutchinson 2

Rick:

Our approval below is subject to the execution of a JOA covering this well.

At the time I emailed you on Friday, I did not realize that a fully executed JOA was not in place.

I just wanted to clarify the situation.

Please let me know if there are any further questions.

J. R. (Rob) Helton, Jr.
Land Dept. - San Juan Business Unit
ConocoPhillips Company
3401 E. 30th St., Rm. 421
Farmington, NM 87402-8807
email: jhelton@conocophillips.com
PH 505-599-4058 (W)
PH 918-694-9945 (C-1st)
PH 505-801-1654 (C-2nd)
PH 505-326-9781 (FX)

From: Helton JR, J Robert
Sent: Thursday, August 09, 2007 2:11 PM
To: 'Rick Harris'
Cc: Charley, Cherylene A; Hagstrom, M Jennifer
Subject: AFE approval - Hutchinson 2

REF:

API #: 3004534241 **Well Name:** HUTCHINSON **Property Number.:** 002
Location: C-1-29.0N-13W , 705 FNL, 1315 FWL **Lat:**36.7605827389 **Long:**-108.161736132
Operator Name: MCELVAIN OIL AND GAS PROPERTIES INC **County:** San Juan
Land Type: Private **Well Type:** Gas **Spud Date:** **Plug Date:**
Elevation GL: 5587 **Depth TVD:** 0

Rick:

COP/BR elects to participate in the above ref project.

4/29/2008

If we have previously paid for our share of title work associated with this project including the title opinion, we would like complete copies of the same.

If we have not paid for the title data and opinion, we would appreciate being billed so that we can remit payment and receive complete copies of the same.

Due to the more complex title in this area, complete backup data is necessary to set this project up in our records.

Thanks very much!

J. R. (Rob) Helton, Jr.
Land Dept. - San Juan Business Unit
ConocoPhillips Company
3401 E. 30th St., Rm. 421
Farmington, NM 87402-8807
email: jhelton@conocophillips.com
PH 505-599-4058 (W)
PH 918-694-9945 (C-1st)
PH 505-801-1654 (C-2nd)
PH 505-326-9781 (FX)

4/29/2008

McElvain Oil & Gas Properties, Inc.

**1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265-1801**

TELEPHONE 303-893-0933 EXT.372

FAX 303-893-0914

E-mail: rickh@mcelvain.com

Sent Certified/Return Receipt

July 9, 2007

To: Working Interest Owners on Page Two

RE: Fruitland Coal Well Proposal
Hutchinson #2
T29N-R13W
Sec. 1: SENW
San Juan County, New Mexico

Gentlemen:

McElvain Oil & Gas Properties, Inc., as general partner and operator for T. H. McElvain Oil & Gas Limited Partnership, ("McElvain") proposes the drilling of the captioned well. Enclosed please find an AFE covering the costs of this proposal and a copy of a Joint Operating Agreement.

Please indicate your election on the enclosed AFE **and** Election Page and return a set to:
McElvain Oil & Gas Properties, Inc.
Attn: Rick Harris

Also please review the terms of the JOA and return one original signature page to the undersigned. If you have any questions please do not hesitate to contact me or for Engineering questions please contact John Steuble at ext. 302. Thank you for your attention to this matter.

Very truly yours,

Rick Harris
Landman

WORK OVER PROPOSAL ELECTION PAGE
Hutchinson #2 Well
July 9, 2007

_____ **YES**, I/We do hereby elect to participate in the proposed drilling of the Hutchinson #2 Well located in the SENW of Section 1 T29N, R13W, San Juan County, New Mexico.

- *Execute both copies of this Election Page - return one executed to McElvain*
- *Execute both copies of the AFE - return one executed to McElvain*
- *Execute and notarize the Joint Operating Agreement*

_____ **NO**, I/We do hereby elect NOT to participate in the drilling of the Hutchinson #2 Well located as described above in San Juan County, New Mexico

- *Execute and notarize the Joint Operating Agreement*

TELEFAX EXECUTED DOCUMENTS TO

Rick Harris
(303) 893-0914

MAIL ORIGINAL EXECUTED DOCUMENTS TO

RICK HARRIS
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, CO 80265-1801

PARTICIPANT NAME: _____

BY: _____

Title: _____

Date: _____

Working Interest Owners:

T H. McElvain Oil & Gas Limited Partnership
1050 17th Street, Suite 1800
Denver, CO 80265

ConocoPhillips Company
Attn: William Rainbolt
3401 E. 30th Street
Farmington, NM 87402-8807

Joan T. Henderson, Successor Trustee of the
Howard Henderson Trust U/T/A dated 9/24/1997
7550 North 16th Street, #6227
Phoenix, Arizona 85020

McElvain Oil & Gas Properties, Inc.

1050 – 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

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

SENT VIA SHAMROCK DELIVERY

July 24, 2006

Peter Bjork
Bjork, Lindley, & Little P.C.
1600 Stout Street, Suite 1400
Denver, CO 80202

RE: Drilling/Division Order Title Opinion
Township 29 North, Range 13 West
Section 1: N/2
San Juan County, New Mexico

Dear Peter:

Pursuant to our recent conversations, please prepare a Drilling/Division Order Title Opinion covering all depths under the captioned lands. Enclosed for your use in preparing this opinion is the following:

1. Run Sheets prepared by San Juan County Abstract listing all documents in the N/2 of Sec. 1-T29N-R13W.
2. Drilling Ownership Report dated August 16, 2003, by Steve Jordan.
3. Supplemental Abstract of Title No. N-18,148, covering the SWNE, NENE of Sec. 1-T29N-R13W.
4. Supplemental Abstract of Title No. N-738 covering NENE, SWNE of Sec. 1, T29N-R13W.
5. Landman's Title Report and Record Index-Abstract prepared by Steve Jordan and Walter Parks.
6. Eight Subdivision maps from San Juan County Assessors office.
7. Map from the City of Farmington indicating where they believe easements are located.
8. Copies of 33 ROWs and Deeds (summary on top).
9. Copies of 33 Conveyances with Mineral Reservations (summary on top).

There is currently a Dakota well (Federal 15) in the NENE of Sec. 1 (N/2 - spacing). This well was drilled in 1967, and is still producing. McElvain has a working interest in this well. Additionally, McElvain operates a Pictured Cliff well (Hutchinson #1R) in the SENE of Sec. 1 (NE – spacing). It does not appear that we had a title opinion done on this well when we drilled it in 2003.

The last piece of this puzzle, involves an oil and gas lease that we are trying to get from the City of Farmington. Last year we were high bidder on a lease from the City of Farmington. The City required that each successful bidder would be responsible for telling them what they believed they owned. From the above title reports and confirmation by ConocoPhillips of what they showed the

City of Farmington to have, we advised the City that we believed they owned 11.1702 net acres in the NW of Section 1 (no minerals in the NE). The city then asked us to re-evaluate their ownership based on minerals under the road easements to the subdivisions. According to a plat that they furnished to us, that could include an additional 40.59 net mineral acres. Since we bid \$13,030/acre for their interest we would like to know that they own that 40.59 acres. We have advised the City of Farmington that we are having a title opinion prepared on the acreage.

Please call me when you have a preliminary ownership breakdown. Should you have any questions or need additional information, please do not hesitate to call.

Sincerely,

McElvain Oil & Gas Properties, Inc.

Denise R. Greer
Senior Landman

Enclosures