

2406 Nathan Ave.
Farmington, NM 87401

RECEIVED

January 2, 2009

2009 JAN 5 PM 2 04

Holland & Hart
Ocean Munds-Dry Associate
Attorneys for McElvain Oil & Gas
Properties, Inc.
P. O. Box 2208
Santa Fe, NM 87504-2208

Case 14262

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Ruby #1 Well
T29N, R13W, N.M.P.M.
Section 3: S2
City of Farmington, SJ County, NM
Your Correspondence Dated
Dec. 8, 2009 (should be 2008) &
Copy of Application for
Compulsory pooling.

Gentlemen:

This is to advise that I take exception to your statement that you could not obtain a voluntary agreement regarding my interest in this location.

I received correspondence from Rick Harris, Landman for McElvain in Denver, CO, dated Oct. 6, 2008. I talked to him by telephone Nov. 7, 2008, and stated I would lease my interest for \$50.00 with a 1/8 royalty. He said I would be contacted with a lease by a Terry Morris, Rio Grande Exploration, or a landman representative. I was not contacted with a lease to sign.

I have been informed by two of my neighbors that they signed lease some time ago, one a three-year lease as much as two years ago.

It is my belief that McElvain properties deliberately avoided contacting me, and possibly approximately 100 other property owners for whom they have addresses, with a proper lease form; and probably expect to also avoid royalty payments in the case of a producing well because of their deceptive business contacts and a court order in the absence of valid leases.

January 2, 2009

A continuance of this hearing with leases presented to property owners would be in order.

Sincerely yours,

Louise Thomason

Louise Thomason, Trustee
Louise Thomason Living Trust

cc:Rick Harris, Landman,
McElvain Oil & Gas Properties, Inc.
1050 17th Street, Suite 1800
Denver, Colorado 80265-1801

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

Talpaal To
Rick Harris
Nov. 7, 2008

T. H. McELVAIN C
McELVAIN OIL & GAS I

11
DEN

RICK HARRIS
LAND MAN

Rio Grande
Exploration
Terry Morris

Via Certified Mail, Return Receipt R

303 893 0932

October 6, 2008

Louise Thomason UTA dated 10/25/1990
2406 Nathan Ave.
Farmington, NM 87401

Re: Re-Completion Proposal
Ruby #1 Well
Township 29 North, Range 13 West, N.M.P.M.
Section 3: S2
City of Farmington, San Juan County, New Mexico

Dear Louise Thomason UTA dated 10/25/1990:

McElvain Oil & Gas Properties, Inc. ("McElvain") proposes the re-completion of the Ruby #1 well to test the Fruitland Coal formation under the captioned spacing unit. The surface location for the well is 1,755' FSL and 860' FWL of the section. The total vertical depth of the well will be approximately 1,710'. You are the owner of an estimated > 0.0302605% < mineral interest under the captioned spacing unit.

Enclosed is an Authority for Expenditure estimating the total drilling and completion cost of the proposed well. Your estimated proportionate share of the total cost of the well is: \$271.47. Please mark the appropriate space and sign below to indicate whether or not you elect to join in the drilling of the well. Please return one copy of this letter to the undersigned using the enclosed postage paid return envelope. Upon receipt of a signed election to participate in the well we will send you an Operating Agreement for your review and execution.

If you do not want to participate in the re-completion of the well, we will consider the acquisition of an oil and gas lease from you on mutually agreeable terms. We respectfully request that you provide us with your election on or before November 10, 2008. After that date, McElvain will proceed with an application to the New Mexico Oil Conservation Commission seeking an order pooling all mineral interests in the spacing unit for the well.

Ruby #1 Re-Completion Proposal
October 6, 2008
Page Two

If you have any questions or wish to discuss an oil and gas lease, please contact me at 303-893-0933, Ext.372.

Sincerely,

T. H. MCELVAIN OIL & GAS LIMITED PARTNERSHIP
By: MCELVAIN OIL & GAS PROPERTIES, INC., Sole General Partner

Louise Thomason for Rick Harris

Rick Harris
Landman

Enclosures

_____ Will participate in the drilling of the Ruby #1 well and have executed the enclosed Authority for Expenditure.

_____ Will not participate in the drilling of the Ruby #1 well.

Louise Thomason UTA dated 10/25/1990

Date: _____

Phone: _____

HOLLAND & HART LLP



Ocean Munds-Dry
Associate

omundsdry@hollandhart.com

December 8, 2009 2008TW

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Re: Application of McElvain Industries, Inc. for compulsory
pooling, San Juan County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that McElvain Oil & Gas Properties, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation in a certain spacing and proration unit, San Juan County, New Mexico. McElvain proposes to re-complete the Ruby Well No. 1 at a location 1755 feet from the South line and 860 feet from the West line to test the Fruitland Coal formation. This well will be dedicated to a 320-acre spacing or proration unit in the Basin Fruitland Coal Gas Pool.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on January 8, 2009. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry
ATTORNEY FOR MCELVAIN OIL & GAS
PROPERTIES, INC.