

McELVAIN OIL & GAS PROPERTIES, INC.

409 ST. MICHAELS

P.O. BOX 2148

SANTA FE, NEW MEXICO 87504-2148

TELEPHONE 505/982-1935 EXT. 115

FAX 505/984-3027

STEVE JORDAN
Land Manager

December 1, 1999

Working Interest Owners
(on attached list)

RE: ELK COM #1A (MV) - NEW WELL PROPOSAL
SW/4 SECTION 3, T25N, R2W (W/2 Spacing)
RIO ARRIBA COUNTY, NEW MEXICO

Ladies and Gentlemen:

We propose to drill a well to a sufficient depth to test the Mesaverde formation, to be located at a legal location in the SW/4 of Section 3, T25N, R2W, Rio Arriba County, New Mexico, with the proration unit encompassing the W/2 of Section 3. Enclosed herewith, in duplicate, is McElvain's AFE in the amount of \$635,070, representing the estimated cost to drill and complete the proposed well.

Also enclosed is a Joint Operating Agreement covering operations below the base of the Pictured Cliffs formation in the W/2 of said Section 3. The exhibit "A" to the operating agreement sets out the working interest ownership as best as we can determine, subject to unrecorded purchase and sale and farmout agreements. Please check this ownership list and advise us if you believe your interest to be different than what is shown.

McElvain proposes to drill this well as soon as possible, so your immediate response to this proposal and request for Joint Operating Agreement is greatly appreciated. If you wish to participate in this well, please execute and return one copy of this letter (marked *Participate*), one copy of the AFE, one copy of the well information sheet, and the extra JOA signature and acknowledgement pages. If you desire to go "non-consent" on this well, please execute and return one copy of this letter (marked *Non-Consent*) along with the extra JOA signature and acknowledgement pages.

Should you have any questions, please contact the undersigned at (505) 982-1935, ext. 115.

Very truly yours,



Steve Jordan
Enclosures

THE UNDERSIGNED HEREBY ELECTS TO PARTICIPATE IN, NON-CONSENT THE DRILLING OF THE PROPOSED ELK COM #1A WELL.

NAME: _____
COMPANY: _____
TITLE: _____
DATE: _____

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12320 Exhibit No. 3
Submitted by: McElvain Oil & Gas, Inc.
Hearing Date: March 2, 2000

2 191 939 276

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Roger Friedman
Street & Number	425 Park Ave
Post Office, State, & ZIP Code	New York, NY 10022
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	DEC 10 1994

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:
J. Roger Friedman
Lebhar. Friedman
425 Park Ave
New York, NY 10022

4a. Article Number
2 191 939 276

- 4b. Service Type
- Registered
 - Certified
 - Express Mail
 - Insured
 - Return Receipt for Merchandise
 - COD

7. Date of Delivery

5. Received By: (Print Name)
C. Cruz

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

PS Form 3811, December 1994

102595-99-8-0223 Domestic Return Receipt

Thank you for using Return Receipt Service.

2 191 938 256

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Williams Production
Street & Number	Box 3102
Post Office, State, & ZIP Code	Tulsa, OK 74101
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 4.15
Postmark or Date	DEC 14 1994

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:
Williams Production
P.O. Box 3102
Tulsa, OK 74101

4a. Article Number
2 191 938 256

- 4b. Service Type
- Registered
 - Certified
 - Express Mail
 - Insured
 - Return Receipt for Merchandise
 - COD

7. Date of Delivery
DEC 14 1994

5. Received By: (Print Name)
Stan Allen

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

PS Form 3811, December 1994

102595-99-8-0223 Domestic Return Receipt

PS Form 3800 April 1995

Return Receipt Service

Z 191 938 555

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Dugan Production
Street & Number	Box 420
Post Office, State, & ZIP Code	Farmington, NM 87499
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	

PS Form 3800 April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

Complete items 1 and/or 2 for additional services.
 Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:
Dugan Production
P.O. Box 420
Farmington, NM 87499

4a. Article Number
Z 191 938 555

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
12-13-99

5. Received By: (Print Name)
JENSA CLARK

6. Signature (Addressee or Agent)
Jen Clark

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-99-8-0223 Domestic Return Receipt

Z 191 939 277

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	Johansen Energy
Street & Number	Box 1773
Post Office, State, & ZIP Code	Whitefish, MT 59937
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	

PS Form 3800 April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

Complete items 1 and/or 2 for additional services.
 Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:
Johansen Energy
P.O. Box 1773
Whitefish, MT 59937

4a. Article Number
Z 191 939 277

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
DEC 13 1999

5. Received By: (Print Name)
Johansen

6. Signature (Addressee or Agent)
Johansen

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-99-8-0223 Domestic Return Receipt

Z 191 939 425

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	George Lippman
Street & Number	5862 Cromo, Ste 199
Post Office, State, & ZIP Code	El Paso, TX 79912
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	1.00
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

Complete items 1 and/or 2 for additional services.
Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:
George Lippman
5862 Cromo Dr., Ste 199
El Paso, TX 79912

4a. Article Number
Z 191 939 425

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
12-13

5. Received By: (Print Name)
Susan Deming

6. Signature (Addressee or Agent)
Susan Deming

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-99-9-0223 Domestic Return Receipt

PS Form 3800, April 1995

Z 191 939 426

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Joe Elledge
Street & Number	PO Box 111
Post Office, State, & ZIP Code	Farmington, NM 87499
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	DEC
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

Complete items 1 and/or 2 for additional services.
Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:
Joe Elledge
P.O. Box 111
Farmington, NM 87499

4a. Article Number
Z 191 939 426

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery

5. Received By: (Print Name)
Joe Elledge

6. Signature (Addressee or Agent)
Joe Elledge

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-99-9-0223 Domestic Return Receipt

PS Form 3800, April 1995

Z 191 939 423

SENDER:

Complete items 1 and/or 2 for additional services.
Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:
Mesa Grande Resources
1200 Philtower Bldg.
Tulsa, OK 74103

4a. Article Number
Z 191 939 423

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
12-27-99

5. Received By: (Print Name)
[Signature]

6. Signature (Addressee or Agent)
[Signature]

8. Addressee's Address (Only if requested and fee is paid)

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Mesa Grande Resources
Street & Number	1200 Philtower Bldg
Post Office, State, & ZIP Code	Tulsa, OK 74103
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	DEC
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	

PS Form 3800, April 1995

Z 191 939 421

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Form with fields: Sent to James Raymond, Street & Number Box 1445, Post Office, State, & ZIP Code Kerrville, TX 78028, Postage \$ 2.75, Certified Fee 1.40, TOTAL Postage & Fees \$ 5.40. Includes a circular postmark from Kerrville, TX dated DEC 14 1999.

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:

James Raymond
PO Box 1445
Kerrville, TX 78028

4a. Article Number

2 191 939 421

4b. Service Type

- Registered
Express Mail
Return Receipt for Merchandise
Certified
Insured
COD

7. Date of Delivery

DEC 14 1999

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

Bryan Huggins

6. Signature (Addressee or Agent)

[Signature]

PS Form 3811, December 1994

102595-99-2-0223 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3800, April 1995

Z 191 939 422

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Form with fields: Sent to John Brown, Street & Number Box 31639, Post Office, State, & ZIP Code El Paso, TX 79931, Postage \$ 2.75, Certified Fee 1.40, TOTAL Postage & Fees \$ 5.40. Includes a circular postmark from El Paso, TX dated DEC 13 1999.

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:

John S. Brown, Jr.
P.O. Box 31639
El Paso, TX 79931

4a. Article Number

2 191 939 422

4b. Service Type

- Registered
Express Mail
Return Receipt for Merchandise
Certified
Insured
COD

7. Date of Delivery

DEC 13 1999

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature (Addressee or Agent)

[Signature]

PS Form 3811, December 1994

102595-99-2-0223 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3800, April 1995

Z 191 939 424

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Form with fields: Sent to NM & O Operating, Street & Number 6 E. 5th Ste 200, Post Office, State, & ZIP Code Tulsa, OK 74103, Postage \$ 2.75, Certified Fee 1.40, TOTAL Postage & Fees \$ 5.40. Includes a circular postmark from Tulsa, OK dated DEC 13 1999.

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:

NM & O Operating Co.
6 E. 5th st., Ste 200
Tulsa, OK 74103

4a. Article Number

2 191 939 424

4b. Service Type

- Registered
Express Mail
Return Receipt for Merchandise
Certified
Insured
COD

7. Date of Delivery

12-13

5. Received By: (Print Name)

[Signature]

6. Signature (Addressee or Agent)

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3800, April 1995

PS Form 3800, April 1995

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Noseco Corp
Street & Number	7400 Lakeside Dr.
Post Office, State, & ZIP Code	Reno NV
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	

SENDER:

Complete items 1 and/or 2 for additional services.
Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
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 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:
Noseco Corp.
7400 Lakeside Dr.
Reno, NV 89511

4a. Article Number
2191 939 418

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
12-13-99

5. Received By: (Print Name)
A.M. Hansen

6. Signature (Addressee or Agent)
A.M. Hansen

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-99-B-0223 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3800, April 1995

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Neumann Trust
Street & Number	PO Box 1170
Post Office, State, & ZIP Code	Reno NV 89504
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	

SENDER:

Complete items 1 and/or 2 for additional services.
Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

3. Article Addressed to:
Neumann Family Trust
P.O. Box 1170
Reno, NV 89504

4a. Article Number
2191 939 419

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
DEC 14 1999

5. Received By: (Print Name)
CONNIE SALERNO

6. Signature (Addressee or Agent)
Connie Salerno

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-99-B-0223 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:
Gavilan Dome Properties
1180 Cedarwood Dr.
Moraga, CA 94556

4a. Article Number
2191 939 420

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
12-13-99

5. Received By: (Print Name)
[Signature]

6. Signature (Addressee or Agent)
[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-99-B-0223 Domestic Return Receipt

Thank you for using Return Receipt Service.

PS Form 3800, April 1995

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Gavilan Dome
Street & Number	1180 Cedarwood Dr.
Post Office, State, & ZIP Code	Moraga, CA 94556
Postage	\$ 2.75
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 5.40
Postmark or Date	

Z 191 939 420