McELVAIN OIL & GAS PROPERTIES, INC.

409 St. Michaels P.O. Box 2148 Santa Fe, New Mexico 87504-2148

STEVE JORDAN, CPL Land Manager TELEPHONE 505/982-1935 EXT. 115 Fax 505/984-3027

February 23, 2000

Working Interest Owners (see attached list)

### RE: BEAR COM 29 #1 – REVISED NEW WELL PROPOSAL (DAKOTA TEST) SE/4 SECTION 29. T26N, R2W RIO ARRIBA COUNTY, NEW MEXICO

Ladies and Gentlemen:

This new proposal replaces our proposal dated January 13, 2000. We are replacing that proposal to test the Mesaverde formation with this proposal to test the Dakota formation. We hereby propose to drill a well to a sufficient depth to test the Dakota formation, to be located at a legal location in the SE/4 of Section 29, T26N, R2W, Rio Arriba County, New Mexico, with a spacing unit encompassing the S/2 of Section 29. Enclosed herewith, in duplicate, is McElvain's AFE in the amount of \$686,520.00, representing the estimated cost to drill and complete the proposed well.

The proposed operating agreement for this test well is the one mailed to you in our 1/13/00 proposal package. If you cannot locate the operating agreement and want another, please let us know. That agreement covers operations in the S/2 of Section 29, limited to depths below the base of the Pictured Cliffs formation. Please check Exhibit "A" of the operating agreement and advise us if you believe your interest to be different than what is shown.

McElvain hopes 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 page. 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 acknowledgment pages.

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

Very truly yours,

**/**SI Steve Jordan Enclosures

THE UNDERSIGNED HEREBY ELECTS TO \_\_\_\_\_ PARTICIPATE IN, \_\_\_\_ NON-CONSENT (UNDER TERMS OF OPERATING AGREEMENT) THE DRILLING OF THE PROPOSED BEAR COM 29 #1 WELL.

SIGNED:	 
COMPANY: _	 
TITLE:	 
DATE:	 
	BEFORE THE C

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 12395 Exhibit No. 3 Submitted by: <u>McElvain Oil & Gas Properties</u> Hearing Date: <u>May 4, 2000</u>

# M. /AIN OIL & GAS PROPERTIES AUTHORITY for EXPENDITURE FEBRUARY 18,2000

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SE/4         Sec. 29         T26N         WELL           Drilling intangibles         3.500         3.500           Title Work & Survey         3.500         3.500           Location,Road,Damages         30,000         30,000           Footage 8480'@ \$19.00/h         161,120         161,120           Daywork 1.5 days @ \$8100/day         9,150         9,150           Mud Logging         15,000         15,000           Mud Logging         15,000         15,000           Mud Logging         1,800         1,800           Mult Logging         1,800         1,800           Ording Mud         55,000         65,000           Cement & ServicesSurface.Intermediate         8,500         8,500           Cement & ServicesPlugging         10,000         15,000           Trucking & Labor         7,500         7,500           Orderbed & Supervision         15,000         15,000           Miles Casts         12,000         12,000           Completion Intangibles         45,000         6,500           Completion Intrangibles         45,000         5,000           Completion Intrangibles         6,500         17,500           Contingency         16,500	COM 29 #1 Dakota	DRY	
Drilling Intangibles         3,500         3,500           Title Work & Survey         3,500         3,500         3,500           Location, Road Damages         30,000         30,000         30,000           Footage 8480'@ \$13.00/ft         161,120         161,120           Daywork 1.5 days @ \$6100/day         9,150         9,150           Mud Logging         15,000         15,000           Well Logging         22,000         22,000           Drilling Mud         55,000         55,000           Cement & Services. Surface.Intermediate         8,500         8,500           Cement & Services. Plugging         10,000         12,000           Tracking & Labor         7,500         7,500           Tracking & Labor         7,500         12,000           Contingency         365,570         355,570           Completion Intangibles         45,000         10,000           Contingency         10,000         10,000         10,000           Sumulation         50,000         50,000         50,000           Supervision 10 days @ \$25,00/day         6,500         540,370           Supervision 10 days @ \$25,00/day         6,500         5,800           Supervision 10 days @ \$2650/day			1
Title Work & Survey         3,500         3,500         3,500           Location, Read, Damages         30,000         30,000           Footage 8480'@ \$19,00/nt         161,120         161,120           Daywork 1.5 days @ \$5100/day         9,150         9,150           Mud Logging         15,000         15,000           Water Hauling         15,000         15,000           Rental Equipment         1,800         1,800           Well Logging         22,000         22,000           Drilling Mud         55,000         55,000           Cement & Services. Surface, Intermediate         8,500         55,000           Cement & Services. Plugging         10,000         12,000           Trucking & Labor         7,500         7,500           Overhead & Suprivision         15,000         12,000           Misc Costs         12,000         12,000           Completion Intangibles         45,000         50,000           Completion Intargibles         45,000         50,000           Completion Intargibles         10,500         10,000           Supariosion 10 days @ \$250/day         11,500         14,000           Supervision 10 days @ \$250/day         58,000         58,000			
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Mud Logging         15,000         15,000           Water Hauling         15,000         15,000           Rental Equipment         18,000         18,000           Well Logging         22,000         22,000           Drilling Mud         55,000         55,000           Cement & ServicesSurface.Intermediate         8,500         8,500           Cement & ServicesPlugging         10,000         10,000           Trucking & Labor         7,500         7,500           Overhead & Supervision         15,000         15,000           Misc Costs         12,000         12,000           Completion Intangibles         365,570         355,570           Completion Intangibles         45,000         17,500           Completion Intangibles         11,000         17,500           Completion Intangibles         6,500         10,000           Stimulation         50,000         10,000           Total Yays @ \$2500/day         14,000         14,000           Specialized Tools         5,800         5,800           S% Contingency         0         184,800         14,000           Total Intangibles         5,800         5,800         2,750           Casing, Juriace 500' 9 5/			1
Water Hauling         15,000         15,000           Rental Equipment         1,800         1,800           Well Logging         22,000         22,000           Ording Mud         55,000         55,000           Cement & Services. Surface.Intermediate         8,500         8,500           Cement & Services. Plugging         10,000         7,500         7,500           Trucking & Labor         7,500         7,500         12,000         12,000           Cortingency         Total Drilling         365,570         355,570         Cortingency         1,500           Completion Intangibles         Cement & Services. Production Casing         45,000         1,500           Completion Unit 7 days @ \$2,500/day         17,500         10,500         10,500           Simulation         50,000         50,000         10,500         10,500           Simulation         50,000         10,500         10,500         10,500         10,500           Supervision 10 days @ \$650/day         8,500         5,500         5,500         5,500           Sys Contingency         0         18,4,800         14,000         14,000         14,000           Sys Contingency         0         18,4,800         14,000         14,50		-,	
Water Hauling         15,000         15,000           Rental Equipment         1,800         1,800           Well Logging         22,000         22,000           Ording Mud         55,000         55,000           Cement & Services. Surface.Intermediate         8,500         8,500           Cement & Services. Plugging         10,000         7,500         7,500           Trucking & Labor         7,500         7,500         12,000         12,000           Cortingency         Total Drilling         365,570         355,570         Cortingency         1,500           Completion Intangibles         Cement & Services. Production Casing         45,000         1,500           Completion Unit 7 days @ \$2,500/day         17,500         10,500         10,500           Simulation         50,000         50,000         10,500         10,500           Simulation         50,000         10,500         10,500         10,500         10,500           Supervision 10 days @ \$650/day         8,500         5,500         5,500         5,500           Sys Contingency         0         18,4,800         14,000         14,000         14,000           Sys Contingency         0         18,4,800         14,000         14,50	Mud Logging	15 000	15.000
Rental Equipment         1,800         1,800           Well Logging         22,000         22,000           Drilling Mud         55,000         55,000           Cement & ServicesPlugging         10,000         7,500         7,500           Trucking & Labor         7,500         7,500         7,500           Overhead & Supervision         15,000         12,000         12,000           Contingency         365,570         355,570           Completion Intangibles         45,000         7,500         7,500           Completion Intangibles         45,000         17,500         17,500           Completion Intangibles         45,000         10,500         17,500           Logging & Perforating         10,500         10,500         10,500           Simulation         50,000         14,000         50,000         14,000           Supervision         10 days @ \$2000/day         12,000         14,000           Specialized Tools         5% Contingency         8,800         184,800           Total Completion         0         184,800         14,000           Specialized Tools         5,800         5,800         5,800         5,800           CasingProduction 8480° 51/2" @ \$7,40/ft.			
Weil Logging         22,000         22,000           Drilling Mud         65,000         55,000           Cement & Services. Surface, Intermediate         8,500         7,500           Cement & Services. Plugging         10,000         10,000           Trucking & Labor         7,500         7,500           Overhead & Supervision         15,000         15,000           Mise Costs         12,000         12,000           Completion Intangibles         365,570         355,570           Completion Intangibles         45,000         17,500           Completion Unit 7 days @ \$2,500/day         17,500         10,500           Simulation         50,000         50,000         10,500           Simulation         50,000         50,000         50,000           Supervision         10 days @ \$550/day         45,000         10,500           Supervision         10 days @ \$2200/day         14,000         50,000           Supervision         10 days @ \$2200/day         14,000         12,000           Supervision         10 days @ \$2200/day         14,000         12,000           Specialized Tools         5,800         5,800         6,500           Strange Derol 9 5/8" @ \$11,60/ft.         5,800	-		
Drilling Mud         55,000         55,000           Cement & ServicesSurface,Intermediate         8,500         8,500           Cerment & ServicesPlugging         10,000         7,500           Trucking & Labor         7,500         7,500           Overhead & Supervision         15,000         15,000           Misc Costs         12,000         12,000           Contingency         365,570         355,570           Completion Intangibles         45,000           Completion Unit 7 days @ \$2,500/day         17,500           Logging & Perforating         10,000           Stimulation         50,000           Tool & Tank Rental         14,000           Supervision         10 days @ \$550/day           Water         6,500           Trucking         12,000           Roustabouts/Labor 7 days @ \$2000/day         14,000           Specialized Tools         58,800           S% Contingency         8,800           Total Completion         0         184,800           Total Completion         0         184,800           Total Completion         0         184,800           Trucking         365,570         540,370           Tangibles <td< td=""><td></td><td>-</td><td></td></td<>		-	
Cement & ServicesSurface,Intermediate         8,500         8,500           Cement & ServicesPlugging         10,000         7,500         7,500           Overhead & Supervision         15,000         15,000         12,000           Misc Costs         12,000         12,000         12,000           Completion Intangibles         12,000         12,000           Completion Intangibles         45,000         17,500           Completion Intangibles         17,500         17,500           Completion Intangibles         45,000         17,500           Completion Intangibles         10,500         17,500           Completion Intangibles         10,500         50,000           Completion Intangibles         6,500         50,000           Tool & Tank Rental         14,000         50,000           Supervision         10 days @ \$2000/day         14,000           Specialized Tools         5%         5,800         5,800           S% Contingency         0         184,800         5,800         5,800           CasingFoduction 8480* 5 1/2" @ \$7,40/ft.         5,800         5,800         62,750           CasingFoduction 8480* 5 1/2" @ \$7,40/ft.         5,800         5,800         62,750			
Cement & ServicesPlugging         10,000           Trucking & Labor         7,500           Overhead & Supervision         15,000           Misc Costs         12,000           Contingency         365,570           Total Drilling         365,570           Completion Intangibles         45,000           Completion Unit 7 days @ \$2,500/day         17,500           Logging & Perforating         10,000           Stimulation         50,000           Code Tank Rental         14,000           Supervision 10 days @ \$550/day         6,500           Trucking         14,000           Roustabouts/Labor 7 days @ \$2000/day         14,000           Specialized Tools         5%           S% Contingency         8,800           Total Completion         0           Tagibles         5,800           Casing Liner         5,800           Liner Hanger         1,500           Float Equipment         1,500           Tubig	-		
Trucking & Labor         7,500         7,500           Overhead & Supervision         15,000         15,000           Misc Costs         12,000         12,000           Contingency         365,570         355,570           Completion Intangibles         365,570         355,570           Completion Unit 7 days @ \$2,500/day         17,500         17,500           Logging & Perforating         10,500         10,500           Stimulation         50,000         50,000           Tool & Tank Rental         14,000         50,000           Supervision         10 days @ \$650/day         6,6500           Trucking         12,000         12,000           Routabouts/Labor 7 days @ \$2000/day         8,800         14,000           Specialized Tools         5%         540,370         184,800           Total Completion         0         184,800         6,2750           Casing Liner         5,800         5,800         5,800           Casing Liner         1,500         11,000         11,000           Tubing.8500' 2 3/8" @ \$2.13/ft         1,500         11,000         14,500           Separator         1,500         8,800         145,500         14,500           Li			8,500
Overhead & Supervision         15,000         15,000           Misc Costs         12,000         12,000           Contingency         365,570         355,570           Completion Intangibles         45,000         17,500           Completion Unit 7 days @ \$2,500/day         17,500         10,500           Logging & Perforating         10,500         50,000           Stimulation         50,000         50,000           Total Drilling         50,000         50,000           Supervision         10 days @ \$650/day         6,550           Supervision         10 days @ \$650/day         6,550           Water         12,000         12,000           Roustabouts/Labor         7 days @ \$2000/day         8,800           Specialized Tools         5%         8,800           5% Contingency         0         184,800           Total Completion         0         184,800           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800         5,800           CasingLiner         1,500         11,000           Tubing.8500' 2 3/8" @ \$2.13/ft         1,500         11,000           Wellhead         1,500         8,800         145,000           Separator         1,500			7 500
Misc Costs Contingency         12,000         12,000           Total Drilling         365,570         355,570           Completion Intangibles Cement & Services. Production Casing Completion Unit 7 days @ \$2,500/day         45,000           Logging & Perforating         10,500         10,500           Stimulation         50,000         50,000           Tool & Tank Rental         14,000         6,500           Supervision         10 days @ \$650/day         6,500           Water         6,500         12,000           Trucking Roustabouts/Labor 7 days @ \$2000/day         8,800         14,000           Specialized Tools         5%         540,370           S% Contingency         0         184,800           Total Intangibles         365,570         540,370           Casing Liner         1,500         11,000           Tubig 8600' 2 3/8" @ \$11.60/ft.         5,800         5,800           Casing Liner         1,500         11,000           Tubig 8600' 2 3/8" @ \$2.13/ft         1,500         11,000           Wellhead         1,500         8,800         145,500           Separator         8,800         146,150         8,800           Line Pipe & Fittings         8,800         146,150	-		
Contingency         365,570         355,570           Completion Intangibles         45,000           Completion Unit 7 days @ \$2,500/day         17,500           Logging & Perforating         10,500           Stimulation         50,000           Tool & Tank Rental         14,000           Supervision         10 days @ \$650/day           Water         6,500           Trucking         12,000           Roustabouts/Labor         7 days @ \$2000/day           System         0           System         8,800           Total Completion         0           Roustabouts/Labor         7 days @ \$2000/day           System         8,800           Total Completion         0           Total Completion         0           Total Completion         0           Total Completion         0           Total Intangibles         365,570           CasingSurface         5,800         5,800           CasingLiner         1,500         11,000           Liner Hanger         1,500         11,000           Float Equipment         1,500         8,500           Line Pipe & Fittings         8,800         14,500			
Total Drilling         365,570         355,570           Completion Intangibles         45,000           Completion Unit 7 days @ \$2,500/day         17,500           Logging & Perforating         10,500           Stimulation         50,000           Tool & Tank Rental         14,000           Supervision 10 days @ \$650/day         6,500           Water         6,500           Trucking         12,000           Roustabouts/Labor 7 days @ \$2000/day         14,000           Specialized Tools         8,800           5% Contingency         8,800           Total Completion         0           Tangibles         365,570           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800           Casing Liner         5,800           Liner Hanger         1,500           Float Equipment         1,500           Tubing8500' 2 3/8" @ \$2.13/ft         18,100           Weilhead         1,500         8,800           Total Tangibles         8,800         146,150           Spearator         17.500         17,500           Liner Pipe & Fittings         8,800         146,150           Total Well Cost         \$374,370         \$6866,520 <td></td> <td>12,000</td> <td>12,000</td>		12,000	12,000
Completion Intangibles         45,000           Cement & ServicesProduction Casing         45,000           Completion Unit 7 days @ \$2,500/day         17,500           Logging & Perforating         10,500           Stimulation         50,000           Tool & Tank Rental         14,000           Supervision 10 days @ \$650/day         6,500           Water         6,500           Trucking         12,000           Roustabouts/Labor 7 days @ \$2000/day         14,000           Specialized Tools         8,800           5% Contingency         8,800           Total Completion         0           Tangibles         263,570           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800           CasingLiner         5,800           Liner Hanger         1,500           Float Equipment         1,500           Tubing8500' 2 3/8" @ \$2.13/ft         18,100           Weilhead         1,500         11,000           Tanks & Pits         5,800         3,600           Separator         17,500         14,500           Line Pipe & Fittings         8,800         146,150           APPROVALS:         Total Well Cost         \$374,370         \$686,520 <td></td> <td>365 570</td> <td>355 570</td>		365 570	355 570
Cement & ServicesProduction Casing         45,000           Completion Unit 7 days @ \$2,500/day         17,500           Logging & Perforating         10,500           Stimulation         50,000           Tool & Tank Rental         14,000           Supervision 10 days @ \$650/day         6,500           Water         6,500           Trucking         12,000           Roustabouts/Labor 7 days @ \$2000/day         8,800           Specialized Tools         8,800           5% Contingency         8,800           Total Completion         0           Tangibles         365,570           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800           CasingLiner         1,500           Liner Hanger         1,500           Float Equipment         1,500           Tubing8500' 2 3/8" @ \$2.13/ft         18,100           Weilhead         1,500         8,800           Total Tangibles         8,800         146,150           Spearator         1,500         1,500         1,500           Liner Hanger         1,500         1,500         8,500           Total Se Pits         1,500         8,600         146,500           Spearator         <		303,370	555,570
Completion Unit 7 days @ \$2,500/day       17,500         Logging & Perforating       10,500         Stimulation       50,000         Tool & Tank Rental       14,000         Supervision 10 days @ \$650/day       6,500         Water       6,500         Trucking       12,000         Roustabouts/Labor 7 days @ \$2000/day       8,800         Specialized Tools       8,800         5% Contingency       0       184,800         Total Completion       0       184,800         Tangibles       365,570       540,370         CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800       5,800         CasingLiner       1,500       11,000         Liner Hanger       1,500       11,000         Float Equipment       1,500       11,000         Tubing8500' 2 3/8" @ \$2.13/ft       1,500       8,800         Wellhead       1.500       8,800       14,500         Separator       1,500       11,500       8,000         Line Pipe & Fittings       8,800       146,150       8,000         APPROVALS:       Total Well Cost       \$374,370       \$686,520			
Logging & Perforating       10,500         Stimulation       50,000         Tool & Tank Rental       14,000         Supervision       10 days @ \$650/day         Water       6,500         Trucking       12,000         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       8,800         5% Contingency       0         Total Completion       0         Total Intangibles       365,570         CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800         CasingProduction 8480' 5 1/2" @ \$7.40/ft.       5,800         CasingProduction 8480' 5 1/2" @ \$7.40/ft.       62,750         CasingLiner       1,500       11,000         Tubing8500' 2 3/8" @ \$2.13/ft       14,500         Wellhead       1,500       8,800         Total Tangibles       8,800       146,150         Separator       1,500       8,800         Line Pipe & Fittings       8,800       146,150         APPROVALS:       Total Well Cost       \$374,370       \$686,520	_		
Stimulation       50,000         Tool & Tank Rental       14,000         Supervision 10 days @ \$650/day       6,500         Water       6,500         Trucking       12,000         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       8,800         5% Contingency       0         Total Completion       0         Total Intangibles       365,570         CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800         CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800         CasingProduction 8480' 5 1/2" @ \$7.40/ft.       5,800         CasingLiner       1,500         Liner Hanger       1,500         Float Equipment       1,500         Tubing8500' 2 3/8" @ \$2.13/ft       14,500         Wellhead       1,500       8,500         Total Tangibles       8,800       146,150         Line Pipe & Fittings       8,800       146,150         ApprovALS:       Total Well Cost       \$374,370       \$686,520			
Tool & Tank Rental       14,000         Supervision 10 days @ \$650/day       6,500         Water       6,500         Trucking       12,000         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       8,800         5% Contingency       8,800         Total Completion       0         Total Completion       0         Total Intangibles       365,570         CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800         CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800         CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800         CasingUner       1,500         Liner Hanger       1,500         Float Equipment       1,500         Tubing.8500' 2 3/8" @ \$2.13/ft       18,100         Wellhead       1,500       8,500         Tanks & Pits       1,500       14,500         Separator       8,800       146,150         Line Pipe & Fittings       8,800       146,150         APPROVALS:       Total Well Cost       \$374,370       \$686,520			
Supervision 10 days @ \$650/day         6,500           Water         6,500           Trucking         12,000           Roustabouts/Labor 7 days @ \$2000/day         14,000           Specialized Tools         8,800           5% Contingency         0           Total Completion         0           Total Completion         0           Tangibles         365,570           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800           CasingLiner         62,750           Liner Hanger         1,500           Float Equipment         1,500           Tubing.8500' 2 3/8" @ \$2.13/ft         14,500           Wellhead         1,500         8,800           Total Tangibles         8,800         146,150           Separator         8,800         146,150           Line Pipe & Fittings         8,800         146,150           APPROVALS:         Total Well Cost         \$374,370         \$6886,520			
Water       6,500         Trucking       12,000         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       8,800         5% Contingency       0         Total Completion       0         Total Completion       0         Total Intangibles       365,570         Casing. Surface 500' 9 5/8" @ \$11.60/ft.       5,800         Casing. Production 8480' 5 1/2" @ \$7.40/ft.       5,800         Casing. Liner       62,750         Liner Hanger       1,500         Float Equipment       1,500         Tubing. 8500' 2 3/8" @ \$2.13/ft       1,500         Wellhead       1,500         Total Tangibles       8,000         Total Tangibles       8,000         APPROVALS:       Total Well Cost	Tool & Tank Rental		14,000
Trucking       12,000         Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       8,800         5% Contingency       0       184,800         Total Completion       0       184,800         Total Completion       0       184,800         Total Intangibles       365,570       540,370         Casing.Surface 500' 9 5/8" @ \$11.60/ft.       5,800       5,800       62,750         Casing.Production 8480' 5 1/2" @ \$7.40/ft.       5,800       5,800       62,750         Casing.Liner         Liner Hanger       1,500       11,000         Float Equipment       1,500       11,000       8,500         Tanks & Pits       1,500       8,500       14,500         Separator       1,500       8,000       146,150         Line Pipe & Fittings       8,800       146,150       8,000         Total Well Cost       \$374,370       \$686,520	Supervision 10 days @ \$650/day		6,500
Roustabouts/Labor 7 days @ \$2000/day       14,000         Specialized Tools       8,800         Total Completion       0         Total Completion       0         Total Completion       184,800         Total Intangibles       365,570         Casing. Surface 500' 9 5/8" @ \$11.60/ft.       5,800         Casing. Production 8480' 5 1/2" @ \$7.40/ft.       5,800         Casing Liner       1,500         Liner Hanger       1,500         Float Equipment       1,500         Tubing. 8500' 2 3/8" @ \$2.13/ft       18,100         Wellhead       1,500       8,500         Total Tangibles       8,800       14,500         Separator       1,500       8,500         Line Pipe & Fittings       8,800       146,150         APPROVALS:       Total Well Cost       \$374,370       \$686,520	Water		6,500
Specialized Tools         8,800           5% Contingency         0         184,800           Total Completion         0         184,800           Total Completion         365,570         540,370           Tangibles         365,570         540,370           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800         5,800           CasingProduction 8480' 5 1/2" @ \$7.40/ft.         5,800         62,750           CasingLiner         1,500         11,000           Liner Hanger         1,500         11,000           Tubing8500' 2 3/8" @ \$2.13/ft         1,500         8,500           Wellhead         1,500         8,500         14,500           Separator         17,500         11,000         8,000           Line Pipe & Fittings         8,800         146,150           APPROVALS:         Total Well Cost         \$374,370         \$686,520	Trucking		12,000
5% Contingency Total Completion         8,800           Total Completion         0         184,800           Total Intangibles         365,570         540,370           Tangibles         5,800         5,800           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800         5,800           CasingProduction 8480' 5 1/2" @ \$7.40/ft.         5,800         62,750           CasingLiner         1,500         11,000           Liner Hanger         1,500         11,000           Float Equipment         1,500         11,000           Tubing8500' 2 3/8" @ \$2.13/ft         14,500         8,500           Wellhead         1,500         8,500         14,500           Separator         17,500         8,000         8,800         146,150           Line Pipe & Fittings         8,800         146,150         8,000           APPROVALS:         Total Well Cost         \$374,370         \$686,520	Roustabouts/Labor 7 days @ \$2000/day		14,000
Total Completion         0         184,800           Total Intangibles         365,570         540,370           Tangibles         5,800         5,800           Casing. Surface 500' 9 5/8" @ \$11.60/ft.         5,800         5,800           Casing. Production 8480' 5 1/2" @ \$7.40/ft.         62,750           Casing. Liner         1,500         11,000           Liner Hanger         1,500         11,000           Float Equipment         1,500         18,100           Wellhead         1,500         14,500           Separator         17,500         8,000           Line Pipe & Fittings         8,800         146,150           APPROVALS:         Total Well Cost         \$374,370         \$686,520	Specialized Tools		
Total Intangibles         365,570         540,370           Tangibles         5,800         5,800         5,800           CasingSurface 500' 9 5/8" @ \$11.60/ft.         5,800         5,800         62,750           CasingIner         1,500         11,000         62,750           Liner Hanger         1,500         11,000         11,000           Tubing8500' 2 3/8" @ \$2.13/ft         1,500         8,500           Wellhead         1,500         8,500           Total Yells         8,800         146,150           Line Pipe & Fittings         8,800         146,150           APPROVALS:         Total Well Cost         \$374,370         \$686,520	5% Contingency		
Tangibles       5,800         Casing. Surface 500' 9 5/8" @ \$11.60/ft.       5,800         Casing. Production 8480' 5 1/2" @ \$7.40/ft.       62,750         Casing. Liner       62,750         Liner Hanger       1,500         Float Equipment       1,500         Tubing. 8500' 2 3/8" @ \$2.13/ft       18,100         Wellhead       1,500         Tanks & Pits       14,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       8,800         APPROVALS:       Total Well Cost	Total Completion	0	184,800
CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800       5,800         CasingProduction 8480' 5 1/2" @ \$7.40/ft.       62,750         Casing Liner       1,500       11,000         Liner Hanger       1,500       11,000         Float Equipment       1,500       18,100         Wellhead       1,500       8,500         Tanks & Pits       1,500       14,500         Separator       17,500       8,000         Line Pipe & Fittings       8,800       146,150         APPROVALS:       Total Well Cost       \$374,370       \$686,520	Total Intangibles	365,570	540,370
CasingSurface 500' 9 5/8" @ \$11.60/ft.       5,800       5,800         CasingProduction 8480' 5 1/2" @ \$7.40/ft.       62,750         Casing Liner       62,750         Liner Hanger       1,500       11,000         Float Equipment       1,500       18,100         Tubing8500' 2 3/8" @ \$2.13/ft       18,100       18,100         Wellhead       1,500       8,500         Tanks & Pits       1,500       8,500         Separator       17,500       17,500         Line Pipe & Fittings       8,800       146,150         APPROVALS:       Total Well Cost       \$374,370       \$686,520	Tangihles		
Casing Production 8480' 5 1/2" @ \$7.40/ft.       62,750         Casing Liner       1         Liner Hanger       1,500         Float Equipment       1,500         Tubing8500' 2 3/8" @ \$2.13/ft       18,100         Wellhead       1,500         Tanks & Pits       14,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       8,800         APPROVALS:       146,150	_	5 800	5 800
Casing Liner       Liner Hanger         Float Equipment       1,500         Tubing8500' 2 3/8" @ \$2.13/ft       11,000         Wellhead       1,500         Tanks & Pits       1,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       8,800         APPROVALS:       Total Well Cost	-	0,000	
Liner Hanger Float Equipment 1,500 11,000 Tubing8500' 2 3/8" @ \$2.13/ft 18,100 Wellhead 1,500 8,500 Tanks & Pits 14,500 Separator 17,500 Line Pipe & Fittings 8,000 Total Tangibles 8,800 146,150 APPROVALS:	•		,
Tubing8500' 2 3/8" @ \$2.13/ft       18,100         Wellhead       1,500       8,500         Tanks & Pits       14,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       8,800         APPROVALS:       Total Well Cost	Liner Hanger		
Wellhead       1,500       8,500         Tanks & Pits       14,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       8,800         APPROVALS:       Total Well Cost	Float Equipment	1,500	11,000
Tanks & Pits       14,500         Separator       17,500         Line Pipe & Fittings       8,000         Total Tangibles       8,800       146,150         APPROVALS:       Total Well Cost       \$374,370       \$686,520	Tubing8500' 2 3/8" @ \$2.13/ft		18,100
Separator         17,500           Line Pipe & Fittings         8,000           Total Tangibles         8,800           Total Well Cost         \$374,370           APPROVALS:         \$686,520	Wellhead	1,500	8,500
Line Pipe & Fittings         8,000           Total Tangibles         8,800         146,150           Total Well Cost         \$374,370         \$686,520	Tanks & Pits		14,500
Line Pipe & Fittings         8,000           Total Tangibles         8,800         146,150           Total Well Cost         \$374,370         \$686,520	Separator		17,500
Total Tangibles         8,800         146,150           Total Well Cost         \$374,370         \$686,520	Line Pipe & Fittings		8,000
APPROVALS:		8,800	146,150
	Total Well Cost	\$374,370	\$686,520
McElvain Oil & Gas Properties, Inc Can Kyan Date: 2-18-00	APPROVALS:		
	McElvain Oil & Gas Properties, Inc. Can Kyan	Date:	z-18-00
Investor Approval: Date:	Investor Approval:	Date:	
Approved by: Title:	Approved by: Title:		
Company:			

#### BEAR COM 29 #1 RIO ARRIBA COUNTY, NEW MEXICO

### TOWNSHIP 26 NORTH, RANGE 2 WEST, N.M.P.M. Section 29: S/2, below the base of the Pictured Cliffs formation

containing 320 acres, more or less

#### FEBRUARY 25, 2000

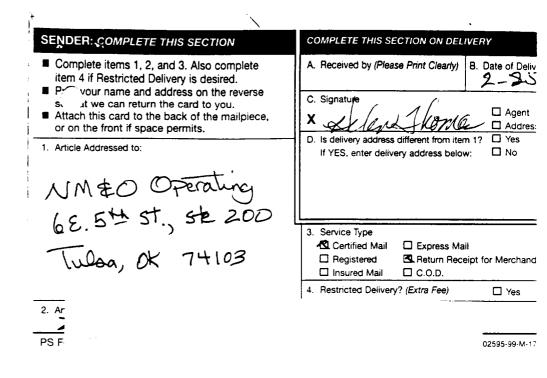
#### Working Interest Owners:

McElvain Oil & Gas Properties, Inc. P.O. Box 2148		OPERATOR	
Santa Fe, New Mexico 87504-2148		BPO	APO <sup>1</sup>
T.H. McElvain Oil &Gas Limited Partn P.O. Box 2148 Santa Fe, New Mexico 87501-2148	ership	50.000000%	50.000000%
Noseco Corporation, a Nevada corporat 7400 Lakeside Drive Reno, NV 89511	tion	16.918585%	15.332468%
Neumann Family Trust c/o Peter C. Neumann P.O. Box 1170 Reno, Nevada 89504		13.397140%	12.141158%
Gavilan Dome Properties, a California I 1180 Cedarwood Drive Moraga, CA 94556	Limited Partnership	10.818685%	9.804433%
Mesa Grande Resources, Inc., an Oklah 1200 Philtower Bldg. Tulsa, Oklahoma 74103	oma corporation	4.568695%	4.140380%
NM & O Operating Company 6 E. 5th Street, Suite 200 Tulsa, OK 74103		3.515645%	3.186053%
Johansen Energy Partnership P.O. Box 1773 Whitefish, MT 59937		0.781250%	0.708008%
Williams Production Company Attn: Mr. M. Vern Hansen P.O. Box 3102 Tulsa, Oklahoma 74101		0.000000%	4.687500%
Dugan Production Corporation P.O. Box 420 Farmington, NM 87499-0420		0.000000%	0.000000% <sup>2</sup>
	Totals:	100.000000%	100.000000%

<sup>1</sup> Payout is defined in that certain Agreement for Purchase and Sale dated August 1, 1986, between Northwest Pipeline Corporation and Mesa-Grande Resources, Inc..

<sup>2</sup> Under Assignment of Oil and Gas Lease from Dugan Production Corporation to Mesa Grande Resources, Inc., dated March 3, 1988, recorded BK 122, PG 5, Dugan reserved a 2.125% of 8/8ths ORRI, 0.5% of which *may* be converted to a 12.5% WI upon payout as defined in that certain Farmout Agreement dated December 31, 1987. The interests of Mesa Grande Resources, Inc., and its assigns, acquired from Dugan Production Corporation are subject to a reassignment provision in favor of Dugan under the terms of said farmout agreement.

#### **US Postal Service** ceipt for Certified Mail Insurance Coverage Provided. Do not use for International Mail (See reverse) Sent to $\overline{C}$ ent Street & Numbe 51 Post Office State & ZIF Code 74103 OK S Postage 71 Certified Fee 40 ۱. 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 Ŝ Postmark or Date S



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Yes

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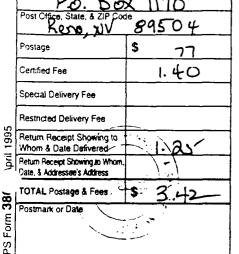
For РЗ

US Postal Service COMPLETE THIS SECTION ON DELIVERY NDER: COMPLETE THIS SECTION Receipt for Certified Mail insurance Coverage Provided. A. Received by (Please Print Clearly) Complete items 1, 2, and 3. Also complete uo not use for International Mail (See reverse) tem 4 if Restricted Delivery is desired. Print your name and address on the reverse C. Signature Energy ser at we can return the card to you. Ξ A.....h this card to the back of the mailpiece, X 773 Thenser or on the front if space permits. Post Offic D. Is delivery address different from item 1? **D**de 5993 Article Addressed to: If YES, enter delivery address below: Ŝ Johnson Energy P.O. Box 1973 Certified Fee 40 Special Delivery Fee Service Type 3. whitefish, MT 59937 Restricted Delivery Fee Certified Mail Express Mail C Return Receipt for Merchanc Registered Return Receipt Showing to Whom & Date Delivered as C.O.D. Insured Mail Return Receipt Showing to Whom Date, & Addressee's Address 4. Restricted Delivery? (Extra Fee) Article Number (Copy from service label) TOTAL Postage & Fees \$ 2 .42 516 stmark or Date S Form 3811, July 1999 Domestic Return Receipt



ostal Service heceipt for Certified Mail No Insurance Coverage Provided.

Do not use for International Mail (See reverse) Sent to eumann tamily Tr Street &





1. Article Addressed to: 🗖 No If YES, address Neumann Family Trust P.O. Box (170 3. Service Typ Rero. NV 89504 🗷 Certified Mail Express Mail Return Receipt for Merchandis Registered C.O.D. Insured Mail 4. Restricted Delivery? (Extra Fee) C Yes Uservice label) 2. Article Number (Copy from serv Z461 50 Domestic Return Receipt 102595-99-M-178 PS Form 3811, July 1999 pril 1995 DER: COMPLETE THIS SECTION COMPLETE THIS SECTION ON DELIVERY No Insurance Coverage Provided eceipt for Certified Main Special Delivery Fee Return Receipt ğ Sentified Fee Return Receipt Showing to Whom Restricted Delivery Fee Postal Service lä A. Received by (Please Print Clearly) B. Date of Delivery 5 omplete items 1, 2, and 3. Also complete use for International Mail (See reverse) ' if Restricted Delivery is desired. いろく н 1 1 Addressee 5 your name and address on the reverse C. Signátúre > that we can return the card to you. e Delivered Agent С tach this card to the back of the mailpiece, X & ZIP Code 22 Addressee Address ii L L on the front if space permits. D. Is delivery address different from item 1? ☐ Yes ( Marwood ticle Addressed to: 5 If YES, enter delivery address below: D No ÷A Lome vilan Dome Properties 2 S þ 94556 . 5

SENDER: COMPLETE THIS SECTION

Pri

Complete items 1, 2, and 3. Also complete

Attach this card to the back of the mailpiece,

.ur name and address on the reverse

iter- hif Restricted Delivery is desired.

so that we can return the card to you.

or on the front if space permits.

80 Cedarwood Dr. Service Type Norma, CA 94556 3 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee)

cle Number (Copy from service label) 461 508 513 n 3811, July 1999 **Domestic Return Receipt** 102595-99-M-1789 COMPLETE THIS SECTION ON DELIVERY Complete items 1, 2, and 3. Also complete A. Received by (Please Print Clearly) B. Date of Deliv item 4 if Restricted Delivery is desired. ЯA 2000 Print your name and address on the reverse ~1 1995 C. Signature it we can return the card to you. sr eceipt for Certified Mai Postage nni io i this card to the back of the mailpiece, Special Delivery Fee Centified Fee Postal Service I A. C Agent Return Receipt Showing to Whom & Dale Delivered Restricted Delivery Fee or on the front if space permits. surance Coverage Provided Addres: use for International Mail (See reverse) D. Is delivery address different from item 1? ---□ Yes Article Addressed to: с Г If YES, enter delivery address below: ß Nesa Grande Ph. JP Code 0 1200 Philtower Bldg. Gran 514 G nowor 9X QX Tulsa, OK 74103 3. Service Type S Certified Mail Express Mail 1 t U Registered Return Receipt for Merchandi R ー 2 Insured Mail 50141 C.O.D. Ø 4. Restricted Delivery? (Extra Fee) □ Yes Article Number (Copy from service label) 461 514 508 Form 3811, July 1999

□ Yes

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

ONNIE

C. Signature

D. Is delivery add

X

A Received by (Please Print Clearly) B. Date of Deliver

Agent

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Addresse

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COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION Z 461 508 517 B. Date of Delive A. Received by (Please Print Clearly) Complete items 1, 2, and 3. Also complete FEB 2 8 2 **US Postal Service** item 4 if Restricted Delivery is desired. Print your name and address on the reverse Peceipt for Certified Mail C. Signature at we can return the card to you. Insurance Coverage Provided C Agent a this card to the back of the mailpiece, Х ۲ Do not use for International Mail (See reverse) Address or on the front if space permits. D. Is delivery address different from item 1? Sent to □ Yes Froduction ama 1. Article Addressed to: If YES, enter delivery address below: Street & Nu 3102 Williams Production Attn: Vern Hansen IP Code Post Office. Ď, 74101 OK S Postage 3. Service Type P.O. Box 3102 1.40 Certified Fee Certified Mail Express Mail Registered 2 Return Receipt for Merchand Special Delivery Fee Tulsa, OK 7410/ 🗅 C.O.D. Insured Mail Restricted Delivery Fee 4. Restricted Delivery? (Extra Fee) □ Yes 995 Return Receipt Showing to 2. Article Number (Copy from service label) Z 46 508 517 1. as Whom & Date Delivered April Return Receipt Showing to Whom Date, & Addressee's Address 102595-99-M-17 PS Form 3811, July 1999 **Domestic Return Receipt** 1800 3.42 TOTAL Postage & Fees S stmark or Date Form Z 461 508 438 ပ္ပ **US Postal Service Receipt for Certified Mail** COMPLETE THIS SECTION ON DELIVERY **SENDER:** COMPLETE THIS SECTION Insurance Coverage Provided. Somplete items 1, 2, and 3. Also complete Received by (Please Print Clearly) B. Date of Delivery Do not use for International Mail (See reverse) item 4 if Restricted Delivery is desired. HEIM DICA rod Print your name and address on the reverse C. Signature Street & Number ( 't we can return the card to you. 420 in this card to the back of the mailpiece, Agent Agent Δ. Addressee Post Office, State, & ZIP Code or on the front if space permits. <u>NM 87499</u> D. Is delivery address different from item 1? armination □ Yes 1. Article Addressed to: If YES, enter delivery address below: D No S Postage 77 Certified Fee 40 Dugan Production Box 420 Special Delivery Fee Restricted Delivery Fee 3. Service Type 1995 E Certified Mail Express Mail Return Receipt Showing to Farmington, xm 87499 1.25 Whom & Date Delivered Registered Return Receipt for Merchandise Return Receipt Showing to Whom Insured Mail C.O.D. Date, & Addressee's Address 4. Restricted Delivery? (Extra Fee) □ Yes 3800 TOTAL Postage & Fees 3. 42 S 2. Article Number (Copy from service label) 508 438 mark or Date 461 Form PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789 ß SENDER: COMPLETE THIS SECTION B. Date of Deliver A. Received by (Please Print Clearly) te items 1, 2, and 3. Also complete -25-cc. Restricted Delivery is desired. ur name and address on the reverse **30**, April 1995 C. Signature Agent we can return the card to you. Return JS Postal Service Receipt for Certified Mai TOTAL Return Receipt Showing te-Whom & Date Defiverent Special Delivery Insurance Coverage Provided. Addresse Restricted Delivery Fee his card to the back of the mailpiece, Centilied Fee 'ostage X T Yes D. Is delivery address different from item 1? le front if space permits. Receipt Addressee's Address Ν No If YES, enter delivery address below: ddressed to: Showing to Whomi Ľ Fee oseco 95e.co Corp. 20 Lakeside Dr. arreside \$ > 3. Service Type СП Express Mail Certified Mail no, NV 89511 ľ Return Receipt for Merchandi 508 C Registered 40 2 C.O.D. Insured Mail 🗋 Yes 4. Restricted Delivery? (Extra Fee)

Number (Copy from service label)