

McElvain Oil & Gas Properties, Inc.

1050 17TH STREET, SUITE 1800
DENVER, COLORADO 80265

MONA L. BINION, CPL
LAND MANAGER
e-mail monab@mcelvainoilandgas.com

TELEPHONE 303-893-0933 EXT.306
FAX 303-893-0914
Cellular 303-809-2058

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

November 10, 2000

D. J. Simmons Co. LP
1009 Ridgeway Pl
Farmington, NM 87401

Benson-Montin-Greer Drilling Corporation
501 Airport Drive
Farmington, New Mexico 87401-2466

3TEC Energy Corp.
Two Shell Plaza, 777 Walker, Suite 2400
Houston, Texas 77002

Re: Re-Entry Proposal
Wynona #1 Well
Township 25 North, Range 3 West
Section 25: SW/4
Rio Arriba County, New Mexico

Gentlemen:

McElvain Oil & Gas Properties, Inc., as sole general partner and Operator in behalf of T. H. McElvain Oil & Gas Limited Partnership ("McElvain") hereby proposes to re-enter an oil and gas well which has been previously plugged and abandoned formerly known as the Wynona #1 Well located SE/4SW/4 of Section 25, Township 25 North, Range 3 West, Rio Arriba County, New Mexico, in order to attempt a completion of the Mesaverde formation therein for the production of oil and gas from the S/2 of said Section 25 as the dedicated proration unit.

The estimated cost to complete the well, as proposed, is \$364,150, which is detailed on the enclosed McElvain Authority for Expenditure dated September 6, 2000. Pursuant to McElvain's review of the records, the ownership of the dedicated proration unit to be as follows:

T.H. McElvain Oil & GAS Limited Partnership	50.00%
D. J. Simmons Co. LP	25.00%
Benson-Montin-Greer Drilling Corporation	12.50%
3TEC Energy Corp.	12.50%

Before the Oil Conservation Commission
Santa Fe, New Mexico
Case Nos. 12635 *de novo*, 12705 Exhibit No. 2
McElvain Oil & Gas Properties, Inc.
Hearing Date: November 6, 2001

D. J. Simmons Co. LP
November 10, 2000
Page 2

An Opinion of Title is being ordered to cover the proration unit and an Operating Agreement to govern operations across the dedicated proration unit is being prepared using AAPL Model form 610-1982 revised and will be transmitted to you for review and execution in the very near future.

We request that you review the enclosed proposal and indicate your election regarding participation and execute the enclosed Election Page in the space provided and return one copy to this office at your earliest possible convenience. If your election is to participate, we ask that you also execute the enclosed Authorization for Expenditure and return one copy to this office along with your executed Election Page. Telefax copies of the executed documents will be accepted at:

McElvain Oil & Gas Properties, Inc.
(303) 893-0914
Attention: Mona L. Binion

provided that original copies are delivered promptly thereafter.

McElvain is an active operator in this area and is currently drilling and completing new wells and re-entering and re-completing old wells as an effort to explore and develop the Mesaverde formation. At this point we have under contract rig(s) and equipment which are adequate to perform the proposed operation, however, this equipment must be kept active in order to maintain contract rights for their use. The proposed re-entry described herein is scheduled in this program to commence prior to year-end 2000 and in light of the circumstances and in order to avoid additional delays which could arise from weather conditions or sensitive surface restrictions, we respectfully request that you review and respond to this proposal at your earliest possible convenience.

If you have any questions concerning this proposal, please feel free to contact the undersigned. We look forward to hearing from you soon.

Very truly yours,

McElvain Oil & Gas Properties, Inc.

Mona L. Binion, CPL
Land Manager

MLB/idi

Encls.

ELECTION PAGE
Re-Entry – Mesaverde Completion
Wyonona #1 Well
November 10, 2000

_____ YES, I/We do hereby elect to participate in the proposed re-entry and Mesaverde formation recompletion in the oil and gas well located in the SE/4SW/4 of Section 25, Township 25 North, Range 3 West, Rio Arriba County, New Mexico formerly known as the Wynona #1.

_____ NO, I/We do hereby elect NOT to participate in the proposed re-entry and Mesaverde formation recompletion in the oil and gas well located in the SE/4SW/4 of Section 25, Township 25 North, Range 3 West, Rio Arriba County, New Mexico formerly known as the Wynona #1. As an alternative to participation, I/We hereby offer support to McElvain and the participating parties hereunder the following:

(Please select one of the following if your election is NOT to participate)

_____ I/We hereby offer to farmout my/our working interest in the proposed well on mutually acceptable terms to be negotiated among the parties and, therefore, request a proposal of terms from McElvain; OR,

_____ I/We hereby offer to sell my/our interest in the proposed well as an alternative to participation and hereby request a proposal of sale terms from McElvain; OR,

_____ I/We hereby offer to execute a mutually acceptable Operating Agreement which shall reflect and election against my/our working interest as a non-participating, non-drilling party subject to the penalty provisions contained therein.

McELVAIN OIL & GAS PROPERTIES, INC.

AUTHORITY for EXPENDITURE

September 6, 2000

WYNONA #1 Mv Recompletion
SE/SW Section 25 T25N R3W

DRY
HOLE

COMPLETED
WELL

Completion Intangibles		
Title Work, Survey & Permitting		2,500
Location, Road, Damages		8,500
Completion Unit 21 days @ \$2,500/day		52,500
Perforating & Cased Hole Logging		15,000
Stimulation acid & frac		135,000
Tool & Tank Rental		15,000
Supervision 25 days @ \$650/day		16,250
Water		15,000
Trucking		12,000
Roustabouts/Labor 7 days @ \$2000/day		14,000
Location Rehab		2,500
5% Contingency		13,900
Total Completion	0	299,650

Total Intangibles

0

299,650

Tangibles		
Casing..Surface		
Casing..Intermediate		
Casing..Liner		
Tubing..6000' 2 3/8" @ \$2.30/ft		13,800
Wellhead		7,500
Bits		1,200
Artificial Lift..Plunger		4,500
Tanks & Pits		13,500
Separator & Dehydrator		17,500
Line Pipe & Fittings		6,500
Total Tangibles	0	64,500

Total Well Cost

\$0

\$364,150

APPROVALS:

McElvain Oil & Gas Properties, Inc.

Date: 9/6/00

Approved by: _____ Title: _____

Company: _____

Is your RETURN ADDRESS complete 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):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

D.J. SIMMONS CO. LP
1009 RIDGEWAY PL
FARMINGTON, NM 87401

4a. Article Number

2 152 933 700

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

11/14/00

5. Received By: (Print Name)

Mary Tsois

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

6. Signature: (Addressee or Agent)

X

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

PS Form 3800, April 1995

2 152 933 700

**U.S. Postal Service
Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to

D.J. SIMMONS CO. LP
Street & Number 1009 RIDGEWAY PL
FARMINGTON, NM 87401
Post Office, State, & ZIP Code

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

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

Consult postmaster for fee.

Article Addressed to:

3TEC ENERGY CORP.
TWO SHELL PLAZA, 777 WALKER, SUITE 2400
HOUSTON, TX 77002

4a. Article Number

7152 933 626

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

11/14/00

5. Received By: (Print Name)

Julie Elskes

6. Signature: (Addressee or Agent)

Julie Elskes

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

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-97-B-0179 Domestic Return Receipt

7152 933 626

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

Sent to	
3TEC ENERGY CORP. TWO SHELL PLAZA, 777 WALKER, SUITE 2400 HOUSTON, TX 77002	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

152 933 629

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Serial **BENSON-MONTIN-GREER DRILLING**

Street & Number **CORPORATION**

501 AIRPORT DRIVE

FARMINGTON, NM 87401-2466

Post Office, State, & ZIP Code

Postage

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees

Postmark or Date

PS Form 3800, April 1995

MC ELVAIN OIL & GAS PROPERTIES, INC.
INDEPENDENCE PLAZA
1050 17TH STREET • SUITE 1800
DENVER, COLORADO 80265

☒ Forwarding Order
☐ Ins. ...
☐ Mailed, Left ...
☐ Unclaimed ...
☐ Attempted, Not ...

Benson-Montin Greer Drilling Corp.
501 Airport Drive
Farmington, NM 87401-2466

