

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

December 7, 2000

GWR Operating Company
9800 Centre Parkway, Suite 900
Houston, TX 77036

Re: Re-Entry Proposal
Wyonna #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 Wyonana #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. Also enclosed for your review is the Recompletion Procedure.

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.

Before the Oil Conservation Commission
Santa Fe, New Mexico
Case Nos. 12635 *de novo*, 12705 Exhibit No. 5
McElvain Oil & Gas Properties, Inc.
Hearing Date: November 6, 2001

GWR Operating Company
December 7, 2000
Page 2

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 in 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.

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VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 7, 2000

Dugan Production Corporation
709 E. Murray Drive
Farmington, NM 87401

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

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Dugan Production Corporation
December 7, 2000
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DENVER, COLORADO 80265

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FAX 303-893-0914
Cellular 303-809-2058

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

December 7, 2000

Herbert Kai
P.O. 500
Rillito, AZ 85654

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

Gentlemen:

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Herbert Kai
December 7, 2000
Page 2

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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.

!!

2 152 933 687

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

9800 CENTRE PARKWAY, SUITE 900

HOUSTON, TX 77036

Post Office, State, & ZIP Code

Postage

Certified

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

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.

3. Article Addressed to:

GWR OPERATING COMPANY

9800 CENTRE PARKWAY, SUITE 900
HOUSTON, TX 77036

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

4a. Article Number

2152 933 687

4b. Service Type

☐ Registered

☒ Certified

☐ Express Mail

☐ Insured

☒ Return Receipt for Merchandise

☐ COD

7. Date of Delivery

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

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

Addresser's Address

Restricted Delivery

Consult postmaster for fee.

Thank you for using Return Receipt Service.

CERTIFIED

Z 152 933 687

MAIL

NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD



NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD



NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD



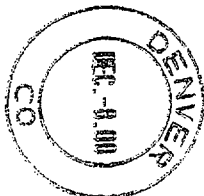
MC ELVAIN OIL & GAS PROPERTIES, INC.
INDEPENDENCE PLAZA
1050 17TH STREET • SUITE 1800
DENVER, COLORADO 80265

GWR OPERATING COMPANY
9800 CENTRE PARKWAY, SUITE 900
HOUSTON, TX 77036

NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

10E
92603

SSD
mark



90000007777



Z 732 933 646

**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	
709 E. MURRAY DRIVE	
Post Office	
FARMINGTON NM 87401	
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

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):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

DUGAN PRODUCTION
709 E. MURRAY DRIVE
FARMINGTON, NM 87401

4a. Article Number

7152 933 646

4b. Service Type

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

7. Date of Delivery

12-11-00

5. Received By: (Print Name)

Belita Tankersley

6. Signature: (Addressee or Agent)

X

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

Thank you for using Return Receipt Service.

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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- Attach this form to the front of the mailpiece, or on the back if space does not permit.
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- 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.

3. Article Addressed to:

HERBERT KAI
PO 500
RILLITO, AZ 85654

4a. Article Number
2 152 933 686

4b. Service Type

☐ Registered ☒ Certified

☐ Express Mail ☐ Insured

☒ Return Receipt for Merchandise ☐ COD

7. Date of Delivery
12-13-00

5. Received By: (Print Name)

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

PO Box 550
Rillito AZ 85654

6. Signature: (Addressee or Agent)

[Signature]

PS Form 3811, December 1994 102595-97-B-Q179 Domestic Return Receipt

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

HERBERT KAI

Street & Number
PO 500

Post Office, State, & ZIP Code
RILLITO, AZ 85654

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

Z 152 933 686