

# McElvain Oil & Gas Properties, Inc.

1050 17<sup>TH</sup> STREET, SUITE 1800  
DENVER, COLORADO 80265

MONA L. BINION, CPL  
LAND MANAGER  
e-mail [monab@mcelvainoilandgas.com](mailto: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%

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*  
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 an election against my/our working interest as a non-participating, non-drilling party subject to the penalty provisions contained therein.**