

(FAX)



Eland Energy, Inc. Exhibit 201

P.01/01

June 14, 2001

Exco Resources, Inc.
1775 Sherman Street, Suite 2650
Denver, CO 80203

Attn: Gayle Baker

Re: Rose Federal 14 - 18 wells,
Your Pecos Slope Prospect,
Eland #659P,
Chaves County, NM

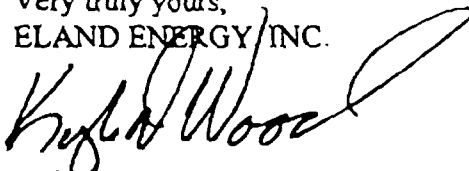
Dear Gayle:

This letter will acknowledge receipt of your correspondence dated June 1, 2001 covering the above, proposed wells.

On May 15, 2001, representatives of Eland and Exco met in Exco's offices in Dallas to discuss various points of interest between the two companies. It was decided at the meeting that perhaps the best way to settle certain disagreements between the parties was for one of the parties to buy out the other, and that Exco would make an offer to acquire all of Eland's interest in the Pecos Slope Prospect. Rick Hodges indicated last week in a telephone conversation with Craig Nielsen that such an offer was forthcoming.

In light of the pending offer and ongoing negotiations between the parties, Eland has no desire to invest time and resources in the evaluation of drilling proposals and negotiation of proposed operating agreements. Eland proposes that Exco withdraw the well proposals so the acquisition/divestiture process can proceed unhindered by the complications associated with an aggressive drilling program. A prompt review of this proposal along with a favorable reply would be greatly appreciated by Eland.

Very truly yours,
ELAND ENERGY INC.



Kyle D. Wood
Sr. Landman

Via certified mail and fax (1 page)
to: 303/831-1397

cc: GA, RCN, TH

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