

PORTER & HEDGES, L.L.P.

ATTORNEYS AND COUNSELORS AT LAW

1000 MAIN STREET, 36TH FLOOR

HOUSTON, TEXAS 77002-6336

C. RANDALL KING

PARTNER

Tel. Direct (713) 226-6603

Fax Direct (713) 226-6203

RKING@PORTERHEDGES.COM

TELECOPIER (713) 228-1331

TELEPHONE (713) 226-6000

MAILING ADDRESS:

P.O. BOX 4744

HOUSTON, TX 77210-4744

March 3, 2006

Via Fax and Certified Mail  
RRR #7002 0510 0002 8342 7111

Mr. James Bruce  
Attorney at Law  
Post Office Box 1056  
Santa Fe, New Mexico 87504

Re: Application for Compulsory Pooling filed by Synergy Operating, LLC with the New Mexico Oil Conservation Division regarding N ½ of Section 6, Township 29 North, Range 13 West, San Juan County, New Mexico

Dear Mr. Bruce:

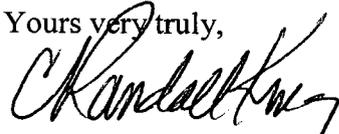
We represent Maxxam Corporation in the above-referenced matter. They have asked us to advise you that they do not expect to appear at the hearing or to oppose the application.

As you may be aware, information provided by Synergy to Maxxam indicated that there were open and unresolved title issues affecting Maxxam's interests in Section 6. This apparent cloud on title has made it highly impractical for Maxxam to agree to participate and there appears to be insufficient time to settle these title issues and for Maxxam to evaluate the investment.

Maxxam would appreciate it very much, however, if Synergy would voluntarily provide, from time to time, information regarding the productive capability of the well(s) and payout status of the 200% penalty. At such time as it appears the well(s) will achieve payout of the penalty, Maxxam expects to attempt to work with Synergy to resolve the title dispute or bring the appropriate legal action so that the deposition of the after payout proceeds may be resolved.

Moreover, Maxxam would respectfully request that it be provided any title opinions or other title examination materials obtained by Synergy that would help in the evaluation of the title issue.

Yours very truly,

  
C. Randall King

CRK/sw

BEFORE EXAMINER CAT-MACH
OIL CONSERVATION DIVISION
EXHIBIT NO. 7
CASE NO.

925454\_1.DOC

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cc: Jay Lerner  
Patrick Hegarty