

INTEROFFICE MEMORANDUM

To: File
From: Duke Roush
Date: July 29, 2002
Re: Packer "7" State Com. #1
Lea County, New Mexico
Packer Prospect

By letter dated May 31, 2002, we proposed the Packer "7" St. Com. #1 located in the E/2 of Section 7, T-21-S, R-35-E, Lea County, New Mexico. Wilson Oil received this proposal on 6/6/02. Mr. Tug Wilson called me upon receipt and informed me that he did not wish to participate and would prefer that we take a term assignment on his interest. On July 23, 2002, I mailed a formal offer to Mr. Wilson and was attempting to follow up and was unable to reach him in Colorado. I was finally able to make contact with a Mr. Squires in their Roswell office and was informed that Mr. Wilson suddenly passed away and that they have not appointed his predecessor.

I faxed the letter to Mr. Squires today and informed him of the pending hearing on Thursday.



Duke Roush

DR/dw

cc: Bob Shelton

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12901 Exhibit No. 7
Submitted by:
NEARBURG EXPLORATION COMPANY, L.L.C.
Hearing Date: August 1, 2002