

NMOCC CASE NO. 9694

JULY 12, 1989

ORYX ENERGY EXHIBIT 26

NMOCD CASE NO. 9671

May 10, 1989

Dugan/Sun Exhibit No. 4

November 14, 1986

To: All Working Interest Owners
(See Addressee List Attached)

Re: Continental Divide #1
E/2 Sec. 12-T25N-R2W
Rio Arriba County, New Mexico

Gentlemen:

Reference is made to the captioned well which we originally proposed in November of 1985.

As you may recall, we were initially delayed by having to force pool Mountain States Natural Gas on January 22, 1986 as to their working interest.

Our next hurdle was to negotiate a right-of-way agreement with the Santa Fe National Forest people which was our only public access into the location. Those negotiations lasted until the latter part of July when we agreed to a mutually acceptable route.

In the interim, our force pooling order against Mountain States expired on May 1 as we were unable to commence our well by said date as required by the order.

On July 23, 1986, I again appeared before the Oil and Gas Commission in an effort to have the forced pooling against Mountain States reinstated. Said order was issued effective August 8, 1986 with a commencement date for our well no later than November 1, 1986 (copy attached).

Following our successful negotiations with the Forest Service, we let out bids to contractors with the Forest Service criteria. Our lowest bid to date is in excess of \$100,000.

As noted in my letter of October 24th to the Oil and Gas Commissioner, Mr. Stamets, the excessive cost of the access road and the onset of winter has delayed our plans indefinitely. Mr. Stamets did grant us a continuation on our forced pooling until May 1, 1987 (copy attached).

Our plans are to put this well on hold until late spring or early summer and review the situation at that time. We are also in constant conversation with the Forest people as to granting some relief on their requirements but those efforts do not appear promising at this time.

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222
(303) 321-2111

Working Interest Owners
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I wanted to update each of you as to the status of this proposed well in the event you needed to amend your budgets prior to year end.

Thank you for your continued cooperation and feel free to contact me should you have any questions.

Very Truly Yours,



Kent C. Craig

KCC/rm

enclosures

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Testamentary Trust under the
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