

# dugan production corp.

NMOCD CASE NO. 9359

9-14-88

Dugan Production Corp.

Exhibit No. 8

September 26, 1986

Gary Williams Oil Producer  
4 Inverness Circle East  
Englewood, Colorado 80112

Carlisle Petroleum, Inc.  
address unknown

ICG Petroleum, Inc.  
2700-140 4th Avenue, SW  
Calgary, Alberta, Canada T2P 252

A. E. Investments, Inc.  
address unknown

AA Energy Corp.  
c/o A. M. R. Energy Corp.  
1500 Fidelity Union Tower  
Dallas, Texas 75201

Penn Bristol Corp.  
address unknown

RE: Dugan Production's Husky Federal #2 Well  
NW/4 NW/4 Section 25-21N-4W  
Sandoval County, New Mexico

Gentlemen:

Dugan Production Corp. drilled the above referenced well in 1983 in an Undesignated Gallup pool on 40 acre spacing. The well was drilled on Federal Lease NM-14729 covering the NW/4 of said Section 25, the operating rights to which are owned entirely by Dugan Production.

Since the well was drilled and completed, New Mexico OCD has spaced the well into the Rio Puerco Mancos Pool, which has 320 acre spacing. According to the information provided to us by the BLM, you are the joint owners of the operating rights to the Mancos formation under Lease NM-25611, which covers the NE/4 and the S/2 of said Section 25. As a result, acreage which you own must be brought into the well.

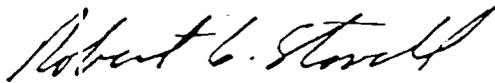
Dugan Production is proposing to establish a W/2 proration unit for this well and we would ask that you join in the well. If you will confirm to us that you are, in fact, owners of the operating rights within that acreage, we will provide you AFE and production information from the well in order that you might make a decision.

RE: Dugan Production's Husky Federal #2 Well  
N $\frac{1}{2}$ /4 NW/4 Section 25-21N-4W  
Sandoval County, New Mexico  
September 26, 1986

Page 2 of 2

You will notice that there are three interest owners listed whose addresses are unknown. If any of you who receive this letter are able to give an address for the other working interest holders, we would appreciate it. I thank you for your cooperation and assistance in this matter together with your prompt response. If you have any questions, please call.

Sincerely,



Robert G. Stovall  
Land Manager

RGS:jfr