NMOCD Case # 9252 (Continued) December 2, 1987

DUGAN PRODUCTION CORP.'S EXHIBIT #7

Letters dated November 3, 5 and 10, 1987
and Receipts Certifying Delivery
RE: Proposed Mancos Well
Dugan Production Corp.'s Bridge Com #1 Well
Township 26 North, Range 2 West, NMPM
Section 28: All
Rio Arriba County, New Mexico

Distributed to:

Amoco Production Company ATTN: Douglas Broadfoot 1670 Broadway Denver, Colorado 80201

A. G. Hill Oil & Gas Producer ATTN: Phil Gardner 5000 Thanksgiving Tower Dallas, Texas 75201

Johansen Energy Partnership 7188 Envoy Dallas, Texas 75247

Peter C. Neumann P. O. Box 1170 Reno, Nevada 89504-1170

Northwest Pipeline Corporation P. O. Box 8900 Salt Lake City, Utah 84108-0900

Venada National ATTN: Ron D. Leineke, President 2580 Sierra Blvd., Suite A Sacramento, California 95825





Movember 3, 1987

CERTIFIED, RETURN RECEIPT REQUESTED

Douglas Broadfoot Amoco Production Company 1670 Broadway Denver, Colorado 80201

RE: Proposed Mancos Well
Township 26 North, Range 2 West
Section 28: MW/4 SE/4
Rio Arriba County, Mew Mexico
DPC's Bridge Com #1 Well

Gentlemen:

Pursuant to our phone conversation of Movember 2, 1987, this letter is to request that Amoco Production Company support the drilling of the captioned well by participating or trading its interest in the drillsite spacing unit.

We are enclosing a copy of the proposal sent to the other working interest owners along with the AFE and operating agreement. The interest of the parties needs to be changed to reflect Amoco's 1.25% interest by reducing Sun Exploration and Production Company's interest proportionately.

As we discussed, our application for compulsory pooling (copy enclosed) is scheduled for November 4, 1987 and is identified as Case 9252. We intend to have the case heard and if need be, will continue it to the next possible hearing date to accommodate you.

Although we would prefer to buy your interest, the 40% overriding royalty interest you proposed is not acceptable.

Please review the enclosed AFE and operating agreement at your earliest opportunity and advise.

Sincerely.

Richard Corcoran, Landman

RC:jr Enclosures





"ovember 3, 1987

CERTIFIED, RETURN RECEIPT REQUESTED

Phil Gardner
A. G. Hill Oil & Gas Producer
5000 Thanksgiving Tower
Dallas, Texas 75201

RE: Proposed Mancos Well
Township 26 North, Range 2 West
Section 38: NW/4 SE/4
Ric Arriba County, New Mexico
DPC's Bridge Com #1 Well

Gentlemen:

Pursuant to our phone conversation of November 2, 1987, this letter is to request that A. G. Hill Oil & Gas Producer support the drilling of the captioned well by participating or trading its interest in the drillsite spacing unit.

We are enclosing a copy of the proposal sent to the other working interest owners along with the AFE and operating agreement. The interest of the parties needs to be changed to reflect A. G. Hill's 3.125% interest by reducing Sun Exploration and Production Company's interest proportionately.

Our application for compulsory pooling (copy enclosed) is scheduled for November 4, 1987 and is identified as Case 9252. We intend to have the case heard and if need be, will continue it to the next possible hearing date to accommodate you.

As we discussed, we would prefer to acquire an oil and gas lease covering your interest and considering that you have not reached an agreement covering this interest, we request that you advise what terms would be acceptable to you. In the alternative, please execute and return the enclosed AFE and operating agreement at your earliest opportunity.

Sincerely,

Richard Corcoran, Landman

RC:jr





November 5, 1987

CERTIFIED, RETURN RECEIPT REQUESTED

Peter C. Neumann P. O. Box 1170 Reno, Nevada 89504-1170

RE: Proposed Mancos Well

Township 26 North, Range 2 West

Section 21: SE/4 NN/4 - DPC's Evans Com #1 Well Section 28: NW/4 SE/4 - DPC's Bridge Com #1 Well

Rio Arriba County, New Mexico

Gentlemen:

This letter is to request that you support the drilling of the captioned well by participating or trading its interest in the drillsite spacing unit.

We are enclosing a copy of the proposal sent to the other working interest owners along with the AFE and operating agreement. The interest of the parties needs to be changed to reflect your 11.53846% interest in both the W/2 NE/4 of Section 21 (= 1.44230% working interest of Section 21) and the SW/4 of Section 28 (= 2.88461% working interest of Section 28), by reducing Mesa Grande Resources, Inc.'s interest proportionately.

Our applications for compulsory pooling (copy enclosed) were heard November 4, 1987. The case covering Section 21 (Evans Com #1 Well) will be reopened on December 2, 1987 and the case convering Section 28 (Bridge Com #1 Well was continued also to December 2, 1987.

We would prefer to acquire an assignment covering your interest and request that you advise what terms would be acceptable to you. In the alternative, please execute and return the enclosed AFE and operating agreement at your earliest opportunity.

Sincerely,

Richard Corcoran, Landman

RC: ir



Movember 5, 1987

CERTIFIED, RETURN RECEIPT REQUESTED

Venada Mational 2580 Sierra Blvd. A Sacramento, California 95825

RE: Proposed Mancos Well
Township 26 North, Range 2 West
Section 21: SE/4 NW/4 - DPC's Evans Com #1 Well
Section 28: NW/4 SE/4 - DPC's Bridge Com #1 Well
Pio Arriba County, New Mexico

Gentlemen:

This letter is to request that Venada National support the drilling of the captioned well by participating or trading its interest in the drillsite spacing unit.

We are enclosing a copy of the proposal sent to the other working interest owners along with the AFE and operating agreement. The interest of the parties needs to be changed to reflect Venada's 7.03125% interest in both the W/2 NE/4 of Section 21 (= 0.87890% working interest in Section 21) and the SW/4 of Section 28 (= 1.75781% working interest of Section 28), by reducing Mesa Grande Resources, Inc.'s interest proportionately.

Our applications for compulsory pooling (copy enclosed) were heard Nevember 4, 1987. The case covering Section 21 (Evans Com #1 Well) will be reopened on December 2, 1987 and the case convering Section 28 (Bridge Com #1 Well) was continued also to December 2, 1987.

We would prefer to acquire an assignment covering your interest and request that you advise what terms would be acceptable to you. In the alternative, please execute and return the enclosed AFE and operating agreement at your earliest opportunity.

Sincerely,

Richard Corcoran, Landman

RC:jr





Movember 5, 1987

CERTIFIED, RETURN RECEIPT REQUESTED

Johansen Energy Partnership 7188 Envoy Dallas, Texas 75247

RE: Proposed Mancos Well
Township 26 North, Range 2 West
Section 21: SE/4 NW/4 - DPC's Evans Com #1 Well
Section 28: NW/4 SE/4 - DPC's Bridge Com #1 Well
Rio Arriba County, New Mexico

Gentlemen:

This letter is to request that Johansen Energy Partnership support the drilling of the captioned well by participating or trading its interest in the drillsite spacing unit.

We are enclosing a copy of the proposal sent to the other working interest owners along with the AFE and operating agreement. The interest of the parties needs to be changed to reflect Johansen Energy Partnership's 1.17187% interest in both the W/2 NE/4 of Section 21 (= 0.14648% working interest of Section 21) and the SW/4 of Section 28 (= 0.29296% working interest of Section 28), by reducing Mesa Grande Resources, Inc.'s interest proportionately.

Our applications for compulsory pooling (copy enclosed) were heard November 4, 1987. The case covering Section 21 (Evans Com #1 Well) will be reopened on December 2, 1987 and the case convering Section 28 (Bridge Com #1 Well) was continued also to December 2, 1987.

We would prefer to acquire an assignment covering your interest and request that you advise what terms would be acceptable to you. In the alternative, please execute and return the enclosed AFE and operating agreement at your earliest opportunity.

Sincerely,

Richard Corcoran, Landman

RC:jr



"cyember 10, 1987

Morthwest Pipeline Corporation P. O. Box 8900 Salt Lake City, Utah 84108-0900

PF: Proposed Manchs Mell Township 06 North, Pange 0 Mest Section 01: SE/4 NW/4 - DPC's Evans Com #1 Well Section 28: NW/4 SE/4 - DPC's Bridge Com #1 Well Rio Arriba County, New Mexico

Gentlemen:

This is to advise that Nugar Production Corp. has made application for compulsory pooling (copy enclosed) covering all interest in the captioned lands.

Our initial requests were heard Movember 4, 1927, with the case covering Section 21 to be re-opened on December 2, 1927 and the case covering Section 28 being continued also to December 2, 1987.

Because Northwest Pipeline Corporation has an overriding royalty interest that is convertible to a working interest in both of these sections, we are advising you of our plans to pool said interest.

If you would like additional information concerning this matter, please advise.

Sircerely,

Richard Corcoran Landman

RC:ir

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