



NORTH AMERICAN GAS CORPORATION

7222 COMMERCE CENTER DR., SUITE 215, COLORADO SPRINGS, CO 80919
(719) 593-9953 FACS#: (719) 593-9976 TELEX#: 450219



RECEIVED

April 24, 1989

JUN 01 1989

Cavanaugh & Cavanaugh, Inc.
P.O. Box 25
Larkspur, Co 80118

COLO. OIL & GAS CONS. COMM.

re: resignation of contract operations

Dear Jim:

It has become very obvious to me now that you and Tim Monohan do not have intentions in letting North American Gas Corporation take over the operations of the wells, and never intended to. The operations are not economical without the entire field to take care of. We have done everything to help in a bad situation but will be able to continue. This letter is our notification to you that North American Gas Corporation is resigning from operating your wells in the Cavalry field.

In order for you to get your own staff back in the field we will keep things going until May 1, 1989 in order for you to get this accomplished. We are in the process of boxing everything that pertains to the accounting and production records for you and we will get them to you as well.

I am sorry that things could not get worked out but I cannot afford to run the operations without revenue, and without the Calprotrak wells there is no revenue to pay operations with.

Sincerely,

Ronnie Neihart
President

cc: Tim Monahan
CalProtrak