

**#1 Parachute Adams  
Section 3, T16S, R35E  
Lea County, NM**

8-6-98, Division Order R-11028 was entered by the OCD 8-6-98 covering Lots 9-16 of Section 3 for the drilling of the Parachute Hopper #1 Well. Subsequent to the entering of this order, we obtained additional geological information in this very active area which caused us to alter the geological interpretation for this area, and thus the necessity to form this new spacing unit for the Parachute Adams #1 Well to be located in Lots 9, 10, 15, 16 and SE/4 of Section 3. See Chronology for original Parachute Hopper #1 Well for additional work on the mineral and leasehold owners under these lands prior to the dates below. Said Chronology is attached hereto. Supporting documents were introduced and made a part of the record in OCD Case No. 11994.

9-25-98, Called Amerind 682-8217 and requested to speak to Bob Leibrock. He was out of town until Monday, so I spoke with Mary Ann Brock and told her that we wanted to drill a well in the S/2/3rds of the E/2 to test the Atoka Morrow and the lower Mississippian. She said that they would like to see a well drilled, especially with the delays in Section 2. She would have Bob Leibrock call me Monday. I also mailed a proposal letter to drill this well general mail, along with an AFE.

9-25-98, hired lease broker to make personal contact with the unleased mineral owners under the N/2SE/4 and SE/4SE/4 of Section 3 in an attempt to acquire oil and gas leases covering their mineral estates. Broker made numerous phone calls, mailed offer letters, and made personal visits to some of these mineral owners in an effort to acquire leases.

9-30-98, DHA met with Bob Leibrock with Amerind who owns several oil and gas leases in the N/2SE/4 and SE/4SE/4 to discuss drilling this well.

10-2-98, mailed offer letters to all unleased mineral owners and other uncommitted parties to participate in the drilling of this test well, grant term assignment or lease. Also mailed ones to Mobil, Bristol, Shidler, Cone and Five States 10-5-98, who own leasehold estates under this proposed unit.

10-13-98, received letter from DC Trust offering to sell their interest in the tract.

10-15-98, received signed AFE from Roy G. Barton Trust for the Parachute Adams well.

10-22-98, received signed AFE from Marjorie Cone Kastman for the Parachute Adams well.

10-29-98, received letter from Clifford R. Cone indicating that he wishes to participate, but wants a copy of JOA. JOA mailed 10-30-98.

10-29-98, following several phone conversations, met with Bristol representatives to review prospect. Said would participate or grant term assignment 1 year, 22.5 % burdens. Awaiting confirmation of agreement with formal documents.

10-29-98, met with Amerind and delivered JOA. Indicated they would probably participate. Said we would hear from them on Monday.

10-30-98, met with Mark Shidler, with Mark Shidler, Inc. He agreed to participate in the drilling of the well. Awaiting confirmation of agreement with formal documents.

11-2-98, received letter from DC Trust indicating they were considering participating and to please send JOA. JOA mailed 11-3-98.

11-2-98, reached agreement to acquire term assignment from Mobil and Five States. Awaiting confirmation of agreement with formal documents.

ATTACHED TO CHRONOLOGY FOR PARACHUTE ADAMS #1 WELL  
#1 Parachute Hopper  
Section 3, T16S, R35E  
Lea County, NM

**Chronology:**

September, 1997, on behalf of David Arrington Oil & Gas, Inc., begin land work on determining mineral ownership under prospect acreage. Begin acquiring oil and gas leases covering unleased mineral estate. Begin negotiations with the current record leasehold owners to acquire term assignments and/or farmouts covering said leasehold estate.

November 11, 1998, mailed offer letter to Mark L. Shidler, Inc., as a follow up to a phone conversation the previous week, wherein we requested a term assignment covering its leasehold estate under Lots 9, 10, 11 and 12 of Section 3. Mr. Shidler later advised by letter that they were not interested in our proposal.

November 18, 1997 talked to Mr. Larry Petrie, the A. L. Cone Estate representative according to the receptionist answering the phone. Advised him of Arrington's request to acquire an oil and gas lease covering the interest of A. L. Cone Estate under Lots 13, 14, 15, 16 of Section 3, T16S, R35E, Lea County, NM. Mailed offer letter dated November 18, 1997 to Mr. Petrie at PO Box 3457, Lubbock, TX 79452, the address given me over the phone.

December 29, 1997, talked to Mr. Petrie on the phone regarding our proposal. He apologized for not having yet responded, but said that he will try to look at it after the first part of the year because he was trying to tie up year-end items. At least two messages were left on Mr. Petrie's answering machine requesting that he return our calls to discuss this matter. No calls were returned.

April 1, 1998, spoke with Mr. Ed Watts with Bristol Resources advising of our interest in acquiring a term assignment of their leasehold estate under Lots 9, 10, 11, and 12 of Section 3. Mr. Watts advised that Bristol did not like to enter into term assignments.

April 24, 1998, David Arrington called Mr. Petrie's office to discuss the proposal for the lease, and spoke to Ms. Cook who stated that "this property is not for lease."

May 8, 1998, forwarded to Mr. Petrie, certified mail, a letter proposing the drilling of this well, along with an AFE, requesting that they participate in this well. In the event they elected to not participate, we requested that they grant an oil and gas lease covering their interest.

May 8, 1998, called Mr. Jerry L. Hooper to make offer to acquire a top oil and gas lease covering his, and his wife's, mineral estate under Lots 13, 14, 15, 16 of Section 3, T16S, R35E, Lea County, NM. Left word with a lady answering the phone for Mr. Hooper to call me. Robert Hooper returned my call and I made verbal offer to Robert Hooper of \$152.00 per acre bonus (including paid up rentals), 25% royalty and three (3) year term. Mailed certified mail on May 9, 1998, a letter proposing the drilling of this well, along with an AFE, requesting that they participate in this well. In the event they elected to not participate, we requested that they grant an oil and gas lease covering their interest under the terms as outlined above. He said that they would not lease for that little of money.

May 9, 1998, mailed certified mail, to Jimmy J. Hooper and wife Lynne Hooper a letter proposing the drilling of this well, along with an AFE, requesting that they participate in this well. In the event they elected to not participate, we requested that they grant an oil and gas lease covering their interest under the terms as outlined above.

May 9, 1998, forwarded to Bristol Resources, certified mail, a letter proposing the drilling of this well, along with an AFE, requesting that they participate in this well. In the event they elected to not participate, we requested that they grant a term assignment of their leasehold estate under Lots 9, 10, 11, and 12 of Section 3.

May 9, 1998, forwarded to Mark L. Shidler, certified mail, a letter proposing the drilling of this well, along with an AFE, requesting that they participate in this well. In the event they elected to not participate, we requested that they grant a term assignment of their leasehold estate under Lots 9, 10, 11, and 12 of Section 3.

May 14, 1998, received as undeliverable the certified letter sent to Jerry L. Hooper and wife Margaret A. Hooper, PO Box 2126, Roswell, NM 88202. I called the number listed for Mr. Hooper 505-623-0415 and left a message on machine for Robert Hooper, requesting that he call me. I have previously spoke to Robert Hooper on the phone wherein he requested that we submit for their review a farmout option on the letter proposing the well. I informed him that as a mineral owner, our offer was for an oil and gas lease, or their participation in the well.

May 18, 1998, I called the number listed for Mr. Hooper 505-623-0415 and left a message on machine for Robert Hooper, requesting that he call me to discuss this matter.

May 18, 1998, I called and visited with a lady answering the phone. She said that they had received our offer letter, but that Mr. Petree had not been in the office since it arrived. She said she would try to visit with him tonight and have him call me.

May 18, 1998, I called and visited with Mark L. Shidler, who acknowledged receipt of our letter. He has not yet evaluated it, but will shortly and will call back. He was curious if this well would be completed in the same zone as his producer in Lot 10. I was not sure.

May 18, 1998, I called and visited with Ed Watts with Bristol (918) 523-3065. They have looked at it but have made no decision. They are also being pooled in the Section 2, east of this tract.

May 19, 1998, Robert Hooper returned my phone calls on his cell phone and left me a message to call him back. I called him at 505-420-0837. It was a bad connection and he had to call me back several times. He basically said he wanted a farmout option, along with the other options. I told him that it was our understanding that the leases covering these minerals would be expiring June 12, 1998, and his options at that time would be to participate or lease. I told him that our offer to owners of existing leases were a one year term assignment, delivering a 77.5% net revenue interest. He said that he was going to shop our offer and that there was no way they would lease for \$152.00 per acre. He said he would lease to us right now for \$10,000.00, ¼ royalty and 2 year term. The phone line went dead before we could discuss that further.

May 21, 1998, mailed certified letter to Norwest Bank, Trustee of the Simmons Trusts requesting them to participate or lease. We also had a gentleman go to Ms. Carin Hoch's office, Trustee, to get the lease we previously agreed to: 2yr, 1/5<sup>th</sup> and \$150.00 Acre. She said it would be at least 3 weeks to get the lease. We received fax dated May 22, 1998 from Norwest bank stating that we should have the lease next Monday or Tuesday. As of June 9, 1998 we still had not received it. I called Norwest Bank and left a message on Carin Hoch's answering machine to please call me concerning the status of this lease.

June 9, 1998, mailed copy of the Joint Operating Agreement to be used for this well to Robert Hooper pursuant to his verbal request.

June 18, 1998, talked to Carin Hoch, Norwest Bank, re Simmons Trust. They have agreed to lease under the terms negotiated, utilizing a lease form we have agreed to.

June 18, 1998, left word of Ed Watts answering machine, Bristol Resources for him to call me to discuss our proposal. Message said he was out of the office but would be checking his messages.

June 18, 1998, left message on Robert Hooper's answering machine requesting that he call me to discuss proposal and to make certain that he had received the JOA.

June 18, 1998, called Mr. Larry Petree and left message with lady asking that he call me to discuss our proposal. She said she thought she had or pooling letter and that she would try to get him the message. He had been out of town and very busy.

June 18, 1998, called Mark L. Shidler. Visited with Greg Gregson who said they were not interested in granting a no bonus lease. I explained the term assignment theory to him. He said he would ask Mr. Shidler to call me back.

June 22, 1998, Robert Hooper returned my phone call of June 18 and said he received the JOA I had sent to him. He made no comment regarding its contents or whether he had reviewed it. I told him the hearing had been postponed due to a scheduling conflict with our attorney. He advised that he had requested an extension.

June 23, 1998, Mark L. Shidler called and said they would participate for their proportionate share of this well. He expressed concern about our completing the well up-hole in the same zone as their well in Lot 10, however I told him so long as the location was legal at the current location then we would reserve the right to complete in that zone.

June 30, 1998, called Larry Petree and spoke with Annie Lee Cook. She said that she had given my messages to Mr. Petree, and that he had intended to call me. He lost the number and she gave it to him again.

June 30, 1998, I called Ed Watts with Bristol (918) 523-3065 and left word on answering machine for him to call me. Phone call not returned.

July 1, 1998, Robert Hooper called and said they did not receive notice of the continuance in the hearing, which I had verbally told him about. He wanted a financial statement on David H. Arrington Oil & Gas, Inc. since he did not own an interest in the force pooling. He wanted copies of our geology. He said he would fight us to get the well delayed since there were two wells drilling now in Section 2 to the east. I told him that we would furnish him with any information that the commission required us to. He also said he would lease for \$500.00 per acre. He also said that he didn't speak to his father, Jerry L. Hooper and that he lived in Las Vegas, NM. His number is 505-425-6609. He also said he did not pick up a letter that was sent certified for Jerry Hooper since he did not represent him.

July 1, 1998, called Ms. Cooke at A. L. Cone Partnership and she said that we could not make a deal to lease prior to the hearing, and that they would wait to see what the commission ordered.

July 1, 1998, I called Ed Watts with Bristol (918) 523-3065 and left word on answering machine for him to call me.

Subsequent to the above dates and prior to the issuance of the Division Order R-11028 on August 6, 1998, we reached an agreement to lease the interests of Jimmy J. Hooper et ux, Jerry L. Hooper et ux, and Norwest Bank Trustee.

# OMNI OIL PROPERTIES

P.O. BOX 564

ROSWELL, NEW MEXICO 88202

Enick E. Diffie

(505) 622-3294

September 28, 1998

COPY

Ms. Mary A. Irwinsky  
4404 Odessa Avenue  
Fort Worth, Texas 76133

RE: North Airport Prospect  
Lea County, New Mexico

Dear Ms. Irwinsky:

As you may recall, we had a telephone conversation on September 4, 1998, in which I expressed my desire to acquire an oil and gas lease on behalf of David H. Arrington Oil & Gas, Inc. covering your mineral interest in the SE/SE/4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. I would like to include your mineral interest in the SW/4SW/4 of Section 2, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico.

We are in the process of finalizing our leasing activity on this project and have plans to commence drilling operations in the near future. It would be very helpful if you could call me when the interest has been assigned by you and your family members to the partnership.

Your response to this request will be greatly appreciated and I will anticipate hearing from you at your earliest convenience.

Sincerely,

Enick E. Diffie

# OMNI OIL PROPERTIES

P.O. BOX 564

ROSWELL, NEW MEXICO 88202

Enick E. Diffee

(505) 622-3294

COPY

September 28, 1998

Ms. Katherine Cone Keck  
1801 Avenue of the Stars, Suite 446  
Los Angeles, California 90067

RE: North Airport Prospect  
Lea County, New Mexico

Dear Ms. Keck:

As you may recall, I previously mailed a letter dated September 1, 1998, in which an offer was extended on behalf of David H. Arrington Oil & Gas, Inc. to acquire an oil and gas lease covering your mineral interest in the SE/SE/4 of Section 3, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico. I would like to amend the offer to also include your mineral interest in the SW/4SW/4 of Section 2, T-16-S, R-35-E, N.M.P.M., Lea County, New Mexico.

We are in the process of finalizing our leasing activity on this project and have plans to commence drilling operations in the near future. It would be very helpful if you could call me to discuss our offer and to answer any specific questions you may have about our plans for development.

Your response to this request will be greatly appreciated and I will anticipate hearing from you at your earliest convenience.

Sincerely,

Enick E. Diffee

# OMNI OIL PROPERTIES

P.O. BOX 564

ROSWELL, NEW MEXICO 88202

Enick E. Diffie

(505) 622-3294

COPY

September 29, 1998

Mrs. Joan Garrison  
5221 Ira Street  
Fort Worth, Texas 76117

RE: Pato Arriendo Prospect  
Lea County, New Mexico

Dear Mrs. Garrison:

According to the records contained within Lea County, New Mexico, it appears you own a 0.084 net acre mineral interest in the following described lands:

Township 16 South, Range 35 East

Section 2: SW/4SW/4

Section 3: N/2SE/4, SE/4SE/4

On behalf of David H. Arrington Oil & Gas, Inc., I would like to extend an offer to acquire an oil and gas lease covering the aforementioned interest based on the terms of \$100.00 per acre bonus consideration, 3/16 royalty, \$1.00 per acre rental for a three (3) year primary term.

Your consideration of our offer is appreciated and we will anticipate a response at your earliest convenience.

Sincerely,

Enick E. Diffie

OMNI OIL PROPERTIES  
P.O. BOX 564  
ROSWELL, NEW MEXICO 88202

Enick E. Diffie

(505) 622-3294

COPY

September 29, 1998

Ms. Marjorie Cone Kastman  
P.O. Box 5930  
Lubbock, Texas 79417

RE: North Airport Prospect  
Lea County, New Mexico

Dear Ms. Kastman:

According to the records contained within Lea County, New Mexico, it appears you own a 3.33 net acre mineral interest in the following described lands:

Township 16 South, Range 35 East

Section 2: SW/4SW/4

Section 3: N/2SE/4, SE/4SE/4

I would like to extend an offer to acquire an oil and gas lease covering the aforementioned interest based on the terms of \$100.00 per acre bonus consideration, 1/4 royalty, \$1.00 per acre rental for a three (3) year primary term. I should mention your mineral interest in the N/2SE/4 is committed to the 80.0 acre proration unit designated for the No. 1-Y well presently operated by Amerind Oil Company, Ltd. A review of the production records indicates the well was completed in the Strawn formation on 6-13-97 and the production as of June 1998 was 1 BOPM and 31 MCFGPM. At this rate the well is no longer paying in commercial quantities and should be plugged in the near future.

Your consideration of our offer is appreciated and we will anticipate a response at your earliest convenience.

Sincerely,

Enick E. Diffie

# OMNI OIL PROPERTIES

P.O. BOX 564

ROSWELL, NEW MEXICO 88202

Enick E. Diffie

(505) 622-3294

COPY

September 29, 1998

Mrs. Marilyn Cone  
P.O. Box 93355  
Lubbock, Texas 79413

RE: North Airport Prospect  
Lea County, New Mexico

Dear Mrs. Cone:

According to the records contained within Lea County, New Mexico, it appears you own as Trustee for the D. C. Trust a 2.0 net acre mineral interest in the following described lands:

Township 16 South, Range 35 East

Section 2: SW/4SW/4

Section 3: N/2SE/4, SE/4SE/4

I would like to extend an offer to acquire an oil and gas lease covering the aforementioned interest based on the terms of \$100.00 per acre bonus consideration, 1/4 royalty, \$1.00 per acre rental for a three (3) year primary term. I should mention your mineral interest in the N/2SE/4 is committed to the 80.0 acre proration unit designated for the No. 1-Y well presently operated by Amerind Oil Company, Ltd. A review of the production records indicates the well was completed in the Strawn formation on 6-13-97 and the production as of June 1998 was 1 BOPM and 31 MCFGPM. At this rate the well is no longer paying in commercial quantities and should be plugged in the near future.

Your consideration of our offer is appreciated and we will anticipate a response at your earliest convenience.

Sincerely,

Enick E. Diffie

# OMNI OIL PROPERTIES

P.O. BOX 564

ROSWELL, NEW MEXICO 88202

Enick E. Diffie

(505) 622-3294

# COPY

September 29, 1998

Mr. Clifford R. Cone  
P.O. Box 1629  
Lovington, New Mexico 88260

RE: North Airport Prospect  
Lea County, New Mexico

Dear Mr. Cone:

According to the records contained within Lea County, New Mexico, it appears you own a 2.0 net acre mineral interest in the following described lands:

Township 16 South, Range 35 East

Section 2: SW/4SW/4

Section 3: N/2SE/4, SE/4SE/4

I would like to extend an offer to acquire an oil and gas lease covering the aforementioned interest based on the terms of \$100.00 per acre bonus consideration, 1/4 royalty, \$1.00 per acre rental for a three (3) year primary term. I should mention your mineral interest in the N/2SE/4 is committed to the 80.0 acre proration unit designated for the No. 1-Y well presently operated by Amerind Oil Company, Ltd. A review of the production records indicates the well was completed in the Strawn formation on 6-13-97 and the production as of June 1998 was 1 BOPM and 31 MCFGPM. At this rate the well is no longer paying in commercial quantities and should be plugged in the near future.

Your consideration of our offer is appreciated and we will anticipate a response at your earliest convenience.

Sincerely,

Enick E. Diffie

# OMNI OIL PROPERTIES

P.O. BOX 564

ROSWELL, NEW MEXICO 88202

Enick E. Diffie

(505) 622-3294

COPY

September 29, 1998

A. L. Cone Partnership  
C/O Mr. Larry Petree  
P.O. Box 3457  
Lubbock, Texas 79452

RE: North Airport Prospect  
Lea County, New Mexico

Dear Mr. Petree:

According to the records contained within Lea County, New Mexico, it appears A. L. Cone Partnership owns a 2.0 net acre mineral interest in the following described lands:

Township 16 South, Range 35 East

Section 2: SW/4SW/4

Section 3: N/2SE/4, SE/4SE/4

I would like to extend an offer to acquire an oil and gas lease covering the aforementioned interest based on the terms of \$100.00 per acre bonus consideration, 1/4 royalty, \$1.00 per acre rental for a three (3) year primary term. I should mention your mineral interest in the N/2SE/4 is committed to the 80.0 acre proration unit designated for the No. 1-Y well presently operated by Amerind Oil Company, Ltd. A review of the production records indicates the well was completed in the Strawn formation on 6-13-97 and the production as of June 1998 was 1 BOPM and 31 MCFGPM. At this rate the well is no longer paying in commercial quantities and should be plugged in the near future.

Your consideration of our offer is appreciated and we will anticipate a response at your earliest convenience.

Sincerely,

Enick E. Diffie

# OMNI OIL PROPERTIES

P.O. BOX 564

ROSWELL, NEW MEXICO 88202

Enick E. Diffee

(505) 622-3294

September 29, 1998

COPY

Kenneth G. Cone  
P.O. Box 11310  
Midland, Texas 79702

RE: North Airport Prospect  
Lea County, New Mexico

Dear Mr. Cone:

According to the records contained within Lea County, New Mexico, it appears you own a 2.0 net acre mineral interest in the following described lands:

Township 16 South, Range 35 East

Section 2: SW/4SW/4

Section 3: N/2SE/4, SE/4SE/4

I would like to extend an offer to acquire an oil and gas lease covering the aforementioned interest based on the terms of \$100.00 per acre bonus consideration, 1/4 royalty, \$1.00 per acre rental for a three (3) year primary term. I should mention your mineral interest in the N/2SE/4 is committed to the 80.0 acre proration unit designated for the No. 1-Y well presently operated by Amerind Oil Company, Ltd. A review of the production records indicates the well was completed in the Strawn formation on 6-13-97 and the production as of June 1998 was 1 BOPM and 31 MCFGPM. At this rate the well is no longer paying in commercial quantities and should be plugged in the near future.

Your consideration of our offer is appreciated and we will anticipate a response at your earliest convenience.

Sincerely,

Enick E. Diffee

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

DALE DOUGLAS  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 456

James Raymond Cone and  
Jan Cone Bowerman  
1901 31<sup>st</sup> Street  
Lubbock, TX 79411

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Parachute Hopper #1  
SW/4 and Lots 11, 12, 13, 14  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

James Raymond Cone and Jan Cone Bowerman owns an interest under the captioned lands. You were previously contacted on behalf of David H. Arrington Oil & Gas, Inc. ("Arrington") and offered the opportunity to participate in the drilling of the Parachute Hopper #1 Well to be drilled in Lot #14 of the captioned Section 3. The spacing unit for this well was to be Lots 9 through 16 inclusive. The State of New Mexico Oil Conservation Division issued order number R-11028 on August 6, 1998 for the drilling of this well. Subsequent to the issuance of this order, Arrington has discovered new information which alters its interpretation of the geology in this particular area. As such, Arrington would like to attempt to develop this property consistent with this new interpretation. This would result in the dissolving of the spacing unit set forth in the above mentioned order, and the formation of two new approximate 320-acre units as follows:

Parachute Adams #1 Well: Lots 9, 10, 15, 16 and SE/4 of Section 3-T16S-R35E

Parachute Hopper #1 Well: Lots 11, 12, 13, 14, and SW/4 of Section 3-T16S-R35E

Arrington hereby proposes the drilling of each of the captioned wells to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit for the Parachute Adams #1 Well will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico (with the wellbore to be located in

the NE/4SE/4). The proposed spacing or proration unit for the Parachute Hopper #1 Well will be SW/4 and Lots 11, 12, 13, and 14, Section 3-T16S-R35E Lea County, New Mexico (with the wellbore to be located in Lot 14).

Each of these wells will be drilled at legal locations on each of the proposed spacing units. Arrington's AFE for the drilling and completion of each of these wells are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of either or both of the proposed wells, please return an executed copy of the AFE to the undersigned at your earliest convenience for the well(s) in which you elect to participate.

Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering each of these proposed wells.

In the event you should elect to not participate in the drilling of either or both of these test wells, and you should own leasehold interests therein, Arrington respectfully requests that you grant to Arrington a term assignment of oil and gas leases covering your leasehold interest in the captioned lands pursuant to the following terms and conditions:

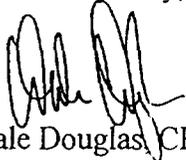
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

In the event you should elect to not participate in the drilling of either or both of these test wells, and you should own unleased mineral interests therein, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling each of these captioned wells as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal for each well. Arrington would be glad to further discuss its plans for these wells, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,



Dale Douglas, CPL

/dd  
Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

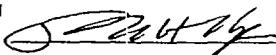
Original  
 Supplemental

AFE #: 98-0905 Date: Prepared 9-29-98  
 Lease: Parachute Hopper Well #: 1 Well Type: Exploratory/Oil  
 Location: 3510' FSL & 1650' FWL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Strawn/Atoka Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (three (3) test)	18,000		18,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		10,000	10,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Well Control Insurance			
	Contingencies	52,000	8,700	60,700
	Gross Receipts Tax	30,000	5,000	35,000
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>563,950</b>	<b>96,200</b>	<b>660,150</b>

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,150	43,150
	Tubing 12,700 of 2 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods		23,500	23,500
	Down Hole Pump		3,000	3,000
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover		70,000	70,000
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	4,100	18,000	22,100
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>72,400</b>	<b>319,300</b>	<b>391,700</b>
	<b>TOTAL WELL COST</b>	<b>636,350</b>	<b>415,500</b>	<b>1,051,850</b>

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
 Lease: Parachute Aclams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Directional Drilling Services	32,000		32,000
	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 355

A. L. Cone Partnership  
Attn: Mr. Larry Petree  
PO Box 3457  
Lubbock, TX 79452

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Parachute Hopper #1  
SW/4 and Lots 11, 12, 13, 14  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

The A. L. Cone Partnership owns an interest under the captioned lands. You were previously contacted on behalf of David H. Arrington Oil & Gas, Inc. ("Arrington") and offered the opportunity to participate in the drilling of the Parachute Hopper #1 Well to be drilled in Lot #14 of the captioned Section 3. The spacing unit for this well was to be Lots 9 through 16 inclusive. The State of New Mexico Oil Conservation Division issued order number R-11028 on August 6, 1998 for the drilling of this well. Subsequent to the issuance of this order, Arrington has discovered new information which alters its interpretation of the geology in this particular area. As such, Arrington would like to attempt to develop this property consistent with this new interpretation. This would result in the dissolving of the spacing unit set forth in the above mentioned order, and the formation of two new approximate 320-acre units as follows:

Parachute Adams #1 Well: Lots 9, 10, 15, 16 and SE/4 of Section 3-T16S-R35E  
Parachute Hopper #1 Well: Lots 11, 12, 13, 14, and SW/4 of Section 3-T16S-R35E

Arrington hereby proposes the drilling of each of the captioned wells to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit for the Parachute Adams #1 Well will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico (with the wellbore to be located in the NE/4SE/4). The proposed spacing or proration unit for the Parachute Hopper #1 Well will be SW/4

and Lots 11, 12, 13, and 14, Section 3-T16S-R35E Lea County, New Mexico (with the wellbore to be located in Lot 14).

Each of these wells will be drilled at legal locations on each of the proposed spacing units. Arrington's AFE for the drilling and completion of each of these wells are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of either or both of the proposed wells, please return an executed copy of the AFE to the undersigned at your earliest convenience for the well(s) in which you elect to participate.

Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering each of these proposed wells.

In the event you should elect to not participate in the drilling of either or both of these test wells, and you should own leasehold interests therein, Arrington respectfully requests that you grant to Arrington a term assignment of oil and gas leases covering your leasehold interest in the captioned lands pursuant to the following terms and conditions:

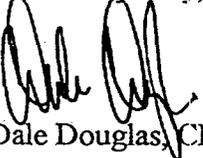
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

In the event you should elect to not participate in the drilling of either or both of these test wells, and you should own unleased mineral interests therein, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling each of these captioned wells as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal for each well. Arrington would be glad to further discuss its plans for these wells, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,



Dale Douglas, CPL

/dd  
Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0905 Date: Prepared 9-29-98  
 Lease: Parachute Hopper Well #: 1 Well Type: Exploratory/Oil  
 Location: 3510' FSL & 1650' FWL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Strawn/Atoka Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (three (3) test)	18,000		18,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		10,000	10,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Well Control Insurance			
	Contingencies	52,000	8,700	60,700
	Gross Receipts Tax	30,000	5,000	35,000
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>563,950</b>	<b>96,200</b>	<b>660,150</b>

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,150	43,150
	Tubing 12,700 of 2 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods		23,500	23,500
	Down Hole Pump		3,000	3,000
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover		70,000	70,000
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	4,100	18,000	22,100
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>72,400</b>	<b>319,300</b>	<b>391,700</b>
	<b>TOTAL WELL COST</b>	<b>636,350</b>	<b>415,500</b>	<b>1,051,850</b>

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David H. Arrington Oil & Gas, Inc. Approval: Partner Approval:  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FS:L & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airpon Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services:			
	Logging - Oper Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Directional Drilling Services	32,000		32,000
	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 356

Mr. Ed Watts  
Bristol Resources Corporation  
6655 S. Lewis  
Tulsa, OK 74136

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Parachute Hopper #1  
SW/4 and Lots 11, 12, 13, 14  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

Bristol Resource Corporation, Bristol Resources 1994 Acquisition Limited Partnership and Bristol Resources Production Company, L.L.C each own an interest under the captioned lands. You were previously contacted on behalf of David H. Arrington Oil & Gas, Inc. ("Arrington") and offered the opportunity to participate in the drilling of the Parachute Hopper #1 Well to be drilled in Lot #14 of the captioned Section 3. The spacing unit for this well was to be Lots 9 through 16 inclusive. The State of New Mexico Oil Conservation Division issued order number R-11028 on August 6, 1998 for the drilling of this well. Subsequent to the issuance of this order, Arrington has discovered new information which alters its interpretation of the geology in this particular area. As such, Arrington would like to attempt to develop this property consistent with this new interpretation. This would result in the dissolving of the spacing unit set forth in the above mentioned order, and the formation of two new approximate 320-acre units as follows:

Parachute Adams #1 Well: Lots 9, 10, 15, 16 and SE/4 of Section 3-T16S-R35E  
Parachute Hopper #1 Well: Lots 11, 12, 13, 14, and SW/4 of Section 3-T16S-R35E

Arrington hereby proposes the drilling of each of the captioned wells to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit for the Parachute Adams #1 Well will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico (with the wellbore to be located in

the NE/4SE/4). The proposed spacing or proration unit for the Parachute Hopper #1 Well will be SW/4 and Lots 11, 12, 13, and 14, Section 3-T16S-R35E Lea County, New Mexico (with the wellbore to be located in Lot 14).

Each of these wells will be drilled at legal locations on each of the proposed spacing units. Arrington's AFE for the drilling and completion of each of these wells are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of either or both of the proposed wells, please return an executed copy of the AFE to the undersigned at your earliest convenience for the well(s) in which you elect to participate.

Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering each of these proposed wells.

In the event you should elect to not participate in the drilling of either or both of these test wells, and you should own leasehold interests therein, Arrington respectfully requests that you grant to Arrington a term assignment of oil and gas leases covering your leasehold interest in the captioned lands pursuant to the following terms and conditions:

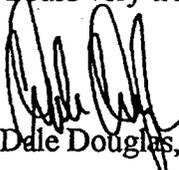
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

In the event you should elect to not participate in the drilling of either or both of these test wells, and you should own unleased mineral interests therein, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling each of these captioned wells as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal for each well. Arrington would be glad to further discuss its plans for these wells, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,



Dale Douglas, CPL

/dd  
Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0905 Date: Prepared 9-29-98  
 Lease: Parachute Hopper Well #: 1 Well Type: Exploratory/Oil  
 Location: 3510' FSL & 1650' FWL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Alrcprt Objective: Strawn/Atoka Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (three (3) test)	18,000		18,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		10,000	10,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Well Control Insurance			
	Contingencies	52,000	8,700	60,700
	Gross Receipts Tax	30,000	5,000	35,000
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>563,950</b>	<b>96,200</b>	<b>660,150</b>

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,150	43,150
	Tubing 12,700 of 2 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods		23,500	23,500
	Down Hole Pump		3,000	3,000
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover		70,000	70,000
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater/Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	4,100	18,000	22,100
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>72,400</b>	<b>319,300</b>	<b>391,700</b>
	<b>TOTAL WELL COST</b>	<b>636,350</b>	<b>415,500</b>	<b>1,051,850</b>

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

AFE #: 98-0904 Date: Prepared 9-28-98  Original  
 Supplemental

Lease: Parachute Acams Well #: 1 Well Type: Exploratory/Gas

Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico

Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'

Purpose of Expenditure: Drill and Complete Lower Mississippian Test

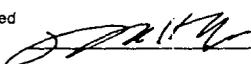
CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Directional Drilling Services	32,000		32,000
	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater/Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

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David H. Arrington Oil & Gas, Inc. Approval: Partner Approval:

Prepared By: Steve Scott Company: \_\_\_\_\_

Approved By:  Approved By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Date: 9/2/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 349

Joan Garrison  
5221 Ira Street  
Fort Worth, TX 76117

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

This well will be located at a legal location in the N/2 SE/4 of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

In the event you own a leasehold interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington a term assignment of oil and gas leases covering your leasehold interest in the captioned lands pursuant to the following terms and conditions:

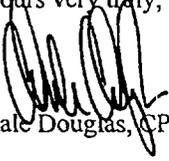
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

In the event you own a mineral interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling the captioned well as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal. Arrington would be glad to further discuss its plans for this well, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Dale Douglas', written over the typed name below.

Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roacs & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
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	Directional Drilling Services	32,000		32,000
	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

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	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater/Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

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David H. Arrington Oil & Gas, Inc. Approval: Partner Approval:  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 345

Ruth Marie Drake  
2840 Las Vegas Trail #206  
Fort Worth, TX 76116

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

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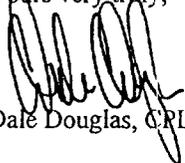
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
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- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling the captioned well as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal. Arrington would be glad to further discuss its plans for this well, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Dale Douglas', written over a horizontal line.

Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

AFE #: 98-0904 Date: Prepared 9-28-98  Original  
 Supplemental  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airpor: Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	DESCRIPTION	DRILLING	COMPLETION	TOTAL
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	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
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	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracuring & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
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CODE	DESCRIPTION	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater/Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
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David H. Arrington Oil & Gas, Inc. Approval: Partner Approval:  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 352

Clifford R. Cone  
P.O. Box 1629  
Lovington, NM 88260

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

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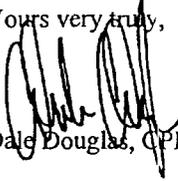
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- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

In the event you own a mineral interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling the captioned well as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal. Arrington would be glad to further discuss its plans for this well, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,



Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' F&L & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Directional Drilling Services	32,000		32,000
	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
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	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

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David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 351

A.L. Cone Partnership  
C/O Mr. Larry Petree  
P.O. Box 3457  
Lubbock, TX 79452

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

This well will be located at a legal location in the N/2 SE/4 of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

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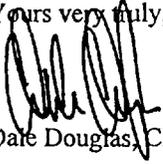
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Yours very truly,

A handwritten signature in black ink, appearing to read 'Dale Douglas', written over the closing 'Yours very truly,'.

Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
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 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

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	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
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	Drilling - Directional			
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 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P. 555 884 348

Tommy Gene Schnaubert  
233 Lock Lamond  
Wichita Falls, TX 76302

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

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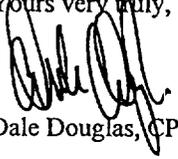
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Yours very truly,



Dale Douglas, CPL

/dd  
Enclosures

1111

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
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 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
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September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 347

Bobby Joe Schnaubert  
1707 Fox Road  
Millsap, TX 76066

Re: Well Proposal  
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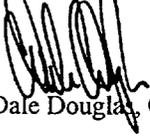
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Dale Douglas, CPL

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AUTHORITY FOR EXPENDITURE (AFE)

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	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL CCST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

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David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 341

Katherine Cone Keck  
Aka Katherine Adeline Cone  
1801 Avenue of the Stars, Suite 446  
Los Angeles, CA 90067

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

This well will be located at a legal location in the N/2 SE/4 of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

In the event you own a leasehold interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington a term assignment of oil and gas leases covering your leasehold interest in the captioned lands pursuant to the following terms and conditions:

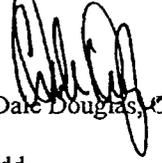
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

In the event you own a mineral interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling the captioned well as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal. Arrington would be glad to further discuss its plans for this well, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,



Dale Douglas, CPL

/dd  
Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
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	Directional Drilling Services	32,000		32,000
	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
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	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

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David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/20/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 343

Carl A. Schellinger  
Gloria Schellinger  
P.O. Box 447  
Roswell, NM 88202

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

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- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
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- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

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Yours very truly,

A handwritten signature in black ink, appearing to read "Dale Douglas". The signature is stylized and somewhat cursive.

Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	DESCRIPTION	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
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David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
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 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone : 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 354

Marjoire Cone Kastman  
P.O. Box 5930  
1640 Broadway  
Lubbock, TX 79417

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

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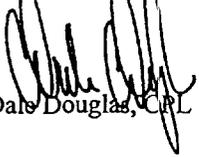
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Yours very truly,



Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
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David H. Arrington Oil & Gas, Inc. Approval: Partner Approval:  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 0555 884 360

Ameristate Oil & Gas, Inc.  
Attn. Mark Nearburg  
1211 W. Texas  
Midland, TX 79701

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

This well will be located at a legal location in the N/2 SE/4 of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

In the event you own a leasehold interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington a term assignment of oil and gas leases covering your leasehold interest in the captioned lands pursuant to the following terms and conditions:

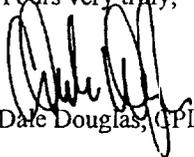
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

In the event you own a mineral interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling the captioned well as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal. Arrington would be glad to further discuss its plans for this well, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,



Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

AFE #: 98-0904 Date: Prepared 9-28-98  Original  
 Supplemental  
 Lease: Parachute A-Jams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airpor: Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Directional Drilling Services	32,000		32,000
	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/28/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

DALE DOUGLAS  
*Oil & Gas Prospects*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 357

Mr. Robert C. Leibrock  
Amerind Oil Company, Ltd.  
415 W. Wall, Suite 500  
Midland, TX 79701

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Dear Mr. Leibrock:

Pursuant to my phone conversation today with Ms. Mary Ann Brock in your office, David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

This well will be located at a legal location in the N/2 SE/4 of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

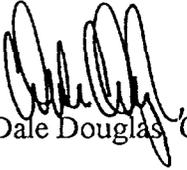
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In the event you should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington a term assignment of oil and gas leases covering your leasehold interest in the captioned lands pursuant to the following terms and conditions:

- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

As we anticipate drilling the captioned well as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal. Arrington would be glad to further discuss its plans for this well, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Dale Douglas', written over the printed name.

Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

AFE #: 98-0904 Date: Prepared 9-28-98  Original  
 Supplemental  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

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David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone : 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555884 337

John F. Herbig, Jr.  
110 N. Marienfeld, Suite 180  
Midland, TX 79701

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Sector. 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

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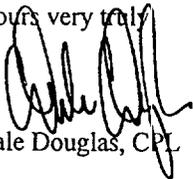
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
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In the event you own a mineral interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

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- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

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Yours very truly

A handwritten signature in black ink, appearing to read 'Dale Douglas', written over the typed name below.

Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

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 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/2/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone: 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 338

Fuel Products, Inc.  
Attn. Tom M. Bell  
P.O. Box 3098  
Midland, TX 79702

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

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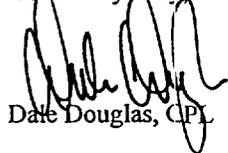
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Dale Douglas, CPL

/dd

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DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
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	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracturing & Stimulation		50,000	50,000
	Rental Equipment	15,000	3,500	18,500
	Installation - Production Facilities	2,500	9,000	11,500
	Inspection & Testing	5,000	1,000	6,000
	Transportation	2,000	3,500	5,500
	Miscellaneous Labor	4,400	3,000	7,400
	Engineering & Geological Services	7,500	2,000	9,500
	Overhead	16,000	2,500	18,500
	Supervision	16,000	3,000	19,000
	Directional Drilling Services	32,000		32,000
	Contingencies	54,000	13,000	67,000
	Gross Receipts Tax	32,000	7,900	39,900
	<b>TOTAL INTANGIBLE EXPENSE</b>	<b>593,950</b>	<b>143,400</b>	<b>737,350</b>

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft	2,000		2,000
	Casing - Surface 425 of 13 3/8" @ \$17.00 /Ft	7,200		7,200
	Casing - Intermediate 950 of 8 5/8" @ \$13.30 /Ft	12,600		12,600
	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater/Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By: [Signature] Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/2/98 Date: \_\_\_\_\_

214 West Texas Avenue  
Suite 409 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

**DALE DOUGLAS**  
*Oil & Gas Properties*

Area Code: 915  
Phone : 682-5565  
Fax: 682-5565

September 28, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 353

Marilyn Cone  
Trustee for the D.C. Trust  
P.O. Box 64244  
Lubbock, TX 79464

Re: Well Proposal  
Parachute Adams #1  
SE/4 and Lots 9, 10, 15, and 16  
Section 3-T16S-R35E  
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the lower Mississippian formation, anticipated total depth being approximately 12,700'. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit will be SE/4 and Lots 9, 10, 15, and 16, Section 3-T16S-R35E Lea County, New Mexico.

This well will be located at a legal location in the N/2 SE/4 of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

In the event you own a leasehold interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington a term assignment of oil and gas leases covering your leasehold interest in the captioned lands pursuant to the following terms and conditions:

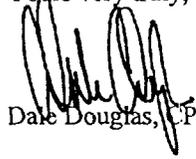
- a) one (1) year primary term
- b) retain as an overriding royalty the amount by which 22.5% exceeds existing royalty burdens
- c) a term assignment form will be furnished upon your request

In the event you own a mineral interest under these lands and should elect to not participate in the drilling of this test well, Arrington respectfully requests that you grant to Arrington an oil and gas lease covering your mineral interest in the captioned lands pursuant to the following terms and conditions:

- a) three (3) year primary term
- b) 3/16ths royalty
- c) \$152.00 per acre bonus
- d) Lease form Hall Poorbaugh Press Producers Revised 1981 New Mexico Form 342P Paid up

As we anticipate drilling the captioned well as soon as possible, we request that you please review this matter as soon as possible and advise as to your position regarding this proposal. Arrington would be glad to further discuss its plans for this well, so we invite you to contact us with any questions or comments you might have. Thank you for your cooperation.

Yours very truly,



Dale Douglas, CPL

/dd

Enclosures

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

Original  
 Supplemental

AFE #: 98-0904 Date: Prepared 9-28-98  
 Lease: Parachute Adams Well #: 1 Well Type: Exploratory/Gas  
 Location: BHL 1450' FSL & 990' FEL Sec 3, T16S, R35E County: Lea State: New Mexico  
 Prospect: North Airport Objective: Atoka/L. Miss Proposed TD: 12,700'  
 Purpose of Expenditure: Drill and Complete Lower Mississippian Test

CODE	DESCRIPTION	DRILLING	COMPLETION	TOTAL
	Surveying	800		800
	Staking & Permitting	100		100
	Location, Roads & Damages	16,000	2,000	18,000
	Lease Restoration	4,500		4,500
	Mobilization/Demobilization			
	Drilling - Footage 12,700 @ \$17.50 /Ft	222,250		222,250
	Drilling - Daywork 7 @ \$5,200 /Day	36,400		36,400
	Drilling - Directional			
	Completion Rig 8 @ \$1,500 /Day		16,000	16,000
	Fuel, Power & Lubricants			
	Bits, Reamers & Stabilizers			
	Drilling & Completion Fluids	35,000	2,000	37,000
	Water	15,000	2,000	17,000
	Mud Logging 25 @ \$460 /Day	11,500		11,500
	Drill Stem Tests (two (2) test)	12,000		12,000
	Coring Services			
	Logging - Open Hole & Sidewall Cores	39,000		39,000
	Cement & Services - Surface	5,000		5,000
	Cement & Services - Intermediate	10,000		10,000
	Cement & Services - Production		15,000	15,000
	Perforating & Cased Hole Logs		8,000	8,000
	Acidizing, Fracuring & Stimulation		50,000	50,000
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	Casing - Intermediate 3,800 of 8 5/8" @ \$10.40 /Ft	39,500		39,500
	Casing - Production 7,500 of 5 1/2" @ \$7.20 /Ft		54,000	54,000
	Casing - Production 5,200 of 5 1/2" @ \$8.30 /Ft		43,160	43,160
	Tubing 12,700 of 1 7/8" @ \$3.50 /Ft		44,450	44,450
	Float & Other Equipment	2,400	1,000	3,400
	Wellhead Equipment, Tree	4,600	10,400	15,000
	Sucker Rods			0
	Down Hole Pump			0
	Packer/TAC		4,300	4,300
	Pumping Unit & Prime Mover			0
	Tank Battery & Storage Facilities		19,000	19,000
	Separator/Heater/Treater/Dehydrator		8,500	8,500
	Meters & Flowlines		1,000	1,000
	Miscellaneous Valves & Fittings		19,000	19,000
	Contingencies	6,500	10,000	16,500
	<b>TOTAL TANGIBLE EXPENSE</b>	<b>74,800</b>	<b>214,810</b>	<b>289,610</b>
	<b>TOTAL WELL COST</b>	<b>668,750</b>	<b>358,210</b>	<b>1,026,960</b>

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David H. Arrington Oil & Gas Inc. Approval: \_\_\_\_\_ Partner Approval: \_\_\_\_\_  
 Prepared By: Steve Scott Company: \_\_\_\_\_  
 Approved By:  Approved By: \_\_\_\_\_  
 Title: \_\_\_\_\_ Title: \_\_\_\_\_  
 Date: 9/30/98 Date: \_\_\_\_\_

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case Nos. 12079 & 12080 Exhibit No. 4

Submitted by: David H. Arrington Oil & Gas, Inc.

Hearing Date: November 5, 1998



## EXHIBIT A

Yates Petroleum Corporation  
105 South 4th Street  
Artesia, NM 88210

Mr. Mark Shidler  
Mark L. Shidler, Inc.  
1010 Lamar Street, Suite 500  
Houston, TX 77002

Mobil Producing Texas & NM Inc.  
12450 Greenspoint Drive  
Houston, TX 77060-1991

Five States 1995-B, Ltd.  
Five States 1995-D, Ltd  
1220 One Energy Square  
4925 Greenville Avenue  
Dallas, TX 75206-4020

James Raymond Cone and  
Jan Cone Bowerman  
1903 31st Street  
Lubbock, TX 79411

Marjorie Cone Kastman, dealing in  
her sole and separate property  
Post Office Box 5930  
1640 Broadway  
Lubbock, TX 79417

Marilyn Cone, Trustee for the  
D.C. Trust  
Post Office Box 64244  
Lubbock, TX 79464

Clifford R. Cone, dealing in his  
sole and separate property  
Post Office Box 1629  
Lovington, NM 88260

A. L. Cone Partnership  
c/o Mr. Larry Petree  
Post Office Box 3457  
Lubbock, TX 79452

Kenneth G. Cone, dealing in his  
sole and separate property  
Post Office Box 11310  
Midland, TX 79702

Joan Garrison, dealing in her  
sole and separate property  
5221 Ira Street  
Fort Worth, TX 76117

Tommy Gene Schnaubert, dealing  
in his sole and separate property  
233 Lock Lamond  
Wichita Falls, TX 76302

Bobby Joe Schnaubert, dealing in  
his sole and separate property  
1707 Fox Road  
Millsap, TX 76066

Mary A. Irwinsky, dealing in  
her sole and separate property  
4404 Odessa Avenue  
Fort Worth, TX 76133

Ruth Marie Drake, dealing in  
her sole and separate property  
2840 Las Vegas Trail, #206  
Fort Worth, TX 76116

Roy G. Barton, Jr. aka George  
Barton, Trustee of the Roy G.  
Barton, Sr. and Opal Barton  
Revocable Trust UTA dated 1/28/82  
Post Office Box 978  
Hobbs, NM 88240

Ameristate Exploration, LLC  
1211 W. Texas  
Midland, TX 79701

Fuel Products, Inc.  
Post Office Box 3098  
Midland, TX 79702

John F. Herbig, Jr.  
110 N. Marienfeld, Suite 180  
Midland, TX 79701

Carl A. Schellinger and his wife  
Gloria Schellinger  
Post Office Box 447  
Roswell, NM 88202

Katherine Cone Keck, aka Katherine  
Adeline Cone, dealing in her  
sole and separate property  
1801 Avenue of the Stars, Suite 446  
Los Angeles, CA 90067

Charles L. Cobb and his wife  
Margaret Cobb  
4915-D 94th Street  
Lubbock, TX 79424

Constance Cobb Keen  
4915-D 94th Street  
Lubbock, TX 79424

Mr. Ed Watts  
Bristol Resources Corporation  
Bristol Resources 1994 Acquisition  
Limited Partnership  
Bristol Resources Production  
Company, L.L.C.  
6655 S. Lewis  
Tulsa, OK 74136

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
ANTHONY F. MEDEIROS  
PAUL R. OWEN  
KATHERINE M. MOSS  
  
JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

October 15, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO AFFECTED INTEREST OWNERS:

Re: *Application of David H. Arrington Oil & Gas, Inc. for Compulsory Pooling, Directional Drilling and an Unorthodox Well Location, Lea County, New Mexico*

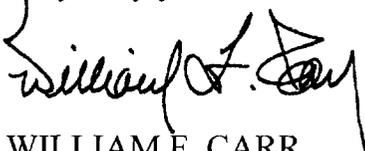
Gentlemen:

This letter is to advise you that David H. Arrington Oil & Gas, Inc. filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests from the surface to the base of the Lower Mississippian formation, Townsend-Morrow Gas Pool in Lots 9, 10, 15 and 16 and the SE/4 of Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. Arrington proposes to dedicate the referenced pooled unit to its proposed Parachute Adams Well No. 1 to be directionally drilled to an unorthodox bottomhole well location 1450 feet from the South line and 990 feet from the East line of said Section 3.

This application has been set for hearing before a Division Examiner on November 5, 1998. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR DAVID H. ARRINGTON OIL & GAS, INC.

Z 559 541 786

US Postal Service  
**Receipt for Certified Mail**

Yates Petroleum Corporation  
105 South 4th Street  
Artesia, NM 88210

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  Yates Petroleum Corporation 105 South 4th Street Artesia, NM 88210	4a. Article Number Z 559 541 786
4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	7. Date of Delivery
5. Received By: (Print Name) JOANN GRIGGS	8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) X Jo Ann Griggs	

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 787

US Postal Service  
**Receipt for Certified Mail**

Mr. Mark Shidler  
Mark L. Shidler, Inc.  
1010 Lamar Street, Suite 500  
Houston, TX 77002

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  Mr. Mark Shidler Mark L. Shidler, Inc. 1010 Lamar Street, Suite 500 Houston, TX 77002	4a. Article Number Z 559 541 787
4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	7. Date of Delivery 19 OCT 1998
5. Received By: (Print Name) C. Miner	8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) X C. Miner	

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 788

US Postal Service  
Receipt for Certified Mail

Mobil Producing Texas & NM Inc.  
12450 Greenspoint Drive  
Houston, TX 77060-1991

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	SEP 15 1993

PS Form 3800 April 1995

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Mobil Producing Texas & NM Inc.  
12450 Greenspoint Drive  
Houston, TX 77060-1991

4a. Article Number

Z 559 541 788

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

5. Received By: (Print Name)

*Judy Bockhorst*  
JUDY BOCKHORST

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 789

US Postal Service  
Receipt for Certified Mail

Five States 1995-B, Ltd.  
Five States 1995-D, Ltd  
1220 One Energy Square  
4925 Greenville Avenue  
Dallas, TX 75206-4020

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	SEP 15 1993

PS Form 3800 April 1995

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**SENDER:**

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Five States 1995-B, Ltd.  
Five States 1995-D, Ltd  
1220 One Energy Square  
4925 Greenville Avenue  
Dallas, TX 75206-4020

4a. Article Number

Z 559 541 789

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

10/19

5. Received By: (Print Name)

*James Davis*  
JAMES DAVIS

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 790

US Postal Service  
Receipt for Certified Mail

James Raymond Cone and  
Jan Cone Bowerman  
1901 31st Street  
Lubbock, TX 79411

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	15 1998
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

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- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  James Raymond Cone and Jan Cone Bowerman 1901 31st Street Lubbock, TX 79411	4a. Article Number Z 559 541 790
5. Received By: (Print Name)	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
6. Signature: (Addressee or Agent) X <i>James Bowerman</i>	7. Date of Delivery 10-17-98
	8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 791

US Postal Service  
Receipt for Certified Mail  
Marjorie Cone Kastman, dealing in  
her sole and separate property  
Post Office Box 5930  
1640 Broadway  
Lubbock, TX 79417

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	15 1998
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  Marjorie Cone Kastman, dealing in her sole and separate property Post Office Box 5930 1640 Broadway Lubbock, TX 79417	4a. Article Number Z 559 541 791
5. Received By: (Print Name)	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
6. Signature: (Addressee or Agent) X <i>Dawn Robertson</i>	7. Date of Delivery
	8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 792

US Postal Service  
Receipt for Certified Mail

Marilyn Cone, Trustee for the  
D.C. Trust  
Post Office Box 64244  
Lubbock, TX 79464

Postage	\$	.55
Certified Fee		1.35
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		1.10
Return Receipt Showing to Whom, Date, & Addressee's Address		1.10
TOTAL Postage & Fees	\$	3.00
Postmark or Date		OCT 15 1998 LUBBOCK TX 79464

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Marilyn Cone, Trustee for the  
D.C. Trust  
Post Office Box 64244  
Lubbock, TX 79464

5. Received By: (Print Name)  
*Tamara Wilde*

6. Signature: (Addressee or Agent)  
*Tamara Wilde*

4a. Article Number  
Z 559 541 792

4b. Service Type

- Registered
- Certified
- Express Mail
- Insured
- Return Receipt for Merchandise
- COD

7. Date of Delivery  
OCT 15 1998

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

PS Form 3800, April 1995

Z 559 541 793

US Postal Service  
Receipt for Certified Mail

Clifford R. Cone, dealing in his  
sole and separate property  
Post Office Box 1629  
Lovington, NM 88260

Postage	\$	.55
Certified Fee		1.35
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		1.10
Return Receipt Showing to Whom, Date, & Addressee's Address		1.10
TOTAL Postage & Fees	\$	3.00
Postmark or Date		OCT 15 1998 LOVINGTON NM 88260

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Clifford R. Cone, dealing in his  
sole and separate property  
Post Office Box 1629  
Lovington, NM 88260

5. Received By: (Print Name)  
*Clifford R. Cone*

6. Signature: (Addressee or Agent)  
*Clifford R. Cone*

4a. Article Number  
Z 559 541 793

4b. Service Type

- Registered
- Certified
- Express Mail
- Insured
- Return Receipt for Merchandise
- COD

7. Date of Delivery  
OCT 22 1998

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

PS Form 3800, April 1995

Z 559 541 794

US Postal Service  
Receipt for Certified Mail

A. L. Cone Partnership  
c/o Mr. Larry Petree  
Post Office Box 3457  
Lubbock, TX 79452

PS Form 3800, April 1995

Postage	
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Stamp: LUBBOCK, TEXAS OCT 15 1994 USPS - 37594

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

A. L. Cone Partnership  
c/o Mr. Larry Petree  
Post Office Box 3457  
Lubbock, TX 79452

4a. Article Number

Z 559 541 794

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

10-20

5. Received By: (Print Name)

Betty Petree

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X Betty Petree

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 795

US Postal Service  
Receipt for Certified Mail

Kenneth G. Cone, dealing in his  
sole and separate property  
Post Office Box 11310  
Midland, TX 79702

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Stamp: MIDLAND, TEXAS OCT 15 1994 USPS - 37594

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Kenneth G. Cone, dealing in his  
sole and separate property  
Post Office Box 11310  
Midland, TX 79702

4a. Article Number

Z 559 541 795

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

5. Received By: (Print Name)

X K. Shapiro

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt



Thank you for using Return Receipt Service.

Z 559 541 796

US Postal Service  
**Receipt for Certified Mail**

Joan Garrison, dealing in her  
sole and separate property  
5221 Ira Street  
Fort Worth, TX 76117

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1-14-98
Return Receipt Showing to Whom, Date, & Addressee's Address	15 1998
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	POST OFFICE - 8759A

3. Article Addressed to:

Joan Garrison, dealing in her  
sole and separate property  
5221 Ira Street  
Fort Worth, TX 76117

4a. Article Number  
Z 559 541 796

- 4b. Service Type
- Registered
  - Express Mail
  - Return Receipt for Merchandise
  - Certified
  - Insured
  - COD

7. Date of Delivery

5. Received By: (Print Name)

Joan Garrison

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

*[Signature]*

PS Form 3811, December 1994

102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

PS Form 3800, April 1995

Z 559 541 797

US Postal Service  
**Receipt for Certified Mail**

Tommy Gene Schnaubert, dealing  
in his sole and separate property  
233 Lock Lamond  
Wichita Falls, TX 76302

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	15 1998
Return Receipt Showing to Whom, Date, & Addressee's Address	15 1998
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	POST OFFICE - 8759A

3. Article Addressed to:

Tommy Gene Schnaubert, dealing  
in his sole and separate property  
233 Lock Lamond  
Wichita Falls, TX 76302

4a. Article Number  
Z 559 541 797

- 4b. Service Type
- Registered
  - Express Mail
  - Return Receipt for Merchandise
  - Certified
  - Insured
  - COD

7. Date of Delivery  
10-23-98

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

*[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

PS Form 3800, April 1995

Z 559 541 798

US Postal Service  
Receipt for Certified Mail

Bobby Joe Schnaubert, dealing in  
his sole and separate property  
1707 Fox Road  
Millsap, TX 76066

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	15 1998
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.00
Postmark or Date	

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Bobby Joe Schnaubert, dealing in  
his sole and separate property  
1707 Fox Road  
Millsap, TX 76066

4a. Article Number

Z 559 541 798

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

10 23 98

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

Bobby Joe Schnaubert  
X Bobby Joe Schnaubert

6. Signature: (Addressee or Agent)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 799

US Postal Service  
Receipt for Certified Mail

Mary A. Irwinsky, dealing in  
her sole and separate property  
4404 Odessa Avenue  
Fort Worth, TX 76133

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.00
Postmark or Date	

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Mary A. Irwinsky, dealing in  
her sole and separate property  
4404 Odessa Avenue  
Fort Worth, TX 76133

4a. Article Number

Z 559 541 799

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

10-23-98

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

Mary Irwinsky  
X MARY Irwinsky

6. Signature: (Addressee or Agent)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 800

US Postal Service  
**Receipt for Certified Mail**

Ruth Marie Drake, dealing in  
her sole and separate property  
2840 Las Vegas Trail, #206  
Fort Worth, TX 76116

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Postmark: LAS VEGAS, TX, OCT 15 1998, 469PS 87594

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
Ruth Marie Drake, dealing in  
her sole and separate property  
2840 Las Vegas Trail, #206  
Fort Worth, TX 76116

5. Received By: (Print Name)  
*Ruth Drake*

6. Signature: (Addressee or Agent)  
*X Ruth Drake*

4a. Article Number  
Z 559 541 800

4b. Service Type  
 Registered  
 Express Mail  
 Return Receipt for Merchandise  
 Certified  
 Insured  
 COD

7. Date of Delivery  
10-28-98

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

Z 559 541 801

US Postal Service  
**Receipt for Certified Mail**  
Roy G. Barton, Jr. aka George  
Barton, Trustee of the Roy G.  
Barton, Sr. and Opal Barton  
Revocable Trust UTA dated 1/28/82  
Post Office Box 978  
Hobbs, NM 88240

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Postmark: LAS VEGAS, TX, OCT 15 1998, 469PS 87594

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
Roy G. Barton, Jr. aka George  
Barton, Trustee of the Roy G.  
Barton, Sr. and Opal Barton  
Revocable Trust UTA dated 1/28/82  
Post Office Box 978  
Hobbs, NM 88240

5. Received By: (Print Name)  
*Brandi Stewart*

6. Signature: (Addressee or Agent)  
*Brandi Stewart*

4a. Article Number  
Z 559 541 801

4b. Service Type  
 Registered  
 Express Mail  
 Return Receipt for Merchandise  
 Certified  
 Insured  
 COD

7. Date of Delivery  
20 Oct 98

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

Z 559 541 802

US Postal Service  
Receipt for Certified Mail

Ameristate Exploration, LLC  
1211 W. Texas  
Midland, TX 79701

PS Form 3800, April 1995

Postage	.55
Certified Fee	.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address  
2.  Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
Ameristate Exploration, LLC  
1211 W. Texas  
Midland, TX 79701

4a. Article Number  
Z 559 541 802

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
10-19-98

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 803

US Postal Service  
Receipt for Certified Mail

Fuel Products, Inc.  
Post Office Box 3098  
Midland, TX 79702

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address  
2.  Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
Fuel Products, Inc.  
Post Office Box 3098  
Midland, TX 79702

4a. Article Number  
Z 559 541 803

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
10-20-98

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 804

US Postal Service  
**Receipt for Certified Mail**

John F. Herbig, Jr.  
110 N. Marienfeld, Suite 180  
Midland, TX 79701

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

PS Form 3800 April 1995

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address  
2.  Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
John F. Herbig, Jr.  
110 N. Marienfeld, Suite 180  
Midland, TX 79701

4a. Article Number  
Z 559 541 804

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
10-19-98

5. Received By: (Print Name)  
JOHN F. HERBIG JR.

6. Signature: (Addressee or Agent)  
X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 805

US Postal Service  
**Receipt for Certified Mail**

Carl A. Schellinger and his wife  
Gloria Schellinger  
Post Office Box 447  
Roswell, NM 88202

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

PS Form 3800 April 1995

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address  
2.  Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
Carl A. Schellinger and his wife  
Gloria Schellinger  
Post Office Box 447  
Roswell, NM 88202

4a. Article Number  
Z 559 541 805

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
10/19/98

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 806

US Postal Service

**Receipt for Certified Mail**

Katherine Cone Keck, aka Katherine Adeline Cone, dealing in her sole and separate property  
1801 Avenue of the Stars, Suite 446  
Los Angeles, CA 90067

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
  - Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Katherine Cone Keck, aka Katherine Adeline Cone, dealing in her sole and separate property  
1801 Avenue of the Stars, Suite 446  
Los Angeles, CA 90067

4a. Article Number

Z 559 541 806

4b. Service Type

- Registered
- Certified
- Express Mail
- Insured
- Return Receipt for Merchandise
- COD

7. Date of Delivery

10-19

5. Received By: (Print Name)

B. B. 236

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

*Katherine Cone Keck*

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 807

US Postal Service

**Receipt for Certified Mail**

Charles L. Cobb and his wife Margaret Cobb  
4915-D 94th Street  
Lubbock, TX 79424

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.00</b>
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
  - Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Charles L. Cobb and his wife Margaret Cobb  
4915-D 94th Street  
Lubbock, TX 79424

4a. Article Number

Z 559 541 807

4b. Service Type

- Registered
- Certified
- Express Mail
- Insured
- Return Receipt for Merchandise
- COD

7. Date of Delivery

10-17-98

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

*Charles L. Cobb*

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 808

US Postal Service  
**Receipt for Certified Mail**

Constance Cobb Keen  
4915-D 94th Street  
Lubbock, TX 79424

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	15 1998
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$3.00</b>
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Constance Cobb Keen  
4915-D 94th Street  
Lubbock, TX 79424

4a. Article Number

Z 559 541 808

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

10-17-98

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X Mrs Charles L Keith

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 559 541 809

Mr. Ed Watts  
Bristol Resources Corporation  
Bristol Resources 1994 Acquisition  
Limited Partnership  
Bristol Resources Production  
Company, L.L.C.  
6655 S. Lewis  
Tulsa, OK 74136

PS Form 3800, April 1995

Postage	\$ .55
Certified Fee	1.35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	15 1998
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$3.00</b>
Postmark or Date	

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

Mr. Ed Watts

Bristol Resources Corporation  
Bristol Resources 1994 Acquisition  
Limited Partnership  
Bristol Resources Production  
Company, L.L.C.  
6655 S. Lewis  
Tulsa, OK 74136

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X [Signature]

4a. Article Number

Z 559 541 809

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

10-19-98

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case Nos. 12079 & 12080 Exhibit No. 5

Submitted by: David H. Arrington Oil & Gas, Inc.

Hearing Date: November 5, 1998