

# Gary J. Lamb, Inc.

110 W. LOUISIANA - SUITE 230, MIDLAND, TEXAS 79701 (915) 683-6789

NOV - 1 1999

via FAX and US MAIL  
505/827-8177

October 29, 1999

Mr. David Catanach  
NMOCD  
2040 South Pacheco  
Santa Fe, NM 87505

Re: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling,  
directional drilling and an unorthodox well location, Lea County, New Mexico.  
(Case No. 12274, Hearing date of November 4, 1999)

Dear Mr. Catanach:

Reference is made to the compulsory pooling application by David H. Arrington Oil & Gas, Inc.

Please be advised that the following parties with the leasehold interests set forth opposite each parties name request that our interest be excluded from any compulsory pooling action as we intend to support Arrington's test well through a farmout of our interests on the same basis as offered by Bahlborg Exploration, Inc. per letter to Arrington dated October 19, 1999 and by DALCO PETROLEUM, L.L.C. per letter dated October 26, 1999, being 1/4 BI APO.

Gary J. Lamb, Inc. P. O. Box 3383 Midland, TX 79702	1.328125%
Magnolia Royalty Company, Inc. P. O. Box 10703 Midland, TX 79702	1.328125%
J.M. Mineral & Land Co., Inc. P. O. Box 1015 Midland, TX 79702	1.328125%

We will be unable to attend the hearing in Santa Fe on November 4<sup>th</sup>, however please let me know if you have any questions or comments.

Very truly yours,



Gary J. Lamb

**DALCO PETROLEUM, L.L.C.**P. O. BOX 1904  
LOVINGTON, NM 88260-1904TELEPHONE: 505-396-2912  
FACSIMILE: 505-396-2911

October 26, 1999

COPY

**VIA CERTIFIED MAIL: Z 186 748 452**  
**RETURN RECEIPT REQUESTED**David H. Arrington Oil & Gas, Inc.  
Attention: Mr. Dale Douglas  
P. O. Box 2071  
Midland, TX 79702Re: Prince Nymph #1 Well  
Section 29, T-15-S, R-36-E, N.M.P.M.  
Lea County, New Mexico

Dear Mr. Douglas:

In response to your letter on behalf of David H. Arrington Oil & Gas, Inc., of September 8, 1999, proposing the re-entry and sidetracking of the captioned wellbore, as said proposal was amended by your letter of October 11, 1999 (to provide for a spacing and proration unit consisting of SE/4 NE/4 of captioned section), please be advised that DALCO PETROLEUM, L.L.C. hereby agrees to support your proposed operation through a farmout of its leasehold interest in the said SE/4 NE/4 Section 29, based upon its 75% net lease revenue, with provision for a proportionately-reduced 25% back-in working interest in our favor after payout of the well costs. This offer is subject to execution of a formal Farmout Agreement containing mutually acceptable terms and conditions.

Please prepare and forward to the attention of the undersigned a Farmout Agreement for our review and execution. For your information in this regard, we are a New Mexico limited liability company and the agreement should be styled for execution by David A. Lynch as Manager.

Thank you for your efforts in this matter and we wish you success in the proposed operation.

Sincerely,  
DALCO PETROLEUM, L.L.C.**ORIGINAL SIGNED BY**  
**DAVID A. LYNCH**  
David A. Lynch, Manager  
/dal  
cc: NMOCD

**BAHLBURG EXPLORATION INC.**

Post Office Box 866937 · Plano · Texas · 75086-6937 · (972) 867-2575 · Fax (972) 867-6745

via Fax and US Mail  
505/827-8177

October 27, 1999

Mr. David Catanach  
NMOCD  
2040 South Pacheco  
Santa Fe, NM 87505

**FILE COPY**

RE: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, directional drilling, and an unorthodox well location, Lea County, New Mexico. (Case No. 12274, Hearing Date of November 4, 1999)

Dear Mr. Catanach:

We received notice today by Certified Mail of the above described compulsory pooling application by David H. Arrington Oil & Gas, Inc. Bahlburg Exploration, Inc. owns a 1.328125% of 8/8ths leasehold interest in the SE/NE of Section 29. We have previously offered to farmout our leasehold interest in the SE/NE of Section 29 to Arrington on industry standard terms (1/4 BIAPO), but have not received a response as of this date. Enclosed for your review are copies of all correspondence received from Arrington or sent to Arrington by us concerning this matter.

We will be unable to attend the hearing in Santa Fe on November 4th. We respectfully request that our interest be excluded from any compulsory pooling action as we intend to support Arrington's test well through a farmout of our interest per our letter dated October 19, 1999.

Please call me if you have any questions or comments.

Very truly yours,

BAHLBURG EXPLORATION, INC.

A handwritten signature in black ink, appearing to read 'William C. Bahlburg', written in a cursive style.

William C. Bahlburg  
President

Enclosures (4)  
cc: Bill Carr