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June 20, 2002

HAND-DELIVERED

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 12602; Application of David H. Arrington Oil and Gas, Inc. for Compulsory Pooling, Unorthodox Well Locations and Directional Drilling, Lea County, New Mexico; (Order No. R-11568)

Dear Ms. Wrotenbery:

On April 19, 2001, pursuant to the application of David H. Arrington Oil and Gas, Inc., the Division issued the above-referenced compulsory pooling order, which pooled a 20.569% working interest owned by Energen Resources Corporation, a party of record in the proceeding. Energen accordingly tendered its share of estimated well costs to the operator within the thirty-day period provided for in the order.

Order No. R-11568 contained a drilling deadline of July 1, 2001. To date, however, for reasons unknown to Energen, no well has been drilled.

It is our understanding that the operator has obtained a number of extensions under the drilling deadline, the most recent of which expires on July 1, 2002. However, as Energen was not copied on the requests for extension, the "good cause" bases for extending the deadlines is not known and Energen was not afforded the opportunity to comment. (See Division Rules 1208.A and 1223.A.)

It is unfair to a pooled party to allow the Operator to have the use of its funds representing its share of well costs (in this case, \$282,416.96), interest free, for such an extended period of time.

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It is also unfair to continue to have Energen's lease title burdened by the pooling order. The Operator here has had adequate time to commence drilling, but has not availed itself of the opportunity. Accordingly, Energen requests that Order No. R-11568 be rescinded and that its share of drilling costs be refunded no later than July 1, 2002.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke.

J. Scott Hall

JSH/glb

cc: Mr. David Catanach
Mike Feldewert, Esq.