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August 23, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

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Re: New Mexico Oil Conservation Division Case 12711: Application of David H. Arrington Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico.

Dear Ms. Wrotenbery:

David Petroleum Corporation and Yates Petroleum Corporation ("David/Yates") requests that the examiner hearing in the above-referenced case now scheduled for August 23, 2001 be continued to September 20, 2001. David/Yates own working interest in the E/2 of Section 19, Township 15 South, Range 35 East which is the subject of his case. David/Yates and Arrington have been attempting to reach an agreement for the voluntary development of this acreage. To protect themselves if no agreement was reached for the voluntary development of this acreage, David/Yates filed an application for an order pooling the E/2 of said Section 19 and naming Yates Operator of the well and acreage to be pooled. That case will be heard on September 20, 2001.

On Tuesday August 21, 2001, with negotiations continuing between the parties, David/Yates advised Arrington's counsel that if no agreement was reached for the voluntary development of this acreage, it would have to seek a continuance of the August 23, 2001 examiner hearing and request that the Arrington application be set for hearing at the same time as the hearing on the David/Yates application.

This afternoon, I received a Pre-hearing Statement from Arrington for tomorrow's hearing. Neither Yates Petroleum Corporation nor David Petroleum Corporation are able to have witnesses at the August 23, 2001 examiner hearing. Accordingly, we

Ms. Lori Wrotenbery, Director

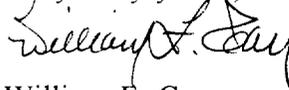
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respectfully request that the hearing on Arrington's application be continued to September 20, 2001. If the case is not continued, we have no choice but to appear, pick up a copy of Arrington's exhibits and when an order is entered seek a hearing de novo before the full Commission. At which time we will present their case and respond to the evidence and testimony presented by Arrington on August 23, 2001. This will result in additional hearings and delay.

Your attention to this request for continuance is appreciated.

Very truly yours,



William F. Carr

cc: Michael E. Stogner
David Brooks, Esq.
Oil Conservation Division

James Bruce, Esq.
David H. Arrington Oil and Gas, Inc.

Randy Patterson
Yates Petroleum Corporation

Bill Owen
David Petyroleum Corporation