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September 19, 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

Re: New Mexico Oil Conservation Division Case No.12727: Application of David Petroleum Corporation and Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico.

New Mexico Oil Conservation Division Case No. 12711: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, Lea County, New Mexico.

Dear Ms. Wrotenbery:

David Petroleum Corporation, Yates Petroleum Corporation, and David H. Arrington Oil & Gas, Inc. have reached an agreement for the development of the E/2 of Section 19 Township 15 South, Range 35 East, NMPM, which is the subject of the above-referenced competing compulsory pooling cases.

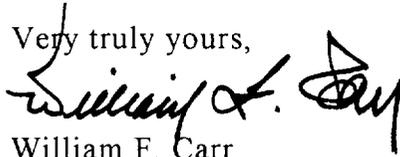
In compliance with this agreement, David Petroleum Corporation and Yates Petroleum Corporation hereby withdraw their application in Case No. 12727 and request that the case be dismissed when it comes on for hearing on September 20, 2001. It is my understanding that James Bruce, attorney for David H. Arrington Oil and Gas, Inc., will request the dismissal of Case No. 12711.

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Your attention to this request is appreciated.

Very truly yours,



William F. Carr

Attorney for David Petroleum Corporation
and Yates Petroleum Corporation

cc: David Brooks, Esq.
Oil Conservation Division

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

Mr. Ed David
Mr. Bill Owen
David Petroleum Corporation

Mr. Randy Patterson
Yates Petroleum Corporation