

DAVID H. ARRINGTON OIL & GAS, INC.

P.O. BOX 2071 , MIDLAND, TEXAS 79702  
OFF (915) 682-6685  
FAX (915) 682-4139

May 21, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED 555 884 332

Ms. Carin Hoch  
Norwest Bank, Texas, N.A., Trustee  
PO Box 659566  
San Antonio, TX 75265-9566

RE: Simmons et al Trusts  
Parachute Hopper #1 Well  
T16S-R35E  
Section 3: Lots 13, 14, 15, and 16  
Lea County, NM

Dear Ms. Hoch:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

This well will be located approximately 3510' FSL & 1650' FWL of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well is 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.

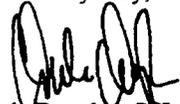
Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

In the event you 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) \$152.00 per mineral acre bonus, inclusive of paid up rentals
- b) three (3) year primary term
- c) 25% royalty
- d) Lease form Hall-Poorbaugh Press Producers Revised 1981 New Mexico Form 342P, Paid-up

As we anticipate drilling the captioned well in the later part of the second quarter or the first part of the third quarter of 1998, 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

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

/dd  
Enclosures

Case No. 11994 Exhibit No. 4

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

Hearing Date: July 9, 1998

INSTRUCTIONS  
Place below the return address and ZIP code items 1, 2, 3, and 4 or attach to front of article. If no return address, other than return to sender, is provided, the article will be returned to the sender. Enclose article. Request.

7

**RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

Sent to <b>CARIN HOCH NORWEST</b>	
Street and No. <b>PO Box 659566</b>	
P.O., State and ZIP Code <b>SAN ANTONIO TX 75265</b>	
Postage	S
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	S <b>2.52</b>
Postmark or Date	

16

Dear Ms. Hoch:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

This well will be located approximately 3510' FSL & 1650' FWL of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well is 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.

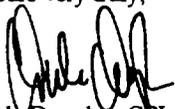
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Yours very truly,



Dale Douglas, CPL

/dd  
Enclosures

22 MAY 1998

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
**CARIN HOCH  
NORWEST BANK TEXAS  
PO Box 659566  
SAN ANTONIO, TX 75265**

4. Article Number

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X

6. Signature - Agent  
X

7. Date of Delivery

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

PS Form 3811, Apr. 1989 • U.S.G.P.O. 1989-238-815 • DOMESTIC RETURN RECEIPT

**DAVID H. ARRINGTON OIL & GAS, INC.**

P.O. BOX 2071 , MIDLAND, TEXAS 79702  
OFF (915) 682-6685  
FAX (915) 682-4139

May 5, 1998

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 312**

Mr. Ed Watts  
Bristol Resources 1994 Acquisition  
6655 S. Lewis  
Tulsa, OK 74136

RE: Parachute Hopper #1 Well  
Section 3, T16S-R35E  
Lea County, NM

Dear Mr. Watts:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

This well will be located approximately 3510' FSL & 1650' FWL of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well is 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.

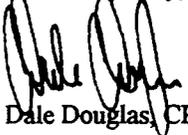
Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

In the event you 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 in the later part of the second quarter or the first part of the third quarter of 1998, 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

U.S.G.P.O. 1988  
Part of this receipt  
Part of the address  
Our name and address  
of the returned ends  
RETURN RECEIPT RE  
to the right of the rei  
to the right of the return  
window or hand it to you  
OPTIONAL SERVICES  
FIRST CLASS POSTAGE

P 555 884 312

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENDER: Complete items 1 and 2 when additional services are desired and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address: **MR. ED WATTS**  
 2.  Restricted Delivery (Extra charge)

3. Article Addressed to: **MR. ED WATTS**  
**BRISTOL RESOURCES**  
**6655 S. LEWIS**  
**TULSA OK 74130**

4. Article Number: **P 555 884 312**

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature of Addressee: **X**

6. Signature of Agent: **X** *[Signature]*

7. Date of Delivery: **5/12**

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

PS Form 3811, April 1989 U.S.G.P.O. 1989-234-555 DOMESTIC RETURN RECEIPT

U.S.G.P.O. 1989-234-555  
 PS Form 3800, June 1985

Sent to: **BRISTOL RESOURCES**

Street and No.: **6655 S. LEWIS**

P.O., State and ZIP Code: **TULSA OK 74130**

Postage: \$

Certified Fee: \$

Special Delivery Fee: \$

Restricted Delivery Fee: \$

Return Receipt showing to whom and Date Delivered: \$

Return Receipt showing to whom, Date, and Address of Delivery: \$

TOTAL Postage and Fees: \$

Postmark or Date:

RE: Parachute Hopper #1 Well  
Section 3, T16S-R35E  
Lea County, NM

Dear Mr. Watts:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

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- c) a term assignment form will be furnished upon your request

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Yours very truly,  
*[Signature]*  
Dale Douglas, CPL

/dd  
Enclosures

Press on a return  
ends if space per-  
-CERTIFIED REQUESTED  
of the addressee, on  
this receipt

**DAVID H. ARRINGTON OIL & GAS, INC.**

P.O. BOX 2071 , MIDLAND, TEXAS 79702  
OFF (915) 682-6685  
FAX (915) 682-4139

May 18, 1998

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 331**

Mr. Jerry L. Hooper and wife Margaret A. Hooper  
105 W. 3<sup>rd</sup> Street  
Roswell, NM 88201

RE: Parachute Hopper #1 Well  
Section 3, T16S-R35E  
Lea County, NM

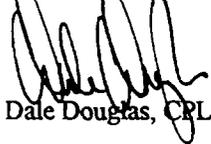
Dear Mr. and Mrs. Hooper:

I previously mailed to you a letter addressed to PO Box 2126, Roswell, New Mexico 88202. It was returned to me with the notation "forwarding order expired." This was the address listed on the previous oil and gas lease you had granted covering a portion of the captioned section. I have since secured this address of 105 W. 3<sup>rd</sup> Street, and hope that it reaches you there.

I have enclosed herewith a copy of the letter with attachments which was previously returned to me for the reason cited above. Please review the information set forth in that letter and should you then have any questions or comments, please contact me.

Thank you for your prompt attention to this matter.

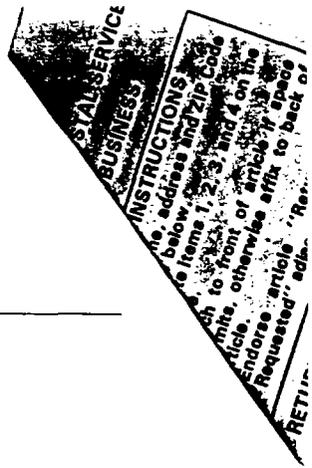
Yours very truly,



Dale Douglas, CPL

/dd

Enclosures



P 555 884 331

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

Sent To JERRY L. HOOPER CUY	
Street and No. 105 W. 3RD ST.	
P.O. State and ZIP Code Roswell Nm 88201	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 252
Postmark or Date	

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent the card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. (Extra charge) 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
MR. JERRY L. HOOPER AND WIFE  
MARGARET A. HOOPER  
105 W. 3RD STREET Ste 210A  
ROSWELL, NM 88201

4. Article Number  
P 555 884 331

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X *[Signature]*

6. Signature - Agent  
X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)  
MAY 25 1988  
5-22-88

PS Form 3811, Apr. 1989

U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

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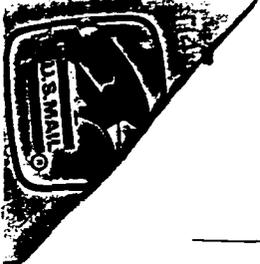
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Thank you for your prompt attention to this matter.

Yours very truly,

*[Signature]*  
Dale Douglas, CRL

/dd  
Enclosures



DAVID H. ARRINGTON OIL & GAS, INC.

88-234-58  
RECEIVED  
MAY 11 1998  
THE ADDRESSEE  
YOUR NAME AND ADDRESS  
OF THE QUINCY BRANCH  
PLEASE RETURN TO THE RIGHT OF THE  
DOWN OR HAND IT TO  
THE

P.O. BOX 2071 , MIDLAND, TEXAS 79702  
OFF (915) 682-6685  
FAX (915) 682-4139

May 5, 1998

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 315**

Mr. Jimmy J. Hooper and wife Lynne C. Hooper  
PO Box 817  
Roswell, NM 88202

RE: Parachute Hopper #1 Well  
Section 3, T16S-R35E  
Lea County, NM

Dear Mr. and Mrs. Hooper:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

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- b) three (3) year primary term
- c) 25% royalty
- d) Lease form Hall-Poorbaugh Press Producers Revised 1981 New Mexico Form 342P, Paid-up

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Yours very truly,

  
Dale Douglas, CPL

/dd  
Enclosures

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. (Extra charge)

2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
**JIMMY HOOPER**  
**PO BOX 817**  
**ROSWELL, N.M.**  
**88202**

4. Article Number: **0 555 884 315**

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

5. Signature of Addressee: *[Signature]*

6. Signature of Agent: *[Signature]*

7. Date of Delivery: \_\_\_\_\_

8. Addressee's Address ONLY if requested and fee paid: \_\_\_\_\_

U.S. POSTAL SERVICE  
 U.S.P.S.

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

U.S.G.P.O. 1989-234-555  
 PS Form 3800, June 1985

Sent to <b>Mr. &amp; Mrs. Jimmy J. Hooper</b>	
Street and No. <b>PO Box 817</b>	
P.O. State and ZIP Code <b>ROSWELL, NM 88202</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

Section 3, T16S-R35E  
 Lea County, NM

Dear Mr. and Mrs. Hooper:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth of approximately 12,200' in the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

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Yours very truly,  
*[Signature]*  
 Dale Douglas, CPL

/dd  
 Enclosures

Response - Forwarding to Jerry Hooper

P 555 884 316

RECEIPT FOR CERTIFIED MAIL  
NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

DAVID H. ARRINGTON OIL & G

P.O. BOX 2071 , MIDLAND, TEXAS 797  
OFF (915) 682-6685  
FAX (915) 682-4139

May 5, 1998

CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 316

Mr. Jerry L. Hooper and wife Margaret A. Hooper  
PO Box 2126  
Roswell, NM 88202

RE: Parachute Hopper #1 Well  
Section 3, T16S-R35E  
Lea County, NM

Dear Mr. and Mrs. Hooper:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well in the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

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Yours very truly,

Dale Douglas, CPL

/dd

Enclosures

U.S.G.P.O. 1989-234-555  
PS Form 3800, June 1985

Sent to <b>Mr. &amp; Mrs. Jerry L. Hooper</b>	
Street and No. <b>PO Box 2126</b>	
P.O. State and ZIP Code <b>Roswell, NM 88202</b>	
Postage	S
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	S
Postmark or Date	

DAVID H. ARRINGTON OIL & GAS, INC.  
P.O. BOX 2071  
MIDLAND, TEXAS 79702

POSTAGE DUE 25

FORWARDING ORDER EXPIRES  
INITIALS \_\_\_\_\_

NAME \_\_\_\_\_

1st Notice 512

2nd Notice \_\_\_\_\_



Mr. Jerry L. Hooper and wife Margaret A. Hooper  
PO Box 7126  
Roswell, NM 88202

MAY 1, A.M.

DAVID H. ARRINGTON OIL & GAS, INC.

P.O. BOX 2071 , MIDLAND, TEXAS 79702  
OFF (915) 682-6685  
FAX (915) 682-4139

May 5, 1998

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 314**

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

RE: Parachute Hopper #1 Well  
Section 3, T16S-R35E  
Lea County, NM

Dear Mr. Shidler:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

This well will be located approximately 3510' FSL & 1650 FWL of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well is 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.

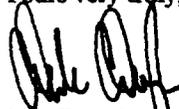
Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

In the event you 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 in the later part of the second quarter or the first part of the third quarter of 1998, 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

P 555 884 314

RECEIPT FOR CERTIFIED MAIL  
NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the RETURN TO Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees, the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date and addressee's address (Extra charge)  
2.  Restricted Delivery (Extra charge)

3. Article Addressed to: MR. MARK SHIDLER  
1010 LAMAR ST STE 500  
HOUSTON, TX 77002

Article Number: P 555 884 314

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature of Addressee: [Signature]  
6. Signature of Agent: [Signature]  
7. Date of Delivery: 5/11/85

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

U.S.G.P.O. 1989-234-555  
PS Form 3800, June 1985

Sent to	
MARK L SHIDLER, INC	
Street and No	
1010 LAMAR ST., STE. 500	
P.O., State and ZIP Code	
HOUSTON, TX 77002	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3811, Nov 1989, Pub. No. 122-815 DOMESTIC RETURN RECEIPT

RE: Parachute Hopper #1 Well  
Section 3, T16S-R35E  
Lea County, NM

Dear Mr. Shidler:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

This well will be located approximately 3510' FSL & 1650 FWL of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well is 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 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 in the later part of the second quarter or the first part of the third quarter of 1998, 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,

[Signature]

Dale Douglas, CPL

/dd  
Enclosures

DAVID H. ARRINGTON OIL & GAS, INC.

P.O. BOX 2071 , MIDLAND, TEXAS 79702  
OFF (915) 682-6685  
FAX (915) 682-4139

May 5, 1998

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED P 555 884 313**

Mr. Larry Petrie  
A. L. Cone Partnership  
PO Box 3457  
Lubbock, TX 79452

RE: Parachute Hopper #1 Well  
Section 3, T16S-R35E  
Lea County, NM

Dear Mr. Petrie:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

This well will be located approximately 3510' FSL & 1650' FWL of Section 3, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well is 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.

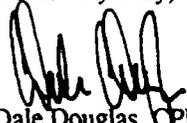
Upon receipt of your executed AFE, or by prior written request, we will forward for your review and execution Arrington's Joint Operating Agreement covering this proposed well.

In the event you 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) \$152.00 per mineral acre bonus, inclusive of paid up rentals
- b) three (3) year primary term
- c) 25% royalty
- d) Lease form Hall-Poorbaugh Press Producers Revised 1981 New Mexico Form 342P, Paid-up

As we anticipate drilling the captioned well in the later part of the second quarter or the first part of the third quarter of 1998, 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

P 555 884 313

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1989-234-855

PS Form 3800, June 1985

Sent to <b>A.L. CONE PARTNERSHIP</b>	
Street and No. <b>PO BOX 3457</b>	
P.O., State and ZIP Code <b>LOSBOROUGH, TX 79452</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

SENDER'S complete items 1 and 2 when additional services are desired and complete items 3 through 7. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered date and addressee's address  Restricted Delivery (Extra Charge)

3. Article Addressed to: **MR LARRY PETRIE  
A.L. CONE PART  
PO BOX 3457  
LOSBOROUGH TX 79452**

4. Article Number: **0 555 884 313**

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

5. Signature of Addressee: **X: Betty Petrie**

6. Signature of Agent: **X: Larry Petrie**

7. Date of Delivery:

PS Form 3811, Apr 1989 U.S.G.P.O. 1989-238-815



DOMESTIC RETURN RECEIPT

RE: Parachute Hopper #1 well  
Section 3, T16S-R35E  
Lea County, NM

Dear Mr. Petrie:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of a well to a depth sufficient to adequately test the Atoka formation, anticipated total depth being approximately 12,200'. 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 Lots 9, 10, 11, 12, 13, 14, 15, and 16 of Section 3, T16S, R35E, Lea County, New Mexico.

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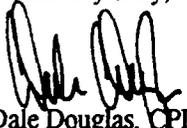
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- b) three (3) year primary term
- c) 25% royalty
- d) Lease form Hall-Poorbaugh Press Producers Revised 1981 New Mexico Form 342P, Paid-up

As we anticipate drilling the captioned well in the later part of the second quarter or the first part of the third quarter of 1998, 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