



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

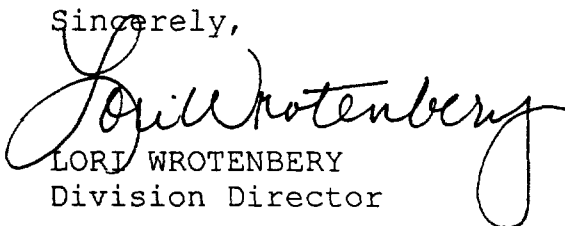
January 21, 1999

Mr. William F. Carr
Campbell, Carr, Berge & Sheridan
Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon the reasons stated in your letter of January 13, 1999, and in accordance with the provisions of Division Order No. R-11090, David H. Arrington Oil & Gas, Inc. is hereby granted an extension of time until May 1, 1999, in which to begin drilling the well pooled by this order.

Sincerely,


LORI WROTENBERG
Division Director

fd/

cc: ✓ Case No. 12079
OCD - Hobbs

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& SHERIDAN, P.A.
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January 13, 1999

HAND DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: ***Case No. 12079: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, directional drilling and an unorthodox well location, Lea County, New Mexico***

Dear Ms. Wrotenbery:

On November 18, 1998 the Division entered Order No. R-11090 which granted the application of David H. Arrington Oil & Gas, Inc. in the above-referenced case pooling all mineral interests from the surface to the base of the Lower Mississippian formation under the following spacing and proration units in Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico:

- A. Lots 9, 10, 15 and 16 and the SE/4 forming a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing;
- B. SE/4 forming a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing;
- C. N/2 SE/4 forming a standard 80-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing; and
- D. NE/4 SE/4 forming a standard 40-acre spacing and proration unit for all formations and/pools developed on 80-acre spacing.

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Lori Wrotenbery, Director
Oil Conservation Division
January 13, 1999
Page 2

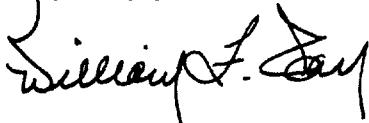
These pooled units are to be dedicated to the proposed Parachute Adams Well No. 1 to be directionally drilled from a surface location 1859 feet from the South line and 777 feet from the East Line (Unit Q) to an unorthodox bottomhole location 1450 feet from the South line and 990 feet from the East line (Unit Q) of Section 3.

Order R-11090 provides that in the event Arrington does not commence drilling operations on or before February 1, 1999, this pooling order shall be of no further effect unless Arrington obtains a time extension from the Division Director for good cause shown. The purpose of this letter is to request an extension of Order No. R-11090.

Arrington intends to develop this acreage and drill the proposed Parachute Adams Well No. 1. However, due certain changes in ownership of the pooled acreage and problems which have made it impossible to have a rig on location by February 1, 1999 make it necessary for Arrington to seek an extension of Order No. R-11090 until May 1, 1999.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

WILLIAM F. CARR

WFC:mlh

cc: Bill Baker
David H. Arrington Oil & Gas Inc.