214 West Texas Suile 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 100 120 771

Bahlburg Exploration, Inc. C/O William C. Bahlburg PO Box 866937 Plano, TX 75086

Re: Prince Nymph #1 Well
 Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E
 Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050' and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440' FNL and 866' FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000'. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

In this regard, please find enclosed Arrington's AFE for this proposed operation. In the event that you should elect to participate in this operation, please so indicate by signing and returning one copy of the AFE. Upon receipt of your signed AFE, we will furnish a Joint Operating Agreement for your review and execution.

In the event that you should wish to not participate in this proposed operation, Arrington hereby submits for your review the following proposal for a term assignment covering your leasehold estate under the SE/4NE/4 of Section 29:

- 1. One (1) year term
- 2. \$100,00 per leasehold acre bonus
- 3. You would retain an ORRI equal to difference between 22.5% and leasehold burdens

In the event you elect to grant a term assignment, please advise, and we will prepare and furnish for your review and execution such term assignment.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

AVID H ARRINGTON OIL & GAS. INC.

SENDER: Complete Items 1 and 2 when additional send outside the BETURN TO: Space on the reverse from being returned to you! (The return receipt fee will provide the date of delivery for additional fees the following service and checktox(es) for additional service(s) requested. She Li Show to whom delivered, date; and addressee's ad (Extra charge)	side. Failure to do this will prevent this card you the name of the person delivered to and s are available. Consult postmaster for fees
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c/o William C. Bahlburg P.O. Bor 866937 Plano Texas, 75086SEP 3.0 1999	Type of Service: Registered Insured Certified COD Express Mail: Return Receipt for Merchandise
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Santa Fe, New Mexico Case No. <u>12274</u> Exhibit No. <u>3</u> Submitted by: David H. Arrington Oil & Gas

BEFORE THE OIL CONSERVATION DIVISION

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 DOC

Clifford R. Cone PO Box 1629 Lovington, NM 88260

Re: Prince Nymph #1 Well Surface Location 2446° FSL and 1006° FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

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- 1. \$100.00 per mineral acre bonus inclusive of paid up rentals
- 2. three (3) year paid up term
- 3. 3/16ths royalty
- 4. Hall-Poorbaugh Producer's 88 Revised 1994 new Mexico Form 342P. Paid-up

In the event you elect to grant an oil and gas lease, please advise, and we will prepare and furnish for your review and execution an oil and gas lease and bank draft for the bonus consideration due you.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly.

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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

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September 8, 1999

CERTIFIED MAIL: P 700 120 769

DALCO Petroleum, L.L.C. C/O David A. Lynch PO Box 1904 Lovington, NM 88260

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

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In the event you elect to grant a term assignment, please advise, and we will prepare and furnish for your review and execution such term assignment.

Should there be any questions or comments regarding this matter, please advise,

Yours very truly.

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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: <u>P 700 120 768</u>

Douglas L. Cone PO box 64244 Lubbock. TX 79464

Re: Prince Nymph #1 Well
 Surface Location 2446' FSL and 1006' FEL. Section 29-T15S, R36E
 Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S. R36E, Lea County, New Mexico.

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Should there be any questions or comments regarding this matter, please advise,

Yours very truly,

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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 767

Gary J. Lamb, Inc. C/O Gary J. Lamb PO Box 3383 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL. Section 29-T15S. R36E Lea County, New Mexico

Gentlemen:

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Yours very truly.



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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 766

J.M. Mineral & Land Co., Inc. C/O Jon M. Morgan PO Box 1015 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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Yours very truly,



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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

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September 8, 1999

P 700 120 765 CERTIFIED MAIL:

Kenneth G. Cone PO Box 11310 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

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- 2. three (3) year paid up term
- 3. 3/16ths royalty
- 4. Hall-Poorbaugh Producer's 88 Revised 1994 new Mexico Form 342P. Paid-up

In the event you elect to grant an oil and gas lease, please advise, and we will prepare and furnish for your review and execution an oil and gas lease and bank draft for the bonus consideration due you

Should there be any questions or comments regarding this matter: please advise

Yours very truly.

DAVID H. ARRINGTON OIL & GAS. INC.

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Dale Douglas	չՐ

● SENDER: Complete items 1 and 2 when additional 3 and 4. Put.your address in the "RETURN TO" Space on the reverse from being returned to you. The return receipt fee will provide the date of delivery. For additional fees the following service and check box(es) for additional service(s) requested. 1. □ Show to whom delivered, date, and addressee's ad (Extra charge)	side. Failure to do this will prevent this card you the name of the person delivered to and s are available. Consult postmaster for fees
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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 764

Magnolia Royalty Company, Inc. C/O John R. Norwood PO Box 10703 Midland, TX 79702

Re: Prince Nymph #1 Well
 Surface Location 24461 FSL and 10061 FEL. Section 29-T15S. R36E
 Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

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3. Article Addressed to: Magnolia Royalty Company, Inc. c/o John R. Norwood P.O. Box 10703 Midland, Texas 79702 SEP 28 1999	P 700 120 764 Type of Service: Registered Insured Certified COD Express Mail Return Receipt for Merchandise Always obtain signature of 360 44599 or agent and DATE DELIVERED
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214 West Texas Suile 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: <u>P 700 120 763</u>

Tom R. Cone PO Box 778 Jay, Oklahoma 74363

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL. Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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SENDER: Complete items 1 and 2 when additional 3 and 4. Put your address in the "RETURN TO" Space on the reverse from being returned to you. The return receipt fee will provide	side. Failure to do this will prevent this card
from being returned to you. The return receipt fee will provide the date of delivery. For additional fees the following service: and check box(es) for additional service(s) requested. 1. Show to whom delivered, date, and addressee's ad (<i>Extra charge</i>)	.
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PS Form 3811, Apr. 1989	DOMESTIC RETURN RECEIPT

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: <u>P 700 120 762</u>

E. L. Brahaney 223 W. Wall Midland, Texas 79701

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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- 4. Hall-Poorbaugh Producer's 88 Revised 1994 new Mexico Form 342P, Paid-up

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Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

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 SENDER: Complete items 1 and 2 when additional 3 and 4. Put your address in the "RETURN TO" Space on the reverse from being returned to you. The return receipt fee will provide the date of delivery. For additional fees the following service and check box(es) for additional service(s) requested. 1. Show to whom delivered, date, and addressee's ad (Extra charge) 	side. Failure to do this will prevent this card you the name of the person delivered to and is are available. Consult postmaster for fees
3. Article Addressed to:	4. Article Number
E.L. Brahaney SEP 3 0 1999 223 W. Wall SEP 3 0 1999 Midland, Texas 79701	P 700 120 762 Type of Service: □ Insured □ Certified □ COD □ Express Meil ▲ Return Receipt
	Always obtain signature of addressee or agent and DATE DELIVERED.
5 ₂ Signature – Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X Killy Hoflor	
7. Date of Delivery 9/29/59	·
P\$ Form 3811 Apr. 1989	5 DOMESTIC RETURN RECEIP

SENDER: Complete items 1 and 2 when additional 3 and 4. Put your address in the "RETURN TO" Space on the reverse from being returned to you. The return receipt fee will provide the date of delivery. For additional fees the following service and check box(es) for additional service(s) requested. 1. Show to whom delivered, date, and addressee's ad (Extra charge)	side. Failure to do this will prevent this card you the name of the person delivered to and s are available. Consult postmaster for fees
3. Article Addressed to: Anson Energy Corp. CT 2 9 1999 4005 NW Expressway, Ste. 400E Oklahoma City, OK 73116	4. Article Number P 377 867 788 Type of Service: A Registered □ Insured □ Certified □ COD □ Express Mail A Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature Addressee X Addressee Addressee X Addressee Addressee X Addressee Addressee X 6. Signature Agent X 7. Date of Delivery 0/26/99	8. Addressee's Address (ONLY if requested and fee paid)
PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-615	DOMESTIC RETURN RECEIPT

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The attached letter dated September 8, 1999 was mailed out under this certified mail P 377 867 788, after being advised of an address change.

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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 772

Anson Energy Corporation PO Box 24060 Oklahoma City, Oklahoma 73124

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050' and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440' FNL and 866' FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

In this regard, please find enclosed Arrington's AFE for this proposed operation. In the event that you should elect to participate in this operation, please so indicate by signing and returning one copy of the AFE. Upon receipt of your signed AFE, we will furnish a Joint Operating Agreement for your review and execution.

In the event that you should wish to not participate in this proposed operation, Arrington hereby submits for your review the following proposal for a term assignment covering your leasehold estate under the SE/4NE/4 of Section 29:

- 1. One (1) year term
- 2. \$100.00 per leasehold acre bonus
- 3. You would retain an ORRI equal to difference between 22.5% and leasehold burdens

In the event you elect to grant a term assignment, please advise, and we will prepare and furnish for your review and execution such term assignment.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

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Dale Douglas 203 W. Wall Street, Suite 1201 PC Box 10187	b 200 750 225	PM X
Midland, Texas 79702	MAIL	E 24 11 37 10E 797 09/24/99
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AUTHORITY FOR EXPENDITURE (AFE)

AFE #:	99-0709	Date:	7/8/99		Original X Supplemental
Lease:	Prince Nymph	Well #:	1	Well Type:	Oil
Location:	NE/SE Section 29, T15N-R36E	County:	Lea	State:	New Mexico
Prospect:	West Dean	Objective:	Wolfcamp	Proposed TD:	11,000'
Purpose of	f Expenditure: <u>Re-enter, Drill, Complete W</u>	olfcamp Oil T	est		

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	0	0	0
	Staking & Permitting & City of Lovington	0	0	0
	Location, Roads & Damages	5,000	5,000	10,000
	Lease Restoration	4,500	0	4,500
	Mobilization/Demobilization	20,000	0	20,000
	Drilling - Footage @ /Ft	0	0	0
	Drilling - Daywork 10 @ \$5,500 /Day	55,000	0	55,000
	Drilling - Directional	70,000	0	70,000
	Completion Rig 7 @ \$2,000 /Day	0	14,000	14,000
	Pit Lining	0	0	0
	Bits, Reamers & Stabilizers	24,500	0	24,500
	Drilling & Completion Fluids & Oil	20,000	0	20,000
	Water	5,000	0	5,000
	Mud Logging 7 @ \$500 /Day	3,500	0	3,500
	Drill Stem Tests (1)	3,000	0	3,000
	Coring Services	0	0	0
	Logging - Open Hole & Sidewall Cores	20,000	0	20,000
	Cement & Services - Surface	0	0	0
	Cement & Services - Intermediate	0	0	0
	Cement & Services - Production	0	15,000	15,000
	Perforating & Cased Hole Logs	0	8,000	8,000
	Acidizing, Fracturing & Stimulation	0	10,000	10,000
	Rental Equipment (Safety, Test Tk., Choke, ect.) Rot. Head	7,000	0	7,000
	Installation - Production Facilities	0	9,000	9,000
	Inspection & Well Testing	1,000	2,000	3,000
	Transportation	3,000	1,000	4,000
	Miscellaneous Labor	1,000	2,000	3,000
	Engineering & Geological Services	2,500	1,500	4,000
	Overhead	2,000	1,000	3,000
	Supervision	6,000	4,000	10,000
	Sand Blast & Coat Casing	0	2,000	2,000
	Contingencies	17,000	3,500	20,500
	Gross Receipts Tax	13,500	3,900	17,400
	TOTAL INTANGIBLE EXPENSE	283,500	81,900	365,400

CODE		ANGIBEBEXPEN	ISB.	en an airth		DRILLEINGE	COMPLETION	TOTAL
	Casing - Conductor	of	Q		=t	0	0	
	Casing - Surface	of	Q	/	=t	0	0	
	Casing - Intermediate	of	Q		-1	0	0	
	Casing - Intermediate	of	@		=t	0	0	
	Casing - Production	9000 of	5 1/2 @		Ft	0	51,300	
	Casing - Production	2000 of	5 1/2 @	\$5.90 /	Ft	0	11,800	
	Tubing	11,000 of	2 7/8 @	\$2.85 /	=t	0	31,400	
	Float & Other Equipme	ent				0	1,500	
	Wellhead Equipment,	Tree				0	12,000	
	Sucker Rods					0	18,000	
	Down Hole Pump					0		
	Packer/TAC					0	4,300	
	Pumping Unit & Prime	Mover				0	50,000	
	Tank Battery & Storag	e Facilities				0	19,000	
	Separator/Heater Trea	ter/Dehydrator				0	8,500	
	Meters & Flowlines					0	1,000	
	Miscellaneous Valves	& Fittings				0	8,000	
	Gross Receipts Tax					0	10,900	10,900
	TOTAL TANGIBLE EX	PENSE				0	230,700	230,700
	TOTAL WELL COST					283,500	312,600	596,100

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: Prepared Steve Scott By: Company: Approved David H. Arrington By: By: Title: President Date: Date

Partner Approval:

Approved Title:

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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 100 120 711

Bahlburg Exploration, Inc. C/O William C. Bahlburg PO Box 866937 Plano, TX 75086

Rc: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL. Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

In this regard, please find enclosed Arrington's AFE for this proposed operation. In the event that you should elect to participate in this operation, please so indicate by signing and returning one copy of the AFE. Upon receipt of your signed AFE, we will furnish a Joint Operating Agreement for your review and execution.

In the event that you should wish to not participate in this proposed operation, Arrington hereby submits for your review the following proposal for a term assignment covering your leasehold estate under the SE/4NE/4 of Section 29:

- 1 One (1) year term
- 2. \$100.00 per leasehold acre bonus
- 3. You would retain an ORRI equal to difference between 22.5% and leasehold burdens

In the event you elect to grant a term assignment, please advise, and we will prepare and furnish for your review and execution such term assignment.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

SENDER Con	aleteiteme 1 and	2 when additional a	equipes are desired and complete iten
Puryour address in from being returned the date of delivery and check box(es)	the "RETURN TO" S to you! The return re For additional fees or additional service	Space on the reverse s ceipt fee will provide y the following services (s) requested. and addressee's add	services are desired, and complete iten side. Failure to do this will prevent this car you the name of the person delivered to an are available. Consult postmaster for fee dress. 2. Restricted Delivery (Extra charge)
c/o Wil	Exploration	burg	4. Article Number P 700 120 771 Type of Service: Registered Insured Certified COD Express Mail
154 Signature	ddresser		Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> . 8. Addressee's Address (ONLY if
B + Signature A		MAS -	requested and fee paid)
PS Form 3811; A	Pr. 1989	1.1.1.1.1.1.1 1.4.5.6.1.1.1.1 * U.S.G.P.O. 1989-238-815	DOMESTIC RETURN RECE

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120

Clifford R. Cone PO Box 1629 Lovington, NM 88260

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

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In the event that you should wish to not participate in this proposed operation. Arrington hereby submits for your review the following proposal for an oil and gas lease covering your mineral estate under the SE/4NE/4 of Section 29:

1. \$100.00 per mineral acre bonus inclusive of paid up rentals

- 2. three (3) year paid up term
- 3. 3/16ths royalty
- 4. Hall-Poorbaugh Producer's 88 Revised 1994 new Mexico Form 342P, Paid-up

In the event you elect to grant an oil and gas lease, please advise, and we will prepare and furnish for your review and execution an oil and gas lease and bank draft for the bonus consideration due you.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly.

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SENDER: Complete Items 1 a Sand 4. Putyour address in the "RETURN TO from being returned to you. The return	" Space on th	e reverse s	ide. Failure to d	o this will pre	event this card
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S Form 3811, Apr. 1989	+U.S.G.P.O. 19	89-235-815	DOL	IESTIC RET	URN RECRI

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 769

DALCO Petroleum, L.L.C C/O David A. Lynch PO Box 1904 Lovington, NM 88260

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL. Section 29-T15S. R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico

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Yours very truly.

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and check box(es) for additional service(s) requested. 1. D. Show to whom delivered, date, and addressee's a	
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c/oxDavid A: Lynch P.O. Box 1904 SE SEP 3 0 1999 Lovington NM 88260	Type of Service: A Registered Insured Certified COD Express Mar Return Receipt Return Receipt
	Always obtain signature Conditiessee or agent and DATE DELIVERED.
Sieraura Addressoo	8. Addressed Sectress (QNLY if required and reserves)
Signature Agent : //	The set
Date of Delivery	
Form 38.1.1 Apr. 1989 +U.S.G.P.O. 1989-238-8	DOMESTIC RETURN RECEIPT

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 768

Douglas L. Cone PO box 64244 Lubbock, TX 79464

Re: Prince Nymph #1 Well
 Surface Location 2446" FSL and 1006" FEL. Section 29-T15S, R36E
 Lea County, New Mexico

Gentlemen.

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S. R36E, Lea County, New Mexico.

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- 3. 3/16ths rovalty
- 4. Hall-Poorbaugh Producer's 88 Revised 1994 new Mexico Form 342P, Paid-up

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Should there be any questions or comments regarding this matter, please advise,

Yours very truly,

rom being returned to you? The he date of delivery. For addition and check box(as) for additional toch Show to whom delivere (Ex	hal fees the following so service(s) requested. Id, date, and addressed	ervices are available. e's address. 2. [Consult postmaster for Restricted Delivery (Extra charge)	r fee
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Lubbock Texas	79464	Registere		
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C. A. S.		st offers	and fee paid)	
3. Signature - Agent 🔅	511	181 01	131	
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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: 7700 120 767

Gary J. Lamb, Inc. C/O Gary J. Lamb PO Box 3383 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL. Section 29-T15S. R36E Lea County, New Mexico

Gentlemen:

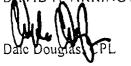
David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

- L. One (1) year term
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Yours very truly.



rom being returned to yo he date of delivery. For and check box(es) for ad 17:01 Show to whom (ditional service(s) delivered, date, a (Extra charge)	e tollowing servic) requested.	es are available. Con address, 2. 🗌 Re	sult postmaster for fee stricted Delivery tra charge)
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C.O. Gary MJ.			Type of Service:	
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214 West Texas Suile 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 766

J.M. Mineral & Land Co., Inc. C/O Jon M. Morgan PO Box 1015 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL. Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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DAVID MARRINGTON OIL & GAS. INC



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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

P700 120 765 CERTIFIED MAIL:_

Kenneth G. Cone PO Box 11310 Midland, TX 79702

Prince Nymph #1 Well Re: Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

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- 3. 3/16ths royalty
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(Extra charge)	(Extra charge)
3. Article Addressed to:	4. Article Number
Kenneth G. Cone	P 700 120 765
P.O. Box 11310 OCT 0 5 1999	Type of Service:
Midland, Texas 79702	🗴 Registered 🗌 Insured
midiand, lexas /9/02	Certified COD
	Express Mail X Return Receipt
	Always obtain signature of addressee
3	or agent and DATE DELIVERED.
5. Signature - Addressee	Addressee's Address (ONLY if requested and fee paid)
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6. Signature - Agent	[] []
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7. Date of Delivery	
7. Date of Delivery	
PS Form 3811, Apr. 1989 +U.S.G.P.O. 1988-238-81	DOMESTIC RETURN RECEIPT

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 764

Magnolia Royalty Company, Inc. C/O John R. Norwood PO Box 10703 Midland, TX 79702

Re: Prince Nymph #1 Well
 Surface Location 2446' FSL and 1006' FEL. Section 29-T15S. R36E
 Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

In this regard, please find enclosed Arrington's AFE for this proposed operation. In the event that you should elect to participate in this operation, please so indicate by signing and returning one copy of the AFE. Upon receipt of your signed AFE, we will furnish a Joint Operating Agreement for your review and execution.

In the event that you should wish to not participate in this proposed operation. Arrington hereby submits for your review the following proposal for a term assignment covering your leasehold estate under the SE/4NE/4 of Section 29:

- 1. One (1) year term
- 2. \$100.00 per leasehold acre bonus
- 3. You would retain an ORRI equal to difference between 22.5% and leasehold burdens

In the event you elect to grant a term assignment, please advise, and we will prepare and furnish for your review and execution such term assignment.

Should there be any questions or comments regarding this matter: please advise

Yours very truly.

	The second and complete items
● SENDER: Complete items. 1 and 2 when "additional-si 3 and 4. Put your address in the "RETURN TO" Space on the reverse si from being returned to you. The return receipt fee will provide y the date of delivery. For additional fees the following services and check box(es) for additional service(s) requested. 1. □ Show to whom delivered, date, and addressee's add (Extra charge)	ide. Failure to do this win plotted to and ou the name of the person delivered to and are available. Consult postmaster for fees iress. 2. C Restricted Delivery (Extra charge)
3. Article Addressed to:	4. Article Number
Magnolia Royalty Company, Inc. c/o John R. Norwood P.O. Box 10703 Midland, Texas 79702 SEP 28 1999	P 700 120 764 Type of Service: Certified Insured Express Mail Return Receipt for Merchandise Always obtain signature of Contemport or agent and DAT5 DECLIVERED O Addressee's Address VONLY in 2
5. Signature - Addressee	8. Addressee's Address VONLY if Z requested and kee paid) 97
X 6. Signature - Agent X Stephytyce Offick 7. Date of Delivery [1]	requested and seepand 21 00
PS Form 3811 , Apr. 1989	5 DOMESTIC RETURN RECEIPT

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: <u>P 700 120 763</u>

Tom R. Cone PO Box 778 Jay, Oklahoma 74363

Re: Prince Nymph #1 Well
 Surface Location 2446' FSL and 1006' FEL. Section 29-T15S, R36E
 Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050° and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440° FNL and 866° FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000°. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

In this regard, please find enclosed Arrington's AFE for this proposed operation. In the event that you should elect to participate in this operation, please so indicate by signing and returning one copy of the AFE. Upon receipt of your signed AFE, we will furnish a Joint Operating Agreement for your review and execution.

In the event that you should wish to not participate in this proposed operation. Arrington hereby submits for your review the following proposal for an oil and gas lease covering your mineral estate under the SE/4NE/4 of Section 29:

- 1. \$100.00 per mineral acre bonus inclusive of paid up rentals
- 2. three (3) year paid up term
- 3 3/16ths royalty
- 4. Hall-Poorbaugh Producer's 88 Revised 1994 new Mexico Form 342P. Paid-up

In the event you elect to grant an oil and gas lease, please advise, and we will prepare and furnish for your review and execution an oil and gas lease and bank draft for the bonus consideration due you.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS. INC.

Tom R. Cone P.O. Box 778 Jay, OK 74363 5. Signature - Abdressee X	Article Number
P.O. Box 778 OCT U 1 1999 Jay, OK 74363	
5. Signature - Addressee 8.	700 120 763 roe of Service: Registered Insured Certified COD Express Mail Return Receipt for Merchandise rays Ontent stanature of addressee agent and CATE DELIVERED.
	Addressee's Address (ONLY if Fequested and fee paid)
6. Signature – Agent	1999
7. Date of Delivery	0 /

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: <u>P 700 120 762</u>

E. L. Brahaney 223 W. Wall Midland, Texas 79701

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050' and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440' FNL and 866' FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000'. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

In this regard, please find enclosed Arrington's AFE for this proposed operation. In the event that you should elect to participate in this operation, please so indicate by signing and returning one copy of the AFE. Upon receipt of your signed AFE, we will furnish a Joint Operating Agreement for your review and execution.

In the event that you should wish to not participate in this proposed operation, Arrington hereby submits for your review the following proposal for an oil and gas lease covering your mineral estate under the E/100 acres of Section 29:

- 1. \$100.00 per mineral acre bonus inclusive of paid up rentals
- 2. three (3) year paid up term
- 3. 3/16ths royalty
- 4. Hall-Poorbaugh Producer's 88 Revised 1994 new Mexico Form 342P, Paid-up .

ردی ایش دهاند انسانست در <u>ایند.</u> در ۲۰۰۰ م

In the event you elect to grant an oil and gas lease, please advise, and we will prepare and furnish for your review and execution an oil and gas lease and bank draft for the bonus consideration due you.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

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 SENDER: Complete items 1 and 2 when additional 3 and 4. Put your address in the "RETURN TO" Space on the reverse from being returned to you. The return receipt fee will provide the date of delivery. For additional fees the following service and check box(es) for additional service(s) requested. 1. Show to whom delivered, date, and addressee's ad (Extra charge) 	side. Failure to do this will prevent this card you the name of the person delivered to and s are available. Consult postmaster for fees
3. Article Addressed to:	4. Article Number
E.L. Brahaney SEP 3 0 1999 223 W. Wall SEP 3 0 1999 Midland, Texas 79701	P 700 120 762 Type of Service: Registered Insured Certified COD Express Mail Return Receipt 6 for Merchandise
	Always obtain signature of addressee or agent and DATE DELIVERED.
5 Signature - Addressee X 6. Signature - Agent X <i>Lille Hotolor</i> 7. Date of Delivery <i>A</i> 2.5/55 mm	8. Addressee's Address (ONLY if when requested and fee paid)
P\$ Forth 38111 Hpr. 1989 1 + 4. 5 at 1 1 1989 238-81	5 DOMESTIC RETURN RECEIPT

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● SENDER: Complete items: 1 and 2 when addition 3 and 4. Put your address in the "RETURN TO" Space on the rev from being returned to you. The return receipt fee will pro the date of delivery. For additional fees the following set and check box(es) for additional service(s) requested. 1.	erse side. Failure to do this will prevent this card wide you the name of the person delivered to and rvices are available. Consult postmaster for fees
3. Article Addressed to: Anson Energy CorpOCT 29 1999 4005 NW Expressway, Ste. 400E Oklahoma City, OK 73116	4. Article Number P 377 867 788 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 Addressee 6. Signature Agent X 7. Date of Delivery 1. Of 26/29	8. Addressee's Address (ONLY if requested and fee paid)
PS Form 3811, Apr. 1989 +U.S.G.P.O. 1989-2	38-615 DOMESTIC RETURN RECEIPT

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The attached letter dated September 8, 1999 was mailed out under this certified mail P 377 867 788, after being advised of an address change.

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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

September 8, 1999

CERTIFIED MAIL: P 700 120 772

Anson Energy Corporation PO Box 24060 Oklahoma City, Oklahoma 73124

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lca County, New Mexico

Gentlemen:

David H. Arrington Oil & Gas. Inc. ("Arrington") drilled the captioned well to an approximate depth of 12,050' and plugged and abandoned this well as a dry hole in the fourth quarter of 1998. Arrington is proposing to re-enter and sidetrack this wellbore to an approximate bottomhole location of 2440' FNL and 866' FEL of Section 29 to test the Wolfcamp zone at a depth of approximately 11,000'. Utilizing this wellbore shall effect a savings to all parties electing to participate in evaluating the potential of this Wolfcamp zone. Arrington is proposing that the spacing unit for this wellbore encompass the NE/4SE/4 and the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

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- 2. \$100.00 per leasehold acre bonus
- 3. You would retain an ORRI equal to difference between 22.5% and leasehold burdens

In the event you elect to grant a term assignment, please advise, and we will prepare and furnish for your review and execution such term assignment.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

	CERTIFIED	NOVER SAL
Dale Douglas 203 W. Wall Street, Suite 1201 PO Box 10187	P 700 120 772	PM Z
Midland, Texas 79702	MAIL	E 24 18 37 1UE 797 09/24/99
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	OK Co	

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AUTHORITY FOR EXPENDITURE (AFE)

AFE #:	99-0709	Date:	7/8/99		Original X Supplemental
Lease:	Prince Nymph	Weil #:	_1	Well Type:	Oil
Location:	NE/SE Section 29, T15N-R36E	County:	Lea	Stat e :	New Mexico
Prospect:	West Dean	Objective:	Wolfcamp	Proposed TD:	11,000
Purpose o	f Expenditure: <u>Re-enter, Drill, Complete We</u>	olfcamp Oil T	est		

CODE	DRILLING	COMPLETION.	TOTAL
Surveying	0		
Staking & Permitting & City of Lovington	0	0	0
Location, Roads & Damages	5,000	5,000	10,000
Lease Restoration	4,500	0	
Mobilization/Demobilization	20,000	0	20,000
Drilling - Footage @ /Ft	0	0	
Drilling - Daywork 10 @ \$5,500 /Day	55,000	0	55,000
Drilling - Directional	70,000	0	70,000
Completion Rig 7 @ \$2,000 /Day	0	14,000	14,000
Pit Lining	0	0	0
Bits, Reamers & Stabilizers	24,500	0	
Drilling & Completion Fluids & Oil	20,000	0	20,000
Water	5,000	0	
Mud Logging 7 @ \$500 /Day	3,500	0	
Drill Stem Tests (1)	3,000	0	
Coring Services	0	0	0
Logging - Open Hole & Sidewall Cores	20,000	0	20,000
Cement & Services - Surface	0	0	
Cement & Services - Intermediate	0	0	0
Cement & Services - Production	0	15,000	15,000
Perforating & Cased Hole Logs	0	8,000	
Acidizing, Fracturing & Stimulation	0	10,000	10,000
Rental Equipment (Safety, Test Tk., Choke, ect.) Rot. Head	7,000	0	
Installation - Production Facilities	0	9,000	9,000
Inspection & Well Testing	1,000	2,000	3,000
Transportation	3,000	1,000	4,000
Miscellaneous Labor	1,000	2,000	3,000
Engineering & Geological Services	2,500	1,500	4,000
Overhead	2,000	1,000	3,000
Supervision	6,000	4,000	10,000
Sand Blast & Coat Casing	0	2,000	2,000
Contingencies	17,000	3,500	
Gross Receipts Tax	13,500	3,900	17,400
TOTAL INTANGIBLE EXPENSE	283,500	81,900	365,400

CODE	LEA	NGIBLEEXPEN	SEL		to P	DRIUUING	COMPLIETION	TOTAL
	Casing - Conductor	of	Q	/Ft		0	0	0
	Casing - Surface	of	Q	/Ft		0	0	0
	Casing - Intermediate	of	Q	/Ft		0	0	0
	Casing - Intermediate	of	@	/Ft		0	0	0
	Casing - Production	9000 of	5 1/2 @	\$5.70 /Ft		0	51,300	51,300
	Casing - Production	2000 of	5 1/2 @	\$5.90 /Ft		0	11,800	
	Tubing	11,000 of	2 7/8 @	\$2.85 /Ft		0	31,400	31,400
	Float & Other Equipmen	nt				0	1,500	1,500
	Wellhead Equipment, Ti	ree				0	12,000	12,000
	Sucker Rods					0	18,000	18,000
	Down Hole Pump					0	3,000	3,000
	Packer/TAC					0	4,300	4,300
	Pumping Unit & Prime N					0	50,000	50,000
	Tank Battery & Storage					0	19,000	
	Separator/Heater Treate	r/Dehydrator				0	8,500	8,500
	Meters & Flowlines					0	1,000	1,000
	Miscellaneous Valves &	Fittings				0	8,000	8,000
	Gross Receipts Tax					0	10,900	10,900
	TOTAL TANGIBLE EXP	PENSE				0	230,700	230,700
	TOTAL WELL COST					283,500	312,600	596,100

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval: Prepared Company: By: Steve Scott Approved Approved M By: / By: David H. Arrington Title: President Title: Date: Date:

Partner Approval:

CERTIFIED MAIL: 2 470 960 353

Bahlburg Exploration, Inc. C/O William C. Bahlburg PO Box 866937 Plano, TX 75086

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

At the request of one party, which represents several of the parties in the originally proposed spacing unit, in order to accommodate the requests of these parties, we would like to change the acreage which would be included in this spacing unit. As well, we have discovered that this well will be drilled on statewide rules which provide for 40 acre spacing. Therefore, the new spacing unit for this well will be the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

In changing this spacing unit, the bottom hole location for this re-entry, will be at an unorthodox location.

Please consider this change in spacing unit in your evaluation of the September 8, 1999 proposal letter.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

as CPL

the reverse side?	SENDER: © Complete Herne 1 and/or 2 for additional services. © Complete Herne 3, 4a, and 4b. © Print your name and address on the reverse of this form so the card to you. © Attach this form to the front of the maliplece, or on the back permit. © Write "Return Receipt Requested" on the maliplece below the © The Return Receipt will show to whom the article was delive delivered.	if space does not be article number.	I also wish to rece following services extra fee): 1. Addresse 2. Restricted Consult postmast	i (for an e's Address I Delivery
ADDRESS completed on	3. Article Addressed to: OCT 20 1999 Bahlburg Exploration, Clo William C. Bahle P.O. Box Bleb937 Plano, TX 75086		70 960 Type red Mail celpt for Merchandise	353 Contified Insured COD
. In your BETUBN	5. Received By: (Print Name) 6. Signature: (Addresse or Agent) (1) PS Form 3811 ; December/1994		e's Address (Only i e paid)	

CERTIFIED MAIL: Z 470 962 352

Clifford R. Cone PO Box 1629 Lovington, NM 88260

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

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Please consider this change in spacing unit in your evaluation of the September 8, 1999 proposal letter.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

Dale Douglas, CPL

SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we card to you. Attach this form to the front of the mailplece, or on the back if space permit. Write "Return Receipt Requested" on the mailplece below the article a Write "Return Receipt Hequested" on the mailplece below the article a Write "Return Receipt will show to whom the article was delivered and delivered.	does not - 1. Addressee's Address
3. Article Addressed to: Clufford R. Conl	4a. Article Number Z 470962 350 4b. Service Type
Clifford R. Con2 P.O. Box 1629 Lovington, NM 88260	Registered 88260 Certifle Express Matt Return Receiptier Merchandise COD 7. Date of Délivers - S
OCT 2 0 19	7. Date of Deliverso - Sta
5. Received By: (Print Name)	8. Addressee Address (Only if requested and fee is paid) C 7
6. Signature: (Addressee or Agent) X PS Form 3811, December 1994	2505-98-8-0229 Domestic Return Receip

CERTIFIED MAIL: 2 470 962 351

DALCO Petroleum, L.L.C. C/O David A. Lynch PO Box 1904 Lovington, NM 88260

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

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Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

Dale Douglas, OPL

SENDER: © Complete items 1 and/or 2 for additional services. OCT 1 © Complete items 3, 4a, and 4b. © Print your name and address on the reverse of this form so that we card to you. ■ Attach this form to the front of the mallplece, or on the back if space permit. Write "Return Receipt Requested" on the mallplece below the article with "Return Receipt Requested" on the article was delivered and delivered.	does not a number.	I also wish to receive the following services (for an extra fee): 1. Addressee's Address 2. Restricted Delivery Consult postmaster for fee.
3. Article Addressed to: DALCO Petroleum, L.L.C. C/O David A Lynch P.O. Box 1904 Lovington, NM 88260	4b. Service Register Express Al-Return Bi 7. Date of 1	Type Type Sec OVING Mail Control C
5. Received By: (Print Name) Javid A. (MAA Manager 6. Signature: (Addressee or Agent) X Az A. (MAA) PS Form 3811, December 1994	8. Address and fee	Domestic Return Receipt

214 West Taxes Suite 400 (Zip 79701) P.O. Box 2071 Midiand, Taxas 79702

October 11, 1999

CERTIFIED MAIL: Z 470 962 350

Douglas L. Cone PO Box 64244 Lubbock, TX 79464

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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Yours very truly,

Dale Douglas, CPL

NDER: splete items 1 and/or 2 for additional services. OCT 19 mplete items 3, 4a, and 4b. sit your name and address on the reverse of this form so that we of you to you. lach this form to the tront of the mailpiece, or on the back if space smit. Inte "Return Receipt Requested" on the mailpiece below the article return Receipt will show to whom the article was delivered and	does not number. i the date	I also wish to rece following services extra fee): 1. Addresse 2. Restricter Consult postmas	s (for an e's Address d Delivery
Article Addressed to: Douglas L. Core P.O. Box 64244 Lubback, TX 79:464	4a. Article N 4b. Service Registe Express Return R 7. Date D4	Type red s Mail sceipt for Merchandise Delivery	Certified
5. Received By: (Print Name) 6. Signed Astronomic Martin Martin Martin 8. Signed Astronomic Martin Martin X (Annual Martin December 1994 (20)		ACCEPTED TESS (Only TS pa(d)) 11 12 13 13 13 13 13 13 13 13 13 13 13 13 13	

CERTIFIED MAIL: Z 470 962 349

Gary J. Lamb, Inc. C/O Gary J. Lamb PO Box 3383 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

Dale Douglas, CPL

SENDER: a Complete items 1 and/or 2 for additional services. b Complete items 3, 4a, and 4b, c Complete items 3, 4a, and 4b, b Print your name and address on the reverse of this form so that we card to you. a Attach this form to the front of the mailpiece, or on the back if space permit. b Write "Return Receipt Requested" on the mailpiece below the article b The Return Receipt Will show to whom the article was delivered and delivered.	e does not 1. Addressee's Address
3. Article Addressed to: Gary S. Lamb, Inc. CIO Gary S. Lamb P.O. Box 3383 Midland, TX 79702	4a. Article Number Z 4 0 4b. Service Type Begistered Express Mail Actual Receipt for Mercy actual 7. Date of Delivery
5. Received Byr (Print Name) Lef UA Ver Collevs 6. Signature: (Addressee or Agent) X	8. Addressee's Address (Dnly if recursed and fee is paid)

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CERTIFIED MAIL: Z 470 962 348

J.M. Mineral & Land Co., Inc. C/O Jon M. Morgan PO Box 1015 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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Please consider this change in spacing unit in your evaluation of the September 8, 1999 proposal letter.

Should there be any questions or comments regarding this matter, please advise.

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Yours very truly,

Douglas, CPL

SENDER: = Complete items 1 and/or 2 for additional services. = Complete items 3, 4a, and 4b. = Print your name and address on the reverse of this form so that we card to you. = Attach this form to the front of the maliplace, or on the back if space permit. = Write "Return Receipt Requested" on the maliplace below the article = The Return Receipt will show to whom the article was delivered and delivered.	does not 1. Addressee's Address
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October 11, 1999

CERTIFIED MAIL: <u>Z 470 960 347</u>

Kenneth G. Cone PO Box 11310 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

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Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

Dale Douglas, OPL

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3. Article Addressed to: Kenneth G. Conc P.O. Bax 11310 Midland, TX 79702	4b. Service Ty Registered Express M	70 900 347 pe Certified all Insured ipt for trentabilities po COD
5. Received By: (Print Name) 6. Signature: (Addressee or Agent) X PS Form 3811, Pecember 1994	8. Addressee and fee is p 2595 98 8-0229 [Comestic Return Receipt

CERTIFIED MAIL: Z 470 962 346

Magnolia Royalty Company, Inc. C/O John R. Norwood PO Box 10703 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

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Yours very truly,

Dale Douglas, APL

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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

October 11, 1999

CERTIFIED MAIL: Z 470 962 344

Tom R. Cone PO Box 778 Jay, Oklahoma 74363

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

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Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

Dale Douglas, CPL

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October 11, 1999

CERTIFIED MAIL: Z 470 962 343

E. L. Brahaney 223 W. Wall Midland, Texas 79701

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

Please be advised that David H. Arrington Oil & Gas, Inc. hereby withdraws the proposals as outlined in said letter to you.

Should there be any questions or comments, please advise.

Yours very truly,

- DAVID H. ARRINGTON OIL & GAS, INC.

Dale Douglas, CPL

ce does not	I also wish to receive the following services (for an extra fee): 1. Addressee's Address 2. Restricted Delivery Consult postmaster for fee.
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3. Article Addressed to: Anson Energy CorpOCT 29 1999 4005 NW Expressway, Ste. 400E Oklahoma City, OK 73116	4. Article Number P 377 867 788 Type of Service: Registered Insured Certified COD Express Mail Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
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The attached letter dated October 11, 1999 was mailed out under this certified mail P 377 867 788, after being advised of an address change.

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CERTIFIED MAIL: 2 470 962 354

Anson Energy Corporation PO Box 24060 Oklahoma City, Oklahoma 73124

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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Yours very truly,

Dale Douglas CPL

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214 West Taxas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

October 11, 1999

CERTIFIED MAIL: 2 470 960 353

Bahlburg Exploration, Inc. C/O William C. Bahlburg PO Box 866937 Plano, TX 75086

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

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Douglas, CPL

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3. Article Addressed to: OCT 20 1999 Bahlburg Exploration, Inc. Clo William C. Bahlburg P.O. Box Bleberg Plano, TX 75086	4a. Article N Z 4b. Service Register Express X Betum Re 7. Date of D	70 960 Type red Mail ceipt for Merchandise	Certified
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CERTIFIED MAIL: Z 470 962 352

Clifford R. Cone PO Box 1629 Lovington, NM 88260

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

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Yours very truly,

Date Douglas, CPL

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CERTIFIED MAIL: 2 470 962 351

DALCO Petroleum, L.L.C. C/O David A. Lynch PO Box 1904 Lovington, NM 88260

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

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Dale Douglas, OPL

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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

October 11, 1999

CERTIFIED MAIL: Z 470 962 350

Douglas L. Cone PO Box 64244 Lubbock, TX 79464

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

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Date Douglas, CPL

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CERTIFIED MAIL: Z 40 960 349

Gary J. Lamb, Inc. C/O Gary J. Lamb PO Box 3383 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

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Dale Douglas. CPL

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3. Article Addressed to: Gary S. Lamb, Inc. CIO Gary S. Lamb P.O. Box 3383 Midland, TX 79702	4a. Article Number Z 4 7 9 9 0 3 49 4b. Service Type Registered Express Mall Action Receipt for Merchander 7. Date of Delivery
5. Received Byr (Print Name) Ceffunce Collers 6. Signature: (Addressee or Agent) X	8. Addressee's Address (Dniy if received and fee is paid)

214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

October 11, 1999

CERTIFIED MAIL: Z 470 962 348

J.M. Mineral & Land Co., Inc. C/O Jon M. Morgan PO Box 1015 Midland, TX 79702

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

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Dale Douglas: CPL

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CERTIFIED MAIL: 2 470 960 347

Kenneth G. Cone PO Box 11310 Midland, TX 79702

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Dale Douglas, OPL

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5. Received By: (Print Name) 6. Signature: (Addressee or Agent) X Chapter	8. Addresse and fee k	s parts (VIS NIN tic Return	3

CERTIFIED MAIL: Z 470 962 346

Magnolia Royalty Company, Inc. C/O John R. Norwood PO Box 10703 Midland, TX 79702

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Yours very truly,

DAVID H, ARRINGTON OIL & GAS, INC.

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Dale Douglas,

SENDER ³⁷ a Complete items 1 and/or 2 for additional services. b Complete items 3, 4a, and 4b. c Print your name and address on the reverse of this form so that w card to you. a Attach this form to the front of the malipiece, or on the back If spa permit. Write "Return Receipt Recuested" on the malipiece below the art a delivered.	ice does not	I also wish to re following service extra fee): 1. Address 2. Restrict Consult postma	as (for an see's Address ed Delivery
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Magnolia Royalty Company, Inc. C/O John R. Norwood P.O. Box 10703 Midland, Texas 79702	4b. Service Register Express X Return Re 7. Date of D	red Mall accept for Merchandise Deliver WN S75	$\overline{)}$
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214 West Texas Suite 400 (Zip 79701) P.O. Box 2071 Midland, Texas 79702

October 11, 1999

CERTIFIED MAIL: Z 470 962 344

Tom R. Cone PO Box 778 Jay, Oklahoma 74363

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

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Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

At the request of one party, which represents several of the parties in the originally proposed spacing unit, in order to accommodate the requests of these parties, we would like to change the acreage which would be included in this spacing unit. As well, we have discovered that this well will be drilled on statewide rules which provide for 40 acre spacing. Therefore, the new spacing unit for this well will be the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

In changing this spacing unit, the bottom hole location for this re-entry, will be at an unorthodox location.

Please consider this change in spacing unit in your evaluation of the September 8, 1999 proposal letter.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

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Dale Douglas CPL

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October 11, 1999

CERTIFIED MAIL: Z 470 962 343

E. L. Brahaney 223 W. Wall Midland, Texas 79701

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

Please be advised that David H. Arrington Oil & Gas, Inc. hereby withdraws the proposals as outlined in said letter to you.

Should there be any questions or comments, please advise.

-**...**

Yours very truly,

- DAVID H. ARRINGTON OIL & GAS, INC.

Dale Douglas, CPL

SENDER: • Complete Nems 1 and/or 2 for additional services. • Complete Nems 1, 44, and 45. • Print your name and address on the reverse of this form so that w card to you. • Attach this form to the front of the malipiece, or on the back if spar permit. • Wite "Return Receipt Requested" on the malipiece below the arti- s The Return Receipt will show to whom the article was delivered and delivered.	e can return this ce does not	i also wish to receive the following services (for an extra fee): 1. Addressee's Address 2. Restricted Delivery Consult postmaster for fee.
3. Article Addressed to:	4a. Article !	
E.L. Brahaney 223 W. Wall Midland, TX 79701	4b. Service Register Express Return Re 7. Date of D 10	red Certified Mail Insured accept for Merchandise COD Jolivery 5
5. Received By: (Print Name) 6. Signature: (Addressee or Agept) X MM Sondon	8. Addfess and fee i	ee's Addreśs (Only-if-fequested is paid)

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 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 service(s) requested. 1. □ Show to whom delivered, date, and addressee's address. (Extra charge) 		
3. Article Addressed to: Anson Energy CorpQCT 2 9 1999 4005 NW Expressway, Ste. 400E Oklahoma City, OK 73116	4. Article Number P 377 867 788 Type of Service: Area Certified COD Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature Addressee X Addressee 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. 1989-238-81	5 DOMESTIC RETURN RECEIPT	

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The attached letter dated October 11, 1999 was mailed out under this certified mail P 377 867 788, after being advised of an address change.

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CERTIFIED MAIL: 2 470 962 354

Anson Energy Corporation PO Box 24060 Oklahoma City, Oklahoma 73124

Re: Prince Nymph #1 Well Surface Location 2446' FSL and 1006' FEL, Section 29-T15S, R36E Lea County, New Mexico

Gentlemen:

Reference is herein made to that certain letter dated September 8, 1999 from David H. Arrington Oil & Gas, Inc. proposing the re-entry of the captioned wellbore.

At the request of one party, which represents several of the parties in the originally proposed spacing unit, in order to accommodate the requests of these parties, we would like to change the acreage which would be included in this spacing unit. As well, we have discovered that this well will be drilled on statewide rules which provide for 40 acre spacing. Therefore, the new spacing unit for this well will be the SE/4NE/4 of Section 29, T15S, R36E, Lea County, New Mexico.

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Please consider this change in spacing unit in your evaluation of the September 8, 1999 proposal letter.

Should there be any questions or comments regarding this matter, please advise.

Yours very truly,

Dale Douglas CPL

SENDER: © Complete items 1 and/or 2 for additional services. © Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we condition to the front of the malipiece, or on the back if space permit. Write "Return Receipt Requested" on the malipiece below the article The Return Receipt Requested" on the malipiece below the article The Return Receipt will show to whom the article was delivered and returned	can return this does not number.	I also wish to rec following service extra fee): 1. Address 2. Restricte Consult postmas	s (for an ee's Address d Delivery
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5. Fleceived By: (Print Name)	8. Addresse and fee k	e's Abdress (Only s paid)	if requested