

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

DAVID H. ARRINGTON OIL & GAS, INC.

Area Code: 815
Phone: 682-6685
Fax: 682-4139

December 22, 1999

TO: Working Interest Owners

Re: Letter December 16, 1999
Parachute Adams #1 Well
Section 3, T16S, R35E
Lea County, NM

Ladies and Gentlemen:

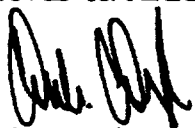
Ocean Energy Resources, Inc., through its attorney, James Bruce, has requested a waiver to an unorthodox location for the drilling of a Morrow test well in the NE4SE/4 of Section 3, T16S, R35E, Lea County, New Mexico. This well is a western offset to the Parachute Adams #1 Well. David H. Arrington Oil & Gas, Inc. as operator, has been submitted this waiver letter. Arrington has executed this waiver, a copy of which is attached.

In the event that you should have an objection to this wavier, you should contact the New Mexico Oil Conservation Division office for further information.

Should you have any questions or comments, please advise.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.



Dale Douglas, CPL

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 3

CASE NO. _____