

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

DAVID H. ARRINGTON OIL & GAS, INC.

Area Code: 915
Phone : 682-6685
Fax: 682-4139

November 27, 2000

Nearburg Exploration Company, L.L.C.
Attn: Mr. Duke Roush
3300 N. A, Bldg. 2, Suite 120
Midland, TX 79705

Re: Yellow Stonefly "26" Fed Com #1 Well
1980' FNL and 2600' FWL
Section 26, T18S, R24E
Eddy County, NM
Our Yellow Gold Prospect

Gentlemen:

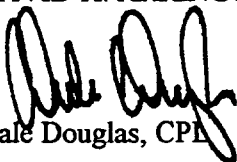
David H. Arrington Oil & Gas, Inc. ("Arrington") is proposing to drill the captioned well. Arrington is proposing that the spacing unit for this well encompass the N/2 of Section 26, T18S, R24E, Eddy County, New Mexico. Nearburg Exploration Company, L.L.C. has tentatively agreed to participate in the drilling of this test well.

The location as proposed is an unorthodox location. We would appreciate it if you waive any objection to this unorthodox well location, and so indicate same by signing one copy of this letter in the space provided and returning an executed copy of same to my attention.

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

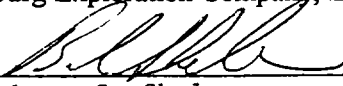
Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.


Dale Douglas, CPA

We hereby waive any objection to the unorthodox location as indicated above.

Nearburg Exploration Company, L.L.C.

By: 
Robert G. Shelton
Attorney-in-Fact

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12533 Exhibit No. 7
Submitted By:
Arrington Oil & Gas Inc.
Hearing Date: December 7, 2000