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DAVID H. ARRINGTON OIL & GAS, INC.

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January 9, 2001

HAND-DELIVERED

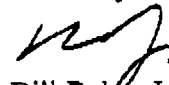
Mr. David Catanach
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Yates Petroleum "Daisy AFS St #2"
Township 16 South, Range 35 East
Section 3: 660' FNL & 660' FEL
Lea County, New Mexico

Dear Mr. Catanach:

David H. Arrington Oil & Gas Inc., has a working interest in the proposed proration unit for the above mentioned well and is aware of the dispute between Yates Petroleum and Ocean Energy for operations of this well and subsequent wells in this unit. Based on geology and geophysics, Arrington Oil & Gas Inc., supports the above described location and recommends that Yates Petroleum Corporation be the designated operator of this well and any subsequent wells drilled in this unit. Thank you for your consideration in this matter.

Sincerely



Bill Baker Jr.
Exploration Manager