

# DAVID H. ARRINGTON OIL & GAS, INC.

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July 5, 2001

Chesapeake Exploration, L.P.  
Attn: Ms. Lynda F. Townsend  
PO Box 99810  
Oklahoma City, OK 73199

Re: Royal Stimulator Well No. 1  
Surface Location 1485' FNL and 1890' FWL  
Section 31-T15S-R36E  
Lea County, New Mexico  
Oil Conservation Case #12560, Order #R-11580  
Our Pato Arriendo Prospect

Ladies and Gentlemen:


The captioned order providing for the pooling of the SE/4 NW/4 of Section 31-T15S-R36E, Lea County, New Mexico has been issued. Pursuant to paragraph (5) of the order, enclosed is an itemized schedule of actual well costs; this is a 100% JIB Billed Items Detail Report through the 5/31/01 billing. Within thirty days following the determination of reasonable well costs, you have the right to pay for your share of the well costs to the operator in lieu of paying your share of reasonable costs out of production as provided in the order. A copy of the order is enclosed herewith and you should familiarize yourself with its contents.

If you desire to participate in the Royal Stimulator Well No. 1 under the terms of the captioned order, please remit your check in the amount of **\$17,538.24**, representing your proportionate .97656% share of the actual well costs, within the time period prescribed in the order.

Should there be any questions, please feel free to contact us.

Yours very truly,

DAVID H. ARRINGTON OIL & GAS, INC.

  
David H. Arrington  
President

Enclosure

cc: State of New Mexico w/enclosure  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505  
Attn: Ms. Lori Wrotenbery, Director