



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Oil Conservation Division

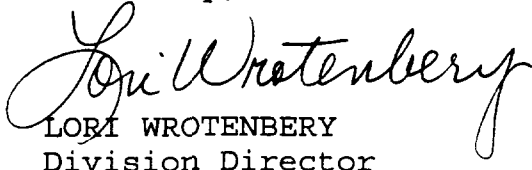
June 22, 2001

Mr. William F. Carr
Holland & Hart and
Campbell & Carr
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon the reasons stated in your letter of June 22, 2001, and in accordance with the provisions of Division Order No. R-11568, David H. Arrington Oil & Gas, Inc. is hereby granted an extension of time until October 1, 2001, in which to commence drilling the well pooled by this order.

Sincerely,


LORI WROTENBERG
Division Director

fd/

cc: Case No. 12602
OCD - Hobbs

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AND
CAMPBELL & CARR
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June 22, 2001

HAND DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Oil Conservation Division Case No. 12602: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, Unorthodox well locations and Directional Drilling, Eddy County, New Mexico.

Dear Ms. Wrotenbery;

On April 19, 2001, the Division entered Order No. R-11568 which granted the application of David H. Arrington Oil & Gas, Inc. in the above-referenced case pooling all uncommitted mineral interests from the surface to the base of the Mississippian formation under the following spacing and proration units in Section 35, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico:

- A. W/2 to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing;
- B. NW/4 to form a standard 160-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing;
- C. N/2 NW/4 to form an 80-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing; and

Lori Wrotenbery
June 22, 2001
Page 2

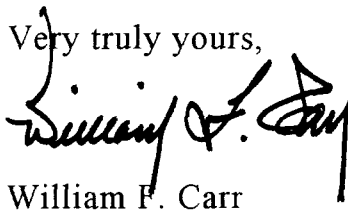
- D. NW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on 40-acre spacing.

These pooled units are to be dedicated to the Disco Midge Well No. 1 which Arrington is authorized to directionally drill from an unorthodox surface location 1487 feet from the North line and 331 feet from the West line (Unit E) of Section 35 in a north-northeasterly direction to encounter the Wolfcamp, Strawn, Atoka and Mississippian formations. This order also approved unorthodox bottomhole locations in the Wolfcamp and Strawn formations. The bottomhole locations in the Atoka and Mississippian formations are standard locations.

Order R-11563 provides that in the event Arrington does not commence drilling operations on or before July 1, 2001, this pooling order shall be of no effect unless Arrington obtains a time extension from the Division Director for good cause shown. The purpose of this letter is to request a 90-day extension of Order No. R-11568.

Arrington intends to drill the Disco Midge Well No. 1 in the W/2 of Section 35. However, Arrington has encountered delays in obtaining a rig for the well and will not be able to commence drilling prior to the July 1, 2001 date set by Order No. R-11563. Accordingly, Arrington requests an extension of Order No. R-11563 from July 1, 2001 to October 1, 2001.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr

cc: David H. Arrington
David H. Arrington Oil & Gas, Inc.