

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

January 28, 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED - 7000 1530 0004 2503 2749

Ensign Oil & Gas, Inc.
1225 Seventeenth Street, Suite 1900
Denver, CO 80202-5519

Re: Well Proposal
Red Eyed Squealy Worm #1 - 1275' FEL and 825' FSL, S6136, T14S, R34E
Lea County, New Mexico
Our Papalotes Prospect

CONSERVATION DIVISION
CASE NUMBER 12840
EXHIBIT 3

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington"), PO Box 2071, Midland, Texas 79702, hereby proposes the drilling of the captioned well at the above referenced location to a depth of approximately 14,000' to adequately test the Atoka, Morrow, and Mississippian formations. The proposed spacing unit or proration unit for this well will be the S/2 of Section 36, T-14-S, R-34-E, Lea County, New Mexico.

Arrington's AFE's for the drilling and completion of this well is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE, we will forward for your review and execution, Arrington's Joint Operating Agreement covering this proposed well.

In the event you should elect to not participate in the drilling of this test well, and would like to make other arrangements concerning your interest, please feel free to contact us in order that we might discuss same.

We anticipate drilling the captioned well in the very near future. We therefore request that you please review this matter as soon as possible and advise as to your position regarding this proposal within thirty (30) days from your receipt of this letter.

Should you have any questions or comments, we invite you to contact us.

Yours very truly,
DAVID H. ARRINGTON OIL & GAS, INC.

John R. McRae
John R. McRae

/jrm
Enclosure

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Ensign Oil & Gas, Inc.
1225 Seventeenth St, Suite 1900
Denver, Co 80202-5519

2. Article Number (Copy from service label)

7000 1530 0004 2503 2749

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Deana Watson 2/5/02

C. Signature

X Deana Watson ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

FEB 08 2002

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

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

January 28, 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED - 7000 1530 0004 2503 3753

Roy Dean Campbell, a single man
C/O Greg & Gina Pitts
HC 68 Box 709
Plainview, AR 72857

Re: Well Proposal
Red Eyed Squealy Worm #1 - 1275' FEL and 825' FSL, Sec. 36, T14S, R34E
Lea County, New Mexico
Our Papalotes Prospect

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington"), PO Box 2071, Midland, Texas 79702, hereby proposes the drilling of the captioned well at the above referenced location to a depth of approximately 14,000' to adequately test the Atoka, Morrow, and Mississippian formations. The proposed spacing unit or proration unit for this well will be the S/2 of Section 36, T-14-S, R-34-E, Lea County, New Mexico.

Arrington's AFE's for the drilling and completion of this well is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

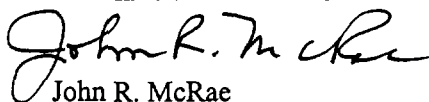
Upon receipt of your executed AFE, we will forward for your review and execution, Arrington's Joint Operating Agreement covering this proposed well.

In the event you should elect to not participate in the drilling of this test well, and would like to make other arrangements concerning your interest, please feel free to contact us in order that we might discuss same.

We anticipate drilling the captioned well in the very near future. We therefore request that you please review this matter as soon as possible and advise as to your position regarding this proposal within thirty (30) days from your receipt of this letter.

Should you have any questions or comments, we invite you to contact us.

Yours very truly,
DAVID H. ARRINGTON OIL & GAS, INC.


John R. McRae

/jrm
Enclosure

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ROY DEAN CAMPBELL
C/O GREG & GINA PITTS
HC 68 BOX 709
PLAINVIEW, AR 72857

2. Article Number (Copy from service label)

Red Eyed Squealy Worm
7000 1530 0004 2503 3753

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Gina Pitts

C. Signature

X Gina SPitts

☐ Agent
☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

January 28, 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED - 7000 1530 0004 2503 3791

Abo Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210

Re: Well Proposal
Red Eyed Squealy Worm #1 - 1275' FEL and 825' FSL, Sec. 36, T14S, R34E
Lea County, New Mexico
Our Papalotes Prospect

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington"), PO Box 2071, Midland, Texas 79702, hereby proposes the drilling of the captioned well at the above referenced location to a depth of approximately 14,000' to adequately test the Atoka, Morrow, and Mississippian formations. The proposed spacing unit or proration unit for this well will be the S/2 of Section 36, T-14-S, R-34-E, Lea County, New Mexico.

Arrington's AFE's for the drilling and completion of this well is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE, we will forward for your review and execution, Arrington's Joint Operating Agreement covering this proposed well.

In the event you should elect to not participate in the drilling of this test well, and would like to make other arrangements concerning your interest, please feel free to contact us in order that we might discuss same.

We anticipate drilling the captioned well in the very near future. We therefore request that you please review this matter as soon as possible and advise as to your position regarding this proposal within thirty (30) days from your receipt of this letter.

Should you have any questions or comments, we invite you to contact us.

Yours very truly,
DAVID H. ARRINGTON OIL & GAS, INC.

John R. McRae
John R. McRae

/jrm
Enclosure

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		A. Received by (Please Print Clearly) B. Date of Delivery PATTI CARLISLE 1-28-02	
1. Article Addressed to: ABO PETROLEUM CORP. 105 S. 4TH STREET ARTESIA, NM 88210		C. Signature X <i>Patti Carlisle</i> <input type="checkbox"/> Addressee	
2. Article Number (Copy from service label) 7000 1530 0004 2503 3791		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789

January 28, 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED - 7000 1530 0004 2503 3784

Myco Industries, Inc.
105 S. 4th Street
Artesia, NM 88210

Re: Well Proposal
Red Eyed Squealy Worm #1 - 1275' FEL and 825' FSL, Sec. 36, T14S, R34E
Lea County, New Mexico
Our Papalotes Prospect

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington"), PO Box 2071, Midland, Texas 79702, hereby proposes the drilling of the captioned well at the above referenced location to a depth of approximately 14,000' to adequately test the Atoka, Morrow, and Mississippian formations. The proposed spacing unit or proration unit for this well will be the S/2 of Section 36, T-14-S, R-34-E, Lea County, New Mexico.

Arrington's AFE's for the drilling and completion of this well is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

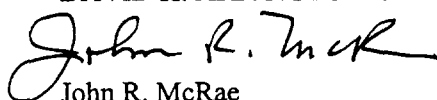
Upon receipt of your executed AFE, we will forward for your review and execution, Arrington's Joint Operating Agreement covering this proposed well.

In the event you should elect to not participate in the drilling of this test well, and would like to make other arrangements concerning your interest, please feel free to contact us in order that we might discuss same.

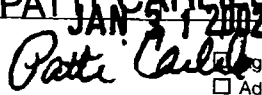
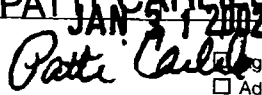
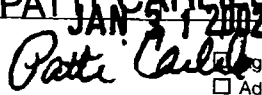
We anticipate drilling the captioned well in the very near future. We therefore request that you please review this matter as soon as possible and advise as to your position regarding this proposal within thirty (30) days from your receipt of this letter.

Should you have any questions or comments, we invite you to contact us.

Yours very truly,
DAVID H. ARRINGTON OIL & GAS, INC.


John R. McRae

/jrm
Enclosure

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY												
<ul style="list-style-type: none">Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.	<table border="1"><tr><td>A. Received by (Please Print Clearly)</td><td>B. Date of Delivery</td></tr><tr><td colspan="2">PATTI CARLILE</td></tr><tr><td>C. Signature</td><td></td></tr><tr><td>X</td><td></td></tr><tr><td>D. Is delivery address different from item 1? <input type="checkbox"/> Yes</td><td><input type="checkbox"/> Addressee</td></tr><tr><td>If YES, enter delivery address below:</td><td><input type="checkbox"/> No</td></tr></table>	A. Received by (Please Print Clearly)	B. Date of Delivery	PATTI CARLILE		C. Signature		X		D. Is delivery address different from item 1? <input type="checkbox"/> Yes	<input type="checkbox"/> Addressee	If YES, enter delivery address below:	<input type="checkbox"/> No
A. Received by (Please Print Clearly)	B. Date of Delivery												
PATTI CARLILE													
C. Signature													
X													
D. Is delivery address different from item 1? <input type="checkbox"/> Yes	<input type="checkbox"/> Addressee												
If YES, enter delivery address below:	<input type="checkbox"/> No												
1. Article Addressed to: MYCO INDUSTRIES, INC. 105 S. 4TH STREET ARTESIA, NM 88210	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.												
2. Article Number (Copy from service label) <u>Red Eyed Squealy Worm</u> 7000 1530 0004 2503 3784	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes												

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

January 28, 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED - 7000 1530 0004 2503 3807

Yates Drilling Company
105 S. 4th Street
Artesia, NM 88210

Re: Well Proposal
Red Eyed Squealy Worm #1 - 1275' FEL and 825' FSL, Sec. 36, T14S, R34E
Lea County, New Mexico
Our Papalotes Prospect

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington"), PO Box 2071, Midland, Texas 79702, hereby proposes the drilling of the captioned well at the above referenced location to a depth of approximately 14,000' to adequately test the Atoka, Morrow, and Mississippian formations. The proposed spacing unit or proration unit for this well will be the S/2 of Section 36, T-14-S, R-34-E, Lea County, New Mexico.

Arrington's AFE's for the drilling and completion of this well is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

Upon receipt of your executed AFE, we will forward for your review and execution, Arrington's Joint Operating Agreement covering this proposed well.

In the event you should elect to not participate in the drilling of this test well, and would like to make other arrangements concerning your interest, please feel free to contact us in order that we might discuss same.

We anticipate drilling the captioned well in the very near future. We therefore request that you please review this matter as soon as possible and advise as to your position regarding this proposal within thirty (30) days from your receipt of this letter.

Should you have any questions or comments, we invite you to contact us.

Yours very truly,
DAVID H. ARRINGTON OIL & GAS, INC.

John R. McRae
John R. McRae

/jrm
Enclosure

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		A. Received by (Please Print Clearly) PATTI CARLILE B. Date of Delivery JAN 31 2002	
1. Article Addressed to: YATES DRILLING CO. 105 S. 4TH STREET ARTESIA, NM 88210		C. Signature Patti Carlile <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee	
2. Article Number (Copy from service label) 7000 1530 0004 2503 3807		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

Red Eyed Squealy Worm

PS Form 3811, July 1999 Domestic Return Receipt 102595-99-M-1789

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

January 28, 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED - 7000 1530 0004 2503 3814

Yates Petroleum Corporation
105 S. 4th Street
Artesia, NM 88210

Re: Well Proposal
Red Eyed Squealy Worm #1 - 1275' FEL and 825' FSL, Sec. 36, T14S, R34E
Lea County, New Mexico
Our Papalotes Prospect

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington"), PO Box 2071, Midland, Texas 79702, hereby proposes the drilling of the captioned well at the above referenced location to a depth of approximately 14,000' to adequately test the Atoka, Morrow, and Mississippian formations. The proposed spacing unit or proration unit for this well will be the S/2 of Section 36, T-14-S, R-34-E, Lea County, New Mexico.

Arrington's AFE's for the drilling and completion of this well is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.


Upon receipt of your executed AFE, we will forward for your review and execution, Arrington's Joint Operating Agreement covering this proposed well.

In the event you should elect to not participate in the drilling of this test well, and would like to make other arrangements concerning your interest, please feel free to contact us in order that we might discuss same.

We anticipate drilling the captioned well in the very near future. We therefore request that you please review this matter as soon as possible and advise as to your position regarding this proposal within thirty (30) days from your receipt of this letter.

Should you have any questions or comments, we invite you to contact us.

Yours very truly,
DAVID H. ARRINGTON OIL & GAS, INC.


John R. McRae

/jrm
Enclosure

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.	<p>A. Received by (Please Print Clearly) PATTI CARLISLE Date of Delivery JAN 31 2002</p> <p>C. Signature Patti Carlisle</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>YATES PETROLEUM CORP. 105 S. 4TH STREET ARTESIA, NM 88210</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Copy from service label)</p> <p>Red Eyed Squealy Worm 7000 1530 0004 2503 3814</p>	

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

January 28, 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED – 7099 3400 0017 1722 4796

Charree Joe Dotson, dealing in her sole and separate property
700 Box House
Lytle, TX 78052

Re: Well Proposal
Red Eyed Squealy Worm #1 - 1275' FEL and 825' FSL, Sec. 36, T14S, R34E
Lea County, New Mexico
Our Papalotes Prospect

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington"), PO Box 2071, Midland, Texas 79702, hereby proposes the drilling of the captioned well at the above referenced location to a depth of approximately 14,000' to adequately test the Atoka, Morrow, and Mississippian formations. The proposed spacing unit or proration unit for this well will be the S/2 of Section 36, T-14-S, R-34-E, Lea County, New Mexico.

Arrington's AFE's for the drilling and completion of this well is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

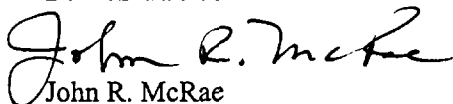
Upon receipt of your executed AFE, we will forward for your review and execution, Arrington's Joint Operating Agreement covering this proposed well.

In the event you should elect to not participate in the drilling of this test well, and would like to make other arrangements concerning your interest, please feel free to contact us in order that we might discuss same.

We anticipate drilling the captioned well in the very near future. We therefore request that you please review this matter as soon as possible and advise as to your position regarding this proposal within thirty (30) days from your receipt of this letter.

Should you have any questions or comments, we invite you to contact us.

Yours very truly,
DAVID H. ARRINGTON OIL & GAS, INC.


John R. McRae

/jrm
Enclosure

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

January 28, 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED – 7099 3400 0017 1722 4789

Bonny Dotson, Guardian for Charlee Jessica Dotson, a minor
700 Box House
Lytle, TX 78052

Re: Well Proposal
Red Eyed Squealy Worm #1 - 1275' FEL and 825' FSL, Sec. 36, T14S, R34E
Lea County, New Mexico
Our Papalotes Prospect

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington"), PO Box 2071, Midland, Texas 79702, hereby proposes the drilling of the captioned well at the above referenced location to a depth of approximately 14,000' to adequately test the Atoka, Morrow, and Mississippian formations. The proposed spacing unit or proration unit for this well will be the S/2 of Section 36, T-14-S, R-34-E, Lea County, New Mexico.

Arrington's AFE's for the drilling and completion of this well is enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of this proposed well, please return an executed copy of the AFE to the undersigned at your earliest convenience.

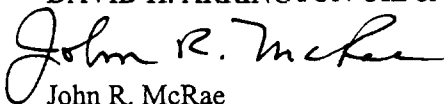
Upon receipt of your executed AFE, we will forward for your review and execution, Arrington's Joint Operating Agreement covering this proposed well.

In the event you should elect to not participate in the drilling of this test well, and would like to make other arrangements concerning your interest, please feel free to contact us in order that we might discuss same.

We anticipate drilling the captioned well in the very near future. We therefore request that you please review this matter as soon as possible and advise as to your position regarding this proposal within thirty (30) days from your receipt of this letter.

Should you have any questions or comments, we invite you to contact us.

Yours very truly,
DAVID H. ARRINGTON OIL & GAS, INC.


John R. McRae

/jrm
Enclosure