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DAVID H. ARRINGTON OIL & GAS, INC.

Area Code: 915
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January 24, 2002

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Harle, Inc.
C/O David Harle
1800 Blankenship Rd., Suite 360
West Linn, OR 97068

RE: Glass-Eye Midge "25" #1 Well
Section 25: E/2, T16S, R35E
Lea County, NM

Ladies and Gentlemen:

David H. Arrington Oil & Gas, Inc. ("Arrington") hereby proposes the drilling of the above captioned well to a depth sufficient to adequately test the Mississippian formation, anticipated total vertical depth being approximately 12,750. Furthermore, Arrington shall evaluate to its satisfaction, all other formations encountered at lesser depths in the drilling of said well. The proposed spacing or proration unit for this well will be the E/2 of Section 25, T16S, R35E, Lea County, New Mexico.

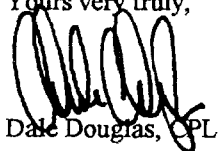
This well will have a surface location approximately 962' FNL & 803' FEL of Section 25, T16S, R35E, Lea County, New Mexico. Arrington's AFE for the drilling and completion of this well are enclosed for your review. Should you desire to participate to the full extent of your interest in the drilling of 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 proposed 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.

Should you have any questions or comments concerning this proposal, we invite you to contact us at your earliest convenience.

Yours very truly,



Dale Douglas, OPL

/dd
Enclosures