

203 West Wall Street
Suite 1201 (Zip 79701)
P.O. Box 10187
Midland, Texas 79702

DALE DOUGLAS
Oil & Gas Properties

Area Code: 915
Phone: 682-5565
Fax: 682-4498
Email: ddrdmidland@aol.com

September 4, 2002

Mr. Bill Baker
David H. Arrington Oil & Gas, Inc.
PO Box 2071
Midland, TX 79702

Re. Huma Huma 34 #1 Well
1700' FSL and 950" FEL
Section 34, T15S, R34E
Lea Co., NM
Bulldog Prospect

Dear Bill

Reference is herein made to your letter which was dated June 27, 2002 proposing the drilling of the captioned well. This letter was mailed out to the parties having the right to participate in same, according to the official public records.

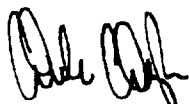
As of 5:00 P.M. central time, this date, I have received only two responses to this proposal, as follows:

- I received a phone call from Mr. Ken Smith with Davoil on July 23, 2002. He requested that we furnish him with a copy of our proposed Joint Operating Agreement for this proposed well. I asked Mr. Smith whether or not they were going to participate in the well and he said that depended upon his review of the Joint Operating Agreement. This Joint Operating Agreement was forwarded to him under cover letter dated July 25, 2002. I have had no other conversation with Mr. Smith about Davoil's position regarding this proposal.
- I have reached an agreement with Tom Brown, Inc. regarding their interest in the proposed well.

Subsequent to the mailing of the June 27, 2002 proposal letter, I have not received word from any of the other parties regarding the well proposal.

Should you need anything further please let me know.

Yours very truly,



Dale Douglas, CPL

DD/trd