

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
811 South First, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. 30-025-29349
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Hilburn
8. Well No. 2
9. Pool name or Wildcat North Shoe Bar (Strawn)

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator Permian Resources, Inc.	
3. Address of Operator P. O. Box 590, Midland, TX 79702	
4. Well Location Unit Letter C : 1,190 feet from the North line and 1,980 feet from the West line Section 13 Township 16S Range 35E NMPM Lea County	
10. Elevation (Show whether DR, RKB, RT, GR, etc.)	

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input checked="" type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: Withdraw Prior Permit <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Due to objection of David Arrington Oil & Gas, Inc, a 4.5455% WI Owner in the referenced well and offset owner of the Mayfly St. com. #2 a producing Strawn well, Permian Resources, Inc. wishes to withdraw our "Application for Permit" (Form C-101) dated 3/19/01 as approved 3/19/01 to directionally drill the Hilburn #2 wellbore to a BHL of 660' FNL & 660' FWL, Section 13, T16S, R35E to encounter and produce the Strawn interval.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Robert H. Marshall TITLE **President** DATE **June 10, 01**

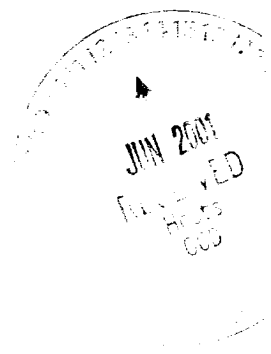
Type or print name **Robert H. Marshall**

Telephone No. **(915) 685-0113**

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
Conditions of approval, if any:

5
C



DAVID H. ARRINGTON OIL & GAS, INC.

P.O. BOX 2071 , MIDLAND, TEXAS 79702
OFF (915) 682-6685
FAX (915) 682-4139

April 27, 2001

Via Certified Mail - Return Receipt Requested 7099 3220 0005 1183 7177
Via Facsimile (915) 685-3621

Permian Resources, Inc.
Attn: Mr. Randy Stevens
P.O. Box 590
Midland, Texas 79702-0590

Re: Hilburn #2
Section 13, T16S-R35E
Lea County, New Mexico
Proposal to deepen and drill horizontally

Dear Mr. Stevens,

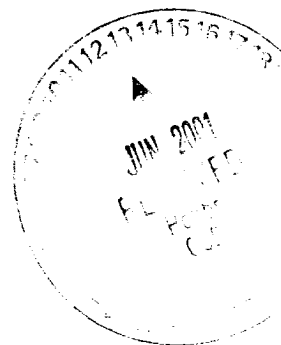
In response to your letter dated March 29, 2001, and received in our offices April 3, 2001, accept this letter as David H. Arrington Oil & Gas, Inc.'s response to your proposal on the above-captioned well.

It is our position that Permian Resources has proposed a re-entry and deepening of a well that is already producing oil and gas in paying quantities in the Wolfcamp formation. As evidence, we would point to the fact that we have received joint interest billings and revenue each month since acquiring our interest in the lease.

As you referenced in your letter, this well is covered by a Joint Operating Agreement dated September 15, 1972 (JOA). We believe your proposal to re-enter this well is not allowed as per the JOA because it is producing in paying quantities. (Please refer to Article 12 on page 5 of said Operating Agreement.) You will see that your re-entry and deepening proposal is clearly not allowed without the consent of all parties. It is our position that your proposal is therefore not allowed under this Article in the Joint Operating Agreement. We do not concur with abandoning this zone.

Should it be your position that this well is not producing in paying quantities, please let us know immediately, and advise as to the information upon which you base that position.

Further, it is our understanding that the Hilburn #1 Strawn producer is in the Shoebar North Strawn Field which calls for 160 acre proration units, and the NW/4 is the spacing unit for the



Hilburn #1 well. It is our understanding that another new drill Strawn well would not be allowed in this NW/4 without changing these field rules.

In the event and only in the event that your proposal is ultimately deemed to be a valid proposal and ultimately allowed under the JOA, in order to preserve our rights, this letter shall serve or as our election to participate in same.

Finally, it is our firm position that this well continue to be produced as in the past, and if production has failed, that Permian Resources reestablish production immediately.

Your very truly,

A handwritten signature in black ink, appearing to read 'D. Arrington', written in a cursive style.

David H. Arrington

