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May 9, 2002

VIA FACSIMILE (505) 393-0720

Mr. Chris Williams District I Supervisor New Mexico Oil Conservation Division 1625 French Drive Hobbs, New Mexico 88240

> Re: Triple-Hackle Dragon 25 No. 1-E Glass-Eye Midge 25 No. 2-A¹ Sec. 25, T-16-S, R-35-E, NMPM, Lea County, New Mexico

Dear Mr. Williams:

This firm represents David H. Arrington Oil and Gas, Inc. in connection with the above-referenced matter. Your May 1, 2002 letter was received by Arrington on May 7, 2002 and forwarded to me.

Please be advised that Arrington has had and continues to have the right to drill in Section 25 <u>independent</u> of the oil and gas lease that is the subject of the ongoing litigation in the Fifth Judicial District Court referenced in your letter. Therefore, the premise underlying your conclusion that Arrington's C-101 and C-102 should be canceled is erroneous. Moreover, the APD approved by the Division for Arrington's Glass-Eyed Midge 25 Well No. 1 well on December 17, 2001, was not the subject of NMOCC Case Nos. 12731 and 12744 (*de novo*) which resulted in the issuance of Order No. R-11700-B.

On behalf of David H. Arrington Oil and Gas, Inc., you are requested to reinstate the drilling permit for the Glass-Eyed Midge Well No. 1 at the earliest opportunity.

¹ The correct name of the well is the Glass-Eyed Midge 25 Well No. 1.

Mr. Chris Williams May 9, 2002 Page 2

With respect to the Triple Hackle Well No. 1, Ocean Energy is planning on drilling that well and you should communicate with them directly.

Very truly yours,

MILLER, STRATVERT & TORGERSON, P.A.

1. I wy dul

J. Scott Hall

