



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

David H. Arrington Oil & Gas, Inc.

c/o **Ann E. Ritchie, Regulatory Agent**

ann.ritchie@wtor.net

P. O. Box 953

Midland, Texas 79702

August 21, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order NSL-4544-B

Dear Ms. Ritchie:

Reference is made to the following: (i) your application dated July 6, 2006 (*administrative application reference No. pMES0-623337683*) and filed on behalf of the operator, David H. Arrington Oil & Gas, Inc. ("Arrington"), with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 13, 2006; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the files on Division Administrative Orders NSL-4544 and NSL-4544-A and in Division Case No. 13783: all concerning Arrington's request for an exception to Division Rule 104.B (1) for its existing Green Wooley-Booger Federal "5" Well No. 1 (*API No. 30-015-31498*) located at an unorthodox oil well location 2330 feet from the South line and 860 feet from the West line (Unit L) of Section 5, Township 19 South, Range 24 East, NMPM, Eddy County, New Mexico.

The NW/4 SW/4 of Section 5 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the Red Tank Draw-Wolfcamp Pool (*97535*), see Division Case No. 13783.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that all of Sections 5 and 6, Township 19 South, Range 24 East, NMPM, Eddy County, New Mexico is a single federal lease (*U. S. Government lease No. NM-103591*) with common ownership in which Arrington is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the subject oil producing interval.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Wolfcamp oil well location is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia

U. S. Bureau of Land Management – Carlsbad

File: NSL-4544

NSL-4544-A

Division Case No. 13783