

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION DIVISION FOR THE PURPOSES  
OF CONSIDERING:

CASE NO. 14538

APPLICATION OF MARSHALL & WINSTON, INC. TO CANCEL AN OPERATOR'S  
AUTHORITY AND TERMINATE A SPACING UNIT AND APPROVE A CHANGE OF  
OPERATOR, LEA COUNTY, NEW MEXICO.

CASE NO. 14497

APPLICATION OF DAVID H. ARRINGTON OIL & GAS, INC. FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

ARRINGTON'S VERIFIED MOTION TO STAY ORDER NO. R-13372

Pursuant to 19.15.4.23(B) NMAC, David H. Arrington Oil & Gas, Inc. ("Arrington"), moves for an order staying Order No. R-13372 ("Order"). The Order was issued on March 16, 2011 in Case Nos. 14538 and 14497. In support for this Verified Motion, Arrington states the following:

1. On March 16, 2011, the Division entered an Order approving the application of Marshall & Winston, Inc. ("M&W"), to cancel the authority of Arrington to operate the Green Eyed Squealy Worm Well No. 1 (API No. 30-025-36013) and designating M&W as the operator of the well.
2. Under the same Order, the Division denied Arrington's application for compulsory pooling in order to re-establish production in the Morrow formation in the Green Eyed Squealy Worm Well No. 1.
3. Arrington has timely filed for a de novo hearing before the Oil Conservation Commission pursuant to 19.15.4.23(A) NMAC.

4. There is a drilling rig at the location for the Green Eyed Squealy Well No. 1 located in Unit J, Section 26, Township 15 South, Range 34 East, NMPM.

5. In spite of the fact that M&W's Application For Permit To Drill, Reenter, Deepen, Plugback, or Add A zone was denied on April 5, 2011, M&W has undertaken and is still undertaking operations at the well.

6. M&W's insistence on proceeding with operations despite the denial of its Application is improper and further supports Arrington's Verified Motion.

7. As noted during the Division hearing and in the Order, Arrington was responsible for drilling and operating the subject well. Arrington spent approximately \$2.8 million to drill and complete the well.

8. During the hearing, Arrington requested a short period of time – 90 days – to re-enter the well and attempt to establish production in the Morrow formation. Arrington committed to exercising care so not to damage any shallower formations.

9. The applications were heard on September 2, 2010 and a decision was not issued until six months later, on March 16, 2011. Since Arrington only asked for 90 days, its application could have been accomplished well before the period of time it took to issue the Order. 7

10. If M&W is allowed to enter the well, it is highly likely that damage will be caused to the wellbore and in particular damage may be caused that will be make it impossible to re-enter and re-complete in the Morrow formation. See Affidavit of Art Carrasco, attached hereto as Exhibit 1.

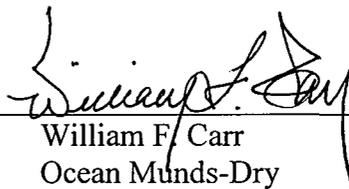
11. Allowing M&W to re-enter the well before this matter is final will cause waste and permanently and irrevocably violate Arrington's correlative rights. *See id.*

12. In order to prevent waste, protect correlative rights and to prevent gross negative consequences to Arrington, Arrington requests the Director grant this Motion to Stay Division Order R-13372 until such time as the Commission has reviewed, deliberated and issued its order in Case Nos. 14538 and 14497.

A proposed Order granting Arrington's Verified Motion To Stay Order No. R-13372 is attached hereto as *Exhibit 2*.

Dated this 7th day of April, 2011.

Respectfully submitted,  
HOLLAND & HART, LLP

By:   
William F. Carr  
Ocean Munds-Dry  
110 N. Guadalupe, Suite 1  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
TEL: (505) 988-4421  
FAX: (505) 983-6043

ATTORNEYS FOR DAVID H. ARRINGTON OIL & GAS

VERIFICATION

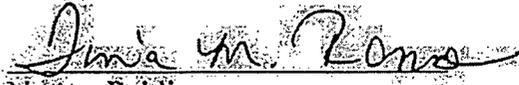
STATE OF TEXAS            )  
  ) ss.  
COUNTY OF MIDLAND    )

I, MONTY W. KASTNER, of lawful age and being duly sworn, upon oath, depose and state the following on behalf of DAVID H. ARRINGTON OIL & GAS, INC., as I am duly authorized to do:

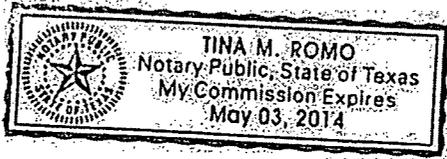
I am David H. Arrington Oil & Gas, Inc.'s Vice President of Land & Legal; I have read the foregoing VERIFIED MOTION TO STAY ORDER NO. R-13372; I know the contents thereof; and that, based upon my review of the facts contained therein, those facts are correct to the best of my knowledge, information and informed belief.

  
MONTY W. KASTNER

The foregoing instrument was subscribed and sworn to before me this 7<sup>th</sup> day of April, 1:10 PM by Monty W. Kastner.

  
Notary Public

My commission expires:  
5/31/2014  
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion to Stay was delivered by U.S. Mail and E-Mail on this 7th day of April 2011 to the following:

James Bruce  
Post Office Box 1056  
Santa Fe, NM 87504

  
\_\_\_\_\_  
William F Carr  
Ocean Munds-Dry

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**AFFIDAVIT OF ART CARRASCO IN SUPPORT OF  
ARRINGTON'S VERIFIED MOTION TO STAY ORDER NO. R-13372**

STATE OF TEXAS            )  
  ) ss.  
COUNTY OF MIDLAND    )

**ART CARRASCO**, of lawful age and being first duly sworn, declares as follows:

1. My name is Art Carrasco. I am employed by David H. Arrington Oil & Gas, Inc. ("Arrington"), one of the named parties to this action, as its Operations Manager. I have been a Drilling and Completion Engineer for 31 years.
2. In my employment for Arrington, and based on my training, education, knowledge, and experience, I am responsible for and qualified to opine on well completions.
3. I make this affidavit for Arrington as I am authorized to do, based on my personal knowledge.
4. I am personally familiar with the facts and opinions ascribed to me in Arrington's *Verified Motion To Stay Order No. R-13372* and attest to their veracity.



5. In particular, if Marshall & Winston ("M&W") is allowed to and does enter the subject well, it is highly likely that damage will be caused to the wellbore and the mineral estate, it will cause undue waste, and will permanently and irrevocably violation Arrington's correlative rights.

6. Further, if M&W is allowed to and does enter the well, damage may be caused that will make it impossible for Arrington or any other operator to re-enter and re-complete in the Morrow formation, as follows:

a. The Morrow zone is under-pressured and would be drowned when the well is killed prior to commencing well operations.

b. The Morrow has water-sensitive clays and, thus, formation damage would be incurred during well control operations.

c. The wellbore should be properly plugged and abandoned from total depth to the proposed recompletion interval prior to the recompletion.

d. The upper perforations will have to be squeezed prior to returning the Morrow to production.

e. The Morrow will be producing on artificial lift, and the differential pressure across the squeeze perforations will provide conditions favorable to incurring a casing leak.

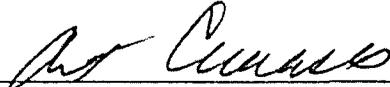
f. The Morrow and the recompletion interval could be in communication during production.

g. The possibility of leaving plug parts or junk in the well bore during the recompletion will complicate and compromise the ability to return the Morrow to commercial production.

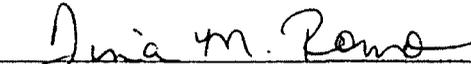
7. I swear and affirm that it is my opinion as a completion engineer that M&W, by its conduct, will cause damage to the wellbore, make it impossible to re-enter and re-complete in the Morrow formation, will cause undue waste, and permanently and irrevocably violate Arrington's correlative rights.

8. In light of my professional opinions, Arrington thus requests that its Verified Motion be granted.

FURTHER AFFIANT SAYETH NAUGHT.

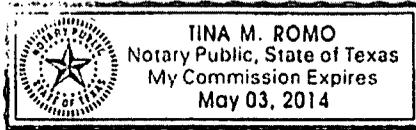
  
ART CARRASCO

SUBSCRIBED AND SWORN TO before me this 7th day of April, 2011.

  
Notary Public

My Commission Expires:

5/3/14  
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APPLICATION OF DAVID H. ARRINGTON OIL & GAS, INC. FOR COMPULSORY  
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PROPOSED ORDER GRANTING MOTION TO STAY ORDER NO. R- 13372

This matter having come before the Division Director pursuant to Rule 19.15.4.23(B) NMAC on the Verified Motion for Stay of Order No. R-13372 submitted by David H. Arrington Oil & Gas, Inc. ("Arrington"), the Director finds:

1. Order No. R-13372 was entered on March 16, 2011, approving the application of Marshall & Winston, Inc. ("M&W"), to cancel the authority of Arrington to operate the Green Eyed Squealy Worm Well No. 1 (API No. 30-025-36013) and designating M&W as the operator of the well. The same Order denied Arrington's application for compulsory pooling in order to re-establish production in the Morrow formation in the Green Eyed Squealy Worm Well No. 1.
2. Arrington timely filed an application for a de novo hearing by the Oil Conservation Commission and therefore these matters are not yet final.
3. Any effort by M&W to re-enter the well and complete in a shallower zone may ~~and/or likely will~~ permanently prevent Arrington from re-entering and re-completing in the Morrow formation.



4. Therefore, Division Order R-13372 should be stayed while this matter is on appeal before the Commission.

**IT IS THEREFORE ORDERED THAT:**

Division Order No. R-13372 is STAYED pending final resolution on appeal.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

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Director

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