

May 25, 2010

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14497

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Re: Application of David H. Arrington Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of David H. Arrington Oil & Gas, Inc. in the above-referenced case as well as a copy of a legal advertisement. Arrington requests that this matter be placed on the docket for the June 24, 2010 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Monty Kastner

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

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

CASE NO. 14497

APPLICATION

DAVID H. ARRINGTON OIL & GAS, INC., ("Arrington") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing unit located in the S/2 of Section 26, Township 15 South, Range 34 East, N.M.P.M., Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent including the North Eidson Morrow Gas Pool, the Undesignated North Hume Morrow Gas Pool and the Undesignated Grassland Austin Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent. In support of its application, Arrington states:

1. Arrington is a working interest owner in the S/2 of said Section 26 and has the right to drill thereon.
2. Arrington proposes to dedicate the above-referenced spacing or proration units to its Green Eyed Squealy Worm Well No. 1 to be re-entered at a location 1974 feet from the South line and 1129 feet from the East line of said Section 26.

3. Arrington has been unable to obtain voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Arrington to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and David H. Arrington Oil & Gas Inc. should be designated the operator of the well to be drilled.

WHEREFORE, David H. Arrington Oil & Gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 24, 2010 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing unit,
- B. designating David H. Arrington Oil & Gas, Inc. operator of this spacing unit and the well to be drilled thereon,
- C. authorizing David H. Arrington Oil & Gas, Inc. to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by David H. Arrington Oil & Gas, Inc. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: Ocean Munds-Dry
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
(505)988-4421

ATTORNEYS FOR DAVID H. ARRINGTON OIL &
GAS, INC.

EXHIBIT A

**APPLICATION OF
DAVID H. ARRINGTON OIL & GAS, INC.
FOR COMPULSORY POOLING
S/2 SECTION 26, TOWNSHIP 15 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO.**

Bank of America, N.A.
Trustee of the Gay Crabb Karger Trust
PO Box 830308
Dallas, Texas 75283

Bank of America, N.A.
Trustee of the Lawrence E.
Karger A Trust
PO Box 830308
Dallas, Texas 75283

Bank of America, N.A.
Trustee of the Billy Easley Trust
PO Box 830308
Dallas, Texas 75283

H-D Mineral Properties, a Partnership
PO Box 3061
Midland, Texas 79702

Don C. Dennis, Trustee of the
J.M. Dennis Trust
PO Box 1738
Lubbock, Texas 79408

Don C. Dennis, as his separate property
PO Box 1738
Lubbock, Texas 79408

Heirs or devisees of Baron Duff
Dennis (Jessie A. Dennis, sole heir)
231 Middlebury
San Antonio, Texas 78127

JoAnn DeNitto, as her separate property
30 Crockett Circle
Levelland, Texas 79336

Angela McAlpin, Personal
Representative of the Estate of G.T.
McAlpin, deceased
665 Lincoln Court
Grand Junction, CO 81503

Lora McAlpin Trust c/o Robert McAlpin
1405 E. Washington Ave
Navasota, Texas 77868-3240

Sandra Lee Ponder Joy, as her sole
and separate property
17421 E. State Highway 22
Cranfills Gap, Texas 76637

Western Commerce Bank
Trustee of the Frances J Freeman
Revocable Living Trust u/t/a dated
9/1/92
PO Box 1627
Lovington, NM 88260

The Sewand Family Trust
c/o Legal Awareness New Mexico
3901 George NE
Suite G-1
Albuquerque, NM 87110

Winston Partners, LTD
c/o Sargent Management
4800 First Bank Place
Minneapolis, Minnesota 55402

Marshall & Winston, Inc.
PO Box 50880
Midland, Texas 79710

CASE 14497:

Application of David H. Arrington Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing unit located in the S/2 of Section 26, Township 15 South, Range 34 East, N.M.P.M., Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent including the North Eidson Morrow Gas Pool, the Undesignated North Hume Morrow Gas Pool and the Undesignated Grassland Austin Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent. Said unit is to be dedicated to its Green Eyed Squealy Worm Well No. 1 to be re-entered 1974 feet from the South line and 1129 feet from the East line of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of David H. Arrington Oil & Gas Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 3 miles west of Lovington, New Mexico.

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