

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN
KATHERINE M. MOSS
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

October 13, 1998

HAND-DELIVERED

Lorri Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

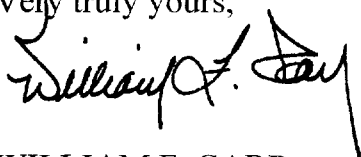
12080

Re: *Application of David H. Arrington Oil & Gas, Inc. for Amendment of
Division Compulsory Pooling Order No. R-11028, Lea County, New Mexico*

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of David H. Arrington Oil & Gas, Inc. in the above-referenced case as well as a copy of a legal advertisement. David H. Arrington Oil & Gas, Inc. respectfully requests that this matter be placed on the docket for the November 5, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: David H. Arrington (w/enclosures)
Post Office Box 2071
Midland, TX 79702

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

IN THE MATTER OF THE APPLICATION
OF DAVID H. ARRINGTON OIL & GAS, INC.
FOR AMENDMENT OF DIVISION
COMPULSORY POOLING ORDER NO. R-11028
LEA COUNTY, NEW MEXICO.

CASE NO. 12080

APPLICATION

DAVID H. ARRINGTON OIL & GAS, INC. ("ARRINGTON"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for Amendment of Division Order No. R-11028 to compulsory pool all mineral interests from the surface to the base of the Lower Mississippian formation, under the following acreage in irregular Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico:

- A. Lots 11, 12, 13 and 14 and the SW/4 to form a standard stand-up gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool, and the Undesignated Townsend-Morrow Gas Pool;
- B. SW/4 to form a standard 160-acre spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent;
- C. N/2 SW/4 to form a standard 80-acre spacing and proration unit for formations

OIL CONSERVATION DIV.
98 OCT 13 PM 5:00

and/or pools developed on 80-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Undesignated Big Dog-Strawn Pool; and

- D. NE/4 SW/4 to form a standard 40-acre gas spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool, and Undesignated Townsend-Strawn Pool.

Said spacing and proration units are to be dedicated to the David H. Arrington Oil & Gas, Inc. Parachute Hopper Well No. 1 to be drilled a standard gas well location in the NE/4 SW/4 of said Section 3, and in support of its application states:

1. Arrington is a working interest owner in said Section 3 and has the right to drill thereon.

2. By Order No. R-11028 entered in Case 11994, dated August 6, 1998, the Division granted Arrington's application for the compulsory pooling of certain spacing and proration units in Lots 9 through 16 of irregular Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

3. New information on the Morrow formation, Undesignated Townsend-Morrow Gas Pool, which has been obtained from recent drilling in this area shows two North-South trending channels under irregular Section 3 which cannot be efficiently and effectively

developed with the lay-down 320-acre unit comprised of Lots 9 through 16 of said Section 3 approved by Division Order No. R-11028.

4. Accordingly, Arrington seeks an amended order which will pool the above-referenced spacing and proration units including a stand-up 320-acre spacing unit comprised of Lots 11 through 14 and the SW/4 of Section 3 and then, by separate application filed contemporaneously herewith, seek the pooling of an additional spacing and proration units including a stand-up 320-acre spacing unit comprised of Lots 9, 10, 15 and 16 and the SE/4 of Section 3.

5. Arrington proposes to dedicate the above-referenced spacing or proration units to its Parachute Hopper Well No. 1 to be drilled to a standard location in the NE/4 SW/4 of said Section 3, to a depth sufficient to test any and all formations to the base of the Lower Mississippian formation.

6. Arrington has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in these spacing or proration units.

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

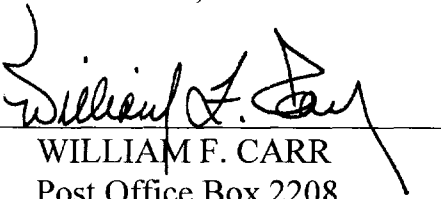
8. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and David H. Arrington Oil & Gas, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an

Examiner of the Oil Conservation Division on November 5, 1998 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Arrington operator of these spacing and proration units, and authorizing Arrington to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Arrington in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

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

CASE 12080

OIL CONSERVATION DIV.

98 OCT 13 PM 5:02

Application of David H. Arrington Oil and Gas, Inc. for amendment of Division compulsory pooling Order No. R-11028, Lea County, New Mexico. Applicant in the above-styled cause seeks an order amending Order No. R-11028 to pooling all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 11 through 14 and the SW/4 for all formations developed on 320-acre spacing including but not limited to the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, SW/4 for all formations developed on 160-acre spacing, N/2 SW/4 for all formations developed on 80-acre spacing including but not limited to the Undesignated Big Dog-Strawn Pool, and NE/4 SW/4 for all formations developed on 40-acre spacing including but not limited to the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East, NMPM. Applicant proposes to dedicate this pooled units to its Parachute Hopper Well No. 1 to be drilled at a standard gas well location in the NE/4 SW/4 of said Section 3. Also to be considered will 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles west of Lovington, New Mexico.