

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

CASE NO. 12181

**APPLICATION OF DAVID H. ARRINGTON OIL AND
GAS, INC. FOR APPROVAL OF AN
UNORTHODOX GAS WELL LOCATION
LEA COUNTY, NEW MEXICO**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by DAVID H. ARRINGTON OIL AND GAS, INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

David H. Arrington Oil and Gas Inc.
P. O. Box 79702
Midland, Texas 79702
(915) 682-6685

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

INTERESTED PARTIES

Yates Petroleum Corporation
Nearburg Exploration Company, L.L.C.

ATTORNEY

William F. Carr, Esq.
P. O. Box 2088
Santa Fe, NM 87504
(505) 988-4421

Ocean Energy Resources, Inc.

James Bruce, Esq.
(505) 982-2043

OIL CONSERVATION DIV.
59 JUN 30 PM 2:50

STATEMENT OF THE CASE

David H. Arrington Oil and Gas, Inc. ("Arrington") proposes to drill its Mayfly "14" State Com Well No. 1 at a standard oil well location to test the Strawn formation. This well is to be located 330 feet from the North and West lines of Section 14, T16S, R35E, Lea County, New Mexico.

In order to also test the possibility of Atoka/Morrow production and to avoid the additional costs of drilling a separate wellbore, Arrington proposes to drill this well to the base of the Morrow formation. In doing so, the well will be at an unorthodox gas well location for a W/2 spacing unit.

Arrington believes it has reached an agreement with the offset operators which stipulates that in the event of gas production from any formation spaced on 320-acre gas spacing, then that production from this well will be subject to a 50% production penalty based upon the Division's standard semi-annual deliverability testing.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME EXHIBITS

(land)

10 Min. @ 3 exhibits


Bill Baker (geology)

30-40 Min. @ 6 exhibits

PROCEDURAL MATTERS

Stipulated penalty for 320-acre gas production

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin