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April 20, 1999

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HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

12181

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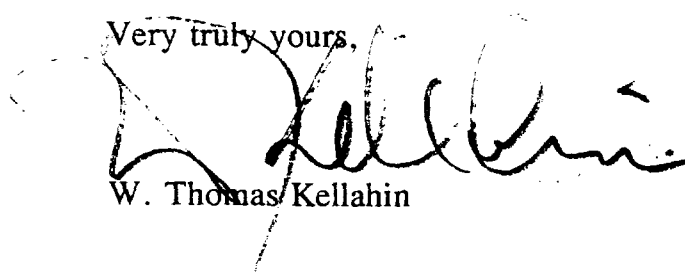
OIL CONSERVATION DIV.

Re: Mayfly Well No. 1
Section 14, T16S, R35E, NMPM
Application of David H. Arrington Oil and Gas Inc.
for an Unorthodox Well Location,
Lea County, New Mexico

Dear Ms. Wrotenbery:

On behalf of David H. Arrington Oil and Gas, Inc., please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for May 13, 1999. Also enclosed is our proposed notice for the advertisement.

Very truly yours,


W. Thomas Kellahin

cc: David H. Arrington Oil and Gas Inc.

Proposed notification/advertisement for OCD docket

Case 2181: Application of David H. Arrington Oil and Gas Inc. for an unorthodox well location, Lea County, New Mexico. Applicant seeks approval to drill its proposed Mayfly "14" State Com Well No. 1 at an unorthodox gas well location 330 feet from the west line and 330 feet from the north line (Unit D) of Section 14, Township 16 South, Range 35 East, NMPM, to be dedicated to a 320-acre gas spacing and proration unit consisting of the W/2 of this section for any pools/formations spaced on 320-acre spacing including but not necessarily limited to the North Shoe Bar-Atoka Gas Pool and the Townsend-Morrow Gas Pool, and to an 80-acre oil spacing and proration unit consisting of the W/2NW/4 of this section for any pools/formations spaced on 80-acre oil spacing including but not limited to the South Big Dog-Strawn Pool. In the alternative, applicant seeks approval of an unorthodox oil well location in the event this well is subject to the Special Rules and Regulations for the North Shoe Bar-Strawn Pool.

This location is approximately 5 miles southwest of Lovington, New Mexico.

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

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

CASE: 12181

APPLICATION

Comes now DAVID H. ARRINGTON OIL AND GAS, INC. ("Arrington") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for approval to drill its proposed Mayfly "14" State Com Well No. 1 at an unorthodox gas well location 330 feet from the west line and 330 feet from the north line (Unit D) of Section 14, Township 16 South, Range 35 East, NMPM, to be dedicated to a 320-acre gas spacing and proration unit consisting of the W/2 of this section for any pools/formations spaced on 320-acre spacing including but not necessarily limited to the North Shoe Bar-Atoka Gas Pool and the Townsend-Morrow Gas Pool, and to an 80-acre oil spacing and proration unit consisting of the W/2NW/4 of this section for any pools/formations spaced on 80-acre spacing for any pools/formations spaced on 80-acre oil spacing including but not limited to the South Big Dog-Strawn Pool. In the alternative, applicant seeks approval of an unorthodox oil well location in the event this well is subject to the Special Rules and Regulations for the North Shoe Bar-Strawn Pool.

In support thereof, Applicant states:

1. Arrington is the proposed operator of the Mayfly "14" State Com Well No. 1 to be located 330 feet from the west line and 330 north line (Unit D) of Section 14, T16S, R35E, Lea County, New Mexico.
2. Arrington proposes to drill this well to a depth sufficient to test for gas production from the surface to the top of the Lower Mississippian formation and to test for oil production from the surface to the base of the Strawn formation.

NMOCD Application

David H. Arrington Oil and Gas, Inc.

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3. The proposed Strawn spacing unit for this well is located within one mile from the current boundary of the South Big Dog-Strawn Pool and is also within one mile of the North Shoe Bar-Strawn Pool.

4. The Strawn location is standard for the South Big Dog-Strawn Pool but would be unorthodox if dedicated to the North Shoe Bar-Strawn Pool.

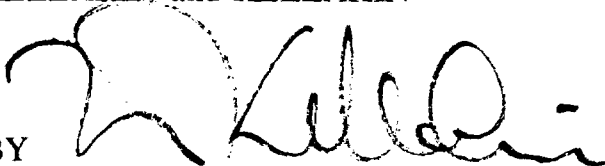
5. This proposed location is the optimum location in these spacing units at which to drill to test for gas and/or oil production.

6. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

7. Notification of this application has been sent to all adjoining and offsetting operators/owners towards who this location encroaches.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

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