

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

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

M. S.
CASE NO. 12560

APPLICATION OF DAVID H. ARRINGTON OIL & GAS, INC.
FOR COMPULSORY POOLING, DIRECTIONAL DRILLING,
AND AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

OIL CONSERVATION DIV.
CO DEC 18 AM 5:55

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

David J. Arrington Oil & Gas, Inc.
Attn: David H. Arrington
P.O. Box 2071
Midland, Texas 79702
(915) 682-6685
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

ATTORNEY

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, 3, 4 and the E/2 W/2 (W/2 equivalent) for all formations and/or pools developed on 320-acre spacing; Lots 1, 2 and the E/2 NW/4 (NW/4 equivalent) for all formations and/or pools developed on 160-acre spacing; the E/2 NW/4 for all formations and/or pools developed on 80-acre spacing including but not limited to the Undesignated West Lovington-Strawn Pool; and the SE/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Townsend-Permo Upper Pennsylvanian Pool, all in irregular Section 31, Township 15 South, Range 36 East. Applicant proposes to dedicate this pooled unit to its Royal Stimulator Well No. 1 which will be drilled at an unorthodox well location 1465 feet from the North line and 1936 feet from the West line of Section 31 and drilled to a depth sufficient to test all formations to the base of the Wolfcamp formation and then directionally drill in a southwesterly direction to an unorthodox bottomhole location in the Atoka and Morrow formations at a point 2200 feet from the South line and 933 feet from the West line of Section 31. Also to be considered will be the costs of drilling and completing the 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 and completing the well. The unit is located approximately 1 mile north of Lovington, New Mexico.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

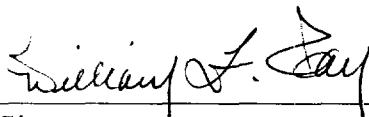
APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Dale Douglas (Landman)	15 minutes	Approximately 6
Bill Baker (Geologist)	10 minutes	Approximately 3

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS



Signature