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May 8, 2001

HAND DELIVERED

Lori Wrotenbery, Director
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Case 12675

01 MAY - 9 11 3:43
710 NORTH GUADALUPE

**Re: Application of David H. Arrington Oil & Gas, Inc. for Compulsory Pooling
and Unorthodox Well Location, 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 May 31, 2001, Examiner hearings.

Your attention to this application is appreciated.

Very truly yours,



Michael H. Feldewert
Attorney for David H. Arrington Oil & Gas, Inc.

Enclosures

cc: Bill Baker,
David H. Arrington Oil & Gas, Inc.

**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 COMPULSORY POOLING AND UNORTHODOX
WELL LOCATION, LEA COUNTY, NEW MEXICO.**

CASE NO. 12675

APPLICATION

DAVID H. ARRINGTON OIL & GAS, INC. ("Arrington"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. Section 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Mississippian formation under the following acreage Section 31, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico: the W/2 to form a standard 320-acre spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the Undesignated East Shoe Bar-Chester Gas Pool. Said unit is to be dedicated to Arrington's proposed Double Hackle "31" State Com. Well No. 1 to be located at an unorthodox location 2400 feet from the South line and 1340 feet from the West line (Unit K) of said section. In support of this application, Arrington states:

1. Arrington is a working interest owner in the W/2 of said Section 31 and has the right to drill thereon.
2. Arrington proposes to dedicate the above-referenced spacing and proration unit to its proposed Double Hackle "31" State Com. Well No. 1 to be drilled to a depth sufficient to test any and all formations from the surface to the base of the Mississippian formation.

3. Arrington has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the W/2 of said Section 31.

4. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

5. A list of the names and addresses of the persons to whom notice has been sent is attached hereto as Exhibit A.

WHEREFORE, David H. Arrington Oil & Gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 31, 2001, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating David H. Arrington Oil & Gas, Inc. operator of the unit and the well to be drilled thereon,
- C. authorizing Arrington 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,
- E. imposing a penalty for the risk assumed by the Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well, and

EXHIBIT A

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

Pure Resources, Inc.
500 West Illinois
Midland, Texas 79701
Attn: Mr. Robert Ready

Kriti Exploration, Inc.
1010 Lamar, Suite 750
Houston, Texas 77002

CASE 12675 Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling and unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the W/2 of Section 31, Township 16 South, Range 36 East for all formations and/or pools developed on 320-acre spacing which presently includes but is not necessarily limited to the Undesignated East Shoe Bar-Chester Gas Pool. Said unit is to be dedicated to Applicant's proposed Double Hackle "31" State Com. Well No. 1 to be located at an unorthodox location 2400 feet from the South line and 1340 feet from the West line (Unit K) of said section at a depth sufficient to test all formations from the surface to the base of the Mississippian formation. Also to be considered will the cost of drilling and completing said well and the allocation of the cost thereof, 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 4 miles southwest of Lovington, New Mexico.