

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

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

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

**CASE NO. 12828 (de novo)
ORDER NO. R- 11751-A**

ORDER OF THE OIL CONSERVATION COMMISSION

BY THE COMMISSION:

THIS MATTER came before the Oil Conservation Commission (hereinafter referred to as "the Commission") for hearing on May 15, 2003 at Santa Fe, New Mexico on the application of David H. Arrington Oil & Gas Inc. ("Arrington") for compulsory pooling, and the Commission, having been informed of a stipulated resolution to the matter, now, on this 12th day of June, 2003,

FINDS:

(1) Notice has been given of the application and the hearing on this matter, and the Commission has jurisdiction of the parties and the subject matter of this application.

(2) This matter is before the Commission on an application filed by Arrington for compulsory pooling of certain spacing and proration units in the E/2 equivalent of Section 1, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico. Arrington proposed to dedicate these units to its Big Black Ant Well No. 1 to be drilled at a location 660 feet from the North line and 990 feet from the East line (Unit A) of said Section 1.

(3) This application was set for hearing before a Division Examiner on March 31, 2002.

(4) At the time of the examiner hearing, Arrington and Yates Petroleum Corporation ("Yates") were in negotiations concerning the development of this acreage and at the hearing Arrington requested that it, or another party designated by it, be operator of the well. Yates appeared at the hearing but did not present evidence in opposition to the application.

(5) By Order No. R-11751, entered in Case 12828 on April 4, 2002, the Division granted Arrington's application.

(6) Yates timely sought de novo review of this order, and the case was continued from time to time while negotiations between the parties continued.

(7) At the May 15, 2003 hearing, Arrington and Yates advised the Commission that they have reached an agreement for the development of this acreage whereby Yates will operate a well on these units that will be drilled at a new location. The parties further advised the Commission that the development of this acreage may require a new pooling application to address the new well location and to commit the interests of certain small interest owners thereto. Regardless of the outcome of the negotiations with these small interest owners, Order No. R-11751 does not reflect the current plans for the development of these lands.

(8) The parties jointly requested that Order No. R-11751 be rescinded and the de novo appeal of this case be dismissed.

(9) Order No. R-11751 does not reflect the currently existing agreement of the parties for the development of this acreage and should be rescinded.

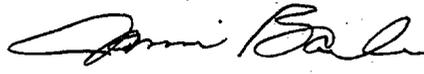
IT IS THEREFORE ORDERED THAT:

(1) At the request of David H. Arrington Oil & Gas, Inc. and Yates Petroleum Corporation, Order No. R-11751 is hereby rescinded, and the de novo application of Yates Petroleum Corporation in Case No. 12828 is dismissed.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

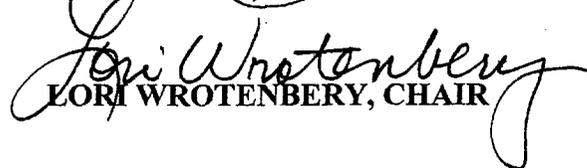
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OIL CONSERVATION COMMISSION



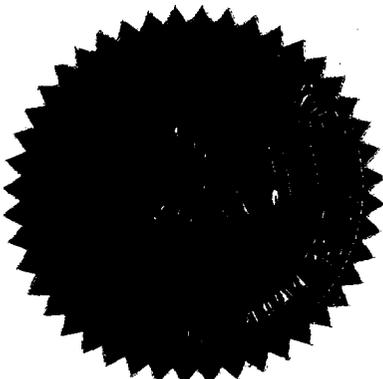
JAMI BAILEY, MEMBER



ROBERT LEE, MEMBER



LORI WROTENBERY, CHAIR



SEAL