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Oil Conservation Div.
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February 11, 2002

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Case 12828


Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of David H. Arrington Oil & Gas, Inc. Please set this matter for the March 7, 2002 Examiner hearing.

The application and advertisement are also on the enclosed disk under "DHA."

Very truly yours,


James Bruce
Attorney for David H.
Arrington Oil & Gas, Inc.

PARTIES BEING POOLED

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210

Purvis Oil Corp.
Purvis Operating Co.
P.O. Box 11006
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12828

APPLICATION

David H. Arrington Oil & Gas, Inc. applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E $\frac{1}{2}$ of Section 1, Township 15 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E $\frac{1}{2}$ of Section 1, and has the right to drill a well thereon.

2. Applicant proposes to drill its Big Black Ant Well No. 1, at an orthodox gas well location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of the section, to a depth sufficient to test the lower Mississippian formation (at approximately 14,000 feet subsurface), and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1 to form a standard 40 acre oil spacing and proration unit for any and all formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated North Morton-Permo Pennsylvanian Pool and Undesignated Morton-Wolfcamp Pool;

(b) The N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 1 to form a standard 80 acre oil spacing and proration unit for any and all formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated Morton-Lower Wolfcamp Pool;

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(c) The NE¼ of Section 1 to form a standard 160 acre gas spacing and proration unit for any and all formations and/or pools developed on 160 acre spacing within that vertical extent; and

(d) The E½ of Section 1 to form a standard 320 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 1 for the purposes set forth herein.

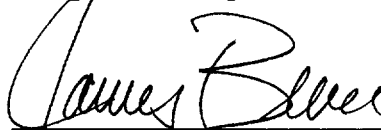
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 1, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 1 from the surface to the base of the Mississippian formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

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

PROPOSED ADVERTISEMENT

Case 12828: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 1, Township 15 South, Range 34 East, NMPM, and in the following manner: The NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 1 to form a standard 40 acre oil spacing and proration unit for any and all formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated North Morton-Permo Pennsylvanian Pool and Undesignated Morton-Wolfcamp Pool; the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 1 to form a standard 80 acre oil spacing and proration unit for any and all formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated Morton-Lower Wolfcamp Pool; the NE $\frac{1}{4}$ of Section 1 to form a standard 160 acre gas spacing and proration unit for any and all formations and/or pools developed on 160 acre spacing within that vertical extent; and the E $\frac{1}{2}$ of Section 1 to form a standard 320 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Gas Pool. The unit is to be dedicated to applicant's Big Black Ant Well No. 1, to be drilled at an orthodox location in the NE $\frac{1}{4}$ of Section 1. Also to be considered will be the cost 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 the risk involved in drilling and completing the well. The unit is located approximately 9 $\frac{1}{2}$ miles northwest of Lovington, New Mexico.

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