

**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, LEA COUNTY,  
NEW MEXICO.**

CASE NO. 12942

02 SEP 8 AM 10:52

OIL CONSERVATION DIV.

**APPLICATION**

DAVID H. ARRINGTON OIL & GAS, INC. ("Arrington"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation, under the following acreage in irregular Section 1, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico: Lots 1, 2, 7, 8, 9, 10, 15 & 16 to form a standard 328.34-acre E/2 gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated Townsend-Morrow Gas Pool. This spacing and proration unit is to be dedicated to Arrington's proposed Triple Teaser Federal Com Well No. 1 to be drilled at a standard location 1200 feet from the North line and 1665 feet from the East line (Unit B) of irregular Section 1. In support of its application Arrington states:

1. Arrington is a working interest owner in the E/2 of irregular Section 1 and has the right to drill thereon.

BEFORE THE OIL CONSERVATION  
DIVISION

Santa Fe, New Mexico

Case No. 12956

Exhibit No. 7a

Submitted by: Great Western Drilling Company

Hearing Date: November 14, 2002

2. Arrington proposes to dedicate the above-referenced spacing and proration unit to its Triple Teaser Federal 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 Morrow formation.

3. Arrington has sought and been unable to reach voluntary agreement with certain interest owners in the E/2 of irregular Section 1 identified on Exhibit A to this application for the drilling of this well.

4. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Arrington the opportunity to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Arrington should be designated the operator of the well to be drilled.

WHEREFORE, Arrington requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 10, 2002, 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, and

- E. imposing a penalty for the risk assumed by Arrington in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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ATTORNEYS FOR DAVID H. ARRINGTON  
OIL & GAS, INC.

**EXHIBIT A**

**CASE NO. \_\_\_\_\_  
APPLICATION OF DAVID H. ARRINGTON OIL & GAS INC.  
FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.  
Triple Teaser Fed. Com Well No. 1**

Great Western Drilling Company  
Post Office Box 1659  
Midland, Texas 79701  
Attention: Mr. Mike Heathington

Davoil, Inc.  
Post Office Box 122269  
Fort Worth, Texas 76121  
Attention: Mr. Ken Smith

**CASE 12942:** Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, under the following acreage in irregular Section 1, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico: Lots 1, 2, 7,8, 9, 10, 15 & 16 to form a standard 328.34-acre E/2 gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated Townsend-Morrow Gas Pool. This spacing and proration unit is to be dedicated to Arrington's proposed Triple Teaser Federal Com Well No. 1 to be drilled at a standard location 1200 feet from the North line and 1665 feet from the East line (Unit B) of irregular Section 1. Also to be considered will the cost of drilling and completing said 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 said well. Said area is located approximately 8 miles West of Lovington, New Mexico.