

DATE IN

11/30/98

SUSPENSE

12/21/98

ENGINEER

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TYPE

NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

 NSL NSP DD SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

 DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

 WFX PMX SWD IPI EOR PPR

98 NOV 30 PM 3:10

OIL CONSERVATION DIV.

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply[A] Working, Royalty or Overriding Royalty Interest Owners[B] Offset Operators, Leaseholders or Surface Owner[C] Application is One Which Requires Published Legal Notice[D] Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,[F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Bue Baker Jr

Print or Type Name

Signature

Exploration Manager

Title

Date

11/18/98

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

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WILLIAM F. CARR
BRADFORD C. BERGE
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SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
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E-MAIL: ccbspa@ix.netcom.com

November 30, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

98 NOV 30 PM 3:10
OIL CONSERVATION DIV.

Re: *Application of David H. Arrington Oil & Gas, Inc. for Administrative Approval of an Unorthodox Well Location for its Royal Humpy Well No. 1, located 1650 feet from the South line and 1161 feet from the East line of Section 16, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico*

Dear Ms. Wrotenbery:

David H. Arrington Oil & Gas, Inc. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for all formations developed on 40-acre spacing or proration units for its Royal Humpy Well No. 1 to be drilled at an unorthodox well location 1615 feet from the South line and 1161 feet from the East line Section 16, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico. A standard 40-acre spacing and proration unit in the Strawn Formation, Undesignated Diamond-Strawn Pool, comprised of the NE/4 SE/4 of said Section 16 will be dedicated to the well (See enclosed Form C-102).

This location is unorthodox because it is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to any boundary of such tract.

This unorthodox location is required by geological conditions in the Strawn formation. Attached hereto are a Geological Discussion, a Structure Map on the Top of the Strawn and

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources

November 30, 1998

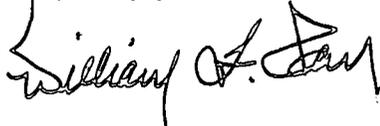
Page 2

a Strawn Isopach Map which show the small algal mound which is the objective of the proposed well. These attachments show it is necessary to locate the Royal Humpy Well No. 1 at the proposed unorthodox location to encounter commercial quantities of hydrocarbons.

Since this location is non-standard only toward acreage operated by David H. Arrington Oil & Gas, Inc., as shown on the attached ownership plat, there are no affected parties to whom notification of the application should be provided.

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large, stylized initial "W".

WILLIAM F. CARR
Attorney for David H. Arrington Oil & Gas, Inc.

Enclosures

cc: Mr. Bill Baker, Jr.
Exploration Manager

DISTRICT I
P. O. Box 1980
Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-102
Revised 02-10-94

Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

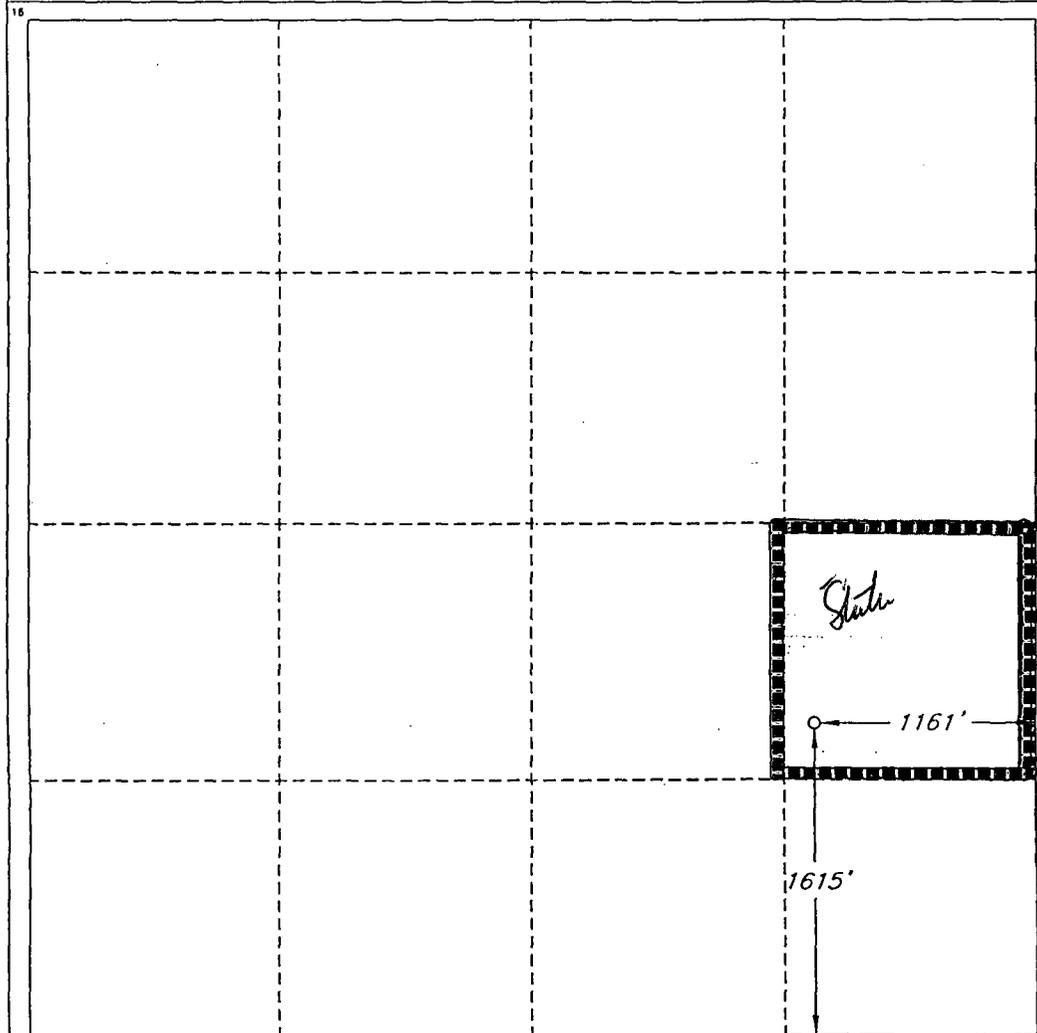
AMENDED REPORT

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name DIAMOND - STRAWN POOL					
4 Property Code		5 Property Name ROYAL HUMPY					6 Well Number 1		
7 OGRID No.		8 Operator Name DAVID H. ARRINGTON OIL & GAS, INC.					9 Elevation 3904'		
10 SURFACE LOCATION									
UL or lot no. 1	Section 16	Township 16 SOUTH	Range 36 EAST, N.M.P.M.	Lot Ida	Feet from the 1615'	North/South line SOUTH	Feet from the 1161'	East/West line EAST	County LEA
11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

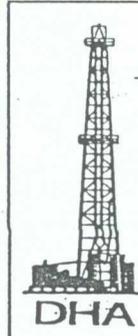
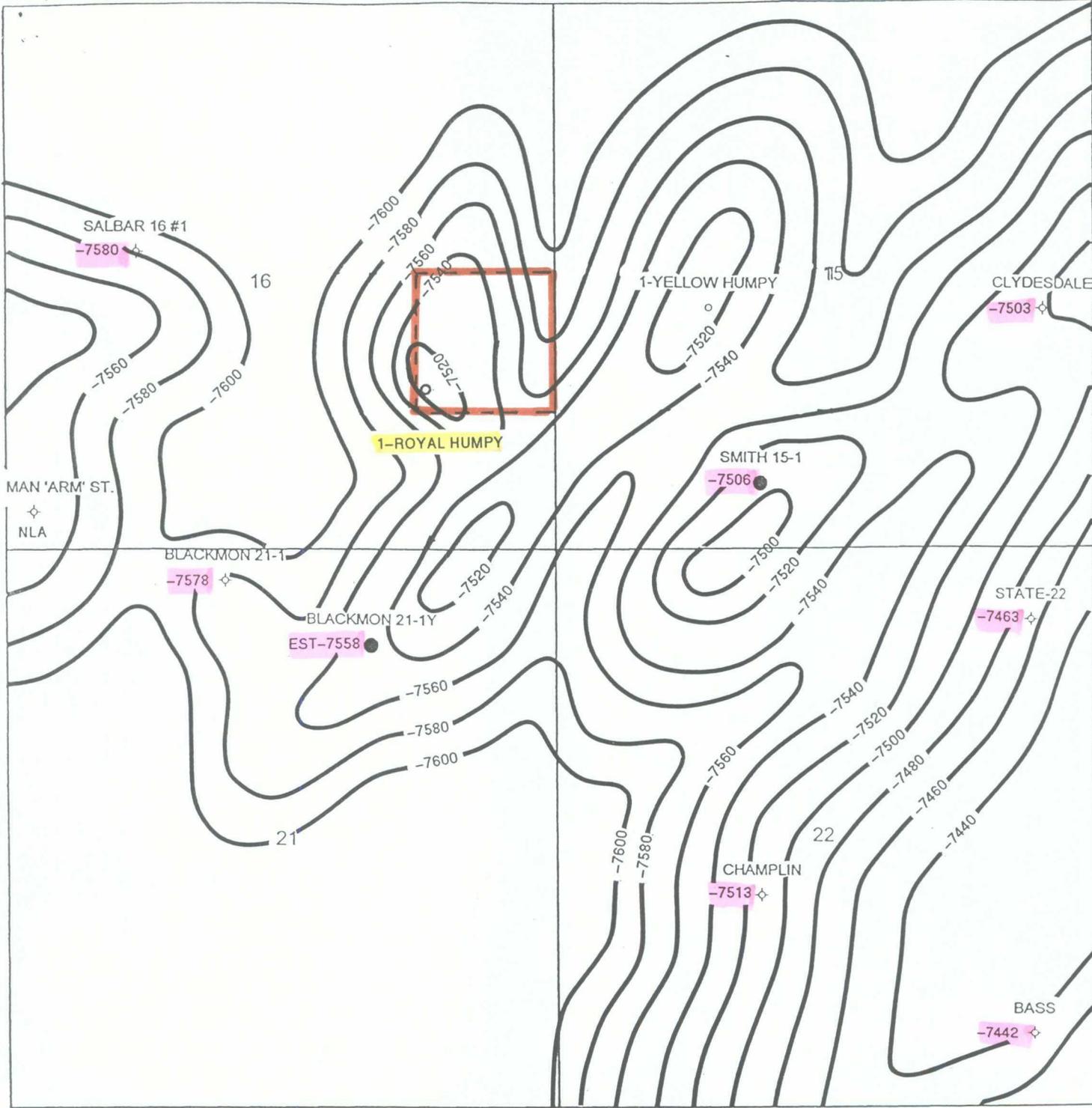
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
[Signature]
Printed Name
Bill Baker, Jr.
Title
Exploration Manager
Date
11/24/98

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
NOVEMBER 19 1998
Signature and Seal of Professional Surveyor
[Signature]
Professional Surveyor
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
12128
Certificate No.
ROGER M. ROBBINS #12128
JOB #61359 / 96 NE / V.H.B.

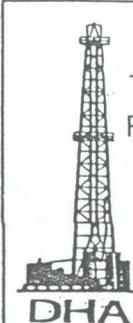
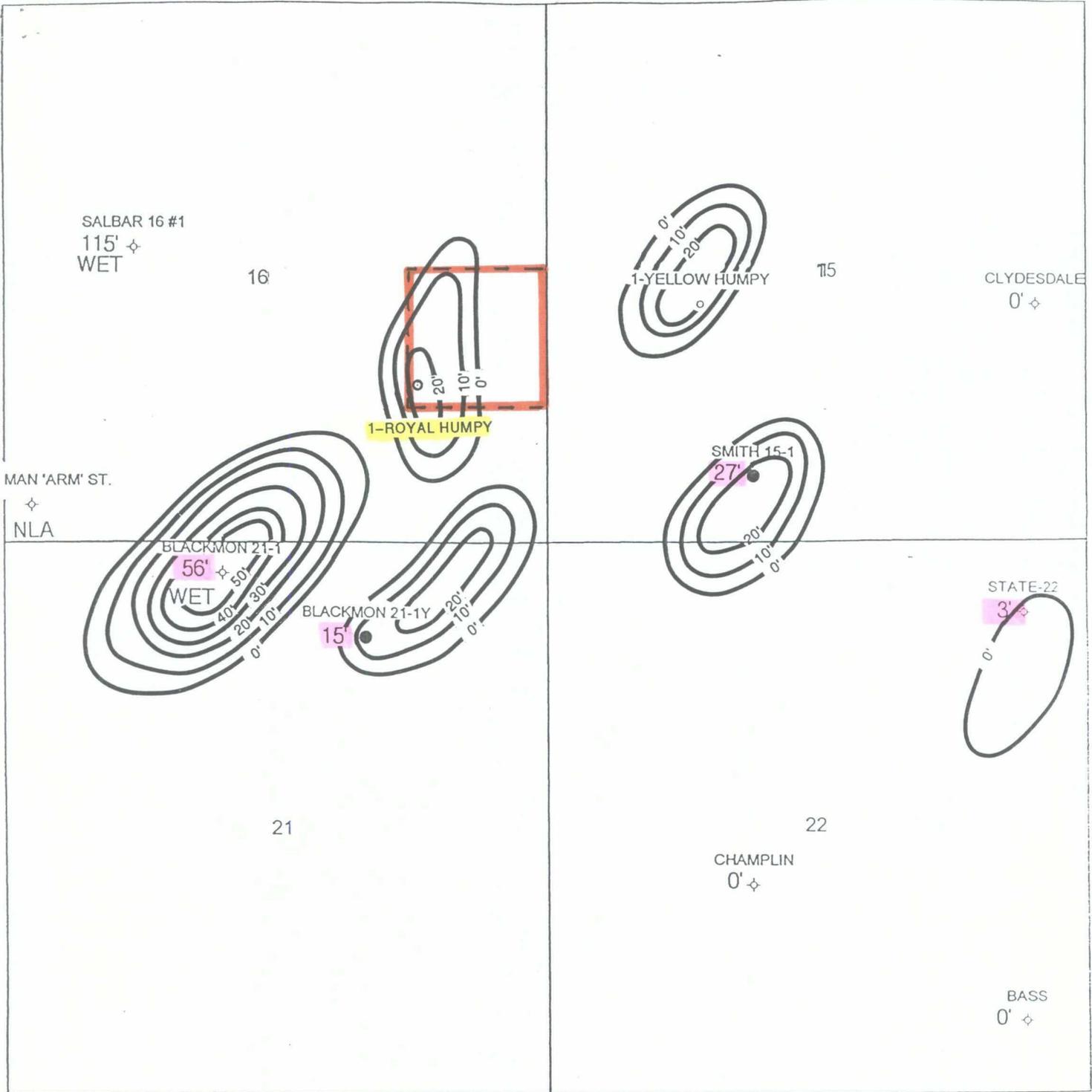


DAVID H. ARRINGTON OIL & GAS, INC.
 ROYAL HUMPY #1 - UNORTHODOX
 SEC. 16, T16S-R36E
 LEA COUNTY, NEW MEXICO
 STRUCTURE: TOP STRAWN.
 CI:20'

SCALE: 1" = 1.3698"

BDB

11/98



DAVID H. ARRINGTON OIL & GAS, INC.

ROYAL HUMPY #1 - UNORTHODOX

SEC. 16, T16S-R36E
LEA COUNTY, NEW MEXICO

ISOPACH: STRAWN POROSITY 6%
CI: 10'

BDB

SCALE: 1" = 1.3698"

11/98