

DATE IN 11/7/07	SUSPENSE	ENGINEER BROOKS	LOGGED IN 11/9/07	TYPE NSL	APP NO. PKVRO731329906
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



David H Arrington Oil & Gas Inc
@ Green Eyed Squeaky Worm
5744 #1

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [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

[D] Other: Specify _____

[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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

MILLER STRATVERT

LAW OFFICES

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Alice T. Lorenz
Stephen M. Williams
Stephan M. Vidmar
Seth V. Bingham
James B. Collins
Timothy R. Briggs
Rudolph Lucero
Deborah A. Solove
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James R. Wood
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Of Counsel
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Robert D. Taichert

Reply to Santa Fe

150 Washington Ave., Suite 300
Santa Fe, NM 87501

Mailing Address:
P.O. Box 1986
Santa Fe, NM 87504-1986

Telephone: (505) 989-9614
Facsimile: (505) 989-9857

November 6, 2007

Mr. Mark Fesmire, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Request for Administrative Approval of Unorthodox Well Location
David H. Arrington Oil and Gas, Inc.
Green Eyed Squealy Worm Well No. 1; API No. 30-025-36013
Townsend; Permo-Upper Penn Pool
1974' FSL and 1129' FEL
Section 26 NE/SE (Unit "I") T15S R34E, NMPM, Lea County, New Mexico

RECEIVED
2007 NOV 7 PM 4 55

Dear Mr. Fesmire:

On behalf of David H. Arrington Oil and Gas, Inc., pursuant to Division Rule 104.F and the applicable rules governing the Townsend Permo Upper Penn Oil Pool (59847), we request administrative approval for an unorthodox well location for the Green Eyed Squealy Worm Well No. 1 (API No. 30-025-36013) drilled at the surface and bottom-hole locations reflected above.

The straight-hole well was previously drilled and completed in the Upper Morrow formation and all interests were consolidated under a 320-acre spacing unit. Arrington will abandon the Upper Morrow and the well will then be plugged-back to the lower Cisco formation within the Townsend Permo Upper Penn Oil Pool. Applicable statewide well location rules for 40-acre oil well units provide that wells shall be drilled no closer than 330' to any boundary of the assigned spacing unit. (Rule 104 B.1). The re-completed well will be at an unorthodox location as a result. It is anticipated that the well at its unorthodox location will be capable of producing additional reserves from the Cisco formation that would otherwise remain unrecovered if this application were not granted.

A plat showing the spacing unit, the unorthodox surface and bottom hole locations, and adjoining spacing units and wells is attached as Exhibit A. The well encroaches only towards the NW/SE of Section 26 (Unit "J"). This forty-acre subdivision is also operated by Arrington, but presently has no well. The working interest participation in both the NE/SE and the NW/SE is

A PROFESSIONAL ASSOCIATION

ALBUQUERQUE
(505) 842-1950

FARMINGTON
(505) 326-4521

LAS CRUCES
(505) 523-2481

SANTA FE
(505) 989-9614

Mr. Mark Fesmire
November 6, 2007
Page 2

identical and are subject to a joint operating agreement. The identities and addresses of all working interest owners are set forth in the attached ballot for the re-completion operation (Exhibit B). As evidenced, all but one of the interest owners have elected to participate. Correspondingly, the elections are effectively waivers from all affected persons within the meaning of Rule 104 F.5 and no further notice would appear to be warranted under the common ownership provision of Division Rule 1210 A.2(b) in any event.

Thank you for your consideration of this request. Should more information be required, please do not hesitate to contact me.

Sincerely

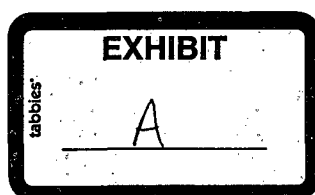
A handwritten signature in black ink, appearing to read "J. Scott Hall", written in a cursive style.

J. Scott Hall

JSH/kfh

Enclosure

Cc: Debbie Freeman, David H. Arrington Oil and Gas, Inc. w/encl.



DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals, and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-36013	² Pool Code 59847	³ Pool Name Townsend; Perm Upper Penn
⁴ Property Code 30566	⁵ Property Name GREEN EYED SQUEALY WORM	⁶ Well Number 1
⁷ OGRID No. 5898	⁸ Operator Name DAVID H. ARRINGTON OIL & GAS, INC.	⁹ Elevation 4055'

¹⁰ Surface Location

BL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
1	26	15 SOUTH	34 EAST, N.M.P.M.		1974'	SOUTH	1129'	EAST	LEA

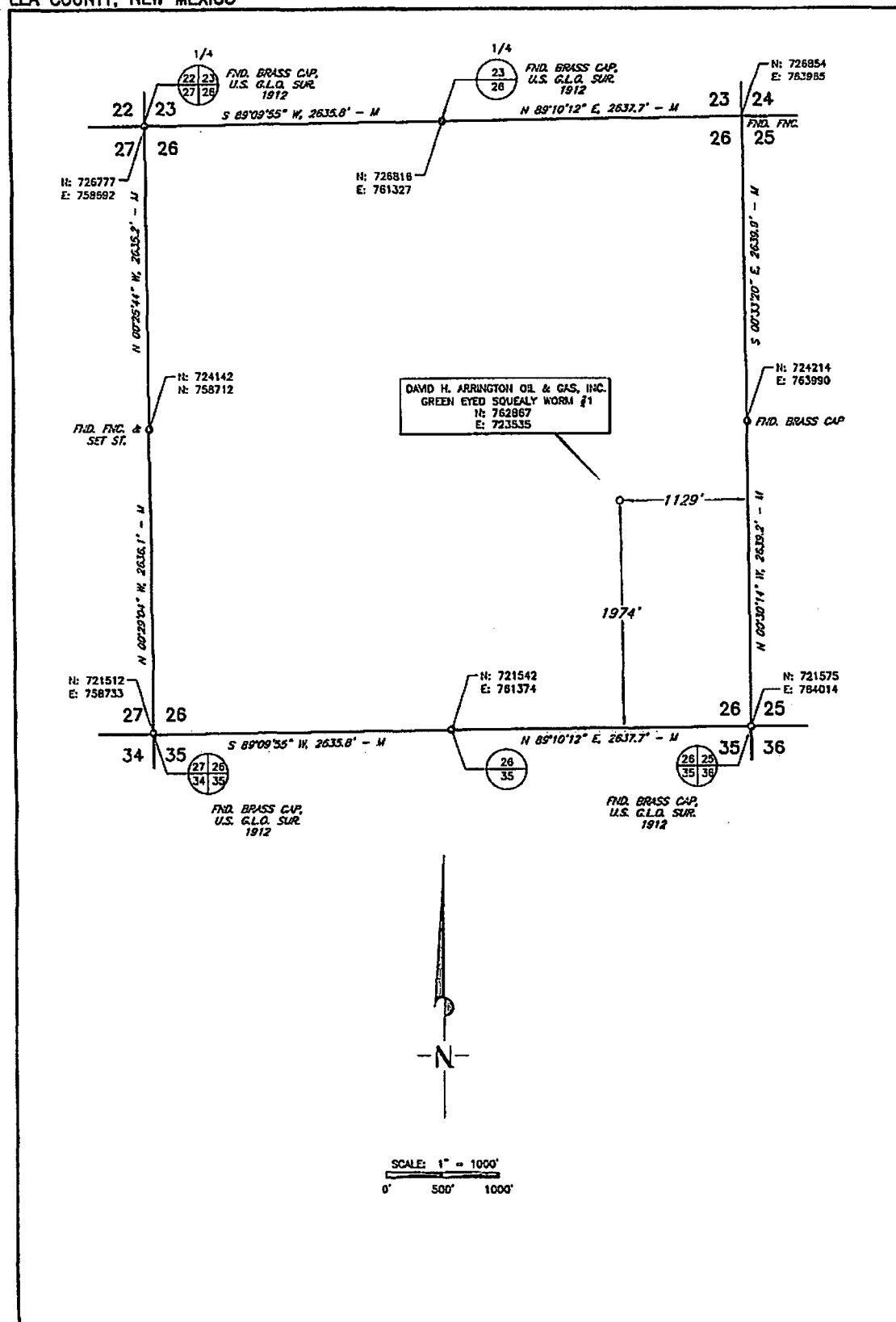
¹¹ Bottom Hole Location If Different From Surface

BL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

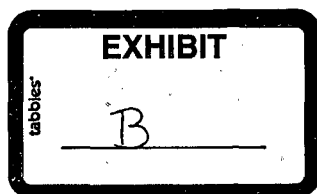
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div><p>¹⁶</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p><p><i>Debbie Freeman</i></p><p>Debbie Freeman</p><p>Permy Tech</p><p>9/12/07</p><p>Date</p></div> <div><p>¹⁸ SURVEYOR CERTIFICATION</p><p>I hereby certify that the well location shown on this plat was plotted from field notes of previous surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p><p>SEPTEMBER 20, 2002</p><p>Date of Survey</p><p><i>V. L. Bezner</i></p><p>Signature and Seal of Professional Surveyor</p><p>Certificate Number V. L. BEZNER R.P.S. #7920 JOB #83776 / 96 NW / J.C.P.</p></div>
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Existing
 PLAT SHOWING PROPOSED WELL LOCATION IN
 SECTION 34, T-15-S, R-34-E, N.M.P.M.
 LEA COUNTY, NEW MEXICO



				DAVID H. ARRINGTON OIL & GAS, INC.	SCALE: AS SHOWN
					DATE: SEPTEMBER 20, 2002
NO.	REVISION	DATE	BY	SURVEYING AND MAPPING BY TOPOGRAPHIC LAND SURVEYORS MIDLAND, TEXAS	JOB NO.: 83776-F
SURVEYED BY: B.K.					QUAD NO.: 96 NW
DRAWN BY: J.C.P.					
APPROVED BY: V.L.B.					SHEET : 1 OF 1



GESW # 1 ELECTION

(Mailed 7/23/2007)

Abandonment of the Morrow and
recompletion of two Cisco intervals

9/20/2007

WI	WI	WI OWNER	Participating	Not Participating
0.32291666	32.29166600%	Chesapeake Energy Corp. Lynda Townsend P.O. Box 960161 OKC, OK 73196-0161 Fax #	√	
0.08072916	8.07291600%	Steve L. Holifield, Sr. P.O. Box 60910 Midland, TX 79711 Fax # (432) 563-0362	√	
0.26934817	26.93481700%	Marshall & Winston, Inc. P.O. Box 50880 Midland, TX 79710-0880 Fax # (432) 682-1316	√	
0.01021563	1.02156300%	Yates Petroleum Corporation 105 S. 4th Street Artesia, NM 88210 Fax# (505) 748-4585	√	
0.00145937	0.14593700%	MYCO Industries, Inc. c/o Yates Petroleum Corporation 105 S. 4th Street Artesia, NM 88210 Fax# (505) 748-4585	√	
0.00145937	0.14593700%	Yates Drilling Co. c/o Yates Petroleum Corporation 105 S. 4th Street Artesia, NM 88210 Fax# (505) 748-4585	√	
0.00145937	0.14593700%	ABO Petroleum Corporation c/o Yates Petroleum Corporation 105 S. 4th Street Artesia, NM 88210 Fax# (505) 748-4585	√	

0	0.00000000%	David Petroleum Corporation 116 West 1st Street Artesia, NM 88210 Fax # (505) 623-1801	✓
0.00706250	0.70625000%		
0	0.00000000%		
		Edward N. David c/o David Petroleum Corp. 116 West 1st Street Roswell, NM 88203 Fax # (505) 623-1801	✓
0.00015625	0.01562500%		
0	0.00000000%		
		William B. Owen c/o David Petroleum Corp. 116 West 1st Street Roswell, NM 88203 Fax # (505) 623-1801	✓
0.00007813	0.00781300%		
0	0.00000000%		
		Keith E. McKamey 4105 White Mill Road Roswell, NM 88203	✓
0.00007813	0.00781300%		
0	0.00000000%		
		Michael A. & Teresa L. McMillan 6900 Oersted Road NE Rio Rancho, NM 87144	✓
0.00031250	0.03125000%		
0	0.00000000%		
		Quanah Exploration LTD Partnership P.O. Box 494 Midland, TX Fax# (432) 682-6504	✓
0.08333000	8.33300000%		
0	0.00000000%		
		Breckenridge Partnership LTD P.O. Box 1973 Roswell, NM 8802-1973 Fax#	✓
0.00052953	0.05295300%		
0	0.00000000%		
		Breckenridge Partnership LTD P.O. Box 1973 Roswell, NM 8802-1973 Fax#	✓
0.00632094	0.63209400%		
0	0.00000000%		

Slash Exploration Limited Partnership
P.O. Box 1973
Roswell, NM 88202-1973
Fax# (505) 622-2512

✓

0.00211828 0.21182800%

0 0.00000000%

David H. Arrington Oil & Gas
P.O. Box 2071
Midland, TX 79701

✓

0.21242601 21.24260100%

0 0.00000000%

1.00000000 100.00000000%