



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 17, 1998

David H. Arrington Oil & Gas, Inc.
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Administrative Order NSL-4186

Dear Mr. Carr:

Reference is made to your application on behalf of the operator, David H. Arrington Oil & Gas, Inc., dated November 30, 1998 for a non-standard oil well location within the Undesignated Diamond-Strawn Pool for its proposed Royal Humpy Well No. 1 to be drilled 1615 feet from the South line and 1161 feet from the East line (Unit I) of Section 16, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico. The NE/4 SE/4 of Section 16 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for this pool.

This application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the New Mexico Oil Conservation Division.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Strawn formation than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or mark.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe