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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

| Applicati | on Ac | ronyms: |
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117

[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]

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

| [-] | [A] | Location - Spacing Unit - Directional Drilling | | | | | | | | |
|-----|--------------|--|---|---------------|------------------|-----------------|--------------|--|--|--|
| | | NSL D | NSP DD | ☐ SD | | | | | | |
| | Check [B] | One Only for [E Commingling - | B] and [C] Storage - Measu | ırement | | | TANO1 | | | |
| | ; | DHC D | CTB PLC | ☐ PC | OLS | OLM | - | | | |
| | [C] | ^_ | oosal - Pressure I PMX | | nhanced Oil EOR | Recovery | #H 1:02 | | | |
| [2] | | ION REQUIRE | | | | | Apply | | | |
| | [A] | ☐ Working, Re | oyalty or Overrid | ling Royalty | / Interest O | wners | | | | |
| | [B] | Offset Opera | ators, Leaseholde | ers or Surfac | ce Owner | | | | | |
| | [C] | ☐ Application | is One Which R | equires Pub | lished Lega | l Notice | | | | |
| | [D] | | and/or Concurre of Land Management - Co | | | | | | | |
| | [E] | ☐ For all of the | e above, Proof of | Notificatio | n or Public | ation is Attacl | hed, 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.

Print or Type Name

Signature

Signature

Explorarian Manager 12-12-00

Title

Date

CAMPBELL, CARR, BERGE 8 SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
ROBERT J. SUTPHIN, JR.

JACK M. CAMPBELL 1916-1999 JEFFERSON PLACE

SUITE ! - IIO NORTH GUADALUPE

POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421 FACSIMILE: (505) 983-6043

E-MAIL: law@westofpecos.com

December 29, 2000

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

Re: Application of David H. Arrington Oil & Gas, Inc. for Administrative Approval of an Unorthodox Well Location for its Green Wooley Booger Federal "5" Well No. 1, located 2330 feet from the South line and 860 feet from the West line of Section 5, Township 19 South, Range 24 East, N.M.P.M., Eddy 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 August 12, 1999, of an unorthodox well location for its Green Wooley Booger Federal Well No.14 to be drilled to the Lower Cisco formation at an unorthodox well location 2330 feet from the South line and 860 feet from the West line Section 5, Township 19 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. A standard 320-acre spacing and proration unit comprised of the E/2 of said Section 5 will be dedicated to the well.

This location in the Cisco formation unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located not closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. This location is unorthodox toward the

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
December 29, 2000
Page 2

inner quarter-quarter section boundary of the proposed 320-acre spacing unit and is encroaching only upon Arrington acreage. No adjoining or diagonal spacing units should be affected by this location. The spacing unit is covered by one federal oil and gas lease and all ownership in the proposed spacing unit is common.

Attached hereto as Exhibit A is a plat showing the subject area and the proposed unorthodox well location. The acreage shaded yellow is operated by David H. Arrington Oil & Gas, Inc. Since the well is located on federal acreage and only encroaches on acreage with common ownership, the correlative rights of no interest owner will be adversely impacted by a well at this proposed unorthodox location. Accordingly, there are no affected persons as defined in Rule 1207.A to whom notice of this application should be provided. Exhibit B is the Division Form C-102 for the proposed well.

A Geological Discussion for this unorthodox well location with attached structure and isopach maps is attached as Exhibit C.

Your attention to this application is appreciated.

William F. Carr

Attorney for David H. Arrington

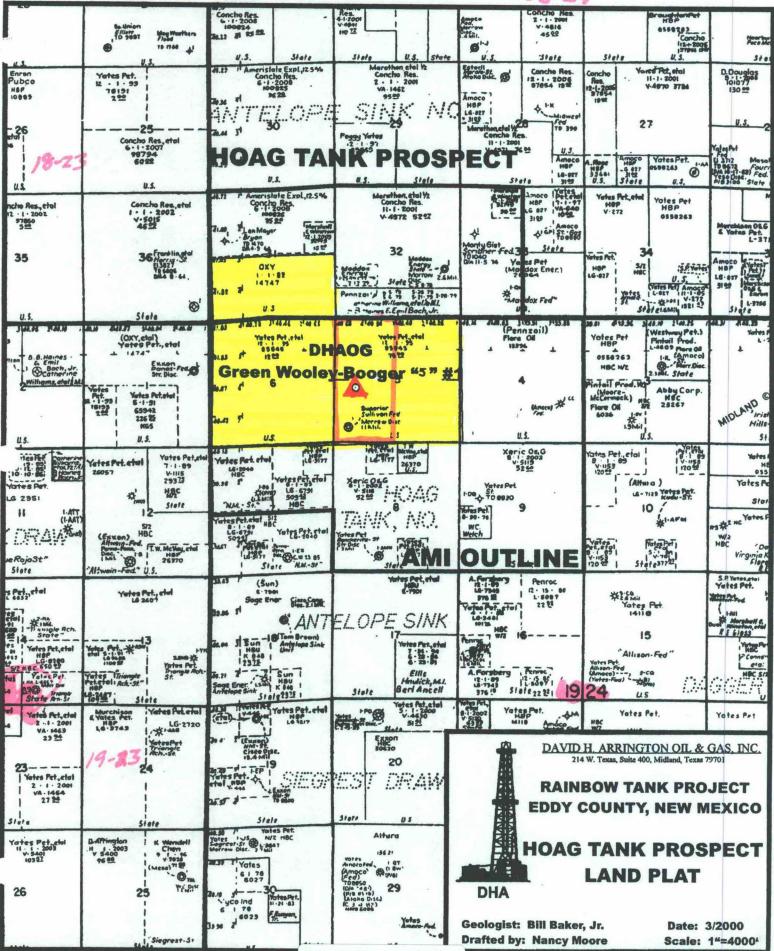
Oil & Gas, Inc.

Enclosures

cc: Bill Baker

David H. Arrington Oil & Gas, Inc.

18-24



<u>DISTRICT I</u>
P. O. Box 1980
Hebbs, NM 88241-1980

State of New Mexico Energy, Minerals, and Natural Resources Department Form C-102 Revised 02-10-94

Instructions on back

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

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

DISTRICT III 1000 Rio Brazos Rd. Aztec, NM 87410

OIL CONSERVATION DIVISION

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

AMENDED REPORT

Signature and Stal of Professional Surveyor

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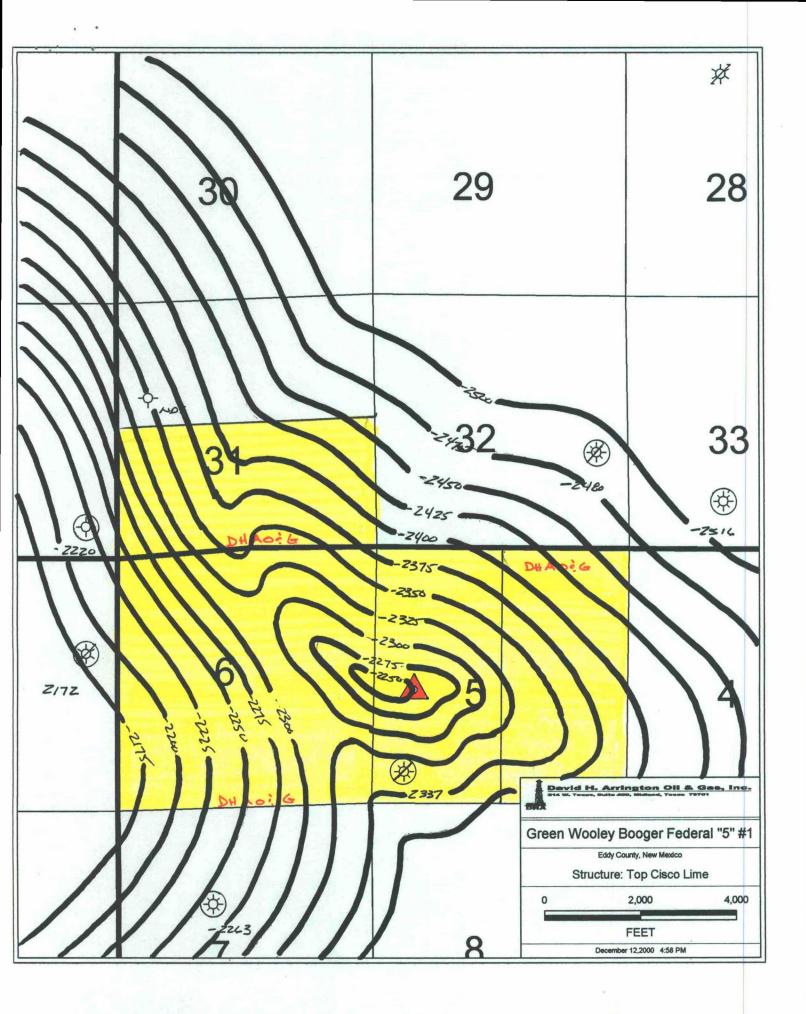
DISTRICT IV
P. O. Box 2088
Sonto Fe, NM 87507-2088 WELL LOCATION AND ACREAGE DEDICATION PLAT 1 API Number ANTELOPE SINK MORE Well Number 4 Property Code ⁵ Property Name GREEN WOOLEY-BOOGER FEDERAL "5" 1 OGRID No. • Elevation Operator Name DAVID H. ARRINGTON OIL & GAS, INC. 3768' "SURFACE LOCATION UL or lot no. Section Township Range Lot Ida Feet from the North/South line Feet from the East/West line County 19 SOUTH 24 EAST, N.M.P.M. 2330' SOUTH 860' WEST **EDDY** "BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE UL or lot po. Section Township 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 18 Order No. 320 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. 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 heat of my belief 860 best of my belief. Date of Survey NOVEMBER 13

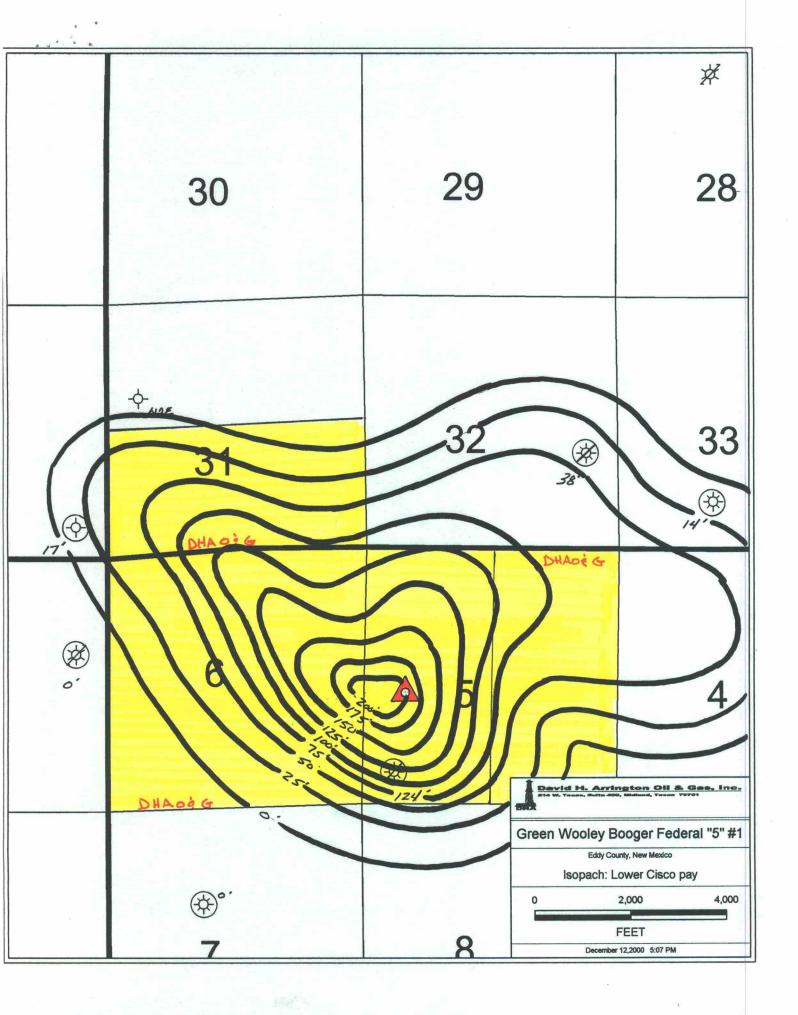
EXHIBIT B

2330

GEOLOGICAL DISCUSSION

The David H. Arrington Oil & Gas, Inc. "Green Wooley Booger Federal "5" #1" is proposed as an 8700' Lower Cisco Gas well located in Section 5,T19S-R24E, of Eddy County, New Mexico. This prospect was generated utilizing subsurface well control and 3-D seismic data to identify the most prospective location for commercial gas production from the Cisco formation. The Cisco formation in this area consists of a large tight gas filled carbonate with the best porosity development and production coming the most thick and structurally high portion of the carbonate bank. Porosity and permeability change and terminate rapidly as you loose structure. The geophysist working this project was instructed to determine the most advantageous structural and stratigraphic position in the Lower Cisco. Using both the structure and porosity mapping in the Lower Cisco (see enclosed maps) our original location was situated at a location of 660' FWL & 2130' FSL, but due to arch problems the BLM requested that the location be moved to the current location of 860' FWL & 2330' FSL of Section 5. This location is unorthodox to the inner boundary of the quarter-quarter, but as the geology indicates, to move to an orthodox location would result in a loss of both structure and porosity and a potential loss of reserves. It should be noted that this unorthodox location does not encroach on any offset or diagonal units and all immediate offset acreage is controlled by David H. Arrington Oil & Gas, Inc.. Granting David H. Arrington Oil & Gas, Inc. request for an this unorthodox location for the "Green Wooley Booger Federal "5" #1 will allow Arrington the best opportunity to establish production capable of preventing waste and protecting correlative rights.





COUNTY Eddy

POOL Antelope Sink-Upper Pennsylvanian Gas

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