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William F. Carr

wcarr@hollandhart.com

March 4, 2003

HAND-DELIVERED

RECEIVED

MAR . 4 2003

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division


Case 13039

Re: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling,
Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of David H. Arrington Oil & Gas, Inc. in the above-referenced case as well as a copy of a legal advertisement. David H. Arrington Oil & Gas, Inc. respectfully requests that this matter be placed on the docket for the March 27, 2003, examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Bill Baker
Post Office Box 2071
Midland, TX 79702

**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.**

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CASE NO. **13039**
Oil Conservation Division

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 Mississippian formation, in the E/2 for all formations developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Vacuum-Atoka Morrow Gas Pool, and in the NE/4 for all formations developed on 160-acre spacing in Section 8 Township 17 South, Range 35 East, NMPM, and in support thereof states:

1. Arrington is a working interest owner in the E/2 of said Section 8 and has the right to drill thereon.
2. Arrington proposes to dedicate the above-referenced spacing or proration units to its Pink Cahill State "8" Well No. 1 to be drilled at a standard gas well location 1300 feet from the North line and 990 feet from the East line (Unit A) of said Section 8. This well will be drilled to a depth sufficient to test any and all formations to the base of the Mississippian formation.

3. Arrington has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the E/2 of said Section 8.

4. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and David H. Arrington Oil & Gas, Inc. should be designated the operator of the well to be drilled.

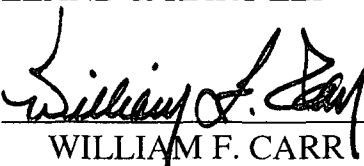
WHEREFORE, David H. Arrington Oil & Gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 27, 2003 and that after notice and hearing as required by law the Division enter its order:

- 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 the Applicant 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:

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

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

EXHIBIT A

**APPLICATION OF DAVID H. ARRINGTON OIL & GAS INC.
FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

NOTIFICATION LIST

Ocean Energy, Inc.
1001 Fannin, Suite 1600
Houston, Texas 77002-6794

McCombs Energy, L.L.C.
5599 San Felipe, Suite 1200
Houston, Texas 77056

Nadel & Gussman Permian, LLC
601 N. Marienfeld
Midland, Texas 79701

CASE 13039

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 Mississippian formation in the E/2 for all formations developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Vacuum-Atoka Morrow Gas Pool, and in the NE/4 for all formations developed on 160-acre spacing in Section 8 Township 17 South, Range 35 East, NMPM. Applicant proposes to dedicate this pooled units to its Pink Cahill State "8" Well No. 1 which will be drilled at a standard gas well location 1300 feet from the North line and 990 feet from the east line in Unit A of said Section 8. 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 7 miles Southwest of Lovington, New Mexico.

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William F. Carr

wcarr@hollandhart.com

March 6, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, Lea County,
New Mexico.

Gentlemen:

This letter is to advise you that David H. Arrington Oil & Gas, Inc. filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests from the surface to the base of the Mississippian formation, in certain spacing units in the E/2 of Section 8, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico. Arrington proposes to dedicate the referenced pooled units to its proposed Pink Cahill State "8" Well No. 1 to be drilled at a standard gas well location 1300 feet from the North line and 990 feet from the East line of said Section 8.

This application has been set for hearing before a Division Examiner on March 27, 2003. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing at the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr
ATTORNEY FOR DAVID H. ARRINGTON OIL &
GAS, INC.

Enc.