

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF DAVID H. ARRINGTON OIL & GAS, INC.
FOR APPROVAL OF AN UNORTHODOX OIL
WELL LOCATION AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.**

CASE NO. 12808

RECEIVED
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

APPLICATION

DAVID H. ARRINGTON OIL & GAS, INC. ("Arrington"), through its undersigned attorneys, hereby makes application to re-complete its existing Mayfly "14" State Well No. 7 located at a previously approved unorthodox gas well location 330 feet from the North and East lines (Unit A) of Section 14, T-16-S, R-35-E, NMPM, Lea County, New Mexico for production from the Strawn Formation, North Shoe Bar-Strawn Pool, and for simultaneous dedication of this well to the previously approved 160-acre oil spacing and proration unit consisting of the NE/4 of this section.

In support of this application Arrington states:

1. Arrington is the operator of the Mayfly "14" State Well No. 7 that is presently completed in the NE/4 of Section 14 in the Cisco Pennsylvanian formation. Arrington is also the operator of the Mayfly "14" State Com Well No. 2, which is an oil well completed and producing at a standard bottom hole location in the NW/4 NW/4 (Unit A) of Section 14 and to which is dedicated a 160-acre oil spacing and proration unit in the Strawn formation, North Shoe Bar-Strawn Pool, comprised of the NW/4 of Section 14.

2. The North Shoe Bar-Strawn Pool is a prorated oil pool developed under special pool rules that require 160-acre oil spacing and proration units and well locations within 150 feet of the center of a governmental quarter-quarter section or lot. Pursuant to Rule 5 of the Special Rules and

Regulations for the North Shoe Bar-Strawn Pool, Arrington seeks to re-complete its Mayfly "14" State Well No. 7 in the Strawn formation, North Shoe Bar-Strawn Pool, at its unorthodox location and to simultaneously dedicate this well to the existing 160-acre oil spacing and proration unit.

3. Arrington's proposed re-completion was opposed by Permian Resources, Inc., an operator in the adjacent Section 13 to the East, and the matter was heard by the Division in Case No. 12663. On September 11, 2001, the Division denied Arrington's proposed re-completion in part because bottomhole pressure data, structure maps, or isopach maps were not presented to justify Arrington's re-completion proposal. *See* Order R-11646.

4. Since the entry of Division Order R-11646, Permian Resource Inc. has drilled a Strawn well in the NW/4 of Section 13, directly to the East of Arrington's Mayfly "14" State Well No. 7. Data from this new Strawn well confirms there is no communication between the Strawn reserves targeted by Arrington's proposed re-completion of the Mayfly "14" State Well No. 7 in the NE/4 of Section 14, and the Strawn formation under Permian's acreage to the East in Section 13. As a result, Arrington's proposal will not impact Permian's correlative rights.

5. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

6. A list of the names and addresses of the persons to whom notice has been sent is attached hereto as Exhibit A.

WHEREFORE, David H. Arrington Oil and Gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 7, 2002, and after notice

and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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Santa Fe, New Mexico 87504-2208
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ATTORNEYS FOR DAVID H. ARRINGTON OIL
AND GAS, INC.

EXHIBIT A

**IN THE MATTER OF THE APPLICATION OF
DAVID H. ARRINGTON OIL & GAS, INC. FOR APPROVAL
OF AN UNORTHODOX OILWELL LOCATION AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.**

Yates Petroleum
105 South Fourth Street
Artesia, New Mexico 88210-2118

Permian Resources, Inc.
Post Office Box 590
Midland, Texas 79702-0590

Chesapeake Operating, Inc.
Post Office Box 18496
Oklahoma City, Oklahoma 73154

CASE 12808:

Application of David H. Arrington Oil and Gas, Inc. for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico.

Applicant in the above-styled cause seeks approval to re-complete its existing Mayfly "14" State Well No. 7 located at an unorthodox location 330 feet from the North and East lines (Unit A) of Section 14, T-16-S, R-35-E, NMPM, for production from the Strawn formation, North Shoe Bar-Strawn Pool and for simultaneous dedication of this well to the previously approved 160-acre oil spacing and proration unit consisting of the NE/4 of said Section 14. This well is located approximately 3 miles west of Lovington, New Mexico.