

**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.

CASE NO. 12865

APPLICATION

DAVID H. ARRINGTON OIL & GAS, INC. ("Arrington"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.S.A. 1978, Section 70-2-17, for an order pooling all mineral interests for all formations and/or pools developed on 320-acre spacing from the surface to the base of the Mississippian formation, under the following acreage in Section 34, Township 14 South, Range 35 East, NMPM, Lea County, New Mexico, in the following manner:

The W/2 of said section 34 to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent.

Said spacing and proration units are to be dedicated to Arrington's proposed Chocolate Foam Wing No. 1 Well, to be drilled at standard location in the NW/4 SW/4 of said Section 34, and in support of its application states:

1. Arrington is a working interest owner in said Section 34 and has the right to drill thereon.
2. Arrington proposes to dedicate the above-referenced spacing or proration units to a well to be drilled at a standard location in the SW/4 of said Section 34, 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 voluntary agreement for the development of these spacing and proration units from those interest owners identified on Exhibit A to this application.

4. Said 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 May 16, 2002, and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Arrington operator of these spacing and proration units, and authorizing Arrington to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Arrington in drilling, completing and equipping the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 

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

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

**SECTION 34, TOWNSHIP 14 SOUTH, RANGE 35 EAST,
NMPM, LEA COUNTY, NEW MEXICO**

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Abo Petroleum Corporation
331 West Main, Suite A
Artesia, New Mexico 88210

Myco Industries, Inc.
Post Office Box 840
Artesia, New Mexico 88211

Yates Drilling Corporation
105 South Fourth Street
Artesia, New Mexico 88210

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

CASE 12865. Application of David H. Arrington Oil & 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 W/2 of Section 34, Township 14 South, Range 35 East, NMPM, Lea County, New Mexico, in the following manner: the W/2 for all formations developed on 320-acre spacing. Applicant proposes to dedicate these pooled units to its proposed Chocolate Foam Wing No. 1 Well, to be drilled at a standard gas well location in the NW/4 SW/4 of said Section 34. 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 6 miles northwest of Lovington, New Mexico.