

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 AND GAS, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE No. 13012

RECEIVED
OCT 12 1980
OIL CONSERVATION DIVISION
SANTA FE, N.M.

APPLICATION

DAVID H. ARRINGTON OIL AND GAS, INC., by its undersigned attorneys, Miller Stratvert P.A. (J. Scott Hall), hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978) for an order pooling all mineral interests underlying the following described acreage in Section 25, Township 15 South, Range 34 East, NMPM: a.) S/2 to form a standard 320-acre lay-down gas spacing and proration unit ("the 320-acre Unit") for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the North Eidson-Morrow Gas Pool; b.) SE/4 to form a standard 160-acre spacing and proration unit ("the 160-acre Unit") for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and c.) E/2 SE/4 to form a standard 80-acre stand-up oil spacing and proration unit ("the 80-acre Unit") for any and all formations and/or pools developed on 80-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40 acre oil spacing and proration unit ("the 40-acre Unit") for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. Said units are to be dedicated to Applicant's proposed Steve's Hopper 25 Well No. 1 to be drilled at a standard 320-acre spacing and proration unit gas well location 1980 feet from the South line and 660 feet from

the East line in the NE/4 SE/4 (Unit "I") of said Section 25 to a depth sufficient to test the Atoka, Morrow and Mississippian formations. Also to be considered will be 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 David H. Arrington Oil and Gas, Inc. or its designee as operator of the well and a charge for risk involved in drilling said well. Applicant, in support thereof would show the Division:

1. Applicant owns a substantial portion of the working interest in and under the S/2 of Section 25, and Applicant has the right to drill thereon.

2. Applicant has sought, but has been unable to obtain either voluntary agreement for pooling or farmout from one hundred percent of the other interest owners in the S/2 of said Section 25.

3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on February 20, 2003, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for applicant to recover its costs of supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed

by the Applicant in drilling, completing and equipping the well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

MILLER STRATVERT P.A.

By: J. Scott Hall
J. Scott Hall
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614

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

Proposed Advertisement

Case No. 13012 Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the S/2 of Section 25, Township 15 South, Range 34 East and in the following manner: a.) S/2 to form a standard 320-acre lay-down gas spacing and proration unit ("the 320-acre Unit") for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the North Eidson-Morrow Gas Pool; b.) SE/4 to form a standard 160-acre spacing and proration unit ("the 160-acre Unit") for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and c.) E/2 SE/4 to form a standard 80-acre stand-up oil spacing and proration unit ("the 80-acre Unit") for any and all formations and/or pools developed on 80-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40 acre oil spacing and proration unit ("the 40-acre Unit") for all any and all formations and/or pools developed on 40-acre spacing with that vertical extent. Said units are to be dedicated to Applicant's proposed Steve's Hopper 25 Well No. 1 to be drilled at a standard 320-acre spacing and proration unit gas well location 1980 feet from the South line and 660 feet from the East line in the NE/4 SE/4 (Unit "1") of said Section 25 to a depth sufficient to test the Atoka, Morrow and Mississippian formations. Also to be considered will be 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 David H. Arrington Oil and Gas, Inc. or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 5 miles northwest of Lovington, New Mexico.

RECEIVED
OCT 28 11 30 AM '08