

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 15, 2007

Mr. J. Scott Hall
Miller Stratvert
P.O. Box 1986
Santa Fe, NM 87504-1986

Administrative Order NSL-5700

**Re: David H. Arrington Oil and Gas, Inc.
BV Culp NCT A Com Well No. 1
API No. 30-025-38552
Unit O, Section 19-19S-37E
Lea County**

Dear Mr. Hall:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-26158781**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 18, 2007, on behalf of David H. Arrington Oil and Gas Inc. (Arrington), and

(b) the Division's records pertinent to this request.

Arrington has requested to drill the above-referenced well at an unorthodox well location, 1154 feet from the South line and 1968 feet from the East line (Unit O) of Section 19, Township 19 South, Range 37 East, N.M.P.M., in Lea County, New Mexico. The N/2 and SE/4 of Section 19 will be dedicated to this well. This area constitutes an existing non-standard, approximately 477-acre gas spacing unit in the Eumont-Yates/Seven Rivers/Queen Gas Pool (76480), approved by Order R-1487, issued on September 14, 1959.

Spacing in this pool is governed by Rule 3(a)(2) of the Special Rules for the Eumont Gas Pool, as amended by Order R-8170-P, effective December 14, 2001, which provides that a gas well shall be at least 660 feet from any unit outer boundary, 660 feet from any governmental quarter section line, and 330 feet from any quarter/quarter section line. This location is less than 330 feet from the northern boundary of the SW/4 SE/4 of Section 19.

Your application on behalf of Arrington has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location to avoid interference with existing surface improvements.


It is also understood that notice of this application to offsetting operators or owners is unnecessary because the boundary towards which the location encroaches is internal to the spacing unit.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

 Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe