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May 12, 2003

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

**RECEIVED**

MAY 12 2003

*Case 13081*

Oil Conservation Division

Re: Application of David H. Arrington Oil & Gas, Inc. for Compulsory Pooling,  
Lea County, New Mexico.  
Royal Stimulator "31" Well No. 2

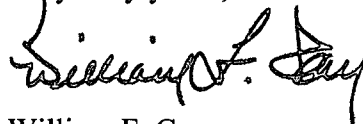
Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of David H. Arrington Oil & Gas, Inc. in the above-referenced case as well as a copy of the legal advertisement. David H. Arrington Oil & Gas, Inc. requests that this matter be placed on the docket for the June 5, 2003 Examiner Hearing.

This matter was the subject of a Examiner hearings in Case Nos. 12752 and 12858 and Division Order Nos. R-11690 and R-11776, entered November 16, 2001 and May 2, 2002. However, said pooling orders have expired by their own terms. Since Arrington intends to proceed with this project, we are filing a new application and will ask that the record from the Case 12752 be incorporated into this matter. As a result, the legal advertisement provided to the Division contains the following language: "In absence of objection this matter will be taken under advisement."

If there is any problem with this approach, please advise.

Very truly yours,



William F. Carr

cc: David Brooks, Esq.

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

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MAY 12 2003

Oil Conservation Division

CASE NO. 13081

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

**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 uncommitted mineral interests from the surface to the base of the Mississippian formation, under the following acreage in irregular Section 31, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico:

- A. Lots 1, 2, 3 and 4 and the E/2 W/2, (W/2 equivalent) to form a standard 320.56 acre stand-up gas spacing and proration unit for all formations or pools spaced on 320 acre spacing within that vertical extent;
- B. The SW/4 to form a standard 160.14 acre gas spacing and proration unit for all formations or pools spaced on 160 acres within that vertical extent; and
- C. The SW/4 NW/4 (Unit E) to form a standard 40.17 acre oil spacing and proration unit for all formations or pools spaced on 40 acres within that vertical extent, which presently includes but is not necessarily limited to the Caudill Permo-Upper Pennsylvanian Pool and the Undesignated Townsend Permo-Upper Pennsylvanian Pool.

These spacing and proration units are to be dedicated to Arrington's proposed Royal Stimulator "31" Well No. 2 to be drilled at a standard location in the W/2 of Section 31. The well will commence at a surface location 2235 feet from the North line and 330 feet from the West line (Unit E) of said Section 31, will be drilled vertically to a depth sufficient to test the Wolfcamp formation, and then directionally drilled in a southeasterly direction to a standard bottomhole location 1900 feet from the South line and 1300 feet from the West Line (Unit L) of said Section 31 to a depth sufficient to test the Mississippian formation.

In support of this application, Arrington states:

1. Arrington is a working interest owner in each of the proposed spacing and proration units and has the right to drill thereon.
2. Arrington has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in each of the proposed spacing and proration units.
3. The requested 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, all mineral interests should be pooled, and Arrington should be designated operator of the proposed well.
5. This matter was the subject of an Examiner hearing in Case No. 12752 and Division Order No. R-11690, entered November 16, 2001 and Case No. 12858 and Division Order No. R-11776. However, said pooling Orders expired by their own terms and Arrington now intends to proceed with this project, thereby necessitating this new application.

WHEREFORE, Arrington requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 5, 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 units,
- B. designating Arrington operator of the units 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 Arrington 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: 

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**

**NOTICE LIST**

**DAVID H. ARRINGTON OIL & GAS, INC.  
FOR COMPULSORY POOLING  
W/2 OF SECTION 31, TOWNSHIP 15 SOUTH, RANGE 36 EAST, N.M.P.M.  
LEA COUNTY, NEW MEXICO.**

Anson Gas Corporation  
4005 NW Expressway  
Suite 400E  
Oklahoma City, Oklahoma 73116

Estate of Rada Jackson & Unknown  
Heirs; Thelma Champion and  
Mattie Pou, Assumed Heirs  
c/o Thelma Champion  
4932 Lyndon Drive  
Fort Worth, Texas 76116

Jerry D. Billington, Assumed Heir of  
Jamie Ann Medlin Billington  
4911 Matador  
Amarillo, Texas 79109

Robert Freck  
Post Office Box 4045  
Bergheim, Texas 78004

Shawn Freck  
Post Office Box 4045  
Bergheim, Texas 78004

Estate of Thelma Ann Turner  
& Unknown Heirs  
705 East Alston  
Hobbs, New Mexico 88240

James E. Bailey and Wilma J.  
Lair/Unknown Heirs  
Post Office Box 811  
Lovington, New Mexico 88260

Vera B. Selman  
1713 West Avenue J  
Lovington, New Mexico 88260

**CASE 13081:** **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 underlying Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) of irregular Section 31, Township 15 South, Range 36 East in the following manner: Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) to form a standard 320.56 acre stand-up gas spacing and proration unit for any formation or pool spaced on 320 acres within that vertical extent; the SW/4 to form a standard 160.14 acre gas spacing and proration unit for all formations or pools spaced on 160 acres within that vertical extent; and the SW/4 NW/4 (Unit E) to form a standard 40.17 acre oil spacing and proration unit for all formations or pools spaced on 40 acres within that vertical extent, which presently includes but is not necessarily limited to the Caudill Permo - Upper Pennsylvanian Pool and the Undesignated Townsend Permo - Upper Pennsylvanian Pool. These spacing and proration units are to be dedicated to Arrington's proposed Royal Stimulator "31" Well No. 2 to be drilled at a standard location in the W/2 of Section 31. The well will commence at a surface location 2235 feet from the North line and 330 feet from the West line (Unit E) of said Section 31, will be drilled vertically to a depth sufficient to test the Wolfcamp formation, and then directionally drilled in a southeasterly direction to a standard bottomhole location 1900 feet from the South line and 1300 feet from the West Line (Unit L) of said Section 31 to a depth sufficient to test the Mississippian formation. 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one mile north of Lovington, New Mexico. This matter was previously the subject of an Examiner hearing in Case No. 12752 and Division Order No. R-11690, entered November 16, 2001. Said pooling Order expired by its own terms on February 28, 2002, necessitating this new application. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

**RECEIVED**  
MAY 12 2003  
Oil Conservation Division