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William F. Carr

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June 17, 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

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JUN 17 2003

Oil Conservation Division

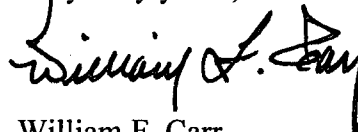
Re: **Case 13081 (Reopened and Readvertised)** Amended Application of David H. Arrington Oil & Gas, Inc. for Compulsory Pooling, and unorthodox well locations, Lea County, New Mexico.
Royal Stimulator "31" Well No. 2

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 July 10, 2003 Examiner Hearings.

This matter was the subject of 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. Said pooling orders have expired by their own terms. Since Arrington intends to proceed with this project, we filed a new application that came on for hearing before Examiner Stogner on June 5 and 10, 2003. Following the hearing, the Arrington was advised that the unorthodox locations in the shallower horizons should also be included in this application and Arrington therefore has amended this application to reflect these locations and requests that the case be reopened for further hearing on July 10, 2003.

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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JUN 17 2003

Oil Conservation Division

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

**CASE NO. 13081
(REOPENED AND
READVERTISED)**

AMENDED 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 surface location 2235 feet from the North line and 330 feet from the West line of Section 31 and at a depth of 8800 feet directionally drilled to a depth sufficient to test the Wolfcamp formation an unorthodox well location 2471 feet from the North line and 527 feet from the West line (Unit E) of the section. The well will then be directionally drilled in a southeasterly direction intersecting the Strawn formation at an unorthodox location 2305 feet from the South line and 888 feet from the West line of said Section 31 and the Atoka formation at an unorthodox gas well location 2192 feet from the South line and 1038 feet from the West line of said Section 31. The well will intersect the Morrow formation, the primary target interval at a standard location 1979 feet from the South line and 1218 feet from the West line (Unit L) of said Section 31 and continue drilling to a standard bottomhole location in the in the Mississippian formation 1900 feet from the South line and 1300 feet from the West line of said Section 31..

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 application. The application has been amended to reflect the unorthodox location of the wellbore in the intervals above Arrington's principal objectives in the well in the Morrow formation and the Austin Clastics and therefore at the request of the Division asks that the case be reopened for further testimony.

WHEREFORE, Arrington requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 10, 2003 and that after notice and hearing as required by law the Division enter its order:

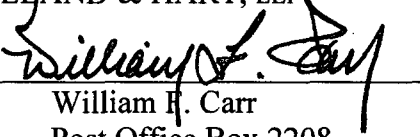
- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Arrington operator of the units and the well to be drilled thereon,
- C. authorizing Arrington to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures,

- 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, and
- F. Approving the unorthodox locations for this well in the formations above the principal objectives in the well.

Respectfully submitted,

HOLLAND & HART, LLP

By:


William H. 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

**AMENDED APPLICATION OF
DAVID H. ARRINGTON OIL & GAS, INC.
FOR COMPULSORY POOLING AND UNORTHODOX WELL LOCATIONS
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 (Reopened and Readvertised): Amended Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling and unorthodox well locations, 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 surface location 2235 feet from the North line and 330 feet from the West line of Section 31 and at a depth of 8800 feet directionally drill to a depth sufficient to test the Wolfcamp formation at an unorthodox location 2471 feet from the North line and 527 feet from the West line (Unit E) of the section. The well will then be directionally drilled in a southeasterly direction intersecting the Strawn formation at an unorthodox location 2305 feet from the South line and 888 feet from the West line of said Section 31 and the Atoka formation at an unorthodox gas well location 2192 feet from the South line and 1038 feet from the West line of said Section 31. The well will intersect the Morrow formation, the primary target interval, at a standard location 1979 feet from the South line and 1218 feet from the West line (Unit L) of said Section 31 and continue drilling 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 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.