

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12079

APPLICATION OF DAVID H.
ARRINGTON OIL AND GAS, INC.
FOR COMPULSORY POOLING,
DIRECTIONAL DRILLING AND AN
UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr & Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

David H. Arrington Oil & Gas, Inc.
c/o David H. Arrington
Post Office Box 2071
Midland, TX 79702
(915) 682-6685

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

INTERESTED PARTY

ATTORNEY

OIL CONSERVATION DIV.
30 NOV -4 PM 3:46

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

David H. Arrington Oil and Gas, Inc., applicant in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Lower Mississippian formation underlying Lots 9, 10, 15 and 16 and the SE/4 for all formations developed on 320-acre spacing including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SE/4 for all formations developed on 160-acre spacing, the N/2 SE/4 for all formations developed on 80-acre spacing including the Undesignated Big Dog-Strawn Pool, and the NE/4 SE/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate this pooled unit to its Parachute Adams Well No. 1 to be directionally drilled from a surface location 1859 feet from the South line and 777 feet from the East line (Unit I) to an unorthodox gas well bottomhole location 1450 feet from the South line and 990 feet from the East line (Unit I) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator off the well and a charge for risk involved in drilling the well.

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

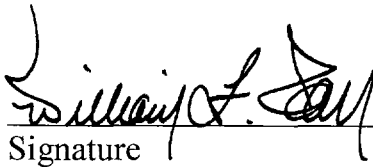
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Dale Douglas, Landman	10 Min.	Approximately 5
Bill Baker, Geologist	10 Min.	Approximately 2

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature