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October 12, 1999

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

1327-1

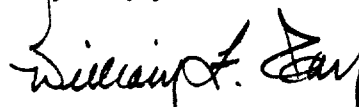
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Re: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling,
directional drilling, and an unorthodox well location, Lea County, New
Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of David H. Arrington Oil & Gas, Inc. in the above-referenced case as well as a copy of a legal advertisement. David H. Arrington Oil & Gas, Inc. respectfully requests that this matter be placed on the docket for the November 4, 1999, Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:md
Enclosures

cc: David H. Arrington (w/enclosures)
Dale Douglas (w/enclosures)
Post Office Box 2071
Midland, TX 79702

**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 & GAS, INC.
FOR COMPULSORY POOLING, DIRECTIONAL
DRILLING AND AN UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO.**

CASE NO. 12274

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 mineral interests from the surface to the base of the Wolfcamp formation, for all formations developed on 40-acre spacing in the SE/4 NE/4 Section 29, Township 15 South, Range 36 East, NMPM, to be dedicated to its Prince Nymph Well No. 1-A which it proposes to directionally drilled as a wildcat well to an unorthodox bottomhole location 2440 feet from the North line and 866 feet from the East line of said Section 29 and in support thereof states:

1. Arrington is a working interest owner in the SE/4 NE/4 of said Section 29 and has the right to drill thereon.

2. Arrington proposes to dedicate the above-referenced spacing or proration unit to its Prince Nymph Well No. 1-A to be drilled by re-entering its Prince Nymph Well No. 1 located 2308 feet from the South line and 943 feet from the East line (Unit I) of said Section 29 and kicking off and directionally drill in a northerly direction to an unorthodox bottom hole location within 50 feet of a point 2440 feet from the North line and 866 feet

from the East line (Unit H) of said Section 29, provided, however, that the bottomhole location will not be farther than 2440 feet from the North line of Section 29 (closer than 200 feet to the southern boundary of the dedicated 40-acre spacing unit). If Arrington is unable to directionally drill this well, Arrington proposes to drill a straight hole at the requested unorthodox well location. Arrington proposes to drill this well as a wildcat well to a depth sufficient to test any and all formations to the base of the Wolfcamp formation.

3. Arrington has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SE/4 SE/4 of said Section 29.

4. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. 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 David H. Arrington Oil & Gas, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, David H. Arrington Oil & Gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 1999 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 unit,
- B. designating David H. Arrington Oil & Gas, Inc. operator of the unit 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 Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:



WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

EXHIBIT A

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

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Lovington, NM 88260

Tom R. Cone
P.O. Box 778
Jay, OK 7436

Anson Energy Corporation
P.O. Box 24060
Oklahoma City, OK 73124

DALCO Petroleum, L.L.C.
C/O David Lynch
P.O. Box 1904
Lovington, NM 88260

J.M. Mineral & Land Co.
C/O Jon M. Morgan
P.O. Box 1015
Midland, TX 79702

E. L. Brahaney
223 W. Wall
Midland, TX 79701

Kenneth G. Cone
2533 Old Broadmoor Road
Colorado Springs, CO 80906

Douglas L. Cone
P.O. Box 93355
Lubbock, TX 79413

Bahlburg Exploration
C/O William C. Bahlburg
P.O. Box 866937
Plano, TX 75086

Gary J. Lamb, Inc.
C/O Gary J. Lamb
P.O. Box 3383
Midland, TX 79702

Magnolia Royalty Company, Inc.
P.O. Box 79702
Midland, TX 79702

David H. Arrington Oil & Gas, Inc.
P.O. Box 2071
Midland, TX 79702

CASE 12274

Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, directional drilling and an unorthodox well location, 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 Wolfcamp formation, underlying the SE/4 NE/4 for all formations developed on 40-acre spacing, in Section 29, Township 15 South, Range 36 East, NMPM. Applicant proposes to dedicate this pooled units to its Prince Nymph Well No. 1-A which will be drilled by re-entering the Prince Nymph Well No. 1 located 2308 feet from the South line and 943 feet from the East line in Unit I of said Section 29 and kicking off and directionally drilling in a northerly direction to an unorthodox bottom hole location within 50 feet of a point 2440 feet from the North line and 866 feet from the East line in Unit H of said Section 29 provided, however, the bottomhole location shall not be closer than 200 feet to the southern boundary of the dedicated 40-acre spacing unit. 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 2 miles northeast of Lovington, New Mexico.

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