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November 23, 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

12313

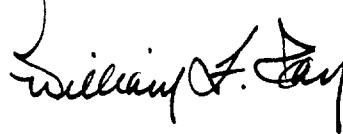
OIL CONSERVATION DIV.
99 NOV 23 PM 4:51

Re: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling and directional drilling, 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 December 16, 1999 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC/md

Enclosures

cc: Dale Douglas (w/enclosures)
Bill Baker (w/enclosures)

**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 AND DIRECTIONAL
DRILLING, LEA COUNTY, NEW MEXICO.**

CASE NO. 12313

OIL CONSERVATION DIV.
99 NOV 23 PM 4:51

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 Strawn formation, Northeast Lovington-Penn Pool, in the following spacing and proration units:

- A. the NW/4 SW/4 for all formations and/or pools developed on 40 acre spacing,
and
- B. a 160-acre Project Area to be comprised of two standard 80-acre standard spacing and proration units (W/2 SW/4 and the E/2 SW/4) which encompass the SW/4 of Section 10, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico. The pooled Project Area is to be dedicated to the Arrington H&L Variance "10" Well No. 1 to be directionally drilled from an unorthodox surface location 2,130 feet from the South line and 330 feet from the West line to a depth of approximately 11,600 feet and then laterally drilled

to a point where it penetrates the Strawn formation at a standard location 2,130 feet from the South line and not closer than 510 feet to the West line of said Section 10 and then in an easterly direction for 1,400, feet more or less.

In support of its application Arrington states:

1. Arrington is a working interest owner in the SW/4 of said Section 10 in the Northeast Lovington-Pennsylvanian Pool and has the right to drill thereon.
2. Arrington proposes to drill a horizontal well in the SW/4 of Section to produce Strawn formation reserves which are located in an algal mound which is under at least three of the 40-acre tracts in the SW/4 of this section. A horizontal well bore will avoid the drilling of unnecessary wells and will most effectively produce the reserves in this small reservoir.
3. The Northeast-Lovington Pennsylvanian Pool is governed by Special Rules and Regulations which provide for 80-acre spacing and proration units (Rule 2) and for wells to be located within 150 feet of the center of a governmental quarter -quarter Section (Rule 4).
4. Arrington proposes to drill its H&L Variance "10" Well No. 1 as a directional well in a Project Area comprised of two standard 80-acre spacing or proration units in the Strawn formation, Northeast Lovington-Pennsylvanian Pool. This well will be drilled at a standard surface location 2,130 feet from the South line and 330 feet from the West of said Section 10. At an approximate depth of 11,600 feet the well will be laterally drilled to the east to a point where it penetrates the Strawn formation in the Northeast Lovington-

Pennsylvanian Pool and then horizontally drilled for 1400 feet, more or less. The total depth of the directional hole will be approximately 12, 817 feet.

5. The well bore will at a standard location where it enters the Strawn formation and will be confined within a Producing Area within the SW/4 of Section 10 which is 510 feet from the outer boundary of the Project Area.

6. Arrington has been unable to locate certain mineral owners in the SW/4 of said Section 10 and has therefore been unable to attempt to reach a voluntary agreement with these owners for the development of this acreage.

7. Said pooling of interests and the drilling of the H&L Variance "10" Well No. 1 as proposed will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

8. In order to permit the Arrington 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 December 16, 1999 and, after notice and hearing as required by law, the Division enter its order:

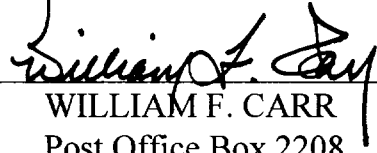
- A. pooling all mineral interests in the subject spacing and proration units,
- B. approving the directional drilling of the H&L Variance "10" Well No. 1 to the proposed,

- C. designating David H. Arrington Oil & Gas, Inc. operator of these units and the well to be drilled thereon,
- D. authorizing Arrington to recover its costs of drilling, equipping and completing the well,
- E. 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
- F. imposing a penalty for the risk assumed by 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,

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

By:


WILLIAM F. CARR

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ATTORNEYS FOR DAVID H. ARRINGTON
OIL & GAS, INC.

EXHIBIT A

Robert L. Miller, Trustee for
the benefit of Ada Leora Medlin
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Fort Worth, TX 76103

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Midland, TX 79701

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P.O. Box 18496
Oklahoma City, OK 73154