

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
ROBERT J. SUTPHIN, JR.

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

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OIL CONSERVATION DIV.

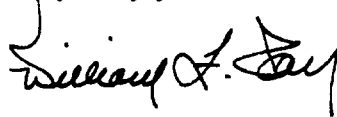
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling,
Eddy 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 16, 2000, 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,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 12542

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 Morrow formation, under the following acreage in Section 15, Township 18 South, Range 24 East, NMPM, Eddy County, New Mexico:

- A. S/2 to form a standard gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Penasco Draw-Permo Penn Gas Pool, the Undesignated Antelope Sink-Atoka Gas Pool, and the Undesignated North Antelope Sink-Morrow Gas Pool; and
- B. SE/4 to form a standard 160-acre gas spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent.

Said spacing and proration units are to be dedicated to the David H. Arrington Oil & Gas, Inc. Gold Stonefly Federal "15" Well No. 1 which it proposes to drilled at a standard gas well location in the SE/4 of Section 15, and in support of its application states:

1. Arrington is a working interest owner in the S/2 of said Section 15 and has the right to drill thereon.

2. Arrington proposes to dedicate the above-referenced spacing or proration unit to its Gold Stonefly Federal "15" Well No. 1 to be drilled to a depth sufficient to test any and all formations from the surface to the base of the Morrow formation.

3. Arrington has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 of said Section 15 identified on Exhibit A to this application.

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 16, 2000 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

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

EXHIBIT A

CASE NO. _____

**APPLICATION OF DAVID H. ARRINGTON OIL & GAS INC.
FOR COMPULSORY POOLING
S/2 SECTION 15, TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
EDDY COUNTY, NEW MEXICO.**

Concho Resources, Inc.
110 West Louisiana Ave.
Suite 410
Midland, Texas 79701

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702

CASE 12542:

Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying S/2 for all formations developed on 320-acre spacing including but not limited to the Penasco Draw-Permo Ponn Gas Pool, the Undesignated Antelope Sink-Atoka Gas Pool, and the Undesignated North Antelope Sink-Morrow Gas Pool, and the SE/4 for all formations developed on 160-acre spacing all in Section 15, Township 18 South, Range 24 East, NMPM. Applicant proposes to dedicate this pooled units to its Gold Stonefly Federal "15" Well No. 1 to be drilled at a standard gas well in the SE/4 of said Section 15. 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 8 miles southwest of Artesia, New Mexico.