



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

March 14, 2001

Lori Wrotenbery

Director

Oil Conservation Division

David H. Arrington Oil & Gas, Inc.
c/o **Holland & Hart LLP and Campbell & Carr**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

Re: Division Case No. 12560 - Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling, directional drilling, and an unorthodox well location, Lea County, New Mexico.

Dear Mr. Carr:

In preparing an order in the subject case I found a few inconsistencies between the information presented and the actual operations that were occurring at the time the case was presented on December 21, 2000 and that have occurred since.

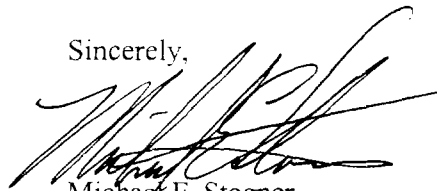
This case was advertised for the well to be directionally drilled to a total depth of 14,550 feet to test down to the Morrow formation. It's surface location was to be 1465 feet from the South line and 1936 feet from the West line (Unit F) of Section 31, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico. The Division's records indicate that the well was spudded on December 16, 2000 at a surface location 1485 feet from the North line and 1890 feet from the West line of Section 31 and was drilled vertically to a depth of 10,840 feet whereby a 5-1/2 inch string of production casing was set. Further, all drilling proposals and subsequent sundry notices included the Mississippian formation as the intended zone of interest.

Such costs differences could be significant between the evidence presented versus actual expenditures. Further, any order issued should properly identify and include the intended zone of interests.

It should be further noted that the Division's records indicate this well to be two miles from the West Lovington-Strawn Pool, which is beyond the regulatory limits of any pool spaced on 80 acres (see Division Rule 104.A).

Could you please advise me as to the applicant's desires and intentions so that the Division can proceed with an order based on the evidence presented if applicable or reopen and readvertise accordingly. Thank you for your assistance in this matter.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs