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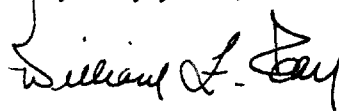
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling,
directionally 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 December 21, 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

OIL CONSERVATION DIV
NOV 29 4:55 PM

12560

**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. 12560

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 Irregular Section Section 31, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico:

- A. Lots 1, 2, 3, 4 and the E/2 W/2, (W/2 equivalent) to form a standard gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent;
- B. Lots 1, 2 and the E/2 NW/4, (NW/4 equivalent) to form a standard gas spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent;
- C. E/2 NW/4 to form a standard 80-acre spacing and proration unit for formations

and/or pools developed on 80-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the Undesignated West Lovington-Strawn Pool; and

- D. The SE/4 NW/4 to form a standard 40-acre spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the Townsend-Permo Upper Pennsylvanian Pool.

These spacing and proration units are to be dedicated to the David H. Arrington Oil & Gas, Inc. Royal Stimulator Well No. 1 which it proposes to drilled as a straight hole at an unorthodox location 1465 feet from the North line and 1936 feet from the West line of said Section 31 to a depth sufficient to test the Wolfcamp formation and then directionally drill the well in a southwesterly direction to an unorthodox bottomhole location 2200 feet from the South line and 933 feet from the West Line of said Section 31 to test the Atoka and Morrow formations, and in support of its application states:

1. Arrington is a working interest owner in the W/2 of said Section 31 and has the right to drill thereon.
2. Arrington proposes to dedicate the above-referenced spacing or proration units to its Royal Stimulator Well No. 1 to be drilled to a depth sufficient to test any and all formations 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 W/2 of said Section 31.

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

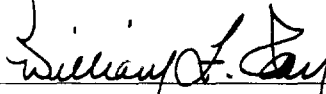
5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and David H. Arrington Oil & Gas, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, David H. Arrington Oil & Gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 21, 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,
- 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, and
- F. approving the directional drilling and the unorthodox location of the well .

Respectfully submitted,

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

By: 
WILLIAM F. CARR
Post Office Box 2208
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ATTORNEYS FOR DAVID H. ARRINGTON
OIL & GAS, INC.

CASE 12560!

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 Morrow formation, underlying Lots 1, 2, 3, 4 and the E/2 W/2 (W/2 equivalent) for all formations and/or pools developed on 320-acre spacing; Lots 1, 2, and the E/2 NW/4 (NW/4 equivalent) for all formations and/or pools developed on 160-acre spacing; the E/2 NW/4 for all formations and/or pools developed on 80-acre spacing including but not limited to the Undesignated West Lovington-Strawn Pool; and the SE/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Townsend-Permo Upper Pennsylvanian Pool, all in Irregular Section 31, Township 15 South, Range 36 East, NMPM. Applicant proposes to dedicate this pooled units to its Royal Stimulator Well No. 1 to be drilled at an unorthodox well location 1465 feet from the North line and 1936 feet from the West line of said Section 31 and drilled to a depth sufficient to test all formations to the base of the Wolfcamp formation and then directionally drill in a southwesterly direction to an unorthodox bottomhole location in the Atoka and Morrow formations at a point 2200 feet from the South line and 933 feet from the West line of Section 31. 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 one mile north of Lovington, New Mexico.