

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 12602**

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

OIL CONSERVATION DIV.  
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**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart LLP and Campbell & Carr, as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

David H. Arrington Oil & Gas, Inc.  
Attention: Bill Baker  
Post Office Box 2071  
Midland, Texas 79702  
(915) 682.6685

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP and Campbell & Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988.4421

**STATEMENT OF CASE**

**APPLICANT**

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W/2 for all formations and/or pools developed on 320-acre spacing; the NW/4 for all formations and/or pools developed on 160-acre spacing; the N/2 NW/4 for all formations and/or pools developed on 80-acre spacing including but not limited to the West Lovington-Strawn Pool; and the NW/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 Pennsylvanian Pool, the Undesignated Townsend-Strawn Pool, the Undesignated Townsend-Abo Pool and the Undesignated Townsend-Devonian Pool, all in Section 35, Township 15 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Disco Midge Well No. 1 to be drilled at an unorthodox gas well surface location 1487 feet from the North line and 331 feet from the West line in the NW/4 of Section 35. Arrington proposes to directionally drill this well in a north-northeasterly direction intersecting the Strawn formation at an unorthodox location approximately 1250 feet from the North line and 390 feet from the West line with a bottomhole location in the Mississippian formation at a point approximately 660 feet from the North line and 800 feet from the West line of said Section 35. Also to be considered will be 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 1.5 miles northwest of Lovington, New Mexico.

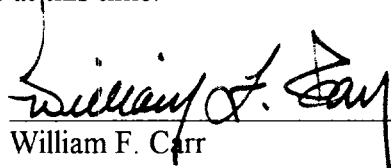
**PROPOSED EVIDENCE**

**APPLICANT**

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Dale Douglas (Landman)	Approx. 15 Minutes	Approx. 6
Bill Baker (Geology)	Approx. 10 Minutes	Approx. 3

**PROCEDURAL MATTERS**

David H. Arrington Oil & Gas, Inc. has none at this time.

  
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William F. Carr  
Attorney for David H. Arrington Oil & Gas, Inc.