

HOLLAND & HART <sup>LLP</sup>  
AND  
CAMPBELL & CARR  
ATTORNEYS AT LAW

DENVER • ASPEN  
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DENVER TECH CENTER  
BILLINGS • BOISE  
CHEYENNE • JACKSON HOLE  
SALT LAKE CITY • SANTA FE  
WASHINGTON, D.C.

SUITE 1  
110 NORTH GUADALUPE  
SANTA FE, NEW MEXICO 87501-6525  
MAILING ADDRESS  
P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043  
www.hollandhart.com

January 30, 2001

**HAND-DELIVERED**

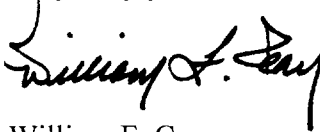
Lori Wrotenberg, Director  
Oil Conservation Division  
New Mexico Energy, Minerals &  
Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

**Re: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling,  
unorthodox well locations and directional drilling, Lea County, New Mexico.**

Dear Ms. Wrotenberg:

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 February 22, 2001, Examiner hearings.

Very truly yours,



William F. Carr

WFC:js

Enclosures

cc: David H. Arrington (w/enclosures)  
Bill Baker (w/enclosures)  
Post Office Box 2071  
Midland, TX 79702

RECEIVED  
JAN 31 2001  
11:46 AM

**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, UNORTHODOX  
WELL LOCATIONS AND DIRECTIONAL  
DRILLING, LEA COUNTY, NEW MEXICO.**

**CASE NO.** 1-2602

**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 Mississippian formation, under the following acreage in Section 35, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico:

- A. ~~N~~<sup>SE</sup>/2 to form a standard gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent;
- B. NW/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;
- C. N/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 West Lovington-Strawn

Pool; and

- D. The NW/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, the Undesignated Townsend-Strawn Pool, the Northwest Townsend-Abo Pool, and the Undesignated Townsend-Devonian Pool.

These spacing and proration units are to be dedicated to the David H. Arrington Oil & Gas, Inc. Disco Midge Well No. 1 which it proposes to drilled at an unorthodox surface gas well 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 bottom hole 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, and in support of its application states:

1. Arrington is a working interest owner in the W/2 of said Section 35 and has the right to drill thereon.
2. Arrington proposes to dedicate the above-referenced spacing or proration unit to its Disco Midge Well No. 1 to be drilled to a depth sufficient to test any and all formations to the base of the Mississippian 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 35 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 February 22, 2001, and that after notice and hearing as required by law the Division enter its order:

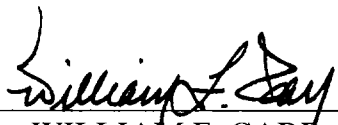
- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating David H. Arrington Oil & Gas, Inc. operator of the unit and the well to be drilled thereon,
- C. authorizing Arrington to recover its costs of drilling, equipping and completing the well,
- D. approving the 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.

- F. Approving the directional drilling of the well and the unorthodox surface and bottomhole locations therefore.

Respectfully submitted,

HOLLAND & HART LLP  
AND  
CAMPBELL & CARR

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, UNORTHODOX WELL LOCATIONS  
AND DIRECTIONAL DRILLING,  
W/2 SECTION 35, TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM  
LEA COUNTY, NEW MEXICO.**

BP Amoco Exploration and Production, Inc.  
BP Permian Business Unit  
501 WestLake Park Boulevard  
WL 4 - Suite 200  
Houston, Texas 77079

Attention: Lee Scarborough

Energen Resources Corporation  
3300 North "A" Street  
Building 4, Suite 100  
Midland, Texas 79705

**CASE 2607 Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, unorthodox well locations and directional drilling, 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 Mississippian formation, underlying 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, NMPM. Applicant proposes to dedicate this pooled units to its Disco Midge Well No. 1 to be drilled from an unorthodox gas well surface location 1487 feet from the North line and 331 feet from the West line in the NW/4 of said 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 bottom hole 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 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.