

**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 UNORTHODOX WELL
LOCATIONS, LEA COUNTY, NEW MEXICO.**

CASE NO. 12682

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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 30, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico:

- A. The 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;
- B. The SE/4 to form a standard gas spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent; and
- C. The SE/4 SE/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 Undesignated Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Big Dog-Strawn Pool.

These spacing and proration units are to be dedicated to Arrington's proposed John's Hopper Well No. 1. Arrington proposes to reenter BTA Oil Producers' Townsend Well No.1 and directionally drill in an easterly southeasterly direction from a surface location 760 feet from the South line and 1700 feet from the East line (Unit O) to a standard bottom hole location 660 feet from the South and East lines (Unit P) of said Section 30 at a depth sufficient to test the Mississippian formation.

Arrington also seeks an order approving the following unorthodox oil well locations which will result from Arrington's proposed drilling plan:

- A. An unorthodox location in the Wolfcamp, Cisco and Canyon formations no closer than 660 feet from the South line and 1310 feet from the East line (Unit P) of Section 30; and
- B. An unorthodox location in the Strawn and Atoka formations no closer than 660 feet from the South line and 1170 feet from the East line (Unit P) of said Section 30.

In support of this application, Arrington states:

- 1. Arrington is a working interest owner in the S/2 of said Section 30 and has the right to drill thereon.
- 2. Arrington proposes to dedicate the above-referenced spacing or proration units to its proposed John's Hopper Well No. 1 to be directionally drilled to a depth sufficient to test any and all formations from the surface to the base of the Mississippian formation. Said directional drilling program will result in potentially unorthodox well locations in shallower oil formations in the SE/4 of Section 30.
- 3. The mineral ownership in the SE/4 and the SW/4 of Section 30 is common.

4. 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 30.

5. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

6. A list of the names and addresses of the persons to whom notice has been sent is attached hereto as Exhibit A.

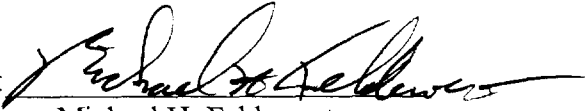
WHEREFORE, David H. Arrington Oil & Gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 28, 2001, and that after notice and hearing as required by law the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating David H. Arrington Oil & Gas, Inc. operator of the units 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 well locations.

Respectfully submitted,

HOLLAND & HART
and
CAMPBELL & CARR

By: 

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

EXHIBIT A

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Houston, Texas 77010

Permian Exploration Corporation
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Roswell, New Mexico 88201

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Teresa L. McMillan
116 West First Street
Roswell, New Mexico 88201

Keith E. McKamey and his wife
Kay Ann McKamey
116 West First Street
Roswell, New Mexico 88201

Edward N. David
116 West First Street
Roswell, New Mexico 88201

David Petroleum Corporation
116 West First Street
Roswell, New Mexico 88201

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210

Abo Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210

Brook H. Graham
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McMillan Production Company, Inc.
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McMillan Ventures L.L.C.
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Robert L. Graham, Jr.
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William B. Owen and his wife
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