

**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:**

**THE APPLICATION OF DAVID H. ARRINGTON
OIL & GAS, INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12752

OCT 30 PM 5:21
OIL CONSERVATION DIVISION

APPLICANT'S PRE-HEARING STATEMENT

This Prehearing 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.

ATTORNEY

Michael H. Feldewert, 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 Lots 1-4 and the E/2 W/2 (W/2 equivalent) of irregular Section 31, Township 15 South, Range 36 East in the following manner: Lots 1-4 and the E/2 W/2 (W/2 equivalent) to form a standard 320.56-acre stand-up gas spacing and proration unit for any formation and/or pool developed on 320-acre spacing within that vertical extent; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formation and/or pool developed on 160-acre spacing within that vertical extent; and the SW/4 NW/4 (Unit E) to form a standard 40-acre oil spacing and proration unit for any formation and/or pool developed on 40-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the Undesignated Caudill-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Permo Upper Pennsylvanian Pool. These spacing and proration units are to be dedicated to Arrington's proposed Royal Stimulator "31" Well No. 2 which it proposes to drill as a straight hole at a standard surface location 2235 feet from the North line and 330 feet from the West line (Unit E) of said Section 31 to a depth sufficient to test the Wolfcamp formation, and then directionally drill the well in a southeasterly direction to standard bottomhole location 1900 feet from the South line and 1300 feet from the West Line (Unit L) of said Section 31 to a depth sufficient to test the Mississippian formation. 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.

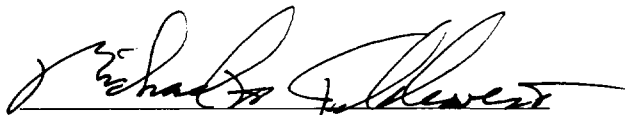
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Dale Douglas (Landman)	15	5
Bill Baker (Geologist)	10	3

PROCEDURAL MATTERS

None.



Michael H. Feldewert
Attorney for David H. Arrington Oil & Gas, Inc.