

**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, LEA COUNTY,
NEW MEXICO.**

CASE NO. 12752

11 OCT - 9 PM 3:17

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

- A. 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;
- B. 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
- C. 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 intends to drill as a straight hole at a 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. In support of this application, Arrington 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 and proration units to its Royal Stimulator "31" Well No. 2 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 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 Arrington should be designated the operator of the well to be drilled.

WHEREFORE, Arrington requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 1, 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 Arrington 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 Arrington in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART, LLP
AND
CAMPBELL & CARR

By: 

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

EXHIBIT A

NOTICE LIST

**DAVID H. ARRINGTON OIL & GAS, INC.
FOR COMPULSORY POOLING
W/2 OF SECTION 31, TOWNSHIP 15 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO**

Anson Gas Corporation
4005 NW Expy Suite 400E
Oklahoma City, OK 73116

Chesapeake Exploration, L.P.
P. O. Box 18496
Oklahoma City, OK 73154

Chalfant Properties, Inc.
P. O. Box 3123
Midland, TX 79702

Estate of Rada Jackson & Unknown Heirs
Thelma Champion and Mattie Pou, Assumed Heirs
c/o Thelma Champion
4932 Lyndon Drive
Fort Worth, TX 76116

Jerry D. Billington, Assumed Heir of
Jamie Ann Medlin Billington
4911 Matador
Amarillo, TX 79109

Robert Freck
P. O. Box 4045
Bergheim, TX 78004

Shawn Freck
P. O. Box 4045
Bergheim, TX 78004

Estate of Thelma Ann Turner & Unknown Heirs
705 E. Alston
Hobbs, NM 88240

James E. Bailey and Wilma J. Lair/Unknown Heirs
P. O. Box 811
Lovington, NM 88260

Vera B. Selman
1713 W. Ave. J
Lovington, NM 88260

CASE 12752: Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, 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 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 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.