

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12753

APPLICATION

David H. Arrington Oil & Gas, Inc. applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W $\frac{1}{2}$ of Section 36, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W $\frac{1}{2}$ of Section 36, and has the right to drill a well thereon.

2. Applicant proposes to drill its Double Hackle Drake "36" State Well No. 1, at an orthodox well location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ (Unit D) of the section, to a depth sufficient to test the lower Mississippian formation, and seeks to dedicate the W $\frac{1}{2}$ of Section 36 to the well to form a standard 320 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated South Shoe Bar-Morrow Gas Pool and Undesignated Shoe Bar-Mississippian Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 36 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the

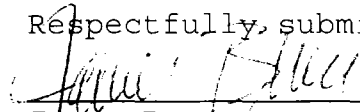
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 36, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 36 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 36 from the surface to the base of the Mississippian formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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