

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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. 12858

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OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

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 uncommitted 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, 2, 3 and 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 all formations or pools spaced on 320 acre spacing within that vertical extent;
- B. The SW/4 to form a standard 160.14 acre gas spacing and proration unit for all formations or pools spaced on 160 acres within that vertical extent; and
- C. The SW/4 NW/4 (Unit E) to form a standard 40.17 acre oil spacing and proration unit for all formations or pools spaced on 40 acres within that vertical extent, which presently includes but is not necessarily limited to the 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 to be drilled at a standard location in the W/2 of Section 31. The well will commence at a surface location 2235 feet from the North line and 330 feet from the West line (Unit E) of said Section 31, will be drilled vertically to a depth sufficient to test the Wolfcamp formation, and then directionally drilled in a southeasterly direction to a 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 each of the proposed spacing and proration units and has the right to drill thereon.
2. Arrington has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in each of the proposed spacing and proration units.
3. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
4. 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 operator of the proposed well.
5. This matter was the subject of an Examiner hearing in Case No. 12752 and Division Order No. R-11690, entered November 16, 2001. However, said pooling Order expired by its own terms on February 28, 2002. Arrington intends to proceed with this project, thereby necessitating this new application.

WHEREFORE, Arrington requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 2002 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 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, 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

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 Expressway
Suite 400E
Oklahoma City, Oklahoma 73116

Chesapeake Exploration, L.P.
Attention: Lynda Townsend
Post Office Box 18496
Oklahoma City, Oklahoma 73154

Chalfant Properties, Inc.
Post Office Box 3123
Midland, Texas 79702

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

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

Robert Freck
Post Office Box 4045
Bergheim, Texas 78004

Shawn Freck
Post Office Box 4045
Bergheim, Texas 78004

Estate of Thelma Ann Turner
& Unknown Heirs
705 East Alston
Hobbs, New Mexico 88240

James E. Bailey and Wilma J. Lair/Unknown
Heirs
Post Office Box 811
Lovington, New Mexico 88260

Vera B. Selman
1713 West Avenue J
Lovington, New Mexico 88260

CASE ~~12858~~ **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, 2, 3 and 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, 2, 3 and 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 or pool spaced on 320 acres within that vertical extent; the SW/4 to form a standard 160.14 acre gas spacing and proration unit for all formations or pools spaced on 160 acres within that vertical extent; and the SW/4 NW/4 (Unit E) to form a standard 40.17 acre oil spacing and proration unit for all formations or pools spaced on 40 acres within that vertical extent, which presently includes but is not necessarily limited to the 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 to be drilled at a standard location in the W/2 of Section 31. The well will commence at a surface location 2235 feet from the North line and 330 feet from the West line (Unit E) of said Section 31, will be drilled vertically to a depth sufficient to test the Wolfcamp formation, and then directionally drilled in a southeasterly direction to a 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. This matter was previously the subject of an Examiner hearing in Case No. 12752 and Division Order No. R-11690, entered November 16, 2001. Said pooling Order expired by its own terms on February 28, 2002, necessitating this new application. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**