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July 30, 2002

**VIA HAND DELIVERY**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Energy, Minerals &  
Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Case 12915

**Re: Application of David H. Arrington Oil & Gas, Inc. for  
Compulsory Pooling, Unorthodox Well Locations and  
Directional Drilling, Lea County, New Mexico**

02 JUL 30 11:12:55  
MAIL ROOM

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of David H. Arrington Oil & Gas, Inc. in the above-referenced case, as well as a copy of the legal advertisement. David H. Arrington Oil & Gas, Inc. requests that this matter be placed on the docket for the August 22, 2002 Examiner hearings.

Sincerely,



Michael H. Feldewert

MHF/js  
Enclosures

**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, UNORTHODOX  
WELL LOCATIONS AND DIRECTIONAL  
DRILLING, LEA COUNTY, NEW MEXICO.**

**CASE NO. 12915**

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

- the W/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated Big Dog-Mississippian Gas Pool;
- the NW/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent;
- the N/2 NW/4 to form a standard 80-acre spacing and proration unit for all formations or pools spaced on 80 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated West Lovington Strawn Pool; and

- the NW/4 NW/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent, which presently include but are not necessarily limited to the Townsend Permo-Upper Pennsylvanian Pool.

These spacing and proration units are to be dedicated to Arrington's proposed Disco Midge Well No. 1 to be directionally drilled from a surface location 1487 feet from the North line and 331 feet from the West line (Unit E) of Section 35, in a north-northeasterly direction so as to encounter:

- (a) the Wolfcamp formation at an unorthodox location 1487 feet from the North line and 331 feet from the West line (Unit E) of Section 35;
- (b) the Strawn formation at an unorthodox location 1250 feet from the North line and 390 feet from the West line (Unit D) of Section 35;
- (c) the Atoka formation at a standard location within 150 feet of a point 660 feet from the North line and 800 feet from the West line (Unit D) of Section 35; and
- (d) the Mississippian formation at a standard bottomhole location 660 feet from the North line and 800 feet from the West line (Unit D) of Section 35.

In support of its application Arrington states:

1. Arrington is a working interest owner in the W/2 of said Section 35 and has the right to drill thereon.
2. Arrington proposes to dedicate the above-referenced spacing or proration units to its Disco Midge Well No. 1 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 reach voluntary agreement with certain interest owners in the W/2 of said Section 35 identified on Exhibit A to this application for the drilling of this well.

4. Approval of this application will provide Arrington the opportunity to test the various formations by utilizing a single wellbore, will allow the applicant to encounter the Wolfcamp and Atoka formations at geologically optimum locations, 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.

6. This matter was the subject of an Examiner hearing on February 22, 2001, in Case No. 12602 and the subject of Division Order No. R-11568, entered April 19, 2001. However, said Order expired by its own terms necessitating this new application.

WHEREFORE, Arrington requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 22, 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 David H. Arrington Oil & Gas, Inc. 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,
- 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, and
- F. approving the directional drilling of the well and the unorthodox locations identified herein.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

**ATTORNEYS FOR DAVID H. ARRINGTON OIL &  
GAS**

**EXHIBIT A**

**CASE NO. \_\_\_\_\_  
APPLICATION OF DAVID H. ARRINGTON OIL & GAS INC.  
FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATIONS  
AND DIRECTIONAL DRILLING,  
W/2 SECTION 35, TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM  
LEA COUNTY, NEW MEXICO.**

BP Amoco Exploration and Production, Inc.  
BP Permian Business Unit  
501 WestLake Park Boulevard  
WL 4 - Suite 200  
Houston, Texas 77079  
Attention: Lee Scarborough

Energen Resources Corporation  
3300 North "A" Street  
Building 4, Suite 100  
Midland, Texas 79705

Mr. Max Coll  
1430 Canyon Road  
Santa Fe, New Mexico 87501

**CASE 12915:**      **Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, unorthodox well locations and directional drilling, 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 under the following acreage in Section 35, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico: the W/2 to form a standard 320-acre gas spacing and proration unit for formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated Big Dog-Mississippian Gas Pool; the NW/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent; the N/2 NW/4 to form a standard 80-acre spacing and proration unit for all formations or pools spaced on 80 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated West Lovington Strawn Pool; and the NW/4 NW/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent, which presently include but are not necessarily limited to the Townsend Permo-Upper Pennsylvanian Pool. These spacing and proration units are to be dedicated to Arrington's proposed Disco Midge Well No. 1 to be directionally drilled from a surface location 1487 feet from the North line and 331 feet from the West line (Unit E) of Section 35 in a north-northeasterly direction so as to encounter the Wolfcamp formation at an unorthodox location 1487 feet from the North line and 331 feet from the West line (Unit E) of Section 35, the Strawn formation at an unorthodox location 1250 feet from the North line and 390 feet from the West line (Unit D) of Section 35, the Atoka formation at a standard location within 150 feet of a point 660 feet from the North line and 800 feet from the West line (Unit D) of Section 35, and the Mississippian formation at a standard bottomhole location 660 feet from the North line and 800 feet from the West line (Unit D) of Section 35. 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 1.5 miles northwest of Lovington, New Mexico. This matter was the subject of an Examiner hearing on February 22, 2001 in Case No. 12602 and Division Order No. R-11568, entered April 19, 2001. Said Order expired by its own terms necessitating this new application. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**