

SUPPLEMENT TO DOCKET NO. 31-02 – OCTOBER 10, 2002

8:15 A.M. – OCD Hearing Room

1220 So. St. Francis

Santa Fe, New Mexico

CASE 12922: Continued from September 5, 2002, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 34, Township 15 South, Range 34 East and in the following manner: a.) E/2 to form a standard 320-acre stand-up gas spacing and proration unit ("the 320-acre Unit") for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the North Edison -Morrow Gas Pool; b.) SE/4 to form a standard 160-acre spacing and proration unit ("the 160-acre Unit") for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; c.) N/2 SE/4 to form a standard 80-acre stand-up oil spacing and proration unit ("the 80-acre Unit") for any and all formations and/or pools developed on 80-acre spacing within that vertical extent, which presently include but are not limited to the undesignated North Edison Strawn Pool; and d.) NE/4 SE/4 to form a standard 40-acre spacing and proration unit ("the 40-acre Unit") for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Townsend Permo-Pennsylvanian Pool. Said units are to be dedicated to Applicant's proposed Huma Huma 34 Well No. 1 to be drilled at a standard 320-acre spacing and proration unit gas well location 1700 feet from the South line and 950 feet from the East line in the SE/4 of said Section 34. Also to be considered will be 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 or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 10 miles northwest of Lovington, New Mexico.