

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

***CASE NO. 12181
Order No. R-11242***

**APPLICATION OF DAVID H. ARRINGTON OIL AND GAS, INC. FOR AN
UNORTHODOX LOCATION AND FOR AN EXCEPTION TO DIVISION
RULE 104.D(3) FOR SIMULTANEOUS DEDICATION, LEA COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 5, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of September, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, David H. Arrington Oil and Gas Inc. (Arrington), seeks an exception to all applicable well location setback requirements governing any and all formations and/or pools from the surface to the base of the Mississippian formation for its proposed Mayfly "14" State Com Well No. 1 to be drilled 330 feet from the North and West lines (Unit D) of Section 14, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. This well is to be dedicated to the following described spacing and proration units: (i) the W/2 of Section 14 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, which presently include the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated Shoe Bar-Atoka Gas Pool, Townsend-Morrow Gas Pool and Undesignated North Townsend-Mississippian Gas Pool; and (ii) the NW/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing, which presently include the Undesignated North Shoe Bar-Wolfcamp Pool and the Undesignated North Shoe Bar-Strawn Pool.

(3) The applicant further seeks an exception to Division Rule No. 104.D(3) to continuously and concurrently produce gas from the Townsend-Morrow Gas Pool from the Mayfly "14" State Com Well No. 1 and from the existing Monsanto State Com Well No. 1 (API No. 30-025-24895) currently operated by Mark L. Shidler, Inc. and located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 14, and for the simultaneous dedication of both wells to the existing 320-acre gas spacing and proration unit comprising the W/2 of Section 14.

(4) Yates Petroleum Corporation, an affected offset operator, appeared at the hearing through legal counsel.

(5) Division Rule 104.C(2), as it read at the time of the hearing, was applicable to the North Shoe Bar-Atoka, Shoe Bar-Atoka, Townsend-Morrow and North Townsend-Mississippian Gas Pools. Division Rule 104.C(2) required standard 320-acre gas spacing and proration units with wells to be located no closer than 1650 feet to the nearest end boundary nor closer than 660 feet to the nearest side boundary of the proration unit nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

(6) The North Shoe Bar-Wolfcamp Pool is currently governed by special rules set forth in Division Order No. R-4657 dated November 16, 1973, which require standard 160-acre oil spacing and proration units with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

(7) The North Shoe Bar-Strawn Pool is currently governed by special rules set forth in Division Order No. R-4658 dated November 16, 1973, which require standard 160-acre oil spacing and proration units with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

(8) The proposed Mayfly "14" State Com Well No. 1 is located within one mile of the outer boundary of both the North Shoe Bar-Strawn Pool and the Northwest Shoe Bar-Strawn Pool. At the time of the hearing, the Northwest Shoe Bar-Strawn Pool was subject to Division Rule 104.C(1), which required standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to any boundary of the spacing unit.

(9) On August 31, 1999, certain amendments to Division Rule 104 became effective. The amendments applicable in this case are as follows:

