

- (c) the E/2 NW/4 to form a standard 80-acre stand-up oil spacing and proration unit for any pool within that vertical extent with special rules providing for development on 80-acre spacing; and
- (d) the SE/4 NW/4 (Unit F) to form a standard 40-acre oil spacing and proration unit for any formation and/or pool developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Caudill-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Permo Upper Pennsylvanian Pool.

(3) The application filed by David H. Arrington Oil and Gas, Inc. and the advertisement in this matter indicates that these units are to be dedicated to David H. Arrington Oil and Gas, Inc.'s proposed Royal Stimulator Well No. 1 (**API No. 30-025-35284**) to be drilled vertically from an unorthodox surface location 1465 feet from the North line and 1936 feet from the West line (Unit F) of Section 31 to a depth sufficient to test all formations to the base of the Wolfcamp formation and then directionally drilled in a southwesterly direction to an unorthodox bottomhole gas well location within the Atoka and Morrow formations at a point 2200 feet from the South line and 933 feet from the West line (Unit L) of Section 31.

(4) Information obtained subsequent to the hearing shows that the applicant commenced drilling this well on December 16, 2001 at a surface location 1485 feet from the North line and 1890 feet from the West line (Unit F) of Section 31, which represents a move to the west-southwest a distance of 50 feet, in order to avoid cattle pens and a high-line wire. It was drilled vertically to a depth of 9,673 feet and kicked-off in a southwesterly direction. On January 31, 2001 a total depth of 10,825 feet (TVD) was reached within the Wolfcamp formation. This bottomhole location is 1589 feet from the North line and 1813 feet from the West line (Unit F) of Section 31. Drilling problems were encountered that prevented the applicant from any additional directional drilling.

(5) Subsequent to the hearing, it was further determined that there are no pools within the immediate area of this well that are spaced on 80 acres [see Division Rule 104.A (2)]; therefore, the request to form the 80-acre unit should be dismissed at this time.

(6) This well failed to reach its intended depth to test the deeper Morrow formation in the manner first proposed, and the order issued in this matter should properly reflect this well's actual path and completion depth; therefore, the request to form the 320-