

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

Cont 9-16-10

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

**APPLICATION OF MARSHALL & WINSTON, INC.
TO CANCEL AN OPERATOR'S AUTHORITY AND
TERMINATE A SPACING UNIT, AND APPROVE A
CHANGE OF OPERATOR, LEA COUNTY, NEW MEXICO.**

Case No. 14,538

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Marshall & Winston, Inc. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Marshall & Winston, Inc.
P.O. Box 50880
Midland, Texas 79702

Attention: Kevin Hammit

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

David H. Arrington Oil & Gas Inc.

OPPONENT'S ATTORNEY

William F. Carr
Ocean Munds-Dry

STATEMENT OF THE CASE

APPLICANT

In Case No. 14497, David H. Arrington Oil & Gas Inc. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 26, Township 15 South, Range 34 East, NMPM, to form a standard 320-acre gas spacing unit for all pools or formations developed on 320-acre spacing, and the SE¼ of Section 26 to form a standard 160-acre gas spacing unit for all pools or formations developed on 160-acre spacing. The units are to be dedicated to the re-entered Green Eyed Squealy Worm Well No. 1, located in the NE¼SE¼ of Section 26.

In Case No. 14538, Marshall & Winston, Inc. seeks an order canceling the authority of David H. Arrington Oil & Gas, Inc. to operate the Green Eyed Squealy Worm Well No. 1, and terminating the S½ of Section 26 spacing unit currently dedicated to the well. Marshall & Winston, Inc. further requests that it be approved as operator of the well. The Green Eyed Squealy Worm Well No. 1 was drilled in 2004 and completed in the Morrow formation. The well produced from the Morrow formation until 2006. The well was not plugged and abandoned. However, production has ceased from the Morrow formation (and any other formation). Marshall & Winston, Inc. owns or controls 100% of the working interest in the N½SE¼ of Section 26, and desires to re-enter the well to test an oil zone developed on 40 acre spacing. Marshall & Winston, Inc.'s interest is not subject to an operating agreement or other agreement pertaining to development of its acreage. Marshall & Winston, Inc. asserts that the application of David H. Arrington Oil & Gas Inc. was filed in an effort to coerce it into agreeing to jointly develop its acreage with applicant, which Marshall & Winston, Inc. does not wish to do.

Marshall & Winston, Inc. further requests that, if the pooling application of David H. Arrington Oil & Gas Inc. is granted, the order provide that, at such time as production from the Well again ceases, Arrington be prohibited from plugging and abandoning the Well.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

Kevin Hammit
(landman)

20 min.

Approx. 6

John Savage
(engineer)

20 min.

Approx. 6

OPPONENT

WITNESSES

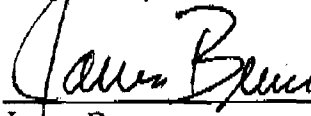
EST. TIME

EXHIBITS

PROCEDURAL MATTERS

Marshall & Winston, Inc. requests that Case Nos. 14497 and 14538 be consolidated for hearing.

Respectfully submitted,




James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Marshall & Winston, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 26th day of August, 2010 by facsimile transmission:

William F. Carr
Ocean Munds-Dry
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James Bruce