

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

**APPLICATION OF PRIDE ENERGY COMPANY
FOR RESCISSION OF APPROVAL OF CHANGE
OF OPERATOR, LEA COUNTY, NEW MEXICO**

CASE 12278

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Pride Energy Company as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Pride Energy Company
P. O. Box 701602
Tulsa, OK 74170-1602
attn: Matthew Pride

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
Santa Fe, NM 87504
(505) 982-4285

OPPONENT

EGL Resources, Inc.

James Bruce, Esq.

STATEMENT OF THE CASE

1. Pride Energy Company is the Division designated operator of the Arco State Well No. 1 located in Unit P, Section 16, Township 18 South, Range 35 East NMPM, Lea County, New Mexico.

2. Pride Energy Company has not failed or refused to carry out its duties in accordance with the Joint Operating Agreement applicable to this well.

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3. Without notice to Pride Energy Company and without its knowledge, EGL Resources Inc. balloted the other working interest owners in an attempt to improperly remove Pride Energy Company as operator of this well.

4. Without notice to Pride Energy Company and without its knowledge, authorization or approval, EGL Resources Inc. filed a Division Form C-104 requesting a change in operator from Pride Energy Company to EGL Resources, Inc. for the Arco State Well No. 1 located in Unit P, Section 16, Township 18 South, Range 35 East NMPM, Lea County, New Mexico.

5. On October 5, 1999, and without Pride Energy Company's knowledge, the Division approved EGL Resources, Inc.'s request for change in operator.

6. EGL Resources, Inc. represents that the Division's approval was made only after review of the Joint Operating Agreement and ballots".

7. EGL Resources, Inc. has failed to comply with the provisions of the Joint Operating Agreement and, without cause, has improperly attempted to remove Pride Energy Company as operator.

8. Pride Energy Company request that the Division rescind its approval of EGL Resources, Inc.'s request to change of the Division designated operator for the referenced well.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

Matthew L. Pride

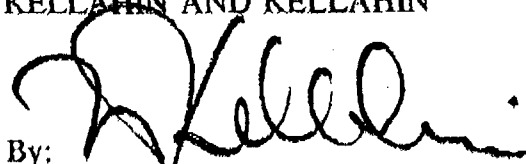
EST. TIME EXHIBITS

30 min. @ 8 exhibits

PROCEDURAL MATTERS

None

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin