

BEFORE THE  
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF  
OCEAN ENERGY, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

CASE NO. 12860

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Miller, Stratvert & Torgerson, P.A. (J. Scott Hall) on behalf of David H. Arrington Oil and Gas, Inc., as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT'S ATTORNEY**

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

**OPPONENT'S ATTORNEY**

Thomas Kellahin, Esq.  
Post Office Box 2265  
Santa Fe, New Mexico 87504

Susan Richardson, Esq.  
Cotton, Bledsoe, Tighe, & Dawson  
500 W. Illinois Ave. # 300  
Midland, Texas 79701

**APPLICANT**

**Ocean Energy, Inc.**

**OPPONENT**

TMBR/Sharp Drilling, Inc.

FILED  
OCT 30 AM 2:47  
SANTA FE, N.M.

OTHER PARTY'S ATTORNEY

**J. Scott Hall, Esq.**  
Miller, Stratvert & Torgerson, P.A.  
605 Richard Arrington Jr. Blvd. North  
Post Office Box 1986  
Santa Fe, New Mexico 87504  
(505) 989-9614

OTHER PARTY

**David H. Arrington Oil and Gas, Inc.**  
214 West Wall, Suite 400  
Midland, Texas 79702  
(915) 682-6685

**STATEMENT OF THE CASE**

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W/2 of Section 25, Township 16 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the undesignated Townsend-Morrow Gas Pool. The unit is to be dedicated to applicant's Triple Hackle Dragon 25 Well No. 2, to be drilled at an orthodox location in the NE/4 SW/4 (Unit K) of Section 25. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, a charge for the risk involved in drilling and completing the well, and the establishment of escrow accounts for the purpose of holding and disbursing funds pending resolution of a title dispute affecting the NW/4 of Section 25. The unit is located approximately 5 miles southwest of Lovington, New Mexico.

OPPOSITION OR OTHER PARTY

This case affects Case No. 12816 (TMBR/Sharp) and Case No. 12841 (Ocean Energy).  
Further, the outcome of Case No. 12859 (Arrington) will affect all the referenced cases.

PROPOSED EVIDENCE

APPLICANT

| <b>WITNESSES:</b> | <b>Est. Time</b> | <b>No. of Exhibits</b> |
|-------------------|------------------|------------------------|
|-------------------|------------------|------------------------|

OPPOSITION

| WITNESSES | EST. TIME | EXHIBITS |
|-----------|-----------|----------|
|-----------|-----------|----------|

Arrington does not intend to present direct testimony in connection with this matter.

**PROCEDURAL MATTERS**

TMBR/Sharp Drilling, Inc. has moved to dismiss this case, along with Case No. 12859 (Arrington) and Case No. 12841 (Ocean Energy).

MILLER, STRATVERT & TORGERSON, P.A.

By: 

J. Scott Hall, Esq.  
Post Office Box 1986  
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Attorneys for David H. Arrington Oil and Gas, Inc.

**Certificate of Mailing**

I hereby certify that a true and correct copy of the foregoing was delivered to counsel of record on the 30<sup>th</sup> day of April, 2002, as follows:

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J. Scott Hall