

# Correspondence

*Renovo*

Case No. 127414

Jan./Feb. 2002



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
Carol Leach  
Acting Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

January 25, 2002

W. Thomas Kellahin  
Kellahin and Kellahin  
117 North Guadalupe  
P.O. Box 2265  
Santa Fe, New Mexico 87504-2265

Ernest L. Carroll  
Losee, Carson, Haas & Carroll PA  
P.O. Box 1720  
Artesia, New Mexico 88211-1720

Re: Case No. 12731, *Application of TMBR/Sharp Drilling Inc., de novo*  
Case No. 12744, *Application of TMBR/Sharp Drilling Inc., de novo*

Dear Counsel,

The Commission members have requested that copies of each exhibit which is to be offered during the hearing of this matter be provided to the Commission Secretary no later than one week prior to the date set for hearing in this matter. As the matter is now set for hearing on February 15, exhibits should be submitted to Florene Davidson no later than Friday, February 8, 2002. If an agreed continuance results in the matter being set in a subsequent month, exhibits should be submitted no later than one week prior to the re-scheduled hearing.

It would also helpful if you could provide a more detailed statement of your positions in the pre-hearing statement than is customary.

The Commission members believe that review of detailed pre-hearing statements and the documentary evidence to be offered will help them to be better prepared for the issues and testimony. As always, if you have any questions, please do not hesitate to give me a call at 476-3451.

Sincerely,

Stephen C. Ross  
Assistant General Counsel

Cc: Florene Davidson, Commission Secretary

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

**APPLICATION OF TMBR/SHARP DRILLING, INC.  
FOR AN ORDER STAYING DIVISION APPROVAL  
OF TWO APPLICATIONS FOR PERMIT TO DRILL  
BY DAVID H. ARRINGTON OIL & GAS, INC.  
LEA COUNTY, NEW MEXICO**

**CASE NO. 12731**

**APPLICATION OF TMBR/SHARP DRILLING, INC.  
APPEALING THE HOBBS DISTRICT SUPERVISOR'S  
DECISION DENYING APPROVAL OF TWO  
APPLICATIONS FOR PERMIT TO DRILL FILED  
BY TMBR/SHARP DRILLING INC.  
LEA COUNTY, NEW MEXICO**

**CASE NO. 12744**

**MOTION OF TMBR/SHARP DRILLING, INC.  
TO REOPEN CASES 12731 AND 12744  
AND AMEND ORDER R-11700  
BASED UPON NEW EVIDENCE**

Comes now TMBR/Sharp Drilling, Inc. ("TMBR/Sharp") by its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division to reopen Cases 12731 and 12744 and to amend Division Order R-11700 based upon new evidence,

And in support states:

**INTRODUCTION**

On July 19, 2001, David H. Arrington Oil & Gas Inc. ("Arrington") filed an application for permit to drill ("APD") and obtained approval from the OCD-Hobbs to drill the Triple Hackle Dragon 25 Well No. 1 to be drilled in Unit E and dedicated to a 320-acre gas spacing unit consisting of the W/2 of Section 25, T16S, R35E, Lea County, New Mexico.

RECEIVED  
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OIL CONSERVATION DIVISION

On July 30, 2001, Arrington filed an application for permit to drill ("APD") and obtained approval from the OCD-Hobbs to drill the Blue Drake 23 Well No. 1 to be located in Unit I and dedicated to a 320-acre gas spacing unit consisting of the E/2 of Section 23, T16S, R35E, Lea County, New Mexico.

Seven days later, TMBR/Sharp filed (i) its APD for the N/2 of Section 25 and (ii) its APD for the E/2 of Section 23, but both were denied approval by the Division District because Arrington's APDs for the W/2 of Section 25 and for the E/2 of Section 23 had already been issued.<sup>1</sup>

Arrington's right to drill and operate these wells was predicated upon its assumption that two oil & gas leases held by TMBR/Sharp had expired and that two "top leases" obtained by James D. Huff and claimed by Arrington are in effect.<sup>2</sup> Without its claim of interest in these two "top leases" Arrington has no interest in either the E/2 of Section 23 or the W/2 of Section 25.

In fact the two "top leases" were obtained on March 27, 2001 by James D. Huff and filed of record in Lea County on June 11, 2001. Huff's assignment of these "top leases" was not recorded until September 19, 2001, some 6 weeks after the Division had approved Arrington's APDs.

Except for Arrington's action in claiming this top leased interest, TMBR/Sharp's APD would have been approved. TMBR/Sharp appealed this action to the Division which held a hearing on September 20, 2001.

On December 13, 2001, the Division entered Order R-11700, which concluded, among other things in paragraph (22), that "Arrington has demonstrated at least a colorable claim of title that would confer upon it a right to drill its proposed wells, no basis exists to reverse or overrule the action of the District Supervisor in approving the Arrington APDs."

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<sup>1</sup> TMBR/Sharp's APDs were filed on August 6, 2001 for its Leavelle "23" Well No. 1 to be located in Unit G and dedicated to the E/2 of Section 23, T16S, R35E and for its Blue Fin "25" Well No. 1 to be located in Unit E and dedicated to the N/2 of Section 25, T16S, R35E, Lea County, New Mexico.

<sup>2</sup> James D. Huff "top leased" the NW/4 of Section 25 and the SE/4 of Section 23 and other lands.

Contrary to Division Order R-11700, Arrington failed to demonstrate "colorable title" at the time its APDs were approved.

In addition, Division Order R-11700 denied TMBR/Sharp's Applications for Permit to Drill ("APDs") because the Division had previously approved David H. Arrington's APDs and stated that:

"(21) The Oil Conservation Division has no jurisdiction to determine the validity of any title, or the validity or continuation in force and effect of any oil and gas lease. Exclusive jurisdiction of such matters resides in the courts of the State of New Mexico"

However, the Division concluded in paragraph (25) of Order R-11700 that "...the Division has jurisdiction to revoke its approval of any APD in an appropriate case..."

On August 21, 2001, TMBR/Sharp filed litigation in the Fifth Judicial District Court, Lea County, New Mexico seeking a judicial determination, among other things, the validity of Arrington's claim of title.

On December 27, 2001, the District Court entered a final order holding that Arrington's assumptions were wrong and entered Summary Judgment in favor the TMBR/Sharp. Arrington's claim of interest in the top leases has failed and TMBR/Sharp's leases are still valid.

In the meantime, and in an effort to trump the Commission's ability to approve the TMBR/Sharp APD at the DeNovo hearing, on December 17, 2001, Arrington obtained approval of an APD for the E/2 of Section 25 which conflicts with TMBR/Sharp's APD for the N/2 of Section 25 which is pending appeal before the Commission.

Once again, Arrington has obtained an APD from the Division District for a spacing unit in which Arrington has no working interest of record.

On January 8, 2002, TMBR/Sharp filed a timely application for a DeNovo hearing of these cases before the New Mexico Oil Conservation Commission which have been set on the February 15, 2002 docket.

### **NEW EVIDENCE**

Based upon new evidence, TMBR/Sharp is now entitled to have its APDs approved and Arrington's APD revoked.

#### **The Court decides for TMBR/Sharp:**

This matter involves a title dispute between the parties which has now been decided in TMBR/Sharp's favor by the Fifth Judicial District Court, Lea County, New Mexico.

On December 27, 2001, the District Court entered an order denying Arrington's title claims to the interest held by TMBR/Sharp and, as a result of this new evidence, Arrington has no operating interest in either the E/2 of Section 23 nor the W/2 of Section 25. **See Exhibit "A" attached.**

This matter has been conclusively resolved against Arrington and demonstrates that Arrington wrongfully obtained the approval of its APDs from the Division. Based upon this conclusive new evidence, TMBR/Sharp is entitled to have its APDs approved and Arrington's revoked.

#### **Arrington's manipulations continue:**

First, Arrington's wrongful actions in claiming an operating interest in the W/2 of Section 25 precluded the Division from approving TMBR/Sharp's APD for the N/2 of Section 25. Then on December 17, 2001, while this matter was pending a decision in the District Court, Arrington wrongfully obtained approval of yet another APD from the Hobbs District Supervisor--this time for the E/2 of Section 25 in which Arrington has no interest and which conflicts with TMBR/Sharp's previously filed APD for the N/2 of Section 25 now pending before the Commission.<sup>3</sup> **Exhibit "B"**

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<sup>3</sup> As of January 17, 2002, James D. Huff had a 14.6875% working interest in the E/2 of Section 25; Arrington had no interest.

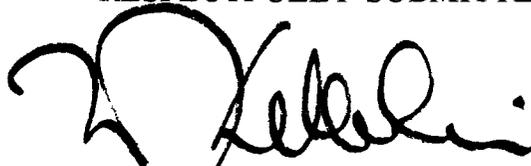
Arrington's purpose is obvious. This latest effort by Arrington is simply an effort to avoid taking responsibility for its actions. This latest manipulation by Arrington is an attempt to circumvent the probability that it would lose the District Court case and to frustrate the Division's ability to finally approve TMBR/Sharp's APD for the N/2 of Section 25.

The Division should not tolerate this gamesmanship. This is the "appropriate case" for the Division to exercise its jurisdiction to revoke all three of Arrington's APDs.

### **RELIEF REQUESTED**

The Division now has primary jurisdiction to revoke Arrington's APDs and to correspondingly reverse the Hobbs District Supervisor's denial of the TMBR/Sharp APDs. The Division should do so without further hearing or delay.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87501  
(505) 982-4285

### **CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing pleading was sent Federal Express this 24th day of January, 2002 to Earnest Carroll, Esq., attorney for Arrington Oil & Gas, Inc.



W. Thomas Kellahin

FIFTH JUDICIAL DISTRICT COURT  
COUNTY OF LEA  
STATE OF NEW MEXICO

TMBR/SHARP DRILLING, INC.,  
Plaintiff,

vs.

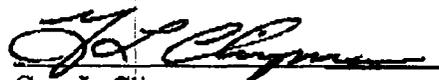
DAVID H. ARRINGTON OIL & GAS,  
INC., JAMES D. HUFF, MADELINE  
STOKES, ERMA STOKES HAMILTON,  
JOHN DAVID STOKES, and TOM STOKES,  
Defendants.

FIFTH JUDICIAL DISTRICT  
COUNTY OF LEA  
CLERK'S OFFICE  
01 DEC 27 AM 9:33  
ERNEST L. CARROLL  
DISTRICT COURT CLERK

No. CV2001-315C

ORDER GRANTING PARTIAL SUMMARY JUDGMENT  
REGARDING FILING OF UNIT DESIGNATIONS

THIS MATTER having come before the Court upon Motion of the Plaintiff's TMBR/Sharp Drilling Company's Motion for Partial Summary Judgment regarding Filing of Unit Designations and the Defendant Arrington Oil and Gas Inc.'s and Defendant Huff's Motion for Summary Judgment Regarding Filing of Unit Designations and the Court being fully advised FINDS that the Plaintiff's Motion is well taken and should be and IS GRANTED and the Defendant's Motion is not well taken and should be and IS DENIED.

  
Gary L. Clingman  
District Judge

CERTIFICATE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice was mailed to all parties on the 27<sup>th</sup> day of December, 2001:

Richard Montgomery, Esquire  
P.O. Box 2776  
Midland, Texas 79702-2776

Phil Brewer, Esquire  
P.O. Box 298  
Roswell, NM 88202-0298

Ernest L. Carroll, Esquire  
P.O. Box 1720  
Artesia, NM 88221-1720

Michael J. Canon, Esquire  
303 W. Wall, Suite 1100  
Midland, Texas 79701

By:   
Ernest L. Carroll  
Trial Court Administrative Assistant



District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101  
Revised March 17, 1999

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address David H. Arrington Oil & Gas, Inc P.O. Box 2071 Midland, Texas 79702		OGRID Number 005898
Property Code 29099		AFT Number 30-025-35787
Property Name Glass-Eye Midea "25"		Well No. 1

Surface Location									
UL or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
A	25	16S	35E		803'	North	962'	East	Lea

Proposed Bottom Hole Location if Different From Surface									
UL or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County

Proposed Pool 1 N. Townsend; Mississippian Wildcat	Proposed Pool 2
-------------------------------------------------------	-----------------

Well Type Code N	Well Type Code G	Cable/ Rotary Rotary	Lease Type Code Fee	Ground Level Elevation 3959'
Multiple No	Proposed Depth 13,000'	Formation Mississippian	Consent Patterson	Spud Date ASAP

Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Bags of Cement	Estimated TOC
17 1/2"	13 3/8"	54.5#	470'	500 bxs	Circ
11"	8 5/8"	32#	4950'	1750 bxs	Circ
7 7/8"	5 1/2"	17#	13,000'	500 bxs	500 Above uppermost pay

\* Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.  
Drill 17 1/2" hole to 470'. Set 13 3/8" csg. Circ cement to surface. Drill 11" hole to 4950'. Set 8 5/8" to 4950'. Circ cement to surface. Install BOP's. Test BOP's to 5000 psi. Test casing to 1500 psi. Drill 7 7/8" hole to 13,000'. DST any prospective pays. Run 5 1/2" casing as justified.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

* I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Dann Ledford</i>	Approved by: <i>Chris Williams</i>	ORIGINAL SIGNED BY CHRIS WILLIAMS ENGINEERING MANAGER	
Printed name: <b>Dann Ledford</b>	Title:	Approval Date: <b>DEC 17 2001</b>	Expiration Date:
Title: <b>Geologist</b>	Conditions of Approval: <i>Can not produce without community agreement</i>	Attached: <input checked="" type="checkbox"/>	
Date: 11/29/2001	Phone: (915) 682-6685		



Instructions on back

Submit to the Appropriate  
 District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

**DISTRICT II**  
 P. O. Drawer DD  
 Artesia, NM 88211-0719

**OIL CONSERVATION DIVISION**  
 P. O. Box 8088  
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

**DISTRICT III**  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

**DISTRICT IV**  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

* API Number 30-025-35727		* Post Code 86390		* Well Name Mississippian Wellcat	
* Property Code 29099		* Property Name GLASS-EYE MIDGE '25'			* Well Number 1
* GORRIS No. 5898		* Operator Name DAVID H. ARRINGTON OIL & GAS, INC.			* Elevation 3969'

**" SURFACE LOCATION**

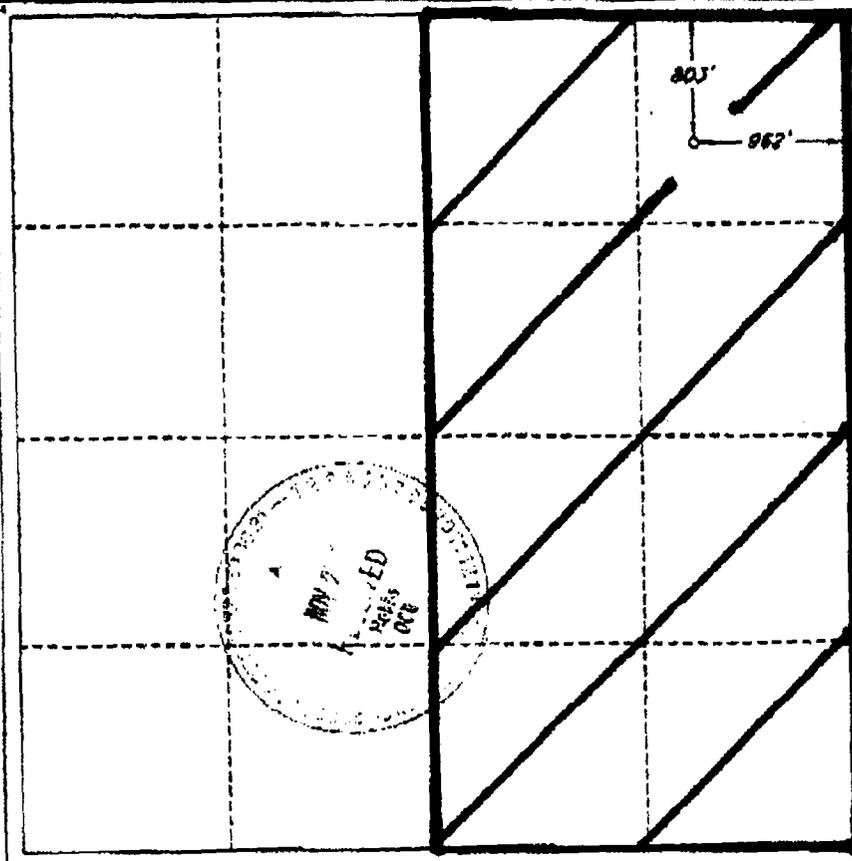
UL or lot no.	Section	Township	Range	Lot No	Feet from the North/South line	Feet from the East/West line	County
A	25	18 SOUTH	35 EAST, N.M.P.M.		803'	962'	LEA

**" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE**

UL or lot no.	Section	Township	Range	Lot No	Feet from the North/South line	Feet from the East/West line	County

* Dedicating Acre 320	* Unit of Well 320	* Consolidation Code	* Order No.
--------------------------	-----------------------	----------------------	-------------

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name  
 Darryl Ledford

Title  
 Geologist

Date  
 11/29/01

**SURVEYOR CERTIFICATION**

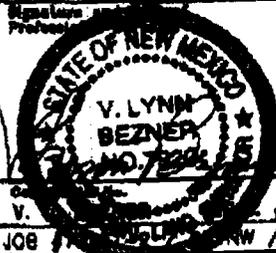
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey  
 NOVEMBER 13, 2001

Signature

Printed Name  
 V. LYNN BEZNER  
 NO. 7200

Date  
 11-29-01  
 County  
 LEA  
 V. Lynn Beznar / V.M.B.



KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 24, 2002

*To Steve  
Commission Case*

**HAND DELIVERED**

David K. Brooks, Esq.  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Motion of TMBR/Sharp Drilling, Inc.  
to Reopen Cases 12731 and 12744 and  
to amend Order No. R-11700**

**NMOCD Case 12731  
Application of TMBR/Sharp Drilling, Inc.  
for an order staying David H. Arrington  
Oil & Gas, Inc. from commencing  
operations, Lea County, New Mexico.**

**NMOCD Case 12744  
Application of TMBR/Sharp Drilling, Inc.  
appealing the Hobbs District Supervisor's  
decision denying approval of two applications  
for permit to drill filed by TMBR/Sharp  
Drilling, Inc., Lea County, New Mexico**

Dear Mr. Brooks:

On behalf of TMBR/Sharp Drilling, Inc., please find enclosed our motion to reopen the referenced cases based upon new evidence.

Very truly yours,



W. Thomas Kellahin

cc: Earnest Carroll, Esq.  
Attorney for Arrington  
cc: TMBR/Sharp  
Rick Montgomery, Esq.

02/01/24 11:23  
02/01/24 11:23

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

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APPEALING THE HOBBS DISTRICT SUPERVISOR'S  
DECISION DENYING APPROVAL OF TWO  
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BY TMBR/SHARP DRILLING INC.  
LEA COUNTY, NEW MEXICO**

**CASE NO. 12744**

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02 JAN 24 AM 11:27  
OIL CONSERVATION DIV.

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And in support states:

**INTRODUCTION**

On July 19, 2001, David H. Arrington Oil & Gas Inc. ("Arrington") filed an application for permit to drill ("APD") and obtained approval from the OCD-Hobbs to drill the Triple Hackle Dragon 25 Well No. 1 to be drilled in Unit E and dedicated to a 320-acre gas spacing unit consisting of the W/2 of Section 25, T16S, R35E, Lea County, New Mexico.

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Seven days later, TMBR/Sharp filed (i) its APD for the N/2 of Section 25 and (ii) its APD for the E/2 of Section 23, but both were denied approval by the Division District because Arrington's APDs for the W/2 of Section 25 and for the E/2 of Section 23 had already been issued.<sup>1</sup>

Arrington's right to drill and operate these wells was predicated upon its assumption that two oil & gas leases held by TMBR/Sharp had expired and that two "top leases" obtained by James D. Huff and claimed by Arrington are in effect.<sup>2</sup> Without its claim of interest in these two "top leases" Arrington has no interest in either the E/2 of Section 23 or the W/2 of Section 25.

In fact the two "top leases" were obtained on March 27, 2001 by James D. Huff and filed of record in Lea County on June 11, 2001. Huff's assignment of these "top leases" was not recorded until September 19, 2001, some 6 weeks after the Division had approved Arrington's APDs.

Except for Arrington's action in claiming this top leased interest, TMBR/Sharp's APD would have been approved. TMBR/Sharp appealed this action to the Division which held a hearing on September 20, 2001.

On December 13, 2001, the Division entered Order R-11700, which concluded, among other things in paragraph (22), that "Arrington has demonstrated at least a colorable claim of title that would confer upon it a right to drill its proposed wells, no basis exists to reverse or overrule the action of the District Supervisor in approving the Arrington APDs."

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<sup>2</sup> James D. Huff "top leased" the NW/4 of Section 25 and the SE/4 of Section 23 and other lands.

Contrary to Division Order R-11700, Arrington failed to demonstrate "colorable title" at the time its APDs were approved.

In addition, Division Order R-11700 denied TMBR/Sharp's Applications for Permit to Drill ("APDs") because the Division had previously approved David H. Arrington's APDs and stated that:

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### **NEW EVIDENCE**

Based upon new evidence, TMBR/Sharp is now entitled to have its APDs approved and Arrington's APD revoked.

#### **The Court decides for TMBR/Sharp:**

This matter involves a title dispute between the parties which has now been decided in TMBR/Sharp's favor by the Fifth Judicial District Court, Lea County, New Mexico.

On December 27, 2001, the District Court entered an order denying Arrington's title claims to the interest held by TMBR/Sharp and, as a result of this new evidence, Arrington has no operating interest in either the E/2 of Section 23 nor the W/2 of Section 25. **See Exhibit "A" attached.**

This matter has been conclusively resolved against Arrington and demonstrates that Arrington wrongfully obtained the approval of its APDs from the Division. Based upon this conclusive new evidence, TMBR/Sharp is entitled to have its APDs approved and Arrington's revoked.

#### **Arrington's manipulations continue:**

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---

<sup>3</sup> As of January 17, 2002, James D. Huff had a 14.6875% working interest in the E/2 of Section 25; Arrington had no interest.

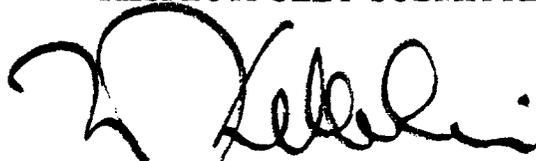
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The Division should not tolerate this gamesmanship. This is the "appropriate case" for the Division to exercise its jurisdiction to revoke all three of Arrington's APDs.

**RELIEF REQUESTED**

The Division now has primary jurisdiction to revoke Arrington's APDs and to correspondingly reverse the Hobbs District Supervisor's denial of the TMBR/Sharp APDs. The Division should do so without further hearing or delay.

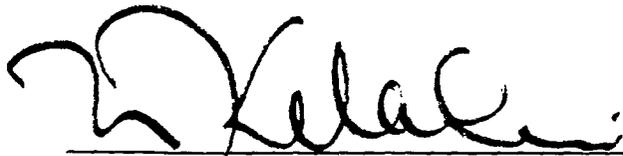
RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87501  
(505) 982-4285

**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing pleading was sent Federal Express this 24th day of January, 2002 to Earnest Carroll, Esq., attorney for Arrington Oil & Gas, Inc.



W. Thomas Kellahin

FIFTH JUDICIAL DISTRICT COURT  
COUNTY OF LEA  
STATE OF NEW MEXICO

FIFTH JUDICIAL DISTRICT  
COUNTY OF LEA  
CLERK'S OFFICE  
31 DEC 27 AM 9:33  
JAMES B. HERNANDEZ  
DISTRICT COURT CLERK

TMBR/SHARP DRILLING, INC.,  
Plaintiff,

vs.

No. CV2001-315C

DAVID H. ARRINGTON OIL & GAS,  
INC., JAMES D. HUFF, MADELINE  
STOKES, ERMA STOKES HAMILTON,  
JOHN DAVID STOKES, and TOM STOKES,  
Defendants.

ORDER GRANTING PARTIAL SUMMARY JUDGMENT  
REGARDING FILING OF UNIT DESIGNATIONS

THIS MATTER having come before the Court upon Motion of the Plaintiff's TMBR/Sharp Drilling Company's Motion for Partial Summary Judgment regarding Filing of Unit Designations and the Defendant Arrington Oil and Gas Inc.'s and Defendant Huff's Motion for Summary Judgment Regarding Filing of Unit Designations and the Court being fully advised FINDS that the Plaintiff's Motion is well taken and should be and IS GRANTED and the Defendant's Motion is not well taken and should be and IS DENIED.

  
Gary L. Clingman  
District Judge

CERTIFICATE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice was mailed to all parties on the 27<sup>th</sup> day of December, 2001:

Richard Montgomery, Esquire  
P.O. Box 2776  
Midland, Texas 79702-2776

Phil Brewer, Esquire  
P.O. Box 298  
Roswell, NM 88202-0298

Ernest L. Carroll, Esquire  
P.O. Box 1720  
Artesia, NM 88221-1720

Michael J. Canon, Esquire  
303 W. Wall, Suite 1100  
Midland, Texas 79701

By:   
Trial Court Administrative Assistant



JAN-07-02 14:33 From: 8152210

15682886758

T-234 P.02/03 Job-752

District I  
1625 N. French Dr., Hobbs, NM 88240

District II  
811 South First, Artesia, NM 88210

District III  
1000 Rio Grande Road, Aztec, NM 87410

District IV  
2048 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-10;  
Revised March 17, 1999

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEX, PLUGBACK, OR ADD A ZONE

Operator Name and Address David H. Arrington Oil & Gas, Inc P.O. Box 2071 Midland, Texas 79702		OCRID Number 005898
Property Code 29099		APT Number 30-025-35787
Property Name Glase-Eye Midea "25"		Well No.

UL or lot no.	Section	Township	Range	Lot Id	Feet from the	North/South line	Feet from the	East/West line	County
A	25	16S	35E		803'	North	962'	East	Lea

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Id	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 N. Townsend; Mississippian Wildcat					Proposed Pool 2				

Well Type Code N	Well Type Code G	Cable/ Rotary Rotary	Lease Type Code Fee	Ground Level Elevation 3959'
Multiple No	Proposed Depth 13,000'	Formation Mississippian	Contractor Patterson	Spud Date ASAP

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sections of Cement	Returned TOC
17 1/2"	13 3/8"	54.5#	470'	500 sxs	Circ
11"	8 5/8"	32#	4950'	1750 sxs	Circ
7 7/8"	5 1/2"	17#	13,000'	500 sxs	500 Above uppermost pay

\* Describe the proposed program. If this application is to DEEPEX or PLUG BACK, give the data on the present productive zones and proposed new productive zones. Describe the blow-out prevention program, if any. Use additional sheets if necessary.  
Drill 17 1/2" hole to 470'. Set 13 3/8" csg. Circ cement to surface. Drill 11" hole to 4950'. Set 8 5/8" to 4950'. Circ cement to surface. Install BOP's. Test BOP's to 5000 psi. Test casing to 1500 psi. Drill 7 7/8" hole to 13,000'. DST any prospective pays. Run 5 1/2" casing as justified.

Permit Expires 1 Year From Approval  
Date Unless Drilling Underway

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Dann Ledford</i> Printed name: <b>Dann Ledford</b> Title: <b>Geologist</b> Date: 11/29/2001 Phone: (915) 682-6685	OIL CONSERVATION DIVISION	
	Approved by: <i>Chris Williams</i> Title: <b>ORIGINAL SIGNED BY CHRIS WILLIAMS ENGINEERING MANAGER</b> Approval Date: <b>DEC 17 2001</b> Expiration Date:	Conditions of Approval: <i>Do not produce without communication agreement</i> Attached: <input checked="" type="checkbox"/>



DISTRICT II  
P. O. Drawer 00  
Artesia, NM 88211-0719

DISTRICT III  
1000 Nio Brazos Rd.  
Aztec, NM 87410

DISTRICT IV  
P. O. Box 2088  
Santa Fe, NM 87507-2088

# OIL CONSERVATION DIVISION

P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

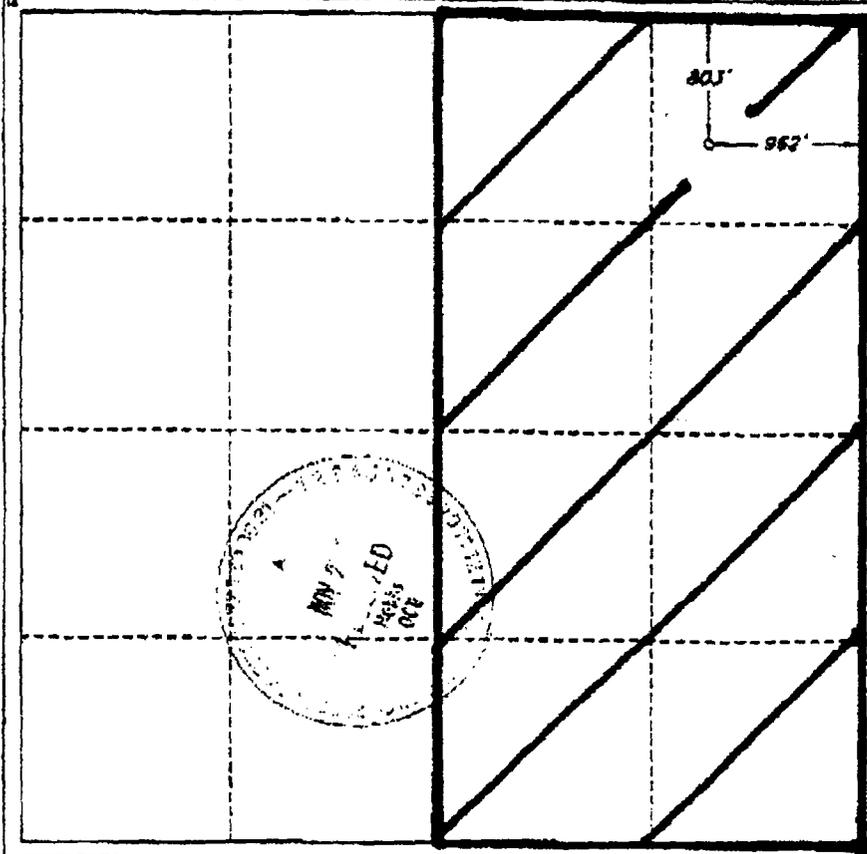
Instructions on back  
Submit to the Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number <b>30-025-35787</b>		2. Pool Code <b>86390</b>		3. Pool Name <b>N. Townsend, Mississippian, Wildcat</b>					
4. Property Code <b>29099</b>		5. Property Name <b>GLASS-EYE MIDGE '25'</b>			6. Well Number <b>1</b>				
7. GUNB No. <b>5898</b>		8. Operator Name <b>DAVID H. ARRINGTON OIL &amp; GAS, INC.</b>			9. Elevation <b>3958'</b>				
<b>" SURFACE LOCATION "</b>									
10. U. or lot no. <b>A</b>	Section <b>25</b>	Township <b>16 SOUTH</b>	Range <b>35 EAST, N.M.P.M.</b>	Lot 1/4 <b>805'</b>	North/South line <b>NORTH</b>	Feet from the <b>982'</b>	East/West line <b>EAST</b>	County <b>LEA</b>	
<b>" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE "</b>									
11. U. or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
12. Dedicated Acres <b>320</b>		13. Joint or 1/4th		14. Construction Code		15. Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



### OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature  
*D. Ledford*  
Printed Name  
**Danny Ledford**  
Title  
**Geologist**  
Date  
**11/29/01**

### SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey  
**NOVEMBER 13, 2001**  
Signature  
*V. Lynm Beznar*  
Printed Name  
**V. LYNN BEZNER**  
Title  
**NO. 7220**  
Date  
**11-19-01**  
No.  
**77820**  
JOB # / V.H.B.

