

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

IN THE MATTER OF THE APPLICATION OF
PARKER & PARSLEY DEVELOPMENT, L. P.
FOR STATUTORY UNITIZATION,
LEA COUNTY, NEW MEXICO.

CASE 11703

MOTION TO DISMISS

COME NOW, Don Shackelford, Wilbur Shackelford and Bob Shackelford (hereinafter collectively referred to as "Shackelford") and hereby move the New Mexico Oil Conservation Division for an Order Dismissing the application of Parker & Parsley Development, L. P. for statutory unitization and in support thereof state:

1. Shackelford owns interests in properties and operates wells which produce oil and gas from lands which are included within the boundaries of the proposed Lusk West (Delaware) Unit Area which Parker & Parsley Development, L. P. propose to statutorily unitize in this case.

2. The Statutory Unitization Act provides that as a condition precedent to the formation of a unit pursuant to the Act, the Division must make a determination "that the operator has made a good faith effort to secure voluntary unitization within the pool or the portion thereof directly affected." NMSA 1978, Sec. 70-7-6(5).

3. Parker & Parsley has not contacted Shackelford concerning its voluntary participation in the Lusk West (Delaware) Unit. Parker & Parsley has not attempted to reach

a voluntary agreement for unitization with Shackelford nor provided to Shackelford any information concerning the proposed unit including (a) geological data to justify the unit boundaries, (b) the formula for allocation of unitized substances to the interest owners therein, (c) proposals as to how investments in wells and other equipment will be handled, or (d) any other information concerning the proposed unit. *See*, Affidavit of Don Shackelford attached hereto as Exhibit A.

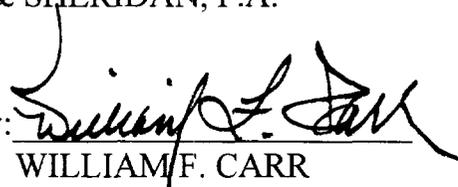
4. By failing to make a good faith effort to reach voluntary agreement for unitization with Shackelford, Parker & Parsley has not complied with, met a statutory precondition to statutory unitization and the Division may not exercise the police power of the State of New Mexico to deprive Shackelford of its interests in the subject lands.

WHEREFORE, the application of Parker & Parsley Development, L. P. should be dismissed and Parker & Parsley should be directed to enter into good faith negotiations for the formation of a voluntary unit with Shackelford prior to any future efforts to form this unit pursuant to the provisions of the Statutory Unitization Act.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:



WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

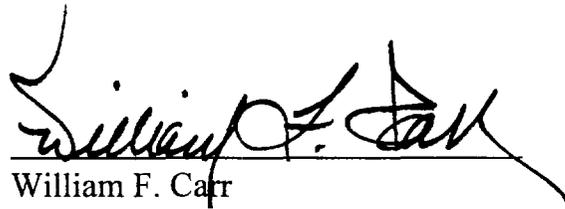
Telephone: (505) 988-4421

ATTORNEYS FOR DON SHACKELFORD,
WILBUR SHACKELFORD AND
BOB SHACKELFORD

CERTIFICATE OF MAILING

I hereby certify that I have caused to be hand-delivered a true and correct copy of the foregoing Motion to Dismiss to the following counsel of record on this 3rd day of January, 1997:

Conrad E. Coffield, Esq.
Hinkle, Cox, Eaton, Coffield & Hensley
218 Montezuma Street
Santa Fe, New Mexico 87501



William F. Carr

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

IN THE MATTER OF THE APPLICATION OF
PARKER & PARSLBY DEVELOPMENT, L. P.
FOR STATUTORY UNITIZATION,
LEA COUNTY, NEW MEXICO.

CASE 11703

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

AFFIDAVIT OF DON SHACKELFORD

Don Shackelford, being duly sworn on oath, states as follows:

1. I am the Owner of Shackelford Oil Company which owns interests and operates producing oil and gas wells in the NW/4 and the N/2 SW/4 of Section 21, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

2. On December 16, 1996, Parker & Parsley Development, L. P. filed an application with the Oil Conservation Division seeking an order statutorily unitizing the proposed Lusk West (Delaware) Unit which includes 1520 acres of federal lands in Lea County, New Mexico including the acreage in which Shackelford owns interests and operates wells in the NW/4 and the N/2 SW/4 of Section 21, Township 19 South, Range 32 East.

3. Although it appears that the creation of the proposed unit could cost Shackelford hundreds of thousands of dollars, as of the date of this affidavit, Parker & Parsley has not contacted Shackelford concerning its voluntary participation on the Lusk

EXHIBIT

A

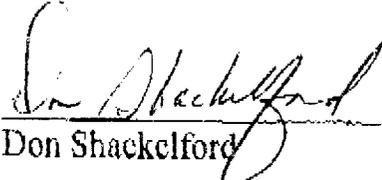
West (Delaware) Unit nor attempted to reach a voluntary agreement for unitization with Shackelford.

4. Parker & Parsley has not provided Shackelford any information relating to the geology of the proposed unit boundaries, the formula for allocation of unitized substances to the interest owners, proposals for investments in wells and other equipment or any other issues relating to the proposed unit.

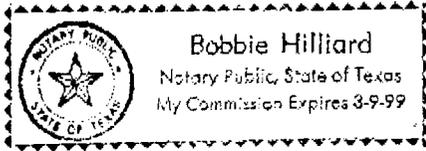
5. If there were meetings with the owners of interest in this area, Shackelford was not invited to participate and has not been afforded an opportunity to have any input in the discussions which have resulted in the formation of this unit proposal, the participation formula contained therein, the provisions governing credits and charges to be made for investments in wells, and other equipment to be contributed to unit operations, the provisions governing how the costs of unit operations will be paid.

6. Shackelford has not been provided with any of the geological interpretations and/or engineering studies which support the proposed unit.

FURTHER AFFIANT SAYETH NOT.


Don Shackelford

SUBSCRIBED AND SWORN TO before me on this ^{3rd} 4 day of January, 1997 by Don Shackelford.



Bobbie Hilliard
Notary Public

My Commission Expires:
