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OF COUNSEL  
A. J. LOSEE

March 14, 2002

New Mexico Oil Conservation Division  
Attn: Florence Davidson  
1220 S. Saint Francis Drive  
Santa Fe, New Mexico 87505

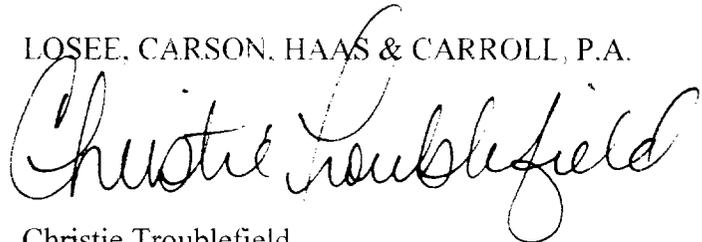
Re: Case No. 12841

Dear Ms. Davidson:

Enclosed please find an original and one copy of the Pre-hearing Statement for the above numbered case. Please stamp one copy received and return it to me in the enclosed self-addressed stamped envelope. Thank you very much.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Christie Troublefield  
Secretary to Ernest L. Carroll

Encl.

cc: Mr. Jim G. Bruce  
W. Thomas Kellahin  
Mr. Jeff Bane

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

**IN THE MATTER OF THE APPLICATION OF :  
OCEAN ENERGY, INC. FOR :  
COMPULSORY POOLING, LEA :  
COUNTY, NEW MEXICO :** **CASE NO. 12841**

**PREHEARING STATEMENT**

This prehearing statement is submitted by DAVID H. ARRINGTON OIL & GAS, INC. as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Ocean Energy, Inc.

Mr. Jim G. Bruce  
P.O. Box 1056  
Santa Fe, NM 87504  
(505) 982-2043

**SUPPORTING**

David H. Arrington Oil & Gas, Inc.

Ernest L. Carroll  
Losee, Carson, Haas & Carroll  
P.O. Box 1720  
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**STATEMENT OF THE CASE**

1. The application of Ocean Energy, Inc. ("Ocean") for the compulsory pooling of 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, Lea County, New Mexico, is in direct conflict with Case 12816, Application of TMBR/Sharp Drilling, Inc.

(“TMBR”) for compulsory pooling, Lea County, New Mexico. In Case 12816 TMBR is seeking an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N/2 of Section 25, Township 16 South, Range 35, East, Lea County, New Mexico.

2. David H. Arrington Oil & Gas, Inc. (“Arrington”) owns a 15% WI in the W/2 proration unit and supports Ocean’s application for compulsory pooling and request for designation as operator.<sup>1</sup>
3. Arrington’s geologic information supports E/2 and W/2 designations for wells in Section 25.

#### **PROPOSED EVIDENCE**

##### **DAVID H. ARRINGTON OIL & GAS, INC.:**

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Enich Diffie (landman)	20 min.	Ownership plat
Bill Baker (Exploration Mgr. David H. Arrington Oil & Gas, Inc.)	30 min	Structure map Isopach Atoka Sand Cross-section

#### **PROCEDURAL MATTERS**

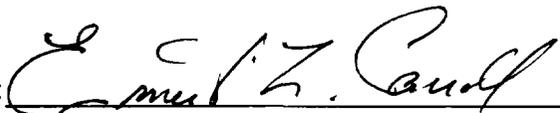
TMBR has filed an Application of TMBR/Sharp Drilling, Inc. for compulsory pooling, Lea County, New Mexico, which is also on the docket for consideration on March 21, 2002, as Case 12816. Case 12816 is in direct conflict with the instant case because it proposes the drilling of the Blue Fin “25” Well No. 1 to be dedicated to the N/2 of Section 25, Township 16 South, Range 35 East, Lea County, New Mexico.

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<sup>1</sup> The 15% interest owned by Arrington is in addition to the interest that is in dispute between Arrington and TMBR involving the Stokes and Hamilton leases.

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

By: 

Ernest L. Carroll

P.O. Box 1720

Artesia, NM 88211-1720

(505)746-3505

Attorneys for David H. Arrington Oil & Gas, Inc.

I hereby certify that I caused a true and correct copy of the foregoing to be mailed to counsel of record this March 14, 2002.



Ernest L. Carroll