

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

IN THE MATTER OF THE HEARINGS CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

- APPLICATION OF TMBR/SHARP
DRILLING, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO. No. 12816
- APPLICATION OF OCEAN ENERGY,
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO. No. 12841
- APPLICATION OF OCEAN ENERGY,
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO. No. 12860
- APPLICATION OF DAVID H. ARRINGTON
OIL & GAS, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO. No. 12859

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Ocean Energy, Inc.
as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Ocean Energy, Inc.
Suite 1600
1001 Fannin
Houston, Texas 77002
Attention: Derold Maney
(713) 265-6897

APPLICANT'S ATTORNEY

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

OTHER PARTIES

TMBR/Sharp Drilling, Inc.
David H. Arrington Oil & Gas, Inc.
Yates Petroleum Corporation

OTHER PARTIES' ATTORNEYS

W. Thomas Kellahin
J. Scott Hall
William F. Carr

STATEMENT OF THE CASE

APPLICANT

Ocean Energy, Inc. ("Ocean") seeks an order pooling all mineral
interests from the surface to the base of the Mississippian
formation underlying the W½ of Section 25, Township 16 South, Range

35 East, NMPM, to form a 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing. A W $\frac{1}{2}$ unit is mandated due to geology and other factors routinely considered by the Division.

Ocean has filed two applications, one for a well in the NW $\frac{1}{4}$ of Section 25, and one for a well in the SW $\frac{1}{4}$ of Section 25. The NW $\frac{1}{4}$ is the preferred location for the well, and the application for the well in the SW $\frac{1}{4}$ was filed only due to questions raised by the Division over the right of an operator to drill on another party's lease.

Because the title to the NW $\frac{1}{4}$ of Section 25 is in dispute, Ocean has requested that funds be placed in escrow pending the resolution of the title dispute.

OPPONENT

TMBR/Sharp Drilling, Inc. has filed an application for a unit comprised of the N $\frac{1}{2}$ of Section 25.

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Derold Maney (landman)	20 min.	seven
Frank Messa (geologist)	10 min.	two
Robert Silver (geophysicist)	15 min.	three
<hr/> (engineer)	possible witness	

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Ocean requests that all cases be consolidated for hearing.

Respectfully submitted,

James Bruce

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

Attorney for Ocean Energy Resources,
Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record via facsimile transmission this 15th day of May, 2002:

David K. Brooks
Oil Conservation Division
120 South St. Francis Drive
Santa Fe, New Mexico 87505
(505) 476-3462

W. Thomas Kellahin
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
Fax No. (505) 982-2047

William F. Carr
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
Fax No. (505) 983-6043

J. Scott Hall
Miller, Torgerson & Stratvert, P.A.
P.O. Box 1986
Santa Fe, New Mexico 87504
Fax No. (505) 989-9857

James Bruce
James Bruce