

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

**IN THE MATTER OF THE APPLICATION OF
GREAT WESTERN DRILLING COMPANY FOR
COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO.**

CASE NO. 12956

PREHEARING STATEMENT

GREAT WESTERN DRILLING COMPANY, Applicant herein, by and through counsel, Montgomery & Andrews, P.A., submits this prehearing statement as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Great Western Drilling Company
700 West Louisiana
Midland, Texas 79701

ATTORNEY

Paul R. Owen, Esq.
Montgomery & Andrews, P.A.
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 982-3873

OPPOSITION OR OTHER PARTY

David H. Arrington Oil & Gas, Inc.
Post Office Box 2071
Midland, Texas 79702

ATTORNEY

Michael Feldewert, Esq.
Holland & Hart
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation under the following acreage in Section 1, Township 16 South, Range 34 East: Lots 1, 2, 7, 8, 9, 10, 15, and 16 to form a standard 328.34-acre E/2 gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated Townsend-Morrow Gas Pool; the NE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent; the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations or pools spaced on 80 acres within this vertical extent; and the NE/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations or pools spaced on 40 acres within this vertical extent. These spacing and proration units are to be dedicated to Applicant's proposed Lovington Federal No. 1 Well to be drilled at a standard location in the NE/4 of said Section 1. Also to be considered will be the cost of drilling and completing said 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 and a charge for risk involved in drilling said well.

This case seeks the pooling of the same acreage as is the subject of case No. 12942, which was heard by the Division on October 10, 2002, in which David H. Arrington Oil & Gas, Inc. ("Arrington"), is the Applicant, and in which Arrington seeks to be named operator of the proposed well. The same well location is proposed in this case and in case No. 12942, and Applicant seeks pooling of the same formations as sought by Arrington in Case No. 12942.

OTHER PARTY

Applicant expects Arrington to contest the naming of Applicant as operator if the subject acreage is pooled.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

(Name and expertise)

EST. TIME

EXHIBITS

Michael Heathington
(Landman)

Approx. 30 min.

Approx. 7

Russell Richards
(Petroleum Geologist)

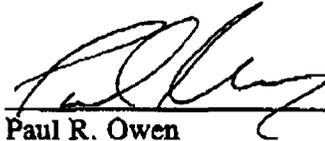
Approx. 30 min.

Approx. 5

OTHER PARTY

PROCEDURAL MATTERS

None known at this time.



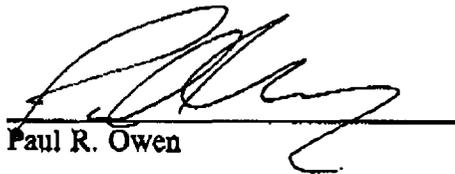
Paul R. Owen
ATTORNEY FOR GTREAT WESTERN
DRILLING COMPANY

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of November, 2002, I have caused a copy of our Prehearing Statement in the above-captioned case to be served via U.S. Mail upon the following:

Michael Feldewert, Esq.
Holland & Hart
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

ATTORNEYS FOR DAVID H. ARRINGTON
OIL & GAS, INC.



Paul R. Owen