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

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

IN THE MATTER OF THE APPLICATION OF DAVID H. ARRINGTON OIL & GAS, INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NOT 14497

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP as required by the rules of the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

David H. Arrington Oil & Gas, Inc. c/o Monte Kastner

William F. Carr, Esq. Post Office Box 2208 Santa Fe, New Mexico 87504 (505) 988-4421

OPPOSITION

ATTORNEY

Marshall & Winston Post Office Box 1056 Santa Fe, New Mexico 87504 James Bruce, Esq.

STATEMENT OF CASE

David H. Arrington Oil & Gas Inc., applicant in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing unit located in the S/2 of Section 26, Township 15 South, Range 34 East, N.M.P.M., Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing within this vertical extent including the North Eidson Morrow Gas Pool, the Undesignated North Hume Morrow Gas Pool and the Undesignated Grassland Austin Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent. Said unit is to be dedicated to its Green Eyed Squealy-Worm Well_No. 1 to be re-entered 1974 feet from the South line and 1129 feet from the East line of said Section 26. 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 David H. Arrington Oil & Gas Inc. as operator of the well and a 200% charge for risk involved in drilling said well

PROPOSED EVIDENCE

| WITNESSES | ESTIMATED TIME | <u>EXHIBITS</u> |
|---------------------------|----------------|-----------------|
| Monty Kastner (Landman) | 20 Minutes | Approx. 6 |
| Brian Ball (Geologist) | 10 Minutes | Approx. 2 |
| Art Carrasco (Engineer) | 10 Minutes | Approx. 4 |

PROCEDURAL MATTERS

David H. Arrington Oil & Gas, Inc. will request that this case be consolidated for hearing with the application of Marshall & Winston in Case No. 14538.

William F. Carr

ATTORNEY FOR DAVID H. ARRINGTON OIL AND GAS, INC.

CERTIFICATE OF SERVICE

| I certify that following by | on August 25, 2010 I served a | copy of the | foregoing | document | to | the |
|-----------------------------|---|-----------------|-----------|----------|----|-----|
| | U.S. Mail, postage prepaid Hand Delivery Fax | | | | | |
| | James Bruce, Esq. Post Office Box 1056 Santa Fe, New Mexico 87504 | | | | | |
| | | William William | F. Carr | n | _ | |