

**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:**

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

Case No. 14,497

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Marshall & Winston, Inc. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

David H. Arrington Oil & Gas Inc.

APPLICANT'S ATTORNEY

William F. Carr
Ocean Munds-Dry

OPPONENT

Marshall & Winston, Inc.
P.O. Box 50880
Midland, Texas 79702

OPPONENT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attention: Kevin Hammit

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 26, Township 15 South, Range 34 East, NMPM, to form a standard 320-acre gas spacing unit for all pools or formations developed on 320-acre spacing, and the SE¼ of Section 26 to form a standard 160-acre gas spacing unit for all pools or formations developed on 160-acre spacing. The units are to be dedicated to the proposed Green Eyed Squealy Worm Well No. 1, located in the NE¼SE¼ of Section 26. Applicant proposes to re-enter the well, purportedly to restore production from existing perforations.

OPPONENT

The Green Eyed Squealy Worm Well No. 1 was drilled in 2004 and completed in the Morrow formation. The well produced from the Morrow formation until September 2008, at the latest.

The well was not plugged and abandoned. However, production has ceased from the Morrow formation (and any other formation).

Marshall & Winston, Inc. owns or controls 100% of the working interest in the N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 26, and desires to re-enter the well to test an oil zone developed on 40 acre spacing. Marshall & Winston, Inc.'s interest is not subject to an operating agreement or other agreement pertaining to development of its acreage. Marshall & Winston, Inc. asserts that the application herein was filed in an effort to coerce it into agreeing to jointly develop its acreage with applicant, which Marshall & Winston, Inc. does not wish to do. Marshall & Winston, Inc. will be filing an application to approve the transfer of operatorship of the well to it from applicant (currently operator of record) so that it can proceed with its development plans.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

Kevin Hammit
(landman)

20 min.

Approx. 6

(geologist)

20 min.

Approx. 6

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

Marshall & Winston, Inc. has requested a continuance, which applicant has refused. Marshall & Winston, Inc. will be filing a motion to dismiss or for a continuance.

Respectfully submitted,



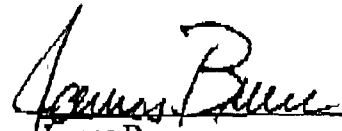
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Marshall & Winston, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 17th day of June, 2010 by facsimile transmission:

William F. Carr
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James Bruce