

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:

OIL CONSERVATION DIV.
01 FEB - 6 PM 3:24

APPLICATION OF OCEAN ENERGY RESOURCES, INC.
FOR COMPULSORY POOLING AND FOUR NON-
STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, LEA COUNTY, NEW MEXICO.

CASE NO. 12535

APPLICATION OF OCEAN ENERGY RESOURCES, INC.
FOR COMPULSORY POOLING AND FOUR NON-
STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, LEA COUNTY, NEW MEXICO.

CASE NO. 12567

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
AND THREE NON-STANDARD OIL AND GAS
SPACING AND PRORATION UNITS,
LEA COUNTY, NEW MEXICO.

CASE NO. 12569

Pre-Hearing Statement

NMOCD Case Nos. 12535, 12567, 12569 Consolidated

Page 2

PRE-HEARING STATEMENT

This Prehearing Statement is submitted on behalf of David H. Arrington Oil & Gas, Inc. by Holland & Hart LLP and Campbell & Carr as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation
Attention: Robert Bullock
105 South Fourth Street
Artesia, New Mexico 88210
(505) 748.1471

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988.4421

OTHER PARTY

David H. Arrington Oil & Gas, Inc.
Attention: Bill Baker
Post Office Box 2071
Midland, Texas 79702
(915) 682.6685

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988.4421

OPPOSITION

Ocean Energy Resources, Inc.
4305 North Garfield, Suite 200A
Midland, Texas 79705
(915) 683.3003

OPPOSING COUNSEL

James Bruce, Esq.
612 Old Santa Fe Trail, Suite B
Santa Fe, New Mexico 87501
Fax No. (505) 982.2151

Pre-hearing Statement

NMOCD Case Nos. 12535, 12567, 12569 Consolidated

Page 3

STATEMENT OF CASE

APPLICANTS

Each of the applicants in the above-captioned cases seek an order pooling all mineral interests from the surface to the base of the Mississippian formation in certain spacing and proration units located in the N/2 equivalent of Irregular Section 3, Township 16 South, Range 35 East. Said units are to be dedicated to a well to be drilled to a depth sufficient to test all formations from the surface to the base of the Mississippian formation. 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. Said area is located approximately 6 miles west-northwest of Lovington, New Mexico.

OTHER PARTY

David H. Arrington Oil & Gas, Inc. will present testimony concerning the risk associated with the drilling of a well on the subject acreage and the circumstances where pooled parties should be afforded an opportunity to voluntarily participate in any efforts to drill and complete a well on the spacing units pooled by the order in this case.

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	ESTIMATED TIME	EXHIBITS
Bill Baker (Geologist)	5 Minutes	

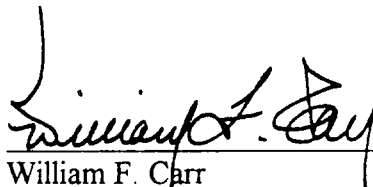
Pre-hearing Statement

NMOCD Case Nos. 12535, 12567, 12569 Consolidated

Page 4

PROCEDURAL MATTERS

Yates Petroleum Corporation will request the cases be consolidated for the purpose of hearing.

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr

Attorney for YATES PETROLEUM CORPORATION

Pre-hearing Statement

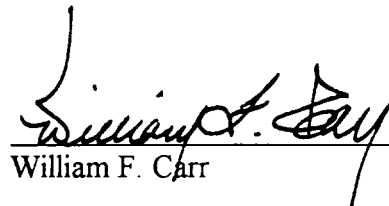
NMOCD Case Nos. 12535, 12567, 12569 Consolidated

Page 5

CERTIFICATE OF MAILING

I hereby certify that on this 6th day of February, 2001, I have caused to be delivered by facsimile a copy of our Pre-Hearing Statement in the above-captioned cases to the following counsel of record:

James Bruce, Esq.
612 Old Santa Fe Trail, Suite B
Santa Fe, New Mexico 87501
Fax No. (505) 982-2151



William F. Carr