

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

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

APPLICATION OF TMBR/SHARP DRILLING, INC.
FOR AN ORDER STAYING DAVID H. ARRINGTON
OIL AND GAS, INC. FROM COMMENCING
OPERATIONS, LEA COUNTY, NEW MEXICO

CASE NO. 12731

APPLICATION OF TMBR/SHARP DRILLING, INC.,
APPEALING THE HOBBS DISTRICT SUPERVISOR'S
DECISION DENYING APPROVAL OF TWO
APPLICATIONS FOR PERMIT TO DRILL FILED BY
TMBR/SHARP DRILLING, INC.,
LEA COUNTY, NEW MEXICO

CASE NO. 12744

ORDER NO. R-11700-B

APPLICATION FOR REHEARING
AND
REQUEST FOR PARTIAL STAY OF ORDER NO. R-11700-B

David H. Arrington Oil and Gas, Inc., ("Arrington"), through its attorneys, Miller Stratvert & Torgerson, P.A., (J. Scott Hall), moves pursuant to NMSA 1978 Section 70-2-25 of the New Mexico Oil and Gas Act and 19 NMAC 15.N.1222 for rehearing on the issuance of Order No. R-11700-B issued by the Commission on April 26, 2002. Arrington also moves pursuant to 19 NMAC 15.N.1220.B for entry of an order staying Order No. R-11700-B

BACKGROUND FACTS

Case Nos. 12731 and 12744 involve consolidated applications filed by TMBR/Sharp Drilling, Inc., ("TMBR/Sharp"), challenging and APD issued on July 17, 2001 to Arrington for its Triple-Hackle Dragon 25 Well No. 1 covering lands in the W/2 of Section 25¹ as well as the

¹ All referenced lands are located in Township 16-South, Range 35-East, NMPM in Lea County.

permit approved on July 30, 2001 for Arrington's Blue Drake 23 Well No. 1 covering lands in the E/2 of Section 23. Applications filed in August, 2001 by TMBR/Sharp for permits to drill its Leavelle 23 No. 1 well and the Blue Fin 25 No. 1 well in Sections 23 and 25, respectively, had been denied by the Division's District I office due to the previous approval of the Arrington drilling permits for the same lands.

The consolidated administrative cases ultimately resulted in the issuance by the New Mexico Oil Conservation Commission of Order No. R-11700-B on April 26, 2002, which found, among other things, that the Division's District I Supervisor should issue an APD to TMBR/Sharp for its proposed Blue Fin 25 Well No. 1 in the NW/4 of Section 25 to which TMBR/Sharp proposes to dedicate a N/2 spacing and proration unit. The Order also directed that a drilling permit should be approved for TMBR/Sharp's Blue Drake 23 Well No. 1 to which it proposed to dedicate the E/2 of Section 23. In addition, the Commission expressly retained jurisdiction over the matter, noting that separate court proceedings to resolve title issues could affect the outcome these pending administrative cases. At issue in that collateral litigation presently pending before the 5th Judicial District Court in Lovington is whether the filing of a C-102 form with the Division's District I office in Hobbs for TMBR/Sharp's Blue Fin 24 No. 1 well in Section 24, T-16-S, R-35-E, was sufficient to perpetuate TMBR/Sharp's leases from Madeline Stokes and Erma Stokes Hamilton to Ameristate Oil and Gas (and, by assignment, to TMBR/Sharp) that covered portions of lands in Sections 23 and 25 identified in the APD's filed both by TMBR/Sharp and Arrington. In that litigation, the lessors and Arrington, the owner of top-leases executed by the Stokes family (by way of farmouts through Ocean Energy, Inc.), contend that the leases held by TMBR/Sharp had lapsed.

In the interim, on January 28, 2002, TMBR/Sharp had filed an application for compulsory pooling in Case No. 12816 seeking to consolidate the working interests in the N/2 of Section 25

for its Blue Fin 25 Well No. 1. Ocean Energy, Inc. also filed separate compulsory pooling applications (Case No. 12841 and Case No. 12860) seeking to pool the W/2 of Section 25 for two alternative proposed Mississippian formation well locations in the NW/4 and SW/4, respectively. More recently, Arrington has filed its application for compulsory pooling in Case No. 12859 to create an E/2 unit in Section 25 for its Glass-Eyed Midge 25 No. 1 Atoka/Morrow/Mississippian well to be drilled in the NE/4. Arrington's C-101 APD for the Glass-Eyed Midge 25 No. 1 well was issued by the Division on December 17, 2001 and its C-102 reflecting an E/2 unit was filed on November 29, 2001. The N/2 TMBR/Sharp unit is in obvious conflict with the E/2 and W/2 units proposed by Arrington and Ocean Energy. Case Nos. 12816, 12859, 12860 and 12841 are all scheduled to be heard by the Division's examiner on May 16, 2002.

Significantly, Arrington's Application does not present a title issue like TMBR/Sharp's Applications in Case Nos. 12731 and 12741 did, and the lands under its proposed E/2 unit were not involved in those two cases. Arrington's lease interests are wholly independent from the lease title currently in dispute in the 5th Judicial District Court litigation.

On March 15, 2002, without notice to the Applicant and *before* the issuance of Order R-11700-B, TMBR/Sharp Drilling, Inc. filed another C-101 APD with the Division's District I office for its Blue Fin 25 Well No. 1 (API No. 30-025-35865) which was also proposed to be drilled to the Mississippian formation in the NW/4 of Section 25. The C-102 acreage dedication plat which accompanied the filing of the TMBR/Sharp Drilling, Inc. APD proposed to dedicate the N/2 of said Section 25 to the Blue Fin 25 Well No. 1.

On March 20, 2002, again without notice to Arrington and *before* the issuance of Order No. R-11700-B, the Division's District I office approved the APD for the Blue Fin 25 Well No. 1. As a consequence of the actions of the Division's District I office, there existed two

simultaneously approved APD's with attached C-102's that both operators proposed to dedicate the NE/4 of Section 25 to their respective wells.

At the time of the filing of the APD's, there were owners of other interests in the N/2 and E/2 of Section 25, respectively, who had not voluntarily agreed to participate in the drilling of the proposed wells. Neither the Arrington nor TMBR/Sharp compulsory pooling cases had been heard and neither operator had consolidated the interests of all the non-participating owners either by way of a voluntary agreement, communitization agreement, or otherwise. Although TMBR/Sharp, Ocean Energy and Arrington now all have compulsory pooling applications pending before the Division to consolidate the unjoined interests, TMBR/Sharp moved to continue its own pooling case (Case No. 12816) and to dismiss Cases 12859, 12860 and 12841. The Division's examiner denied the TMBR/Sharp motion at a hearing on May 14, 2002.

To date, however, no geologic, engineering or equitable evidence having a bearing on the development of Section 23 and 25 has been presented to the Division or the Commission.

Significantly, it was learned on May 14th that TMBR/Sharp began drilling its Blue Fin 25 Well No. 1 on May 7, 2002, without having consolidated the unjoined interests and without allowing the Division to determine the final configuration of the spacing and proration units in Section 25.

On May 15, 2002, Arrington filed with the Division its *Application To Reinstate Drilling Permit* whereby it seeks an order directing the Division's District I office to reinstate the drilling permit for its Glass-Eye Midge 25 Well No. 1 previously approved on December 17, 2001. (A copy of the Application is attached as Exhibit "A".)

THE REQUEST FOR REHEARING

Arrington respectfully submits that Case Nos. 12731 and 12744 should be reheard for the reasons that (1) Order R-11700-B is based, in part, on error, (2) was improvidently issued, and (3) its operation allows a ministerial act to supersede the agency's statutory functions.

Order R-11700-B Is Based On Error.

In Order No. R-11700-B, the Commission, citing to the separately pending litigation in the district court involving conflicting leases, found that APD's previously issued to Arrington for wells in the S/2 of Section 23 and the W/2 of Section 25, T-16-S, R-35-E should not have been granted because Arrington was not an owner in those lands and had "no authority over the property". (Order R-11700-B, Par. 29.) This finding was the primary basis for the Commission's determination. This finding is clearly based on error. Arrington established that it had the right to drill and operate as the owner of lease interests in the W/2 of Section 25 separate and apart from the oil and gas leases involved in the district court litigation.

In addition, at the time it filed the APD for its Glass Eye Midge 25 No. 1 Well, Applicant owned separate oil and gas lease interests in the E/2 of Section 25 that were independent from the conflicting leases that are the subject of the district court litigation cited by the Commission in Order No. R-11700-B. As such, Applicant was eligible to become the operator of that well and the permit to drill that was issued to it on December 17, 2001 should have been undisturbed. In this regard, the findings in Paragraph 14 of Order No. R-11700-B are telling:

"14. The central issue in this case is whether Arrington was eligible to become the operator of the wells in question...If Arrington was eligible to become the operator, then the permits were properly issued to Arrington."

In its findings at Paragraph 29 of Order R-11700-B, the Commission erroneously assumed that the rulings issued by the 5th Judicial District Court served to adjudicate all of the title owned by Arrington. Instead, the scope of the district court rulings affected only the lands encumbered

by the Stokes/Hamilton base lease claimed by Ameristate and TMBR/Sharp and the top-lease claimed by Arrington. The interests separately owned by Arrington remained unaffected, and as such, Arrington continued to be eligible to become operator throughout.

The agency's determination of the geologic and economic waste issues before it should determine the outcome of these disputed cases, not resolution of collateral title issues. Accordingly, the Division should discharge its statutory function and resolve these matters at the earliest opportunity.

Order R-11700-B Was Improvidently Issued.

Order No. R-11700-B was improvidently issued, failing to completely resolve the dispute before the agency or accord full relief to the affected parties. The initial determination of Cases 12731 and 12744 has allowed the permitting issue to unduly influence events and has pre-empted proper consideration by the agency's of its statutory mandates to prevent waste, protect correlative rights and avoid the drilling of unnecessary wells. As a further consequence of its issuance, Order No. R-11700-B has precipitated more problems for the parties, including the Division, that have become manifest in the frustrated efforts of Arrington to develop the E/2 of Section 25, acreage that should not have been affected by the proceedings.

Through no fault of the Commission, the scope of the TMBR/Sharp applications in Case Nos. 12731 and 12744 was limited to the issuance of drilling permits for its two proposed wells. That circumstance was the product of one single act of neglect on the part of TMBR/Sharp: That is, TMBR/Sharp's failure to abide by the terms of one of its oil and gas leases and properly file a pooled unit designation in the county records for their Blue Fin 24-1 well. That single failure or omission has consequently determined all of TMBR's actions, legal positions and arguments ever since, both in court and before the Division and Commission. That same omission has, by necessity, caused TMBR/Sharp to argue that it is not necessary to file a unit designation in the

county to perpetuate its lease interests. Rather, TMBR/Sharp has been compelled by events to assert that the mere filing of a C-102 with the Division is sufficient to perpetuate their lease on Section 25.

As a further consequence, TMBR/Sharp has placed itself in the position of having to argue to the Division that compulsory pooling is unnecessary altogether. (See April 29, 2002 Motion of TMBR/Sharp Drilling, Inc. To Continue Case No. 12816 And To Dismiss Cases 12859, 12860, and 12841.) As TMBR/Sharp asserts, the C-102 is sufficient to “consolidate” interests and that is enough to determine the unit configuration which will, in turn, determine the ultimate development of the entirety of Section 25.

It is apparent that issues of waste, correlative rights, and unnecessary drilling are inextricably bound with the issue of which operator may be entitled to drilling permits. These interrelated disputes cannot be resolved separately until the agency discharges its statutory obligations to consider the pooling applications and make its determinations, based on geologic, and engineering evidence that the resulting development will prevent waste and protect correlative rights.

The Operation Of Order R-11700-B Allows A Ministerial Act To Supersede The Agency’s Statutory Functions.

The determination, first, that TMBR/Sharp may have been entitled to have its drilling permits approved before issues of correlative rights and waste are considered exalts a mere ministerial act over the substantive and discretionary quasi-judicial function that the Division is mandated to perform under N.M. Stat. Ann. 1978 Sections 70-2-17 and 70-2-18.²

² Compulsory Pooling proceedings are identified as adjudicatory matters at 19 NMAC 15N.1207.A(1).

In a situation such as this, where multiple owners have not agreed to pool their interests, under the Division's compulsory pooling statutes, on application, the agency is obliged to convene a hearing and consider evidence probative of whether pooling is necessary "...to avoid the drilling of unnecessary wells or to protect correlative rights, or to prevent waste". N. M. Stat. Ann. 1978 Section 70-2-17(C). See Simms v. Mechem 72 N.M. 186, 188, 382 P.2d 183, 184 (1963). ("Unquestionably the commission is authorized to require pooling of property when such pooling has not been agreed upon by the parties[.]") Where the evidence presented substantially supports affirmative findings and conclusions on any one of these issues, then the statute directs that the Division "***shall pool*** all or any part of such lands or interests or both in the spacing or proration unit." *Id.*, (emphasis added). Even under this statutory hearing process, depending on the evidence, the issuance of a compulsory pooling order is discretionary and is by no means an entitlement. This quasi-judicial function is expressly reserved to the Commission and the Director or her duly appointed examiners (N. M. Stat. Ann. 1978 sec. 70-2-13) and ***no part*** of it may be delegated by fiat under the guise of a ministerial approval of a drilling permit. See Kerr-McGee Nuclear Corp. v. New Mexico Environmental Improvement Board, 97 N.M. 88, 97, 637 P.2d 38, 47 (Ct. App. 1981). In Kerr-McGee, the Court of Appeals held that duties which are quasi-judicial in nature, and which require the exercise of judgment cannot be delegated. *Id.* As Kerr-McGee was a case of first impression in New Mexico, the Court of Appeals relied on Oklahoma case law. The Supreme Court of Oklahoma in Van Horn Oil Co. v. Okla. Corp. Com'n., 753 P.2d 1359, 1363 (1988) cited to the same authority relied on the New Mexico Court of Appeals when it quoted:

Administrative bodies and officers cannot alienate, surrender, or abridge their powers and duties, or delegate authority and functions which under the law may be exercised only by them; and, although they may delegate merely ministerial functions, in the absence of statute or organic act permitting it, they

cannot delegate powers and functions discretionary or quasi-judicial in character, or which require the exercise of judgment.

Citing, Anderson v. Grand River Dam Authority, 446 JP.2d 814 (1968). The Anderson Court also quoted with approval from American Jurisprudence and Corpus Juris Secundum:

In 2 Am. Jur. 2nd Administrative Law, Section 222, it is said: It is a general principal of law, expressed in the maxim “delegates no protest delegare”, that a delegated power may not be further delegated by the person to whom such power is delegated and than in all cases of delegated authority, or personal trust or confidence is reposed in the agent and especially where’ the exercise and application of the power is made subject to his judgment and discretion, the authority is purely personal and cannot be delegated to another***. A commission charged by law with power to promulgate rules, cannot in turn, delegate that power to another.”

Because New Mexico has expressly adopted Oklahoma law, it is the law in this state that an administrative body may not delegate a statutory function, particularly in the manner that TMBR/Sharp advocates.

In making any determination under the compulsory pooling statute, under long-standing practice,³ the Division will consider evidence relating to, among other matters: (1) the presence or absence of a voluntary pooling agreement; (2) whether a reasonable and good-faith effort was made to obtain the voluntary participation of others; (3) reasonableness of well costs; (4) geologic and engineering evidence bearing on the avoidance of waste and the protection of correlative rights, including the drilling of unnecessary wells; (5) the assessment of a risk penalty; and (6) whether a proposal is otherwise in the interests of conservation. The mere approval of a drilling permit and the filing of an acreage dedication plat serve to do none of these things and neither have any of the functions enumerated above been delegated outside the Division’s regular hearing process.⁴

³ See Morris, Richard, *Compulsory Pooling of Oil and Gas Interests in New Mexico*, 3 Nat. Resources J. 316 (1963).

⁴ N. M. Stat. Ann. 1978 Section 70-2-17(C): “All orders effecting such pooling shall be made after notice and hearing[.]”

It is inappropriate to allow any portion of the pooling process to be subsumed by the mere processing of an APD. Order No. R-11700-B, Par. 33. (“An application for a permit to drill serves different objectives than an application of compulsory pooling and the two proceedings should not be confused.”) Moreover, the issuance of a drilling permit does not constitute any determination of a property right. *See Gray v. Helmerich & Payne, Inc., et al.* 843 S.W. 2d 579 (Tex. 2000).

Whether intentional or not, the practical effect of Order R-11700-B was to allow a ministerial event to dictate events to the exclusion of the statutory adjudicatory functions that ought first be performed by the Division and the Commission.

THE REQUEST FOR PARTIAL STAY

Arrington requests that Order No. R-11700-B be stayed to the extent it operates to prevent the reinstatement of its drilling permit and otherwise prevents it from commencing the drilling of it Glass-Eye Midge 25 Well No. 1 in the NE/4 of Section 25.

Further stay of Order R-11700-B is requested to the extent it approves, by implication or otherwise, the creation of a N/2 spacing and proration unit for TMBR/Sharp’s Blue Fin 25 Well No. 1 pending the agency’s consideration of geologic and engineering evidence and the issuance of an order determining the proper orientation of the 320 acre units in Section 15.

A proposed Order of Partial Stay is attached hereto as Exhibit “B”.

CONCLUSION

For the reasons outlined above, Arrington respectfully requests the Commission immediately enter its Order of Partial Stay and then set all these matters for rehearing at the next regularly scheduled Commission hearing docket set for June 21, 2002.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall

J. Scott Hall

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Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was faxed to counsel of record on the 15th day of May, 2002, as follows:

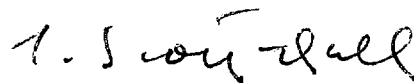
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J. Scott Hall

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

IN THE MATTER OF THE APPLICATION OF
DAVID H. ARRINGTON OIL AND GAS, INC.
TO REINSTATE DRILLING PERMIT,
LEA COUNTY, NEW MEXICO

CASE No. _____

APPLICATION

DAVID H. ARRINGTON OIL AND GAS, INC., by its undersigned attorneys, Miller, Stratvert & Torgerson, P.A. (J. Scott Hall), hereby makes application pursuant to Section 70-2-11 N.M.S.A. (1978) for an order reinstating its previously approved C-101 and C-102 drilling permit for Applicant's proposed Glass-Eyed Midge 25 Well No. 1 (API No. 30-025-35787) to be drilled at a standard 320-acre spacing and proration unit gas well location 803 feet from the North line and 902 feet from the East line in E/2 of Section 25. Township 16-South, Range 35-East. NMPM, Lea County, New Mexico. Applicant, in support thereof would show the Division:

1. Applicant owns a substantial portion of the working interest in and under the E/2 of Section 25, and Applicant has the right to drill thereon.
2. Applicant first acquired its lease interests in the E/2 of Section 25 in approximately January, 2001.
3. On November 29, 2001, Applicant filed with the Division's District I office in Hobbs its C-101 Application for Permit to Drill, ("APD"), for the Glass Eye Midge 25 Well No. 1 which it proposed to drill to the Townsend-Mississippian Gas pool. Applicant simultaneously filed a C-102 acreage dedication plat form proposing to dedicate the E/2 of said Section 25 to the subject well.

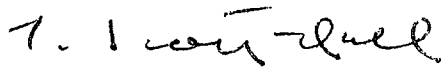
4. On December 17, 2001, the Division's District I office approved Applicant's permit to drill the subject well.
5. On March 15, 2002, without notice to the Applicant, TMBR/Sharp Drilling, Inc. filed another C-101 APD with the Division's District I office for its Blue Fin 25 Well No. 1 (API No. 30-025-35865) which was also proposed to be drilled to the Mississippian formation in the NW/4 of Section 25, T-16-S, R-35-E, NMPM in Lea County. The C-102 acreage dedication plat which accompanied the filing of the TMBR/Sharp Drilling, Inc. APD proposed to dedicate the N/2 of said Section 25 to the Blue Fin 25 Well No. 1.
6. On March 20, 2002, without notice to the Applicant, the Division's District I office approved the APD for the Blue Fin 25 Well No. 1.
7. As a consequence of the actions of the Division's District I office, there existed two simultaneously approved APD's with attached C-102's that both proposed to dedicate the NE/4 of Section 25 in violation of, *inter alia*, 19 NMAC 15.C.104(C)(2)(c).
8. At the time of the filing of the APD's, there were owners of other interests in the N/2 and E/2 of Section 25, respectively, who had not voluntarily agreed to participate in the drilling of the proposed wells. Neither Applicant nor TMBR/Sharp Drilling, Inc. had consolidated the interests of all the non-participating owners either by way of a voluntary agreement, communitization agreement, or compulsory pooling order. Both Applicant and TMBR/Sharp Drilling, Inc. subsequently initiated separate compulsory pooling proceedings before the Division seeking to consolidate those interests.

9. On April 26, 2002, the New Mexico Oil Conservation Commission issued Order No. R-11700-B in Case Nos. 12731 and 12744. In Order No. R-11700-B, the Commission, citing to separately pending litigation in the district court involving conflicting leases, found that APD's previously issued to Arrington for wells in the S/2 of Section 23 and the W/2 of Section 25, T-16-S, R-35-E should not have been granted because Arrington was not an owner in those lands.
10. At the time it filed the APD for its Glass Eye Midge 25 No. 1 Well, Applicant owned separate oil and gas lease interests independent from the conflicting leases that are the subject of the district court litigation cited by the Commission in Order No. R-11700-B. As such, Applicant was eligible to become the operator of the subject well and should have received the permit to drill that was issued to it on December 17, 2001.
11. On May 1, 2002, the Division's District I office notified Applicant that its approved APD was canceled. Applicant received the notification on May 7, 2002.
12. Applicant continues to own lease interests underlying the E/2 of said Section 25 and continues to be eligible to be operator.
13. The cancellation of Applicant's permit by the Division's District I office was arbitrary, capricious and otherwise unreasonable.
14. Geological, engineering and equitable considerations mandate that development occur by way of a 320 acre spacing and proration unit located in the E/2 of said Section 25 dedicated to Applicant's proposed well in order to avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division no later than June 13, 2002, and that after notice and hearing as required by law, the Division enter its order reinstating the drilling permit for Applicant's proposed well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By 
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ATTORNEYS FOR DAVID H. ARRINGTON OIL
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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION COMMISSION

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

APPLICATION OF TMBR/SHARP DRILLING, INC.
FOR AN ORDER STAYING DAVID H. ARRINGTON
OIL AND GAS, INC. FROM COMMENCING
OPERATIONS, LEA COUNTY, NEW MEXICO

CASE NO. 12731

APPLICATION OF TMBR/SHARP DRILLING, INC.,
APPEALING THE HOBBS DISTRICT SUPERVISOR'S
DECISION DENYING APPROVAL OF TWO
APPLICATIONS FOR PERMIT TO DRILL FILED BY
TMBR/SHARP DRILLING, INC.,
LEA COUNTY, NEW MEXICO

CASE NO. 12744

ORDER OF PARTIAL STAY
OF ORDER NO. R-11700-B

THIS MATTER, having come before the Commission on the Application For Rehearing And Request For Partial Stay Of Order No. R-11700-B filed by David H. Arrington Oil and Gas, Inc., and the Commission, being duly advised, ORDERS as follows:

1. Order No. R-11700-B is stayed to the extent it may operate to prevent the reinstatement of the drilling permit previously issued to David H. Arrington Oil and Gas, Inc. on December 17, 2001 for the drilling of the Glass-Eye Midge 25 Well No. 1 (API No.30-025-35787) 803' from the north line and 962' from the east line in the NE/4 of Section 25, Township 16-South, Range 35-East, NMPM, Lea County, New Mexico. Order No. R-11700-B is

further stayed to the extent it prevents Arrington from commencing drilling operations for the referenced well.

2. Order No. R-11700-B is further stayed to the extent it may be regarded as approving, by implication or otherwise, the establishment of a spacing and proration unit consisting of the N/2 of Section 25, Township 16-South, Range 35-East, NMPM, Lea County, New Mexico, for the TMBR/Sharp Drilling, Inc. Blue Fin 25 Well No. 1 located in the NW/4 of said Section 25.
3. Jurisdiction over these cases is retained for the entry of such further orders as may be necessary.

DONE at Santa Fe, New Mexico, on this ____ day of May, 2002.

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**

By: _____
Lori Wrotenbery, Chair.