



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Betty Rivera**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

April 30, 2002

Mr. Ernest Carroll  
Losee, Carson, Haas & Carroll, P.A.  
P.O.Box 1720  
Artesia, NM 88211-1720

Mr. J. Scott Hall  
Miller, Stratvert & Torgeson, P.A.  
P.O.Box 1986  
Santa Fe, NM 87504-1986

Mr. W. Thomas Kellahin  
Kellahin and Kellahin  
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Mr. William F. Carr  
Holland & Hart and Cambell & Carr  
P.O.Box 2208  
Santa Fe, NM 87504-2208

**Re: Applications for Compulsory Pooling affections Section 25-16S-35E, Lea  
County, New Mexico:  
Cases No. 12816, 12851, 12859 and 12860**

Gentlemen:

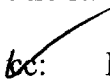
The captioned cases are continued to the May 16, 2002 examiner docket

Unless I am advised that any of you cannot be available, there will be a pre-hearing conference concerning these cases on Tuesday, May 14, 2002 at 9:00 A.M. in the Division offices. You may attend in person or by telephone. Those wishing to attend by telephone should notify me in advance so we will know to call you.

Should you have any questions, please call me at (505)-476-3450.

Very truly yours,

David K. Brooks  
Assistant General Counsel

 cc: Hon. Michael E. Stogner

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

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\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

April 30, 2002

Via Facsimile

David K. Brooks, Esq.  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: **NMOCD Case 12816**  
*Application of TDR/Sharp Drilling, Inc.*  
*for compulsory pooling N/2 (Well in Unit E) Section 25, T16S, R35E*  
*Lea County, New Mexico.*

**NMOCD Case 12859**  
*Application of David H. Arrington Oil & Gas, Inc.*  
*for compulsory pooling*  
*E/2 (Well in Unit A) Section 25, T16S, R35E, Lea County, New Mexico.*

**NMOCD Case 12860**  
*Application of Ocean Energy, Inc for compulsory pooling*  
*W/2 (Well in Unit E) Section 25, T16S, R35E Lea County, New Mexico.*

**NMOCD Case 12861**  
*Application of Ocean Energy, Inc for compulsory pooling*  
*W/2 (Well in Unit E) Section 25, T16S, R35E Lea County, New Mexico.*

Dear Mr. Brooks:

This morning you asked me to inform all counsel that you were continuing the referenced cases currently set for hearing on May 2, 2002 to the May 16, 2002 docket in order to provide time to schedule a prehearing conference on May 14, 2002.

By copy of this letter, I am requesting all counsel to confirm that they can be present in the Division conference room at 10:00 AM, Tuesday, May 14, 2002 for the purpose of:

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(1) having the Division decide TMBR/Sharp's Motion to Dismiss Cases 12841, 12859, 12860 and Continue Case 12816;

(2) discuss a Special Examiner's hearing date in the event any of these cases is to proceed to a hearing.

Very truly yours,



W. Thomas Kellahin

cc: Michael E. Stogner, Examiner

James Bruce, Esq. (505) 982-2151  
Attorney for Ocean Energy, Inc.

William F. Carr, Esq. (505) 983-6043  
Attorney for Yates Petroleum Corporation

Ernest Carroll, Esq. (505) 746-6316  
Attorney for David H. Arrington Oil & Gas, Inc.

Scott Hall, Esq. (505) 989-9857  
Attorney for David H. Arrington Oil & Gas, Inc.

TMBR/Sharp (915) 683-672  
Rick Montgomery, Esq.  
Susan Richardson, Esq.

BEFORE THE  
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF  
TMBR/SHARP DRILLING, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

CASE NO. 12816

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Miller, Stratvert & Torgerson, P.A. (J. Scott Hall) on behalf of David H. Arrington Oil and Gas, Inc., as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT'S ATTORNEY**

**Thomas Kellahin, Esq.**  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

**Susan Richardson, Esq.**  
Cotton, Bledsoe, Tighe & Dawson  
500 W. Illinois Ave. # 300  
Midland, Texas 79701

**OPPONENT'S ATTORNEY**

J. Scott Hall, Esq.  
Miller, Stratvert & Torgerson, P.A.  
605 Richard Arrington Jr. Blvd. North  
Post Office Box 1986  
Santa Fe, New Mexico 87504  
(505) 989-9614

James Bruce, Esq.  
Post Office Box 1056  
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(505) 982-2043

**APPLICANT**

**TMBR/Sharp Drilling, Inc.**

**OPPONENT**

David H. Arrington Oil and Gas, Inc.  
214 West Wall, Suite 400  
Midland, Texas 79702  
(915) 682-6685

Ocean Energy, Inc.

OIL CONSERVATION DIV.  
02 APR 30 PM 2:47

OTHER PARTY'S ATTORNEY

OTHER PARTY

**STATEMENT OF THE CASE**

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N/2 of Section 25, Township 16 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the Townsend-Mississippian Gas Pool. The unit is to be dedicated to its Blue Fin "25" Well No. 1, which will be located at a standard location within Unite E of this section. Also to be considered will be the cost of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of TMBR/Sharp Drilling, Inc. as the operator of the well and a charge for the risk involved in this well. The unit is located approximately 5-1/2 miles southwest of the center of the City of Lovington, New Mexico.

OPPOSITION OR OTHER PARTY

Applicant's N/2 pooling application and unit orientation conflicts with that of Arrington in Case No. 12859 seeking to pool the E/2 of the same section 25 for its Glass-Eyed Midge 25 Well No. 1. Arrington will refute Applicant's geological assumptions and will challenge its failure to attempt to obtain the voluntary participation of the pooled parties, among other matters.

PROPOSED EVIDENCE

APPLICANT

WITNESSES:	Est. Time	No. of Exhibits
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OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
Bill Baker (Geologist)	20 Minutes	3
Dale Douglas (Landman)	20 Minutes	3

PROCEDURAL MATTERS

This case affects Case No. 12859 (Arrington), Case No. 12860 (Ocean Energy) and Case No. 12841 (Ocean Energy). Applicant has moved to continue Case No. 12816 and to dismiss Cases 12859, 12860 and 12841. Arrington opposes the motion to dismiss.

MILLER, STRATVERT & TORGERSON, P.A.

By:   
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J. Scott Hall, Esq.  
Post Office Box 1986  
Santa Fe, New Mexico 87504  
(505) 989-9614

Attorneys for David H. Arrington Oil and Gas, Inc.

**Certificate of Mailing**

I hereby certify that a true and correct copy of the foregoing was delivered to counsel of record on the 30<sup>th</sup> day of April, 2002, as follows:

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

Thomas Kellahin, Esq.  
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J. Scott Hall