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RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

April 29, 2002

**HAND DELIVERED**

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

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

*Re: Motion of TMBR/Sharp Drilling, Inc. to Dismiss the following cases*

*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.*

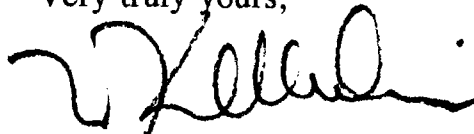
*NMOCD Case 12860  
Application of Ocean Energy, Inc for compulsory pooling  
W/2 (Well in Unit K) Section 25, T16S, R35E Lea County, New Mexico.*

*NMOCD Case 12841  
Application of Ocean Energy, Inc for compulsory pooling  
W/2 (Well in Unit E) Section 25, T16S, R35E Lea County, New Mexico.*

Dear Ms. Wrotenbery:

On behalf of TMBR/Sharp Drilling, Inc., please find enclosed our Motion to Continue Case 12816 and Dismiss Cases 12859, 12860 and 12841. These cases are currently set for hearing on May 2, 2002.

Very truly yours,



W. Thomas Kellahin

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J. K. KELLAHIN

Oil Conservation Division

April 29, 2002

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cc: David H. Brooks, Esq.  
Attorney the Division

Michael E. Stogner, Examiner

James Bruce, Esq.  
Attorney for Ocean Energy. Inc.

William F. Carr. Esq.  
Attorney for Yates Petroleum Corporation

Ernest Carroll, Esq.  
Attorney for David H. Arrington Oil & Gas, Inc.

Scott Hall, Esq.  
Attorney for David H. Arrington Oil & Gas, Inc

TMBR/Sharp  
Rick Montgomery, Esq.  
Susan Richardson, Esq.

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

**APPLICATION OF TMBR/SHARP DRILLING, INC.                      CASE NO. 12816  
FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO**

**APPLICATION OF OCEAN ENERGY, INC.                      CASE NO. 12841  
FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO**

**APPLICATION OF OCEAN ENERGY, INC.                      CASE NO. 12860  
FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO**

**APPLICATION OF DAVID H. ARRINGTON                      CASE NO. 12859  
OIL & GAS INC. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**MOTION OF TMBR/SHARP DRILLING, INC.  
TO CONTINUE CASE 12816  
AND  
TO DISMISS CASES 12859, 12860, AND 12841**

Comes now TMBR/Sharp Drilling, Inc. ("TMBR/Sharp") by its attorneys, Kellahin & Kellahin, and pursuant to New Mexico Oil Conservation Commission (Commission") Order R-11700-B, moves that the New Mexico Oil Conservation Division ("Division") dismiss Cases 12841, 12859 and 12860 on the grounds that a decision by the Commission precludes the Division from entering an order granting the relief sought in Cases 12841, 12859 and 12860 and that Case 12818 be continued until TMBR/Sharp Drilling Inc.'s has drilled the well which is the subject of Case 12816;

And in support states:

## INTRODUCTION

(1) On August 6, 2001, TMBR/Sharp filed two application for permit to drill ("APD") with the Hobbs Office of the Division requesting approval to drill:

(a) its Blue Fin "25" Well No. 1 in Unit E and to dedicated it to the N/2 of Section 25, T16S, R35E.

(b) its Leavelle "23" Well No. 1 in Unit G and to dedicated it to the E/2 of Section 23, T16S, R35E.

(2) The Division, in Order R-11700, refused to approve TMBR/Sharp's APD because on July 19, 2001, the Division's District Supervisor (Hobbs) approved APDs for David H. Arrington Oil & Gas Inc. ("Arrington") for:

(a) its Triple Hackle Dragon "25" Well No. 1 for a spacing unit consisting of the W/2 of Section 25

(b) its Blue Drake "23" Well No. 1 for a spacing unit consisting of the E/2 of Section 23

(3) On March 26, 2002, the Commission held a De Novo hearing concerning Order R-117000.

(4) On April 26, 2002, the Commission entered Order R-11700-B which rescinded the Division's approved of the Arrington's APD and ordered that the Division's district supervisor approve TMBR/Sharp's two APD filed in August 6, 2002.

(5) The following four (4) compulsory pooling applications which involved Section 25, T16S, R35E, are current set for hearing before the Division's Examiner on May 2, 2002:

(a) TMBR/Sharp's application for compulsory pooling of the N/2 of Section 25 for a well in Unit E of that section. Cases 12816 filed January 25, 2002

(b) Ocean Energy, Inc. ("Ocean") application for compulsory pooling of the W/2 of Section 25 for a well in Unit E of that section. Case 12841 filed February 2, 2002

(c) Ocean Energy, Inc. ("Ocean") application for compulsory pooling of the W/2 of Section 25 for a well in Unit K of that section. Case 12860 filed April 9, 2002

(d) Arrington's application for compulsory pooling of the E/2 of Section 25 for a well in Unit E of that section. Cases 12859 filed April 9, 2002

(6) TMBR/Sharp has voluntarily consolidated 82% of the working interest owner in the N/2 of Section 25 and intends to commence drilling its Blue Fin "25" Well No. 1 in Unit E to be dedicated to the N/2 of Section 25, T16S, R35E.

(7) In accordance with NMSA (1979) Section 70-2-17, TMBR/Sharp intend to drill the Blue Fin 25 Well No. 2 prior to the compulsory pooling of the remaining working interest owners in the N/2 of Section 25.

### **ARGUMENT**

Cases 12859, 12860 and 12841 have been made moot by the Commission's decision approving TMBR/Sharp's APDs for the N/2 of Section 25 and the E/2 of Section 23. The Commission decision in favor of TMBR/Sharp eliminates the need for the Division to decide the Ocean and Arrington compulsory pooling case all of which attempts to pool spacing units in conflict with TMBR/Sharp's spacing unit.

Ocean and Arrington's application are inconsistent with and contrary to the Commission determination that TMBR/Sharp has the prior right to drill the wells which it sought to drill in August 2001 until Arrington interfered with that right. But for Arrington's blocking of TMBR/Sharp's permit, TMBR/Sharp would have received its permits to drill and would have already drilled its well in the N/2 of Section 25 and the E/2 of Section 23. The Commission has agreed with TMBR/Sharp who is now entitled to proceed with the drilling of its wells without further interference by Ocean and Arrington.

A failure by the Division to now dismiss the Arrington application and the two Ocean application amounts to a violation of TMBR/Sharp's constitutional protected rights.

NMOCD CASES 12841, 12816, 12859, and 12860

TMBR/Sharp's Motion to Continue and Dismiss

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The "New Mexico Oil and Gas Act" allows for to the pooling of interest in a spacing unit after the well has been drill. TMBR/Sharp, has obtained the voluntary agreement 82% of the interest owners, intend to drill this well first and then pool the remaining interest owners who either have refused to participate on a voluntary basis or who have not yet been contracted.

RESPECTFULLY SUBMITTED:



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### **CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing pleading was sent by facsimile this 29th day of April, 2002 to:

David K. Brooks, Esq.

Division Attorney

Steve Ross, Esq.

Commission Attorney

James Bruce, Esq.,

Attorney for Ocean Energy, Inc.

Ernest Carroll, Esq.

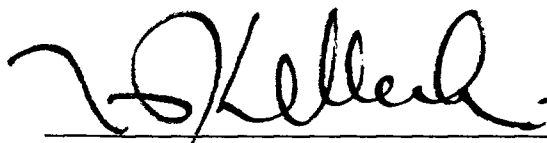
Attorney for David H. Arrington Oil & Gas Inc.

J. Scott Hall, Esq.

Attorney for David H. Arrington Oil & Gas Inc.

William F. Carr, Esq.

Attorney for Yates Petroleum Corporation.



W. Thomas Kellahin