

Correspondence

Renovo

Case No. 127414

Jan./Feb. 2002



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Carol Leach
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 25, 2002

W. Thomas Kellahin
Kellahin and Kellahin
117 North Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265

Ernest L. Carroll
Losee, Carson, Haas & Carroll PA
P.O. Box 1720
Artesia, New Mexico 88211-1720

Re: Case No. 12731, *Application of TMBR/Sharp Drilling Inc., de novo*
Case No. 12744, *Application of TMBR/Sharp Drilling Inc., de novo*

Dear Counsel,

The Commission members have requested that copies of each exhibit which is to be offered during the hearing of this matter be provided to the Commission Secretary no later than one week prior to the date set for hearing in this matter. As the matter is now set for hearing on February 15, exhibits should be submitted to Florene Davidson no later than Friday, February 8, 2002. If an agreed continuance results in the matter being set in a subsequent month, exhibits should be submitted no later than one week prior to the re-scheduled hearing.

It would also helpful if you could provide a more detailed statement of your positions in the pre-hearing statement than is customary.

The Commission members believe that review of detailed pre-hearing statements and the documentary evidence to be offered will help them to be better prepared for the issues and testimony. As always, if you have any questions, please do not hesitate to give me a call at 476-3451.

Sincerely,

Stephen C. Ross
Assistant General Counsel

Cc: Florene Davidson, Commission Secretary

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

**APPLICATION OF TMBR/SHARP DRILLING, INC.
FOR AN ORDER STAYING DIVISION APPROVAL
OF TWO APPLICATIONS FOR PERMIT TO DRILL
BY DAVID H. ARRINGTON OIL & GAS, INC.
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

**MOTION OF TMBR/SHARP DRILLING, INC.
TO REOPEN CASES 12731 AND 12744
AND AMEND ORDER R-11700
BASED UPON NEW EVIDENCE**

Comes now TMBR/Sharp Drilling, Inc. ("TMBR/Sharp") by its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division to reopen Cases 12731 and 12744 and to amend Division Order R-11700 based upon new evidence,

And in support states:

INTRODUCTION

On July 19, 2001, David H. Arrington Oil & Gas Inc. ("Arrington") filed an application for permit to drill ("APD") and obtained approval from the OCD-Hobbs to drill the Triple Hackle Dragon 25 Well No. 1 to be drilled in Unit E and dedicated to a 320-acre gas spacing unit consisting of the W/2 of Section 25, T16S, R35E, Lea County, New Mexico.

On July 30, 2001, Arrington filed an application for permit to drill ("APD") and obtained approval from the OCD-Hobbs to drill the Blue Drake 23 Well No. 1 to be located in Unit I and dedicated to a 320-acre gas spacing unit consisting of the E/2 of Section 23, T16S, R35E, Lea County, New Mexico.

Seven days later, TMBR/Sharp filed (i) its APD for the N/2 of Section 25 and (ii) its APD for the E/2 of Section 23, but both were denied approval by the Division District because Arrington's APDs for the W/2 of Section 25 and for the E/2 of Section 23 had already been issued.¹

Arrington's right to drill and operate these wells was predicated upon its assumption that two oil & gas leases held by TMBR/Sharp had expired and that two "top leases" obtained by James D. Huff and claimed by Arrington are in effect.² Without its claim of interest in these two "top leases" Arrington has no interest in either the E/2 of Section 23 or the W/2 of Section 25.

In fact the two "top leases" were obtained on March 27, 2001 by James D. Huff and filed of record in Lea County on June 11, 2001. Huff's assignment of these "top leases" was not recorded until September 19, 2001, some 6 weeks after the Division had approved Arrington's APDs.

Except for Arrington's action in claiming this top leased interest, TMBR/Sharp's APD would have been approved. TMBR/Sharp appealed this action to the Division which held a hearing on September 20, 2001.

On December 13, 2001, the Division entered Order R-11700, which concluded, among other things in paragraph (22), that "Arrington has demonstrated at least a colorable claim of title that would confer upon it a right to drill its proposed wells, no basis exists to reverse or overrule the action of the District Supervisor in approving the Arrington APDs."

¹ TMBR/Sharp's APDs were filed on August 6, 2001 for its Leavelle "23" Well No. 1 to be located in Unit G and dedicated to the E/2 of Section 23, T16S, R35E and for its Blue Fin "25" Well No. 1 to be located in Unit E and dedicated to the N/2 of Section 25, T16S, R35E, Lea County, New Mexico.

² James D. Huff "top leased" the NW/4 of Section 25 and the SE/4 of Section 23 and other lands.

Contrary to Division Order R-11700, Arrington failed to demonstrate "colorable title" at the time its APDs were approved.

In addition, Division Order R-11700 denied TMBR/Sharp's Applications for Permit to Drill ("APDs") because the Division had previously approved David H. Arrington's APDs and stated that:

"(21) The Oil Conservation Division has no jurisdiction to determine the validity of any title, or the validity or continuation in force and effect of any oil and gas lease. Exclusive jurisdiction of such matters resides in the courts of the State of New Mexico"

However, the Division concluded in paragraph (25) of Order R-11700 that "...the Division has jurisdiction to revoke its approval of any APD in an appropriate case..."

On August 21, 2001, TMBR/Sharp filed litigation in the Fifth Judicial District Court, Lea County, New Mexico seeking a judicial determination, among other things, the validity of Arrington's claim of title.

On December 27, 2001, the District Court entered a final order holding that Arrington's assumptions were wrong and entered Summary Judgment in favor the TMBR/Sharp. Arrington's claim of interest in the top leases has failed and TMBR/Sharp's leases are still valid.

In the meantime, and in an effort to trump the Commission's ability to approve the TMBR/Sharp APD at the DeNovo hearing, on December 17, 2001, Arrington obtained approval of an APD for the E/2 of Section 25 which conflicts with TMBR/Sharp's APD for the N/2 of Section 25 which is pending appeal before the Commission.

Once again, Arrington has obtained an APD from the Division District for a spacing unit in which Arrington has no working interest of record.

On January 8, 2002, TMBR/Sharp filed a timely application for a DeNovo hearing of these cases before the New Mexico Oil Conservation Commission which have been set on the February 15, 2002 docket.

NEW EVIDENCE

Based upon new evidence, TMBR/Sharp is now entitled to have its APDs approved and Arrington's APD revoked.

The Court decides for TMBR/Sharp:

This matter involves a title dispute between the parties which has now been decided in TMBR/Sharp's favor by the Fifth Judicial District Court, Lea County, New Mexico.

On December 27, 2001, the District Court entered an order denying Arrington's title claims to the interest held by TMBR/Sharp and, as a result of this new evidence, Arrington has no operating interest in either the E/2 of Section 23 nor the W/2 of Section 25. **See Exhibit "A" attached.**

This matter has been conclusively resolved against Arrington and demonstrates that Arrington wrongfully obtained the approval of its APDs from the Division. Based upon this conclusive new evidence, TMBR/Sharp is entitled to have its APDs approved and Arrington's revoked.

Arrington's manipulations continue:

First, Arrington's wrongful actions in claiming an operating interest in the W/2 of Section 25 precluded the Division from approving TMBR/Sharp's APD for the N/2 of Section 25. Then on December 17, 2001, while this matter was pending a decision in the District Court, Arrington wrongfully obtained approval of yet another APD from the Hobbs District Supervisor--this time for the E/2 of Section 25 in which Arrington has no interest and which conflicts with TMBR/Sharp's previously filed APD for the N/2 of Section 25 now pending before the Commission.³ **Exhibit "B"**

³ As of January 17, 2002, James D. Huff had a 14.6875 % working interest in the E/2 of Section 25; Arrington had no interest.

Arrington's purpose is obvious. This latest effort by Arrington is simply an effort to avoid taking responsibility for its actions. This latest manipulation by Arrington is an attempt to circumvent the probability that it would lose the District Court case and to frustrate the Division's ability to finally approve TMBR/Sharp's APD for the N/2 of Section 25.

The Division should not tolerate this gamesmanship. This is the "appropriate case" for the Division to exercise its jurisdiction to revoke all three of Arrington's APDs.

RELIEF REQUESTED

The Division now has primary jurisdiction to revoke Arrington's APDs and to correspondingly reverse the Hobbs District Supervisor's denial of the TMBR/Sharp APDs. The Division should do so without further hearing or delay.

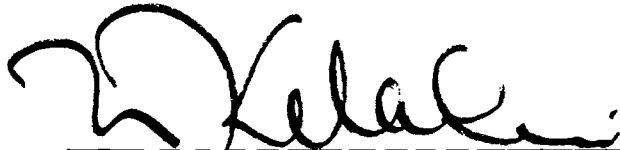
RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading was sent Federal Express this 24th day of January, 2002 to Earnest Carroll, Esq., attorney for Arrington Oil & Gas, Inc.



W. Thomas Kellahin

FIFTH JUDICIAL DISTRICT COURT
COUNTY OF LEA
STATE OF NEW MEXICO

TMBR/SHARP DRILLING, INC.,
Plaintiff,

vs.


DAVID H. ARRINGTON OIL & GAS,
INC., JAMES D. HUFF, MADELINE
STOKES, ERMA STOKES HAMILTON,
JOHN DAVID STOKES, and TOM STOKES,
Defendants.

FIFTH JUDICIAL DISTRICT
COUNTY OF LEA
CLERK'S OFFICE
01 DEC 27 AM 9:33
JANILE B. HERNANDEZ
DISTRICT COURT CLERK

No. CV2001-315C

ORDER GRANTING PARTIAL SUMMARY JUDGMENT
REGARDING FILING OF UNIT DESIGNATIONS

THIS MATTER having come before the Court upon Motion of the Plaintiff's TMBR/Sharp Drilling Company's Motion for Partial Summary Judgment regarding Filing of Unit Designations and the Defendant Arrington Oil and Gas Inc.'s and Defendant Huff's Motion for Summary Judgment Regarding Filing of Unit Designations and the Court being fully advised FINDS that the Plaintiff's Motion is well taken and should be and IS GRANTED and the Defendant's Motion is not well taken and should be and IS DENIED.


Gary L. Clingman
District Judge

CERTIFICATE


I HEREBY CERTIFY that a true and correct copy of the foregoing Notice was mailed to all parties on the 27th day of December, 2001:

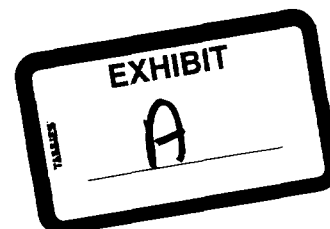
Richard Montgomery, Esquire
P.O. Box 2776
Midland, Texas 79702-2776

Phil Brewer, Esquire
P.O. Box 298
Roswell, NM 88202-0298

Ernest L. Carroll, Esquire
P.O. Box 1720
Artesia, NM 88221-1720

Michael J. Canon, Esquire
303 W. Wall, Suite 1100
Midland, Texas 79701

By: 
Trial Court Administrative Assistant



JAN-07-02 14:39 From: 8152218

19063008760

T-234 P.02/03 Job-752

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Grande Road, Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural ResourcesOil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505Form C-101
Revised March 17, 1990Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address David H. Arrington Oil & Gas, Inc P.O. Box 2071 Midland, Texas 79702		OCRID Number 005898
Property Code 29099		APT Number 30-025-35787
Property Name Glasco-Rye Midee "25"		Well No. 1

UL or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
A	25	16S	35E		803'	North	962'	East	Lea

UL or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
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Proposed Pool 1 N. Townsend; Mississippian Wildest					Proposed Pool 2				
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Well Type Code N	Well Type Code G	Cable/Rotary Rotary	Lease Type Code Fee	Ground Level Elevation 3959'
Multiple No	Proposed Depth 13,000'	Formation Mississippian	Consent Patterson	Spud Date ASAP

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Seals of Cement	Estimated TOC
17 1/2"	13 3/8"	54.5#	470'	500 sxs	Circ
11"	8 5/8"	32#	4950'	1750 sxs	Circ
7 7/8"	5 1/2"	17#	13,000'	500 sxs	500 Above
uppermost pay					

* Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill 17 1/2" hole to 470'. Set 13 3/8" csg. Circ cement to surface. Drill 11" hole to 4950'. Set 8 5/8" to 4950'. Circ cement to surface. Install BOP's. Test BOP's to 5000 psi. Test casing to 1500 psi. Drill 7 7/8" hole to 13,000'. DST any prospective pays. Run 5 1/2" casing as justified.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

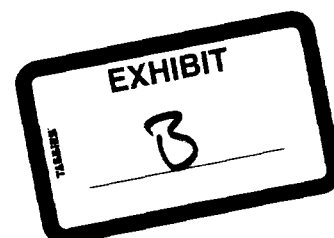
* I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Danny Ledford*
Printed name: Danny Ledford
Title: Geologist
Date: 11/29/2001

OIL CONSERVATION DIVISION

Approved by: *Chris Williams*
Title: *ENGINEERING MANAGER*
Approval Date: DEC 17 2001
Expiration Date:

Conditions of Approval: *Can not produce without community agreement*
Attached: ☒ community agreement



JAN-07-02 14:30 From: 0152216

1505309788

T-234 P.03/03 Job-752

Instructions on back

DISTRICT II
P. O. Drawer DD
Artesia, NM 88211-0719

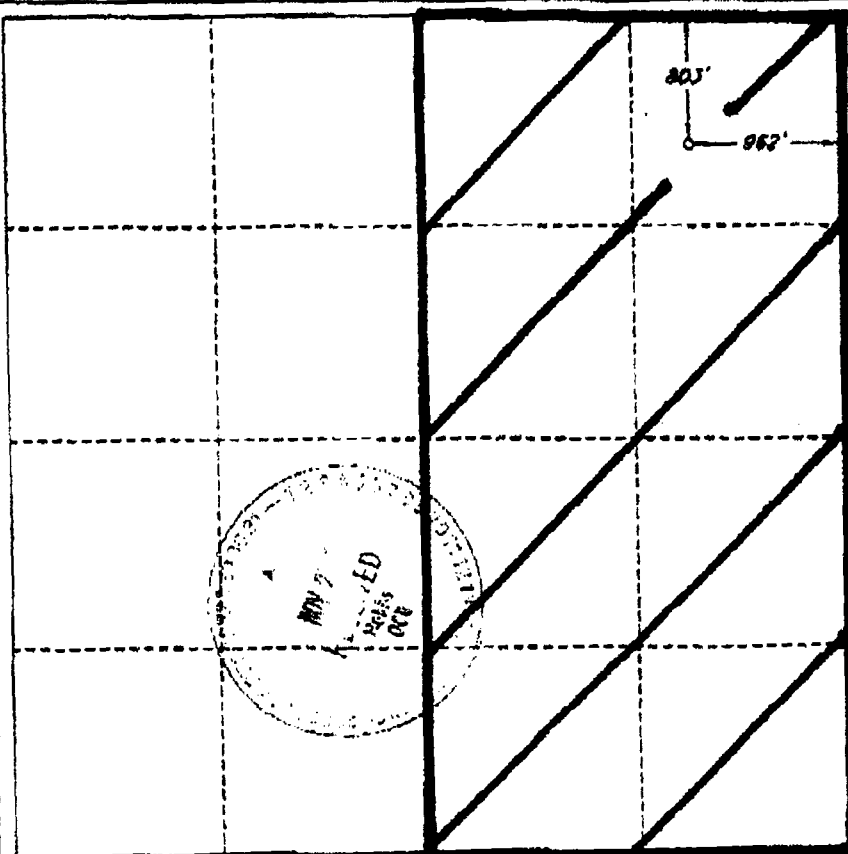
DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

OIL CONSERVATION DIVISION
P. O. Box 8088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-025-35787		Post Code 86390		Post Name N. Thompson Mississippian Wellcat			
Property Code 29099		Property Name GLASS-EYE MIDGE '25'			Well Number 1		
GSM No. 5898		Operator Name DAVID H. ARRINGTON OIL & GAS, INC.			Elevation 3969'		
SURFACE LOCATION							
UL or lot no. A	Section 25	Township 18 SOUTH	Range 35 EAST, N.M.P.M.	Lot 160 803'	Foot from the North/South line NORTH 962'	Foot from the East/West line EAST	County LEA
BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE							
UL or lot no.	Section	Township	Range	Lot 160	Foot from the North/South line	Foot from the East/West line	County
Undisturbed Acres 320		Joint or Split		Consolidation Code		Order No.	
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION							
						OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Darryl Ledford</i> Printed Name Darryl Ledford Title Geologist Date 11/29/01	
						SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey NOVEMBER 13, 2001 Signature <i>V. Lynn Beznar</i> Printed Name V. LYNN BEZNAR Title Surveyor Date 11-29-01 County LEA Job No. 77980 V.M.B.	

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*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

January 24, 2002

HAND DELIVERED

*To Steve
Commission Case*
David K. Brooks, Esq.
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: *Motion of TMBR/Sharp Drilling, Inc.
to Reopen Cases 12731 and 12744 and
to amend Order No. R-11700*

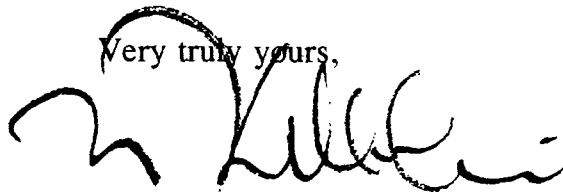
*NMOCD Case 12731
Application of TMBR/Sharp Drilling, Inc.
for an order staying David H. Arrington
Oil & Gas, Inc. from commencing
operations, Lea County, New Mexico.*

*NMOCD Case 12744
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*

Dear Mr. Brooks:

On behalf of TMBR/Sharp Drilling, Inc., please find enclosed our motion to reopen the referenced cases based upon new evidence.

Very truly yours,



W. Thomas Kellahin

cc: Earnest Carroll, Esq.
Attorney for Arrington
cc: TMBR/Sharp
Rick Montgomery, Esq.

02 JAN 24 11:23
02 JAN 24 11:23

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

**APPLICATION OF TMBR/SHARP DRILLING, INC.
FOR AN ORDER STAYING DIVISION APPROVAL
OF TWO APPLICATIONS FOR PERMIT TO DRILL
BY DAVID H. ARRINGTON OIL & GAS, INC.
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

**MOTION OF TMBR/SHARP DRILLING, INC.
TO REOPEN CASES 12731 AND 12744
AND AMEND ORDER R-11700
BASED UPON NEW EVIDENCE**

OIL CONSERVATION DIV.
02 JAN 24 AM 11:27

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And in support states:

INTRODUCTION

On July 19, 2001, David H. Arrington Oil & Gas Inc. ("Arrington") filed an application for permit to drill ("APD") and obtained approval from the OCD-Hobbs to drill the Triple Hackle Dragon 25 Well No. 1 to be drilled in Unit E and dedicated to a 320-acre gas spacing unit consisting of the W/2 of Section 25, T16S, R35E, Lea County, New Mexico.

On July 30, 2001, Arrington filed an application for permit to drill ("APD") and obtained approval from the OCD-Hobbs to drill the Blue Drake 23 Well No. 1 to be located in Unit I and dedicated to a 320-acre gas spacing unit consisting of the E/2 of Section 23, T16S, R35E, Lea County, New Mexico.

Seven days later, TMBR/Sharp filed (i) its APD for the N/2 of Section 25 and (ii) its APD for the E/2 of Section 23, but both were denied approval by the Division District because Arrington's APDs for the W/2 of Section 25 and for the E/2 of Section 23 had already been issued.¹

Arrington's right to drill and operate these wells was predicated upon its assumption that two oil & gas leases held by TMBR/Sharp had expired and that two "top leases" obtained by James D. Huff and claimed by Arrington are in effect.² Without its claim of interest in these two "top leases" Arrington has no interest in either the E/2 of Section 23 or the W/2 of Section 25.

In fact the two "top leases" were obtained on March 27, 2001 by James D. Huff and filed of record in Lea County on June 11, 2001. Huff's assignment of these "top leases" was not recorded until September 19, 2001, some 6 weeks after the Division had approved Arrington's APDs.

Except for Arrington's action in claiming this top leased interest, TMBR/Sharp's APD would have been approved. TMBR/Sharp appealed this action to the Division which held a hearing on September 20, 2001.

On December 13, 2001, the Division entered Order R-11700, which concluded, among other things in paragraph (22), that "Arrington has demonstrated at least a colorable claim of title that would confer upon it a right to drill its proposed wells, no basis exists to reverse or overrule the action of the District Supervisor in approving the Arrington APDs."

¹ TMBR/Sharp's APDs were filed on August 6, 2001 for its Leavelle "23" Well No. 1 to be located in Unit G and dedicated to the E/2 of Section 23, T16S, R35E and for its Blue Fin "25" Well No. 1 to be located in Unit E and dedicated to the N/2 of Section 25, T16S, R35E, Lea County, New Mexico.

² James D. Huff "top leased" the NW/4 of Section 25 and the SE/4 of Section 23 and other lands.

Contrary to Division Order R-11700, Arrington failed to demonstrate "colorable title" at the time its APDs were approved.

In addition, Division Order R-11700 denied TMBR/Sharp's Applications for Permit to Drill ("APDs") because the Division had previously approved David H. Arrington's APDs and stated that:

"(21) The Oil Conservation Division has no jurisdiction to determine the validity of any title, or the validity or continuation in force and effect of any oil and gas lease. Exclusive jurisdiction of such matters resides in the courts of the State of New Mexico"

However, the Division concluded in paragraph (25) of Order R-11700 that "...the Division has jurisdiction to revoke its approval of any APD in an appropriate case..."

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On December 27, 2001, the District Court entered a final order holding that Arrington's assumptions were wrong and entered Summary Judgment in favor the TMBR/Sharp. Arrington's claim of interest in the top leases has failed and TMBR/Sharp's leases are still valid.

In the meantime, and in an effort to trump the Commission's ability to approve the TMBR/Sharp APD at the DeNovo hearing, on December 17, 2001, Arrington obtained approval of an APD for the E/2 of Section 25 which conflicts with TMBR/Sharp's APD for the N/2 of Section 25 which is pending appeal before the Commission.

Once again, Arrington has obtained an APD from the Division District for a spacing unit in which Arrington has no working interest of record.

On January 8, 2002, TMBR/Sharp filed a timely application for a DeNovo hearing of these cases before the New Mexico Oil Conservation Commission which have been set on the February 15, 2002 docket.

NEW EVIDENCE

Based upon new evidence, TMBR/Sharp is now entitled to have its APDs approved and Arrington's APD revoked.

The Court decides for TMBR/Sharp:

This matter involves a title dispute between the parties which has now been decided in TMBR/Sharp's favor by the Fifth Judicial District Court, Lea County, New Mexico.

On December 27, 2001, the District Court entered an order denying Arrington's title claims to the interest held by TMBR/Sharp and, as a result of this new evidence, Arrington has no operating interest in either the E/2 of Section 23 nor the W/2 of Section 25. **See Exhibit "A" attached.**

This matter has been conclusively resolved against Arrington and demonstrates that Arrington wrongfully obtained the approval of its APDs from the Division. Based upon this conclusive new evidence, TMBR/Sharp is entitled to have its APDs approved and Arrington's revoked.

Arrington's manipulations continue:

First, Arrington's wrongful actions in claiming an operating interest in the W/2 of Section 25 precluded the Division from approving TMBR/Sharp's APD for the N/2 of Section 25. Then on December 17, 2001, while this matter was pending a decision in the District Court, Arrington wrongfully obtained approval of yet another APD from the Hobbs District Supervisor--this time for the E/2 of Section 25 in which Arrington has no interest and which conflicts with TMBR/Sharp's previously filed APD for the N/2 of Section 25 now pending before the Commission.³ **Exhibit "B"**

³ As of January 17, 2002, James D. Huff had a 14.6875% working interest in the E/2 of Section 25; Arrington had no interest.

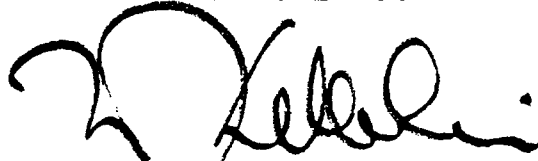
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The Division should not tolerate this gamesmanship. This is the "appropriate case" for the Division to exercise its jurisdiction to revoke all three of Arrington's APDs.

RELIEF REQUESTED

The Division now has primary jurisdiction to revoke Arrington's APDs and to correspondingly reverse the Hobbs District Supervisor's denial of the TMBR/Sharp APDs. The Division should do so without further hearing or delay.

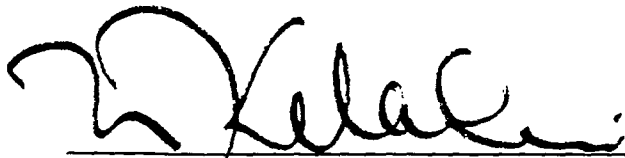
RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading was sent Federal Express this 24th day of January, 2002 to Earnest Carroll, Esq., attorney for Arrington Oil & Gas, Inc.



W. Thomas Kellahin

FIFTH JUDICIAL DISTRICT COURT
COUNTY OF LEA
STATE OF NEW MEXICO

TMBR/SHARP DRILLING, INC.,
Plaintiff,

vs.


DAVID H. ARRINGTON OIL & GAS,
INC., JAMES D. HUFF, MADELINE
STOKES, ERMA STOKES HAMILTON,
JOHN DAVID STOKES, and TOM STOKES,
Defendants.

FIFTH JUDICIAL DISTRICT
COUNTY OF LEA
CLERK'S OFFICE
31 DEC 27 AM 9:33
JANIL R. HERNANDEZ
DISTRICT COURT CLERK

No. CV2001-315C

ORDER GRANTING PARTIAL SUMMARY JUDGMENT
REGARDING FILING OF UNIT DESIGNATIONS

THIS MATTER having come before the Court upon Motion of the Plaintiff's TMBR/Sharp Drilling Company's Motion for Partial Summary Judgment regarding Filing of Unit Designations and the Defendant Arrington Oil and Gas Inc.'s and Defendant Huff's Motion for Summary Judgment Regarding Filing of Unit Designations and the Court being fully advised FINDS that the Plaintiff's Motion is well taken and should be and IS GRANTED and the Defendant's Motion is not well taken and should be and IS DENIED.


Gary L. Clingman
District Judge

CERTIFICATE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice was mailed to all parties on the 27th day of December, 2001:

Richard Montgomery, Esquire
P.O. Box 2776
Midland, Texas 79702-2776

Phil Brewer, Esquire
P.O. Box 298
Roswell, NM 88202-0298

Ernest L. Carroll, Esquire
P.O. Box 1720
Artesia, NM 88221-1720

Michael J. Canon, Esquire
303 W. Wall, Suite 1100
Midland, Texas 79701

By: 
Trial Court Administrative Assistant



JAN-07-02 14:33 From: 8152210

15063006758

T-234 P.02/03 Job-752

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Grande Road, Aztec, NM 87410

District IV

2046 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural ResourcesOil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505Form C-10;
Revised March 17, 1999Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address David H. Arrington Oil & Gas, Inc P.O. Box 2071 Midland, Texas 79702		OCRID Number 005898
Property Code 29099		API Number 30-025-35787
Property Name Glase-Eye Midea "25"		Well No. 1

UT or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
A	25	16S	35E		803'	North	962'	East	Lea

Proposed Bottom Hole Location If Different From Surface

UT or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
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Proposed Pool 1

Proposed Pool 2

Well Type Code N	Well Type Code G	Cable/ Rotary Rotary	Lease Type Code Fee	Ground Level Elevation 3959'
Multiple No	Proposed Depth 13,000'	Formation Mississippian	Cooperator Patterson	Speed Date ASAP

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Seals of Cement	Recommended TOC
17 1/4"	13 3/8"	54.5#	470'	500 sxs	Circ
11"	8 5/8"	32#	4950'	1750 sxs	Circ
7 7/8"	5 1/2"	17#	13,000'	500 sxs	500 Above uppermost pay

* Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zones and proposed new productive zones. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill 17 1/4" hole to 470'. Set 13 3/8" csg. Circ cement to surface. Drill 11" hole to 4950'. Set 8 5/8" to 4950'. Circ cement to surface. Install BOP's. Test BOP's to 5000 psi. Test casing to 1500 psi. Drill 7 7/8" hole to 13,000'. DST any prospective pays. Run 5 1/2" casing as justified.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

* I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Dann Ledford*Printed name: *Dann Ledford*Title: *Geologist*

Date: 11/29/2001

Phone: (915) 682-6685

OIL CONSERVATION DIVISION

Approved by: *Chris Williams*

Title:

Approval Date: *DEC 17 2001*

Expiration Date:

Conditions of Approval:

Attached ☒*Transportation agreement*

JAN-02-02 14:33 From: 8152218

15053889788

T-234 P 03/03 Job-752

Instructions on back

DISTRICT II
P. O. Drawer 00
Artesia, NM 88211-0719

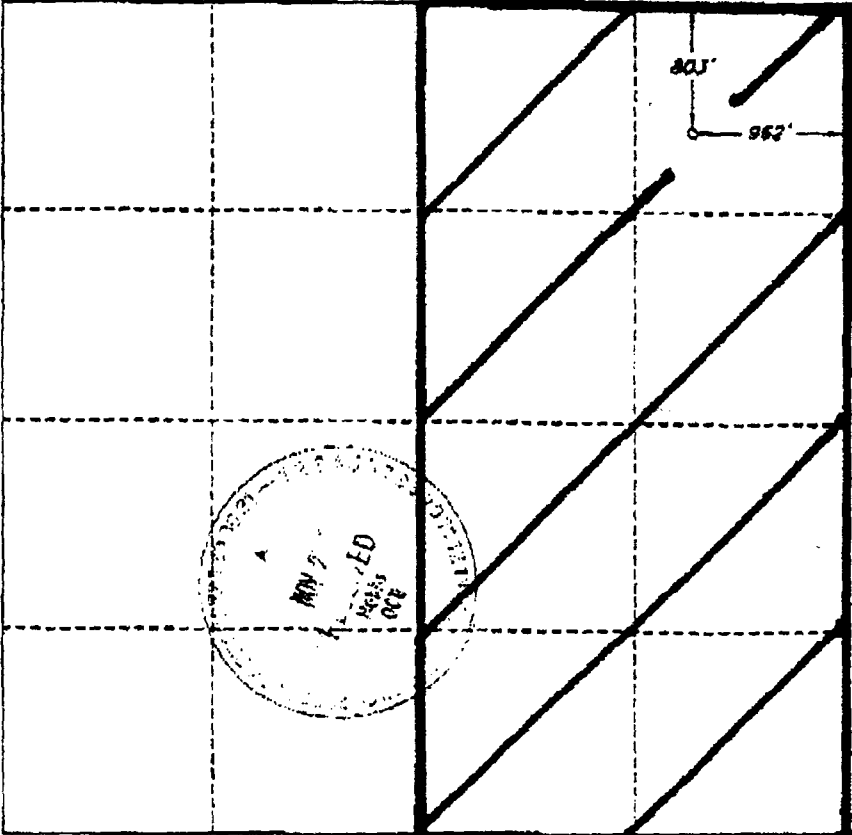
DISTRICT III
1000 Nio Brazos Rd.
Aztec, NM 87410

DISTRICT IV
P. O. Box 2088
Santa Fe, NM 87507-2088

OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Leads - 4 copies
Fee Leads - 3 copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-025-35787		Post Code 86390		Pool Name N. Townsend	
Property Code 29099		Property Name GLASS-EYE MIDGE '25'			
GUNS No. 5898		Operator Name DAVID H. ARRINGTON OIL & GAS, INC.			
		Well Number 1		Elevation 3958'	
" SURFACE LOCATION "					
UL or lot no. A	Section 25	Township 16 SOUTH	Range 35 EAST, N.M.P.M.	Lot No. 805'	North/South line NORTH
		Foot from the 802'		East/West line EAST	
County LEA					
" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE "					
UL or lot no.	Section	Township	Range	Lot No.	Foot from the North/South line
		Foot from the		East/West line	
		County			
Dedicated Acres 320		Foot of well		Consolidation Code	
		Order No.			
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION					
				OPERATOR CERTIFICATION	
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
				Signature <i>D. Ledford</i>	
				Printed Name Danny Ledford	
				Title Geologist	
				Date 11/29/01	
				SURVEYOR CERTIFICATION	
				I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
				Date of Survey NOVEMBER 13, 2001	
				Signature <i>V. Lynn Bezner</i>	
				Printed Name V. LYNN BEZNER	
				Title NO. 7220	
				Date 11-19-01	
				County LEA	
				Job No. 77820	
				V.H.B.	