# Correspondence

Denovo

Case No. 12744

Jan. / Feb. 2802



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Carol Leach Acting Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division

بريديه بمبعي

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 rescheduled 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

Oil Conservation Division \* 1220 South St. Francis Drive \* Santa Fe, New Mexico 87505 Phone: (505) 476-3440 \* Fax (505) 476-3462 \* <u>http://www.enurd.state.nm.us</u>

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

APPLICATION OF TMBR/SHARP DRILLING, INC. CASE NO. 12731 FOR AN ORDER STAYING DIVISION APPROVAL OF TWO APPLICATIONS FOR PERMIT TO DRILL BY DAVID H. ARRINGTON OIL & GAS, INC. LEA COUNTY, NEW MEXICO

APPLICATION OF TMBR/SHARP DRILLING, INC. CA 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** 

11. 12.14

# 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.

NMOCD Cases 12731 and 12744 TMBR/Sharp Drilling, Inc.'s Motion to Reopen -Page 2-

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.<sup>1</sup>

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.<sup>2</sup> 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."

<sup>&</sup>lt;sup>1</sup> 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.

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

NMOCD Cases 12731 and 12744 TMBR/Sharp Drilling, Inc.'s Motion to Reopen -Page 3-

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.

NMOCD Cases 12731 and 12744 TMBR/Sharp Drilling, Inc.'s Motion to Reopen -Page 4-

# **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.<sup>3</sup> Exhibit "B"

 $<sup>^3</sup>$  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.

NMOCD Cases 12731 and 12744 TMBR/Sharp Drilling, Inc.'s Motion to Reopen -Page 5-

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.

Thomas Kellahin

FIFTH JUDICIAL DISTRICT COURT COUNTY OF LEA STATE OF NEW MEXICO

TMBR/SHARP DRILLING, INC., Plaintiff, CITED OF ALL DISTRICT DUNITY MA OFFICE CIDEC 27 AM 9: 33 DISTRICT COURT CLERK No. CV2001-315C

VS.

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

## 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  $27^{44}$  day of 4264, 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. Wali, Suite 1100 Midland, Texas 79701

By:

rial Court Administrative Assistant



Diamine.			•		State o	I New M	(axico	<b>+</b>				
1625 N. Frenzi Dispics II	h'Dr., Hobi	50, NM 8824(		Enc	rgy Mineral			urces		Form (		
811 South Fiel	I, Artonia, I	NM 88210							<b>X</b>	avised March (		
District III 1006 Ris Brunss Road, Astee, NM 87410 District IV 2046 South Pachano, Sania, Pa, NM 87505					Oil Cons			\$	uburais to approp	riate District		
						South Pa			Sists Lesse - 6 C Foo Louise - 5 C			
					matta (	Fe, NM	5/302		<u> </u>			
										dended re		
		CATION	POR PERMIT Operator Name and	CTO D	RILL RE-E	TTER. I	EEPEN. P	UGBACK O	RADDA ZO	NE		
David H. Arington Oil & Gas, Inc								005898	* OCINID Numbe	K.		
P.O. Box 2071									1AFINate			
Midland		2702						30025-3				
290	20	-		<b>C1</b> -	Property Na				Wa	Na.		
	17			<u> </u>	se-Eve Mix				l	1		
		<b>1</b>		- 1	<sup>7</sup> Surface L			1	·····			
UL et lot so.	Section .	Tevrality	Range The Constant	Lot	ids Fot fo		inde South Line	Fast frees the	East West line	Count		
	25	165	35E		80:		North	962'	East			
		r	Proposed Bo		1	<u>n lí Di</u>	Terent Fro	m Surface				
LFL er lot ga.	Bestica	Township	Renge	Locid	ii Feet to	netto t	ionin'South line	Postficia das	Bart/Wast Hoc	Count		
N-21.	i	L								1		
			reposed Pool 1					** 9mg	and Pool 2			
N. Towns	erd,	Missis	ippian Wilde			l,						
"Wedt	Type Code		" Well Type Code	T	* Cablo	A		" Louise Type Code				
]	N		Q		Rot			Fee	" Get	<sup>17</sup> Ground Levei Blomain 3959 <sup>5</sup>		
" Multiple			"Proposed Depth		* Formadoe			H Contraction		<sup>38</sup> Speat Dete		
	T								1	1		
	<u>lo</u>		13.000'		Missian	lippian		Patterson		ASAP		
<u> </u>			21 Pr		Casing and	i Ceme		Patterson		ASAP		
Hole S	28		21 Pri	Cabing	Casing and	i Ceme	ing Depth	Sects of (				
Hole 3	28	13	<sup>21</sup> P <sub>T</sub> ing Size 3/8"	Cating 5	Casing and weight/foot 4.5#	i Ceme Set	470'	3eoia of 6 500 t	058	Recimand TO Circ		
Hole 5 17 1/2 11"	20	13	21 Pro	Caning 54	Casing and weight/foot 4.5# 2#	i Cemer Sen	470* 470* 950*	Sects of (	058	Ratimated TO		
Hole 3	20	13	<sup>21</sup> P <sub>T</sub> ing Size 3/8"	Caning 54	Casing and weight/foot 4.5#	i Cemer Sen	470'	3eoia of 6 500 t	5X8	Retinated TO Circ Circ		
Hole 5 17 1/2 11" 7 7/8	128 149 179	13 8 5	<sup>21</sup> P <sub>T</sub> ing Size 3/8" 5/8" 1/2"	Canjag 5- 3. 1	Casing and weight/%or 4.5# 2# 7#	i Cemer Sen 4	470' 470' 1950' 3,000'	Sects of 6 500 a 1750 500	1X3 5X3 5X2	Reference TO Circ Circ 500 Aboy		
Hole 3 17 ½ 11" 7 7/8 * Describe the	: bicboseq 1	13 8 5	21 Pr ing Size 3/8" 5/8" 1/2" is explication is to I	Caning 5- 3- 1 DESPEN	Casing and weight/foot 4.5# 2# 7# 2# 7#	i Cemer Sen 4	470' 470' 1950' 3,000'	Sects of 6 500 a 1750 500	1X3 5X3 5X2	Reference TO Circ Circ 500 Aboy		
Hole 3 17 ½ 11" 7 7/8 Describe the Describe the bit	Ine Included 1 Proposed 1 Produced 1	13 8 5 xogram. If the antice progre	21 Pr ing Size 3/8** 5/8** 1/2** is application is to I m, if any. Use addis	Caning 5- 3 1 2058/201 5058/201	Casing and weight/foot 4.5# 2# 7# ar PLUG BACK of processary.	d Cerner Sett 4 1	ing Depth 470' 1950' 3,000' attr on the press	Sects of (           500 t           1750           500           500           500	IXS BXB SXE and proposed ser	Refinand TO Circ SOO Aboy ppermost		
Hole 5 Hole 5 17 ½ 11" 7 7/8 * Describe the DataThe the bit Drill 17 ½	29 " " proposed ; " " hole to	13 8 5 xrogram. If the ention progree 0 470'. S	21 Pr ing Size 3/8" 5/8" 1/2" is explication is to I m, if any. Use addit ct 13 3/8" CSS	Caning 5 3 1 DESPEN Second show	Casing and weight/foot 4.5# 2# 7# ar PLUG BACK vis if seconsary. : coment to	i Cemer Sen 4 1 . sive the d	ing Depth 470' 1950' 3,000' atte on the press Drill 11''	1 3ects of 6 500 s 1750 500 solutions hole to 4950	IXS SXS SXS and proposed are 1'. Set 8 5/8'	Retinand TO Circ Circ 500 Abox appermost appermost appermost appermost appermost appermost appermost appermost		
Hole Si 17 ½ 17 ½ 11" 7 7/8 <sup>2</sup> Describe the bl Describe the bl Drill 17 ½ Circ connect	proposed ; proposed ; oweil prov " hole to bit to sur	13 8 5 srogram. If # ention progress 0 470'. S face. Ins	21 Pr ing Size 3/8" 5/8" 1/2" is application is to I m, if any. Use addit cot 13 3/8" CSg tall BOP's. 7	Caning 5- 3 1 DEBPEN Ional shee 3. Circ Fest BC	Casing and weight/foot 4.5# 2# 7# ar PLUG BACK vis if seconary. comment to DP's to 500	i Cemer Ben 4 1 . sive the d surface. 0 psi. T	ing Depth 470' 1950' 3,000' attr on the press Drill 11'' 'est casing	1 3ects of 6 500 s 1750 500 solutions hole to 4950	IXS SXS SXS and proposed are 1'. Set 8 5/8'	Retinand TO Circ SOO Aboy appermost appermost appermost appermost appermost appermost appermost		
Hole Si 17 ½ 17 ½ 11" 7 7/8 <sup>2</sup> Describe the bl Describe the bl Drill 17 ½ Circ connect	proposed ; proposed ; oweil prov " hole to bit to sur	13 8 5 srogram. If # ention progress 0 470'. S face. Ins	21 Pr ing Size 3/8" 5/8" 1/2" is explication is to I m, if any. Use addit ct 13 3/8" CSS	Caning 5- 3 1 DEBPEN Ional shee 3. Circ Fest BC	Casing and weight/foot 4.5# 2# 7# ar PLUG BACK vis if seconary. comment to DP's to 500	i Cemer Ben 4 1 . sive the d surface. 0 psi. T	ing Depth 470' 1950' 3,000' attr on the press Drill 11'' 'est casing	1 3ects of 6 500 s 1750 500 solutions hole to 4950	IXS SXS SXS and proposed are 1'. Set 8 5/8'	Retinand TO Circ Circ 500 Abox appermost appermost appermost appermost appermost appermost appermost appermost		
Hole Si 17 ½ 17 ½ 11" 7 7/8 <sup>2</sup> Describe the bl Describe the bl Drill 17 ½ Circ connect	proposed ; proposed ; oweil prov " hole to bit to sur	13 8 5 srogram. If # ention progress 0 470'. S face. Ins	21 Pr ing Size 3/8" 5/8" 1/2" is application is to I m, if any. Use addit cot 13 3/8" CSg tall BOP's. 7	Caning 5- 3 1 DEBPEN Ional shee 3. Circ Fest BC	Casing and weight/foot 4.5# 2# 7# ar PLUG BACK vis if seconary. comment to DP's to 500	i Cemer Ben 4 1 . sive the d surface. 0 psi. T	ing Depth 470' 1950' 3,000' attr on the press Drill 11'' 'est casing	Sects of 6 500 s 1750 500 500 mt productive zons hole to 4950 to 1500 pei.	225 525 525 525 525 525 525 525	Referend TO Circ SOO Aboy (ppermost) (ppermost) (potestive so (construction) (con		
Hole Si 17 ½ 17 ½ 11" 7 7/8 <sup>2</sup> Describe the bl Describe the bl Drill 17 ½ Circ connect	proposed ; proposed ; oweil prov " hole to bit to sur	13 8 5 srogram. If # ention progress 0 470'. S face. Ins	21 Pr ing Size 3/8" 5/8" 1/2" is application is to I m, if any. Use addit cot 13 3/8" CSg tall BOP's. 7	Caning 5- 3 1 DEBPEN Ional shee 3. Circ Fest BC	Casing and weight/foot 4.5# 2# 7# ar PLUG BACK vis if seconary. comment to DP's to 500	i Cemer Ben 4 1 . sive the d surface. 0 psi. T	Depth           470'           4950'           3,000'           Bits on the press           Drill 11''           'est casing           Permit	1 3ects of 6 500 s 1750 500 solutions hole to 4950	223 523 523 523 523 523 523 523	Reference TO Circ SOO Aboy (ppermost) (pperm		
Hole 5 17 ½ 17 ½ 11" 7 7/3 <sup>2</sup> Describe the bl Drill 17 ½ Circ center 13,000'. I	proposed ; "" " hole to ne to sur DST any	13 8 5 srogram, If # entice progree 0 470'. S face. Ins face. Ins face. Ins	21 Pr ing Size 3/8" 5/8" 1/2" is explication is to I m, if any. Use addit cot 13 3/8" cSg tall BOP's. 7 tive pays. Run	Coning 5 3 1 1 DEEPEN Social shore 5. Circo Fost BC m 5 1/2"	Casing and wwicht/foot 4.5# 2# 7# ar PLUG BACK we if seconsary. comment to DP's to 5000 ' casing as j	i Cemer Ben 4 1 . sive the d surface. 0 psi. T	Depth           470'           4950'           3,000'           Bits on the press           Drill 11''           'est casing           Permit	Sects of G           500 s           1750           500           500           sects of G           1750           500           sects of G           bole to 4950           to 1500 pei.           Expires 1 Y	223 523 523 523 523 523 523 523	Refinant TO Circ SOO Aboy (ppermost) (ppermo		
Hole 5 17 1/3 17 1/3 17 7/3 10 Describe the bl Drill 17 1/2 Circ connec 13,000'. I * I hereby certification of the second the second of the second	proposed ; "" " hole to net to sur DST any 6/ tiet the i	13 8 5 xogram. If the ention progree 0 470'. S face. Ins / prospect	21 Pr ing Size 3/8" 5/8" 1/2" is application is to I m, if any. Use addit cot 13 3/8" CSg tall BOP's. 7	Coning 5 3 1 1 DEEPEN Social shore 5. Circo Fost BC m 5 1/2"	Casing and wwicht/foot 4.5# 2# 7# ar PLUG BACK we if seconsary. comment to DP's to 5000 ' casing as j	i Cemer Ser 4 1 . sive the d surface. 0 psi. T	A70' 470' 950' 3,000' brill 11'' est casing Permit 1 Date	Sects of G           500 s           1750           500           500           sects of G           1750           500           sects of G           bole to 4950           to 1500 pei.           Expires 1 Y	255 555 555 555 555 555 555 556 578 578 578 578 578 578 578 578	Refinand TO Circ Circ 500 Aboy opermost		
Hole 5 17 ½ 17 ½ 11" 7 7/3 <sup>2</sup> Describe the bl Drill 17 ½ Circ center 13,000'. I	proposed ; "" " hole to net to sur DST any 6/ tiet the i	13 8 5 xogram. If the ention progree 0 470'. S face. Ins / prospect	21 Pr ing Size 3/8" 5/8" 1/2" is explication is to I m, if any. Use addit cot 13 3/8" cSg tall BOP's. 7 tive pays. Run	Coning 5 3 1 1 DEEPEN Social shore 5. Circo Fost BC m 5 1/2"	Casing and wwicht/foot 4.5# 2# 7# 2# 7# 2# 7# 2# 7# 2 Conserver Co	i Cemer Ben 4 1 . give the d surface. 0 psi. 7 ustified	A70' 470' 950' 3,000' brill 11'' est casing Permit 1 Date OIL C	A sets of C 500 s 1750 500 s 50 500 s 500 s 50 s 50 s 50 s 50 s 50 s 50 s 50 s 50 50 50 50 50 50 50 50 50 50 50 50 50	255 555 555 555 555 555 555 556 578 578 578 578 578 578 578 578	Retinand TO Circ Circ 500 Aboy opermost		
Hole 3 17 1/3 17 7/3 11" 7 7/3 Describe the Describe the bl Drill 17 1/2 Circ connec 13,000'. I "I hereby corf of any knowled Simplone:	proposed ; proposed ; oweit prov- "hole to nt to sur DST any fy that the i ge get belie A C	13 8 5 mogram. If # mition progress 470°. S face. Ins / prospect	21 Pr ing Size 3/8" 5/8" 1/2" is explication is to I m, if any. Use addit cot 13 3/8" cSg tall BOP's. 7 tive pays. Run	Coning 5 3 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Casing and wwicht/foot 4.5# 2# 7# 2# 7# 2# 7# 2# 7# 2 Conserver Co	i Cemer Ser 4 1 . sive the d surface. 0 psi. T	A70' 470' 950' 3,000' brill 11'' est casing Permit 1 Date OIL C	A sets of C 500 s 1750 500 s 50 500 s 500 s 50 s 50 s 50 s 50 s 50 s 50 s 50 s 50 50 50 50 50 50 50 50 50 50 50 50 50	223 328 328 328 328 328 328 328	Refinance TO Circ SOO Aboy ppermost ; ppermost ; r to 4950'. bale to Approval erway NON		
Hole Si 17 1/3 11" 7 7/8 Describe the Describe the bill Drill 17 1/2 Circ connec 13,000'. I "I haraby card of any knowled Simmologi: Printed marge:	proposed ; proposed ; ownest prov to hole to an to sur DST any fy that the fy that the fy that the Danne	13 8 5 mogram. If # mition progress 470°. S face. Ins / prospect	21 Pr ing Size 3/8" 5/8" 1/2" is explication is to I m, if any. Use addit cot 13 3/8" cSg tall BOP's. 7 tive pays. Run	Coning 5 3 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Casing and wwicht/foot 4.5# 2# 7# 2# 7# 2# 7# 2# 7# 2 Conserver Co	i Cemer Ben 4 1 . give the d surface. 0 psi. 7 ustified	ing Depth 470' 950' 3,000' an on the press Drill 11'' est casing Permit 1 Date OIL C by:	Sects of C 500 s 1750 500 500 mt productive man hole to 4950 to 1500 pei. Expires 1 Y to Unless Dr ONSERVAT	223 328 328 328 328 328 328 328	Refining TO Circ SOO Aboy ppermost ppermost to 4950'. bale to Approval erway NON		
Hole Si 17 ½ 17 ½ 17 /3 Describe the bill Drill 17 ½ Circ center 13,000'. I "I hereby cert of sty knowled Simmunet: Printed memo: Tale: Gen)	proposed ; "" " proposed ; " hole to ne to sur DST any 6y that the i ge art belie .i Danne Danne	13 8 5 mogram. If # mition progress 470°. S face. Ins / prospect	21 Provide a state of the second state of the	Casing 5 3 1 1 DEBFEN Land the L Circ Fest BC To S 1/2"	Casing and weight/foot 4.5# 2# 7# ar PLUG BACK we if seconsary. content to DP's to 5000 ' Casing as j	i Comer Ben 4 1 . give the d surface. O psi. T ustified Approved Thins Approved	A70' 470' 950' 3,000' brill 11" fest casing Permit 1 Date OIL C by:	Secto of C Solo a 1750 500 a 1750 500 solo to 1500 pei. Expires 1 Y CONSERVAT CONSERVAT	A constraints of the second se	Retinend TO Circ Circ 500 Aboy opermost poduetive an " to 4950". " bole to " to 4950". " bole to Approval erway RION		
Hole Si 17 1/3 11" 7 7/8 Describe the Describe the bill Drill 17 1/2 Circ connec 13,000'. I "I haraby card of any knowled Simmologi: Printed marge:	proposed ; proposed ; proposed ; oweath prov- " hole to nt to sur DST any fy that the i pr or belie i. C Dannel	13 8 5 mogram. If # mition progress 470°. S face. Ins / prospect	21 Provide a state of the second state of the	Coning 5 3 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Casing and weight/foot 4.5# 2# 7# ar PLUG BACK we if seconsary. content to DP's to 5000 ' Casing as j	i Comer Ben 4 1 . give the d surface. O psi. T ustified Approved Thins Approved	A70' 470' 950' 3,000' Drill 11" est casing Permit 1 Date OIL C by:	Sects of C 500 s 1750 500 500 mt productive man hole to 4950 to 1500 pei. Expires 1 Y to Unless Dr ONSERVAT	A constraints of the second se	Refinanced TO Circ Circ 500 Aboy opermost poduetive ac to 4950°. bale to Approval erway NON		



COTTON BI	EDSO	E:					915	682	36/2	;	0:	a la	n 02	2 2.	UUPM	,000	5	ю;га	ige 3	/3	
JAN-87-01	14:1	Í	Fron: I	<b>1522</b>	6						1 50	53899	758			T-234	P.	03/03	Job-1 Instrue		<b>~</b>
O. Drowe	- 00				•	•••••													u ef fin	M A	
viesis, NM		-07	19		01	<b>II</b> . (	CON	ISE	RVA	TIN		TVI	SIA	N				State	ist Diffic I Laade Laade -		
COU NO B	9205	ta.						P	). <b>0.</b> (	Box	2066						*	_			-
iztec, NH 8	7410					San		e, r	lew M	eric	5 870	04-	-200	0			C	] AN	iende	b #	tef
A O. Box 2 Santa Fe, N	08.0	07-	2088	) 	r <b>v 1</b>		17 ( <b>)</b> N	AW	D 4.CI		r n#1	N1/14	<b>.</b>	N DI	A.114						
API Humber						u Code															
50-02 -		57	8]		8	6	3 <i>90</i>	2	Ń	3815	unse ippi	an W	6140	at				- Tel	l Numl	i i i	<b></b> .
2909	9	-+-	- One of the local division of the local div	Line He				GLA	SS-EI	E M	DGE	*25	•				_	VBe	Vellen	1	
5898						DA	VID	H. A	RRIN	TON		1 0	ias,	INC		•			-	69'	_
				<u>.</u>		<u></u>		SU	PACE						·····						
UL or lot 36. A	514e 25		1 30 8 30	n ya			ngi				trees the		NOR1			670%   982'	13 <b>14</b> [	PHH/7			Cev
				NTH	30	ZAST,	, N.M.		L	1	63'		UANU I	H		PDC	1	E	A57		LE
UL or lot no.			"B(	-	<u> </u>				ION II	F DI	FBRE	NT	FRO	MS	URF/	CE			A57		LE
	Seetie	•	"B(	OTTO	<u> </u>	Holi			ION II	F DI		NT	FRO	MS	URF/	CE	Lh.		A57	┉	LE
" Durtinging /			Towns	OTTO	M	Hou	LO	CATI	ION II	F DII	FBRE	NT	FRO	MS	URF/	CE	the		A57	-	
* <b>b</b> -li-, int / 320	NO		700%		n Ca	HOLI	E LO	CATI	ON II	F DII	FERE	NT NUR	FRO U/D	M S	URF/ Fest	CE from 2875 E DI ERA	HAT VIRI TOX	Test/A VIE BI ON CIE	AST Font Ha	ICA into	
	NO		700%		n Ca	HOLI	E LO	CATI	ON II Lot Mis Greater O THIS	F DII	FERE Iven the	N UN	FRO U/D	M S	VIER VIER VIER VIER VIER VIER VIER VIER	ACE Irom ESTS E DIN ESTS E DIN ESTS IE DIN ESTS I	HAN VIRI TOI Any Charles Bodf 1 Stor Any Charles Any C	Test/ ITE BI ITE BI	AST Feet Ha EEN STILF I the true or true o		

#### KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW EL PATIO BUILDING 117 NORTH GUADALUPE POST OFFICE BOX 2265 SANTA FE, NEW MEXICO 87504-2265

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

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)

January 24, 2002

To Mariasut 1 plag

HAND DELIVERED

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:

4

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

erv truitv yøu

W. Thomas Kellahin

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

rs F

· · .

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

APPLICATION OF TMBR/SHARP DRILLING, INC. CASE NO. 12731 FOR AN ORDER STAYING DIVISION APPROVAL OF TWO APPLICATIONS FOR PERMIT TO DRILL BY DAVID H. ARRINGTON OIL & GAS, INC. LEA COUNTY, NEW MEXICO

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

02 JAN 24 AH 11: 27

# 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.

NMOCD Cases 12731 and 12744 TMBR/Sharp Drilling, Inc.'s Motion to Reopen -Page 2-

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.<sup>1</sup>

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.<sup>2</sup> 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."

<sup>&</sup>lt;sup>1</sup> 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.

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

NMOCD Cases 12731 and 12744 TMBR/Sharp Drilling, Inc.'s Motion to Reopen -Page 3-

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.

NMOCD Cases 12731 and 12744 TMBR/Sharp Drilling, Inc.'s Motion to Reopen -Page 4-

#### **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.<sup>3</sup> 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.

NMOCD Cases 12731 and 12744 TMBR/Sharp Drilling, Inc.'s Motion to Reopen -Page 5-

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. THÓMAS 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.

Thomas Kellahin

CUITON, BLEDSUE

FIFTH JUDICIAL DISTRICT COURT COUNTY OF LEA STATE OF NEW MEXICO

TMBR/SHARP DRILLING, INC., Plaintiff,

RICT 01 DEC 27 AM 9: 33 RICT COURT CLERK No. CV2001-315C

VS.

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

#### 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 Lecentry, 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

Bv

Trial Court Administrative Assis



1625 N. Prend District II \$11 South First	-	•	10	Enc	rgy Mineral	of New Ma is and Nat		urces	lav	Form ( rised March 1)	
District.III 1000 Ris Brunos Road, Aztoc, ND4 87410 District.IV					2040 :	ervation D South Pac	Sa	Submit to appropriate District ( Bists Lesse - 6 ( Féé Lesse - 5 (			
2048 Sauth Put	stano, Sana	a 79, NM 8	7501		24013	Fe, NM 8	/305			ENDED RE	
	APPL	ICATIO	Operator Name	AT TO D	RILL RE-E	NTER. DI	LEPEN. PL	UGBACK O	ADD A ZON	Œ	
David H. Arrington Oil & Gas, Inc								005898			
	P.O. Box 2071 Midland, Texas 79702							30-025-3	APINesher		
290					Property N				Well	Na,	
2.90	99			G	ase-Eve Mi				1		
	<u>, '</u>	1			<sup>7</sup> Surface L				<del></del>		
UL et lot ao.	· 25	Terrado 165	Range 35E	La La	1365 Fort fr	1	rdvSorab line	Fut frants	East West line	Conten	
A			* Proposed	Bottom 3			North	962'	East		
UL or lot ga.	Section	Township	Ringe	Loci	(		rit/South time	Forten da	Eur/Wast Hac	Coun	
V. Townserd Miss "West Type Code N "Maintple NO		Milssi	" Well Type C	odo	Ro	c/Romry		Lanc Type Code For	<sup>19</sup> Grou	" Ground Level Blaves 3959'	
					* formation Mississipping						
			13.000				_	Patterson		ASAP	
			13.000	,	Missis	alipping	t Program	Patterson			
Hole Si	20		13.000	Propose		sippina d Cemen	t Program	Patterson	- eggens	ASAP	
N Hole 31 17 1/2	20		13.000 21 ming Size 3.3/8**	Propose	Missis d Casing an weish/box	d Cemen Senio	170'	Patterson Secto of C 500 s	223	ASAP Balmaned TO Circ	
Note 31	20 20 14	3	13.000 21 3 3/8" 8 5/8"	Propose	Missis d Casing an weight/box i4.5#	sippian d Cemen Setti 4	170' 950'	Patterson Secto of C 500 s 1750	558 8558	ASAP Radmaned To Circ Circ	
Hole 31	20 20 14	3	13.000 21 ming Size 3.3/8**	Propose	Missis d Casing an weish/box	sippian d Cemen Setti 4	170'	Patterson Secto of C 500 s	5X3	ASAP Buimmed To Circ Circ 500 Abc	
Hole 31 17 1/2 11" 7 7/8 " Describe the Describe the bi Describe the bi Describe the bi	is proposed ; with the fatter is a second proposed of the fatter is a second provided	program. If entice progr	13.000 21 3.3/8" 8.5/8" 5.1/2" This application to rem, if any. Use a Stor 13.3/8"	Propose Casing C	Missis d Casing an invisition id.5# 32# 17# for PLUG BACT ms if necessary. c comment to	A give the de	ag Depils 470° 950' ,000' m on the press Drill 11"	Patterson Secto of C 500 s 1750	IXE EXE SXE und proposed seven '. Set 8 5/8"	ASAP Bulmand TC Circ Circ 500 Abc permost productive at to 4950'	
Note the second	proposed ; "" "" " hole to DST any	program. If entice program. If entice program. If c 470'. rface. In y prospe	13.000 21 3 3/8" 8 5/8" 5 1/2" this application it rem, if any. Use i Set 13 3/8" astall BOP's ctive pays.	Propose Casing to D68PEr idditional she csg. Cir . Test B	Missis d Casing an twight/bot 4.5# 32# 17# 1 or PLUG BACT or PLUG BACT or FLUG BACT or FLUG BACT or FLUG BACT or FLUG BACT or FLUG BACT	sippian d Cemen Senti 4 13 K, give the da surface.	ag Depils 470° 950' ,000' m on the press Drill 11" est casing Permit	Patterson 3ects of C 500 s 1750 500 solutive cons hole to 4950	223 523 523 523 523 523 523 523	ASAP Balmand TC Circ Circ 500 Abc 500 Abc productive and productive and to 4950' hole to Approval	
Hole 31 17 1/2 11" 7 7/8 <sup>20</sup> Describe the Describe the ble Describe the ble Describet the ble Describet the ble Describet the ble Describet the b	reproposed providence of the second providence	program. If entice program. If entice program. If rface. In prospe	13.000 21 3 3/8" 8 5/8" 5 1/2" this application it rem, if any. Use i Set 13 3/8" astall BOP's ctive pays.	Propose Casing to D68PEr idditional she csg. Cir . Test B	Missis d Casing an (weigh/Sot 4.5# 32# 17# for PLUG BACT ins if necessary. c cement to OP's to 500 " casing as	sippian d Cemen Senti 4 13 K, give the da surface.	ATO" ATO" ATO" ATO" ATO" ATO" ATO" ATO ATO ATO ATO ATO ATO ATO ATO	Patterson 3ecta of C 500 s 1750 500 store productive zons hole to 4950 to 1500 pei. Expires 1 Y	23 53 53 53 53 53 53 54 54 54 54 54 54 54 54 54 54	ASAP Belmand TC Circ Circ 500 Abc 500 Abc poculosi poculosi poculosi to 4950' hole to Appl oval rway ION	
Hole 31 17 1/2 11" 7 7/8 Describe the Describe the bl Describe the b	in the the set of the	information ef.	13.000 21 3 3/8" 8 5/8" 5 1/2" this application it rem, if any. Use i Set 13 3/8" astall BOP's ctive pays.	Propose Casis to PostPro- Inditional the csg. Cir . Test B Run 5 1/2	Missis d Casing an (weigh/Sot 4.5# 32# 17# for PLUG BACT ins if necessary. c cement to OP's to 500 " casing as	Approved	ATO" ATO" ATO" ATO" ATO" ATO" ATO" ATO ATO ATO ATO ATO ATO ATO ATO	Patterson Secto of C 500 s 1750 500 mt productive cons hole to 4950 to 1500 pei. Expires 1 Y a Unless Dr	23 53 53 53 53 53 53 54 54 54 54 54 54 54 54 54 54	ASAP Advanced To Circ Circ 500 Abor ppermost ppermost productive = 1 to 4950' hole to Apprioval way	
Hole 31 17 1/2 11" 7 7/8 Describe the Describe the ble Describe the ble Descr	proposed ; proposed ; awout prov to be to nt to sur DST any isy that the general jett if that the general jett if the the general jett	information ef.	13.000 21 3 3/8" 8 5/8" 5 1/2" this application it rem, if any. Use i Set 13 3/8" astall BOP's ctive pays.	Propose Casis to PostPro- Inditional the csg. Cir . Test B Run 5 1/2	Missis d Casing an (weigh/Sot 4.5# 32# 17# for PLUG BACT ins if necessary. c cement to OP's to 500 " casing as	Approved	ATO" ATO" ATO" ATO" ATO" ATO" ATO" ATO ATO ATO ATO ATO ATO ATO ATO	Patterson Secto of C 500 s 1750 500 set productive cons hole to 4950 to 1500 pei. Expires 1 Y Unless Dr ONSERVAT	23 53 53 53 53 53 53 54 54 54 54 54 54 54 54 54 54	ASAP Belmand TC Circ Circ 500 Abc 500 Abc poculosi poculosi poculosi to 4950' hole to Appl oval rway ION	

	EXHIBIT
A A A A A A A A A A A A A A A A A A A	3

