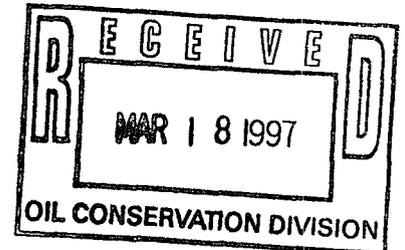


**BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS
AND NATURAL RESOURCES**

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

**APPLICATION OF GILLESPIE-CROW, INC.
FOR UNIT EXPANSION, STATUTORY
UNITIZATION, AND QUALIFICATION OF
THE EXPANDED UNIT AREA FOR THE
RECOVERED OIL TAX RATE AND
CERTIFICATION OF A POSITIVE PRODUCTION
RESPONSE PURSUANT TO THE "NEW MEXICO
ENHANCED OIL RECOVERY ACT,"
LEA COUNTY, NEW MEXICO.**



No. 11724

MOTION FOR CONTINUANCE

COME NOW, YATES PETROLEUM CORPORATION ("Yates") and HANLEY PETROLEUM, INC., ("Hanley") through their attorneys, Campbell, Carr, Berge & Sheridan, P. A., and hereby move for a continuance of the hearing currently scheduled in the above referenced case on March 20, 1997, and in support of this Motion state:

YATES/HANLEY SUBPOENA

1. On January 24, 1997, Gillespie-Crow Inc., ("Gillespie-Crow") filed the application in the above referenced case seeking the expansion of the West Lovington Strawn Unit pursuant to the Statutory Unitization Act to include tracts in which Hanley and Yates operate wells and/or own working interests.

2. On February 18, 1997 Yates and Hanley obtained a Subpoena Duces Tecum from the Division seeking the production of certain data from Gillespie-Crow, Inc. The Subpoena was served on Gillespie-Crow on February 19, 1997.

3. Counsel for Yates and Hanley and Gillespie-Crow met to review the subpoena on February 28, 1997 and Gillespie-Crow agreed to produce the data sought by subpoena except for reservoir studies (Subpoena Paragraph 13), reserve reports (Subpoena Paragraph 14) and seismic data (Subpoena Paragraph 17). Yates and Hanley were advised that additional inquiry had to be made of Gillespie-Crow to determine if it might be willing to produce reserve reports and reservoir studies.

4. On Friday, March 14, 1997 attorneys for the parties again conferred. Gillespie-Crow was again asked to produce the reservoir studies and reserve reports and was advised that Yates and Hanley would seek a continuance of the March 20, 1997 hearing to enable them to review the subpoenaed data. Yates and Hanley advised that if the data could not be provided they would have to seek the information through a Motion to Compel Production.

5. On Monday, March 17, 1997, Yates and Hanley were advised that Gillespie-Crow would produce a reservoir study. However, contrary to their previous representations, Gillespie-Crow announced it would now produce only a portion of the subpoenaed data that they had previously agreed to make available for review and copying. It advised they would not produce any information that could be found in public records or any data that might have been previously produced to other parties who they believe are now in opposition to this

proposed unit expansion. Furthermore, the data they are willing to produce will be produced at the offices of Gillespie-Crow in Midland. Although no date for this document production has been set, it is expected to occur during the week of March 24, 1997.

6. Furthermore, Gillespie-Crow advised counsel for Yates and Hanley that it would oppose a continuance of this case from the March 20, 1997 Examiner Hearing docket unless the wells in which Hanley and Yates own interests were shut-in pending a hearing.

7. Yates and Hanley will not agree to shut in the wells in which they own an interest because these wells are already producing at reduced allowable rates pursuant to Division Order Nos. R-9722-C and R-10448-A. To shut them in would permit drainage from these tracts to the West Lovington Strawn Unit.

GILLESPIE-CROW, INC. SUBPOENA

8. On March 5, 1997, Gillespie-Crow obtained a subpoena from the Division directing the production of data in the possession of Hanley. Hanley is directed by this subpoena to produce data at the offices of the Oil Conservation Division on March 20, 1997.

9. Hanley will produce the subpoenaed data at that time and place.

ARGUMENT

Gillespie-Crow wants a hearing on its application before subpoenaed data is produced and before those who oppose this proposal can prepare their cases. Yates and Hanley need the data sought by the Subpoena Duces Tecum issued by the Division on February 18, 1997. This data has not yet been produced. Accordingly, Yates and Hanley cannot be ready to

present their case on March 20, 1997.

Reserve reports and reservoir studies, as well as other data covered by the February 18, 1997 subpoena, are essential data for Yates and Hanley to evaluate this pressure maintenance project. Had Gillespie-Crow produced the data covered by the Yates/Hanley Subpoena as originally agreed, the review of this information would be greatly simplified. Now that it has declined to produce much of the data, the time required for Yates and Hanley to prepare will be substantially increased. To be able to respond to this application, subpoenaed data will not only have to be produced but it will also have to be analyzed in conjunction with data that will have to be located and retrieved from public sources. A Motion to Compel may be required. Accordingly, this case will have to be continued at least for four weeks and perhaps longer to enable the parties to prepare.

WHEREFORE, Yates Petroleum Corporation and Hanley Petroleum Inc. request that the hearing in this case be continued from the Examiner Hearing Docket scheduled for March 20, 1997 and set for hearing on the April 17, 1977 Examiner Hearing Docket or at a later date after subpoenaed data has been produced and all parties have been afforded a reasonable time to prepare their cases.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR
PAUL R. OWEN
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

ATTORNEYS FOR YATES PETROLEUM
CORPORATION AND HANLEY
PETROLEUM INC.

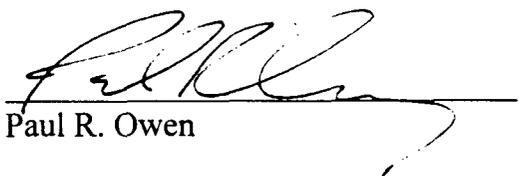
CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of March, 1997, I have caused to be hand-delivered a copy of our Motion for Continuance in the above-captioned case to the following named counsel:

Rand Carroll, Esq.
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87501

James Bruce, Esq.
612 Old Santa Fe Trail, Suite B
Santa Fe, New Mexico 87501

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe Street
Santa Fe, New Mexico 87501


Paul R. Owen