

GALLEGOS LAW FIRM

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MICHAEL J. CONDON

March 1, 2000
(Our File No. 99-1.81)

OL 00 505-986-1367
00 MAR - 1 AM 11:08

VIA HAND-DELIVERY

Lyn Hebert
David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Cases No. 12301, 12302, 12303 and 12304

Dear Lyn and David:

We have learned that these cases, as well as the other matters at issue between the parties as reflected in the letters attached hereto, have been scheduled for hearing on March 29-30, 2000 before Examiner David Catanach. Back in December, we had a hearing before Messrs. Carroll and Stogner on subpoenas the Division had issued at Hartman's request, and which we then served on SDX and Raptor. Both Raptor and SDX filed Motions to Quash all or parts of the subpoenas. Consideration of the subpoenas and Motions to Quash were stayed in light of the Division's letter rulings of December 22, 1999 and January 5, 2000.

At this point, we are hopeful and confident that we can work out discovery issues with Raptor. Raptor has already produced a number of documents responsive to the subpoena, and we are working with Mr. Carr to secure additional documents. Unless the Division hears otherwise with respect to document discovery, the Division can assume that those matters will be worked out between the parties.

Problems with SDX, however, continue. SDX has yet to produce a single document responsive to the subpoena. A number of informal follow up requests for documents have gone unanswered by SDX and its counsel. While SDX representatives indicated during the operators' meetings which took place in January and February of this year that it had well studies, core analysis, and other data which purportedly support the SDX infill drilling program, SDX has yet to produce any documents which bear on the issues which are to be addressed at hearing on March 29 and 30, 2000.

Enclosed please find an additional subpoena that we have prepared for service on SDX given developments in the case since December, 1999. I would appreciate it if you would have the subpoena issued, and contact me so that I can pick it up for immediate service on SDX. By copy of this letter, I would ask that Mr. Kellahin advise as to whether he will accept service of the subpoena on behalf of SDX.


Finally, I would request that the Division schedule a hearing on the SDX Motion to Quash at the earliest possible time so that we can resolve these discovery issues and have production of the SDX documents in sufficient time to allow us to review them prior to the March 29-30 hearing dates. We do not want to continue these matters due to failure by SDX to respond to legitimate discovery requests.

If you have any questions, please feel free to contact me.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By


MICHAEL J. CONDON

MJC:sa

fx: William F. Carr
Tom Kellahin
Doyle Hartman
ioc: J. E. Gallegos

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December 23, 1999
(Our File No. 99-1.80)

J.E. GALLEGOS *

VIA TELECOPY

Mr. Bill Carr
Campbell, Carr, Berge
& Sheridan P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Re: Applications of Raptor for Administrative Approval of Jalmat Wells

Dear Bill:

The attached list represents my reckoning of the orders and wells of Raptor Resources that we believe are the subject of the NMOCD rescission order. I have not included the block-back and recompletion of State "A" A/C-2 Nos. 30 and 48 (Case 12303) and the block-back and recompletion of State "A" A/C-2 No. 54 (Case 12304) since the applications for those were set for hearing, but they should be included in the event Raptor has proceeded with the work.

After checking the list with your client, please let me know whether we are in agreement.

Sincerely,

GALLEGOS LAW FIRM, P.C.

BY:


J.E. GALLEGOS

JEG/rjr
Attachment
Fxc: Rand Carroll-Counsel, NMOCD
Tom Kellahin
Doyle Hartman

Raptor Wells To Be Shut-In Or Not Completed Due To Rescission Of APDs and Administrative Orders¹

Order	G.P.U.	Wells
SD-99-7 6-30-99	Sec. 8, T22S, R36E Existing State "A" A/C-2 Wells Nos. 26, 43 and 70 640 Acres	State "A" A/C-2 No. 3 ²
NSL-2872- C(SD) 7-6-99	N/2 and SW/4 Sec. 9, T22S, R36E Existing State "A" A/C-2 Wells Nos. 1, 29, 38, 40, 57, 63, 67 and 72 480 Acres	State "A" A/C-2 No. 4
NSL-2723- D(SD)	N/2 and SW/4 Sec. 11, T23S, R36E Existing State "A" A/C-1 Wells Nos. 16, 29, 34, 62, 67, 85, 99 and 103 480 Acres	State "A" A/C-1 No. 58
NSL 2723-E 10-8-99	N/2 and SW/4 Sec. 11, T 23S, R36E Existing State "A" A/C-1 Wells Nos. 16, 29, 34, 58, 62, 67, 85, 99 and 103 480 Acres	State "A" A/C-1 Well No. 92
NSL-2816- C(SD) 10-13-99	Sec. 8, T22S, R36E Existing State "A" A/C-2 Wells Nos. 3, 26, 43 and 70 640 Acres	State "A" A/C Wells Nos. 24 and 25

¹ Mr. Carr stated at the conference that Raptor will be shutting-in State "A" A/C -2 Wells Nos. 30,48 and 54 because Hartman had not been given notice on those applications. Those wells, however, are the subject of Cases 12303 and 12304 on which there has been no action. Have the wells been drilled anyway?

² This well would be on 160 acre spacing, but Raptor concedes that Hartman was not accorded notice of the application.

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December 23, 1999
(Our File No. 99-1.80)

J.E. GALLEGOS *

VIA TELECOPY

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

Re: SDX Resources, Inc.; NMOCD Case Nos. 12301, 12302
Administrative Approval of Jalmat Wells

Dear Tom:


The attached list represents my best reckoning of the orders and SDX wells that are the subject of the NMOCD rescission order. I am assuming that the Jalmat Federal Com. No. 2 (Case 12301) and E. J. Wells No. 25 (Case 12302) have not been drilled and SDX is not going forward with those wells since the applications were set for hearing. If that assumption is incorrect, then those wells should be included.

Please check my list with your clients and let me know whether we are in agreement.

Sincerely,

GALLEGOS LAW FIRM, P.C.

BY:


J.E. GALLEGOS

JEG/rjr
Attachment
Fxc: Rand Carroll-Counsel, NMOCD
Bill Carr
Doyle Hartman
loc: Michael Condon

SDX Wells To Be Shut-In Or Not Completed Due To Rescission
Of APDs and Administrative Orders

Order	G.P.U.	Wells
NSL-833-A(SD) 3-31-99	NE/4 Sec. 8, T25S, R37E Existing Langlie Jal Fed. No. 1 160 Acres	Langlie Jal Fed. No. 2 (Drilled)
NSL-4248(SD) 3-31-99	SE/4 SW/4 and SE/4, Sec. 5, T25S, R37E Existing Wells Fed Nos. 1 and 17 200 Acres	Wells Fed Nos. 20 and 21 (No. 20 Drilled)
SD-99-14 10-13-99	NW/4 NW/4 and S/2 NW/4 Sec 32, T24S, R37E Existing State A-32 No. 4 120 Acres	State A-32 Nos. 5 and 6 (No. 5 Drilled)
SD-99-15 11/13/99	NW/4 Sec. 5, T25S, R37E Wells Fed. Nos. 14 and 15 160 Acres	Wells Fed. Nos. 22 and 23