

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

May 1, 1999

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 12161; Application of Ridgeway Arizona Oil
Corporation for a unit agreement, Catron County, New
Mexico

Dear Mr. Stogner:

Enclosed is an affidavit of publication, showing that the above
application was advertised in Apache County, Arizona.

Very truly yours,

James Bruce

Attorney Ridgeway Arizona
Oil Corporation

State Of Arizona)
)
County Of Apache)

ss.

Affidavit of Publication

White Mountain Independent

Stacy Kitchens

I, _____, being first duly sworn, depose and say: I am the agent of the White Mountain Publishing Company, publisher of the White Mountain Independent, a semi-weekly newspaper of general circulation published at St. Johns, County of Apache, Arizona, and that the copy hereto attached is a true copy of the advertisement as published in the White Mountain Independent on the following dates:

April 27, 1999

ADVERTISEMENT

Case 12161: Application of Fidgeway Arizona Oil Corporation for a Unit Agreement, Catron County, New Mexico and Apache County, Arizona. Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, an exploratory unit comprising 109,309.33 acres, more or less, of federal, state, and fee lands in Catron County, New Mexico, and certain lands in Apache County Arizona, covering all or parts of the following sections:

A. State of Arizona

Township 12 North, Range 29 East, G. & S.R.M. Section 24

Township 12 North, Range 30 East, G. & S.R.M. Sections: 9-11, 13, 14, 19-21, 23-29, 34, and 35

Township 12 North, Range 31 East, G. & S.R.M. Sections: 18-21, 27-31, 33, and 34

Township 10 North, Range 31 East, G. & S.R.M. Sections 3 and 10

Township 9 North, Range 31 East, G. & S.R.M. Sections 3, 10, 15, 22, and 27

Township 2 North, Range 20 West, N. M. P. M. Sections: 30, 31, and 32

Township 2 North, Range 21 West, N. M. P. M. Sections: 9, 14-16, 21-28, and 33-36

Township 1 North, Range 20 West, N. M. P. M. Sections: 4-9, 16-21, and 26-35

Township 1 North, Range 21 West, N. M. P. M. Sections: 1-4, 9-16, 21-28, and 33-36

Township 1 South, Range 20 West, N. M. P. M. Sections: 2-10, 16-21, and 28-33

Township 1 South, Range 21 West, N. M. P. M. Sections: 1-4, 9-16, 21-28, and 33-36

Township 2 South, Range 20 West, N. M. P. M. Sections 5-8, 18, and 19

Township 2 South, Range 21 West, N. M. P. M. Sections: 1-4, 9-16, 21-28, and 33-36

Township 3 South, Range 21 West, N. M. P. M. Sections: 3 and 4

Said unit area is centered approximately where U.S. Highway 60 intersects the Arizona-New Mexico state line.

Published in the White Mountain Independent April 27, 1999.

(N.M. 7863, T. 1x 4/27, 1999)

White Mountain Independent

Stacy Kitchens

Sworn to me this day of

April 27 A.D. 1999

Mary C. Lang
Notary Public

Notary Public State of Arizona
Cochise County
Mary A. Lang
Expires March 28, 2003



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Arizona State Office
222 North Central Avenue
Phoenix, AZ 85004-2203



In reply refer to:
3100 (932)

June 2, 1999

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Case 12161
mm-1

Dear Mr. Bruce:

This is in response to your letter of May 11, 1999, concerning my memorandum of May 6, 1999, to the Deputy State Director, Resources, New Mexico State Office, Bureau of Land Management (BLM), U.S. Department of the Interior.

My May 6, 1999, memorandum simply states my understanding of the conversation of January 28, 1999, with your client, Don Riggs, and Cindy Smith, and the testimony at the State of New Mexico Oil Conservation Division Hearing on April 15, 1999. Versions of the January 28, 1999, conversation are related in my May 6, 1999, memorandum. For the public record, none of the versions of the conversation accurately reflect the testimony at the April 15, 1999, hearing that: 1) Paul Buff "requested that we (Ridgeway) form the unit in this manner" page 22, lines 11-13, Transcript, State of New Mexico Oil Conservation Division Hearing, April 15, 1999, and 2) "The Federal government came to us and said, Ridgeway, form the unit in this fashion.", page 75, line 6-8, *ibid*.

I apologize if Arizona BLM's inexperience in dealing with unitization proposals has caused you any significant delay in your efforts. We are continuing to work with the Arizona State Land Department in processing your client's January 26, 1999, proposal and the supplemental information you submitted to the State Land Department on March 26, 1999.

Answers to your questions are as follows:

1. Arizona BLM will approve a unit(s) that is logical and satisfies the interests and requirements of the major lessors.
2. See answer to 1.

3. Not all units approved by BLM use acreage as the sole tract participation factor. The major lessors will need to come to agreement on participation factors before any unit agreement is finally approved, if that is the proposed method of allocating production.

4. See answers to 1. and 3.

You submitted several different unitization proposals at the January 26, 1999, meeting, but these are not consistent with the one that has received preliminary designation from the Roswell Field Office.

Please have your client contact us and the Arizona State Land Department so that we can focus our efforts on one proposal.

Please contact me at (602) 417 9225 if you have additional questions.

Sincerely,



Paul J. Buff
Geologist

cc: Mike Rice, Arizona State Land Department
Steve Rauzi, Arizona Oil and Gas Conservation Commission
Deputy State Director, Resources, New Mexico BLM
Armando Lopez, Roswell Field Office
New Mexico Oil Conservation Division
all ccs with incoming letter from Mr. Bruce

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

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(505) 982-2151 (FAX)

RECEIVED
BUREAU OF
LAND MANAGEMENT
MAY 14 9 57 AM '99
ARIZONA
STATE OFFICE
PHOENIX, ARIZONA

May 11, 1999

Paul J. Buff
Bureau of Land Management
Arizona State Office
222 North Central Avenue
Phoenix, Arizona 85004

Re: Ridgeway Arizona Oil Corporation ("Ridgeway")
Carbon Dioxide Unit

Dear Mr. Buff:

In response to your letter of May 6, 1999, Ridgeway stands by its testimony before the New Mexico Oil Conservation Division. The fact that the BLM issued a letter on April 14, 1999, designating Ridgeway's proposal for a unit including Arizona federal lands as a "logical unit area," speaks for itself.

Regardless, Ridgeway simply desires to unitize its acreage, but has been impeded in that effort for a year by Arizona governmental authorities. In that regard, I ask the following questions:

1. Your letter states that you were not telling Ridgeway to form the unit in any particular fashion. Does that mean the Arizona BLM will not approve a unit including New Mexico and Arizona lands?
2. For that matter, will the Arizona BLM agree to unitize its acreage in any fashion? If the answer is no, Ridgeway can put its money to better use than spending it on me.
3. If the answer to question 2 is yes, will the Arizona BLM agree to acreage as the sole tract participation factor, as do all other BLM offices in oil and gas producing states (New Mexico, Colorado, Wyoming, Montana, Utah, and Nevada) for exploratory units?
4. Enclosed for your review is a letter from the attorney for Gary L. Kiehne to the New Mexico State Land Commissioner. I will not address the misstatements in

the letter. However, Mr. Kiehne, who is a lessee only of Arizona federal lands, states that the federal land is on the fringe of the geologic structure, and has only "marginal productive potential." If that is the case, will the Arizona BLM accept its acreage being allocated a substantially reduced participation in a unit based on the BLM's lessee's disparagement of the federal acreage?

At the meeting in Phoenix in January 1999, I submitted to you and the Arizona Land Commissioner several proposals for unitizing Arizona lands. I have not heard one word from anyone about them. I would like a direct and prompt response to this letter, so that my client can plan accordingly.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the typed name.

James Bruce

Attorney for Ridgeway
Arizona Oil Corporation

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

April 17, 1999

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 12161; Application of Ridgeway Arizona Oil
Corporation for a unit agreement, Catron County, New
Mexico

Dear Mr. Stogner:

Enclosed is the letter of designation (preliminary approval) from
the Bureau of Land Management regarding the above matter.

Very truly yours,



James Bruce

Attorney Ridgeway Arizona
Oil Corporation

cc: Don Riggs
William F. Carr (w/encl.)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSWELL FIELD OFFICE
2909 West Second Street
Roswell, New Mexico 88201-2019

IN REPLY REFER
NMNM101372X
3180 (06200)

James Bruce
Attorney at Law
P. O. Box 1056
Santa Fe, NM 87504

APR 14 1999

Gentlemen:

Your application of March 8, 1999, filed with the BLM on behalf of Ridgeway Arizona Oil Corporation, requests the designation of the Cottonwood Canyon Carbon Dioxide Gas Unit area, embracing 109,309.33 acres, more or less, Apache County, Arizona and Catron County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit A, Ridgeway Arizona Oil Corporation, Cottonwood Canyon Carbon Dioxide Gas Unit, Apache County, Arizona and Catron County, New Mexico, is hereby designated as a logical unit area and has been assigned No. NMNM101372X. This designation is valid for a period from one year from the date of this letter.

The unit agreement submitted for the area designated should provide for 3 wells to be drilled to discovery according to Section 9 of the agreement. Your proposed use of the Form of Agreement for Unproved Areas will be accepted. Corrections to be made to Exhibit B are shown in red on the enclosed Exhibit.

If conditions are such that modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outline above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for final approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form.

Inasmuch as this unit agreement involves New Mexico State lands, we are sending a copy of the letter to the Commissioner of Public Lands. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the state.

Sincerely,

Gary A. Stephens
Acting Assistant Field Office Manager,
Lands and Minerals

Enclosure

Jane Dee Hull
Governor

J. Dennis Wells
State Land
Commissioner

Arizona State Land Department



1616 W. Adams Street Phoenix, AZ 85007 (602) 542-4621 www.land.state.az.us

FACSIMILE COVER PAGE

DATE: April 14, 1999
TO: Mr. Michael Stogner, Hearing Examiner, Oil Conservation
FROM: Mike Rice Division

NUMBER OF PAGES INCLUDING COVER: _____

ANY QUESTIONS, PLEASE CONTACT ME AT: (602) 542-4628

FAX NUMBER: (602) 542-4668

REMARKS: _____

"Serving Arizona's Schools and Public Institutions Since 1915"

Jane Dee Hull
Governor

J. Dennis Wells
State Land
Commissioner

Arizona State Land Department



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April 14, 1999

Energy Minerals & Natural Resources
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
Attention: Mr. Michael Stogner, Hearing Examiner

RE: Cottonwood Canyon Unitization Proposal
Case No. 12161

Dear Mr. Stogner:

The Arizona State Land Department received a copy of the Cottonwood Canyon Proposal on April 7, 1999. Having not had the opportunity to fully review the proposal, the Department is at this time uncertain about the ramifications to development of Arizona State Trust Land. In addition to the time constraints, the Department has until now proceeded with the understanding that there would be two separate unit areas divided along the Arizona and New Mexico state line. The configuration of the unit as it is now proposed may therefore not be acceptable to the Department.

Based on our preliminary review of the proposal, we have concerns about the inclusion of Arizona State Land within the boundaries of the unit area and overall have questions regarding the impact to development of the Arizona Unit. In light of the aforementioned concerns, we would appreciate the additional time needed to review these issues.

Sincerely

Michael Rice, Manager
Mineral Section
MR/jh
mr04-14.doc

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DATE: April 14, 1999
TO: Mr. Michael Stogner, Hearing Examiner, Oil Conservation Division
FROM: Mike Rice

NUMBER OF PAGES INCLUDING COVER: _____

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Jane Dee Hull
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J. Dennis Wells
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Sincerely

A handwritten signature in black ink, appearing to read "Michael Rice".

Michael Rice, Manager
Mineral Section
MR/jh
mr04-14.doc

JAMES BRUCE
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504
Telephone: (505) 982-2043
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: Rand L. Carroll
COMPANY: Oil Conservation Division
CITY: Santa Fe, New Mexico
FAX NUMBER: 827-8177
NUMBER OF PAGES: 4 (Including Cover Sheet)
DATE SENT: 4/14/99
MEMO:

CONFIDENTIALITY NOTICE

This transmission contains information which may be confidential and legally privileged. The information is intended only for the above-named recipient. If you are not the intended recipient, any copying or distribution of the information is prohibited. If you have received this transmission in error, please call us at the above number and return the document by United States mail. Thank you.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RIDGEWAY ARIZONA
OIL CORPORATION FOR APPROVAL OF
A UNIT AGREEMENT, CATRON COUNTY,
NEW MEXICO.

No. 12,161

APPLICANT'S RESPONSE IN OPPOSITION TO MOTION FOR CONTINUANCE

Applicant Ridgeway Arizona Oil Corporation ("Ridgeway"), for its response in opposition to the motion for a continuance filed by Gary L. Kiehne ("Kiehne"), states:

I. BACKGROUND.

Ridgeway has discovered a large carbon dioxide reservoir located along the New Mexico-Arizona state line. In May 1998, Ridgeway submitted to the Bureau of Land Management ("BLM") and the Commissioner of Public Lands of the State of New Mexico ("Commissioner") applications for preliminary approval of an exploratory (voluntary) unit covering all potentially productive lands in both states. The unit documents were also submitted to the Arizona State Land Board ("Arizona Board"), since Arizona state lands were within the proposed unit area. Meetings were held with the state and federal authorities regarding the proposed unit. In addition, representatives of the Commissioner and the BLM met with the Arizona Board to discuss unitization.

The Arizona Board never acted on Ridgeway's unitization request. On January 26, 1999, Ridgeway and Kiehne met with the Arizona Board and the BLM in Phoenix in an attempt to resolve this impasse. The Arizona Board was reluctant to include its lands in a two-state unit, and proposed that two separate units be formed. As a result, Ridgeway revised the unit documents to form a New

Mexico unit. The BLM then requested that the bulk of its lands in Arizona be unitized with the New Mexico lands. The result is the unitization proposal now before the Division.

As with all exploratory unit agreements, the agreement proposed by Ridgeway proposed that tract participations be based solely on acreage. Moreover, the BLM and the Commissioner have requested tract participations based solely on acreage. Kiehne has been aware of the acreage formula proposed by Ridgeway since last summer. Ridgeway, the BLM, and the Commissioner have never considered any factor other than acreage for tract participations.

Kiehne admits in his motion that he has been aware of unitization proposals since last spring. **Motion ¶3.** Thus, he has had sufficient time to consider Ridgeway's proposal.

II. ARGUMENT.

From the foregoing, it can be seen that:

1. The BLM and the Commissioner both desire a unit covering the lands described in Ridgeway's application.
2. The BLM and the Commissioner both desire an acreage-based participation formula.
3. Kiehne has been aware of Ridgeway's proposal for a number of months, and does not need more time to consider unitization of his interests.
4. This is a voluntary unit, and no one can be forced into the unit. Unitization will not affect Kiehne's rights because he need not join in the unit. He is free to drill wells on his leases.
5. If Kiehne decides he wants to unitize his acreage after the hearing, Ridgeway has no objection.

As a result, Kiehne's correlative rights are unaffected by Ridgeway's application, he has had sufficient time to review

unitization proposals, and his motion for a continuance should be denied.

WHEREFORE, Ridgeway requests that Kiehne's motion for a continuance be denied.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ridgeway Arizona Oil Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent this 14th day of April, 1999, to:

William F. Carr
P.O. Box 4421
Santa Fe, New Mexico 87504
(505) 983-8043

Rand L. Carroll
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-8177



James Bruce

Jane Dee Hull
Governor

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State Land
Commissioner

Arizona
State Land Department



1616 W. Adams Street Phoenix, AZ 85007 (602) 542-4621 www.land.state.az.us

April 14, 1999

APR 20 1999

Energy Minerals & Natural Resources
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
Attention: Mr. Michael Stogner, Hearing Examiner

RE: Cottonwood Canyon Unitization Proposal
Case No. 12161

Dear Mr. Stogner:

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Based on our preliminary review of the proposal, we have concerns about the inclusion of Arizona State Land within the boundaries of the unit area and overall have questions regarding the impact to development of the Arizona Unit. In light of the aforementioned concerns, we would appreciate the additional time needed to review these issues.

Sincerely

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Michael Rice, Manager

Mineral Section

MR/jh

mr04-14.doc

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF RIDGEWAY ARIZONA
OIL CORPORATION FOR APPROVAL OF
A UNIT AGREEMENT, CATRON COUNTY,
NEW MEXICO.**

No. 12,161

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WHEREFORE, Ridgeway requests that Kiehne's motion for a continuance be denied.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

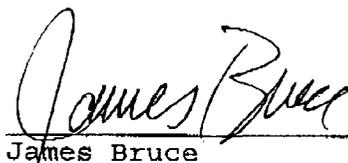
Attorney for Ridgeway Arizona Oil Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent this 14th day of April, 1999, to:

William F. Carr
P.O. Box 4421
Santa Fe, New Mexico 87504
(505) 983-8043

Rand L. Carroll
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-8177



James Bruce

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

**APPLICATION OF RIDGEWAY ARIZONA
OIL CORPORATION FOR APPROVAL
OF A UNIT AGREEMENT,
CATRON COUNTY, NEW MEXICO.**

CASE NO. 19161

**MOTION FOR CONTINUANCE OF
GARY L. KIEHNE**

Gary L. Kiehne ("Kiehne"), a working interest owner in the proposed Cottonwood Canyon Carbon Dioxide Gas Unit Area, hereby moves the Oil Conservation Division for a continuance of the hearing in the above referenced case scheduled for April 15, 1999 and in support of this motion states:

1. A deposit of carbon dioxide gas has been discovered in the Yeso, Abo and Precambrian formations in a large geologic structure located on the New Mexico and Arizona boarder.
2. Ridgeway Arizona Oil Corporation ("Ridgeway") proposes to unitize these formations for the exploration and development of this carbon dioxide deposit.
3. Kiehne, a working interest owner in the acreage which Ridgeway proposes to unitize, has been in negotiations with Ridgeway concerning unitization of these properties since the spring of 1998.
4. During these negotiations, various factors have been considered for inclusion in the unit participation formula.

OIL CONSERVATION DIV.
APR 13 PM 2:12

5. By letter dated March 26, 1999, Ridgeway provided all interest owners in the proposed Cottonwood Canyon Unit area a copy of its application to the Division for approval of this unit plan.

6. By letter dated March 30, 1999, Ridgeway sent to affected interest owners a copy of the proposed unit agreement. The cover letter and attached agreement was Kiehne's first opportunity to review Ridgeway's proposed unit agreement and the straight acreage participation formula contained therein. The use of a straight acreage formula for the allocation of unit production within the boundaries of the unit as proposed by Ridgeway will affect the correlative rights of Kiehne.

7. With the above letters and attached documents, Ridgeway, for the first time, sets forth its plans for unitization. First, Ridgeway divides the reservoir and proposes the formation of two units. The first is predominantly in New Mexico which is the subject of this case ("the New Mexico Unit"). The second is comprised predominantly of the Arizona portion of the carbon dioxide productive acreage ("the Arizona Unit"). Generally, the Arizona Unit is comprised of the most productive acreage in the reservoir. However, certain Arizona acreage with excellent reservoir characteristics in which Kiehne owns a working interest is inexplicably included in the New Mexico Unit. Inclusion of the Kiehne tracts in the New Mexico Unit will affect the share of unit production allocated to it thereby affecting its correlative rights.

8. Also included within the proposed New Mexico Unit boundary are certain

MOTION FOR CONTINUANCE OF GARY L. KIEHNE

Page 2

federal tracts on the northern edge of the reservoir. These tracts, located in the state of Arizona, are structurally low and the productive capabilities of these tracts has not been established. Inclusion of these tracts in the New Mexico Unit and the exclusion therefrom of other highly productive Arizona tracts will affect the correlative rights of all interest owners in the New Mexico Unit including Kiehne.

9. Although the March 26, 1999, letter from Ridgeway transmitting the application in this case to Kiehne provides that "...approval of the unit by the Division will not affect your interest," the interests of all interest owners in the New Mexico Unit, including Kiehne, will be affected by:

- (a) the way the boundaries have been drawn between the Arizona and New Mexico units,
- (b) the way the better Arizona acreage has been excluded from the New Mexico Unit and less productive Arizona acreage included therein, and
- (c) the use of a straight acreage unit allocation formula.

10. After almost a year of discussions concerning the unitized development and management of this reservoir, the two weeks since the application and unit agreement have been provided to Kiehne allows inadequate time for Kiehne to evaluate this proposal and prepare for a hearing on unitization application.

WHEREFORE, Gary L. Kiehne moves for a six week continuance of the hearing on this application to provide it with reasonable time to evaluate the impact of the Ridgeway

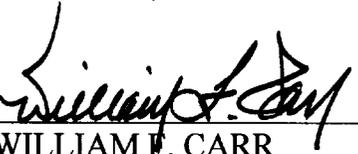
MOTION FOR CONTINUANCE OF GARY L. KIEHNE

Page 3

proposal on its interests in this reservoir and to prepare for the hearing on this application.

Respectfully submitted,

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

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

ATTORNEYS FOR GARY L. KIEHNE

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of April, 1999, I have caused to be telecopied and mailed a copy of the foregoing Motion for Continuance in the above-captioned case to the following named counsel:

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2151

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


William F. Carr

MOTION FOR CONTINUANCE OF GARY L. KIEHNE

Page 4

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

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

APPLICATION OF RIDGEWAY ARIZONA OIL
CORPORATION FOR A UNIT AGREEMENT,
CATRON COUNTY, NEW MEXICO.

Case No. 12,161

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Ridgeway Arizona Oil Corporation
P.O. Box 1110
St. Johns, Arizona 85936
Attention: Don Riggs
(520) 337-3230

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Snow Oil & Gas, Inc.

OPPONENT'S ATTORNEY

William F. Carr

STATEMENT OF THE CASE

APPLICANT

Applicant seeks approval of a unit agreement covering 109,309.33 acres of state, federal, and fee lands in Catron County, New Mexico and Apache County, Arizona. The unit is a voluntary, exploratory unit formed primarily for carbon dioxide production.

OPPONENT

PROPOSED EVIDENCE**APPLICANT**

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
John M. Richardson (landman)	15 min.	Approx. 5
George L. Scott, Jr. (geologist)	20 min.	Approx. 5

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
------------------	------------------	-----------------

PROCEDURAL MATTERS

-None-

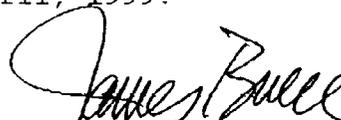


James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ridgeway Arizona Oil
Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was sent to William F. Carr via facsimile transmission (983-6043) this 11th day of April, 1999.



James Bruce

BEFORE THE

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
RIDGEWAY ARIZONA OIL CORPORATION
FOR A UNIT AGREEMENT,
CATRON COUNTY, NEW MEXICO.

CASE NO. 12161

OIL CONSERVATION DIV.
99 APR 13 PM 2:13

ENTRY OF APPEARANCE

COMES NOW CAMPBELL, CARR, BERGE & SHERIDAN, P.A., and hereby
enters its appearance in the above referenced case on behalf of Gary L. Kiehne.

Respectfully submitted,

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

By:



WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

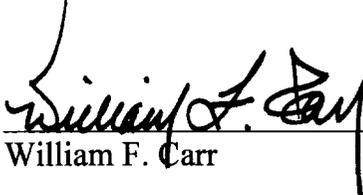
Telephone: (505) 988-4421

ATTORNEYS FOR GARY L. KIEHNE

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of April, 1999, I have caused to be telecopied a copy of our Entry of Appearance in the above-captioned case to the following named counsel:

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2151



William F. Carr

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

IN THE MATTER OF THE APPLICATION OF
RIDGEWAY ARIZONA OIL CORPORATION
FOR A UNIT AGREEMENT,
CATRON COUNTY, NEW MEXICO.

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Respectfully submitted,

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

By:



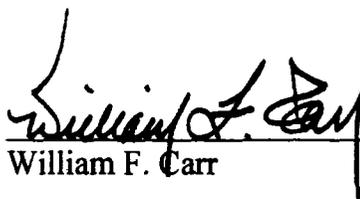
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR GARY L. KIEHNE

CERTIFICATE OF SERVICE

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James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2151



William F. Carr

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

IN THE MATTER OF THE APPLICATION OF
RIDGEWAY ARIZONA OIL CORPORATION
FOR A UNIT AGREEMENT,
CATRON COUNTY, NEW MEXICO.

CASE NO. 12161

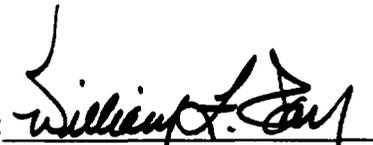
ENTRY OF APPEARANCE

COMES NOW CAMPBELL, CARR, BERGE & SHERIDAN, P.A., and hereby
enters its appearance in the above referenced case on behalf of Gary L. Kiehne.

Respectfully submitted,

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

By:


WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

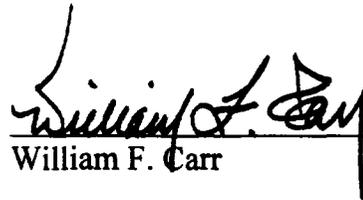
ATTORNEYS FOR GARY L. KIEHNE

OIL CONSERVATION DIV.
99 APR 13 PM 2:13

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of April, 1999, I have caused to be telecopied a copy of our Entry of Appearance in the above-captioned case to the following named counsel:

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2151


William F. Carr

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RIDGEWAY ARIZONA
OIL CORPORATION FOR APPROVAL OF
A UNIT AGREEMENT, CATRON COUNTY,
NEW MEXICO.

No. 12,161

APPLICANT'S RESPONSE IN OPPOSITION TO MOTION FOR CONTINUANCE

Applicant Ridgeway Arizona Oil Corporation ("Ridgeway"), for its response in opposition to the motion for a continuance filed by Gary L. Kiehne ("Kiehne"), states:

I. BACKGROUND.

Ridgeway has discovered a large carbon dioxide reservoir located along the New Mexico-Arizona state line. In May 1998, Ridgeway submitted to the Bureau of Land Management ("BLM") and the Commissioner of Public Lands of the State of New Mexico ("Commissioner") applications for preliminary approval of an exploratory (voluntary) unit covering all potentially productive lands in both states. The unit documents were also submitted to the Arizona State Land Board ("Arizona Board"), since Arizona state lands were within the proposed unit area. Meetings were held with the state and federal authorities regarding the proposed unit. In addition, representatives of the Commissioner and the BLM met with the Arizona Board to discuss unitization.

The Arizona Board never acted on Ridgeway's unitization request. On January 26, 1999, Ridgeway and Kiehne met with the Arizona Board and the BLM in Phoenix in an attempt to resolve this impasse. The Arizona Board was reluctant to include its lands in a two-state unit, and proposed that two separate units be formed. As a result, Ridgeway revised the unit documents to form a New

Mexico unit. The BLM then requested that the bulk of its lands in Arizona be unitized with the New Mexico lands. The result is the unitization proposal now before the Division.

As with all exploratory unit agreements, the agreement proposed by Ridgeway proposed that tract participations be based solely on acreage. Moreover, the BLM and the Commissioner have requested tract participations based solely on acreage. Kiehne has been aware of the acreage formula proposed by Ridgeway since last summer. Ridgeway, the BLM, and the Commissioner have never considered any factor other than acreage for tract participations.

Kiehne admits in his motion that he has been aware of unitization proposals since last spring. **Motion ¶3.** Thus, he has had sufficient time to consider Ridgeway's proposal.

II. ARGUMENT.

From the foregoing, it can be seen that:

1. The BLM and the Commissioner both desire a unit covering the lands described in Ridgeway's application.
2. The BLM and the Commissioner both desire an acreage-based participation formula.
3. Kiehne has been aware of Ridgeway's proposal for a number of months, and does not need more time to consider unitization of his interests.
4. This is a voluntary unit, and no one can be forced into the unit. Unitization will not affect Kiehne's rights because he need not join in the unit. He is free to drill wells on his leases.
5. If Kiehne decides he wants to unitize his acreage after the hearing, Ridgeway has no objection.

As a result, Kiehne's correlative rights are unaffected by Ridgeway's application, he has had sufficient time to review

unitization proposals, and his motion for a continuance should be denied.

WHEREFORE, Ridgeway requests that Kiehne's motion for a continuance be denied.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ridgeway Arizona Oil Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent this 14th day of April, 1999, to:

William F. Carr
P.O. Box 4421
Santa Fe, New Mexico 87504
(505) 983-8043

Rand L. Carroll
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-8177



James Bruce

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
KATHERINE M. MOSS

JACK M. CAMPBELL
OF COUNSEL

OIL CONSERVATION DIV.

99 JUN 14 AM 8:15

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

July 13, 1999

VIA HAND-DELIVERY

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: **Case 12161(De Novo):** Application of Ridgeway Arizona Oil Corporation for
a unit agreement, Catron County, New Mexico.

Dear Ms. Wrotenbery:

Gary L. Kiehne hereby requests that the de novo hearing on the above referenced application
be continued to the Commission hearing scheduled for August 12, 1999.

James Bruce, attorney for Ridgeway Arizona Oil Corporation, does not oppose this request
for continuance.

Very truly yours,


WILLIAM F. CARR
Attorney for Gary L. Kiehne

cc: Gary L. Kiehne
James Bruce

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL R. FELDEWERT
PAUL R. OWEN
KATHERINE M. MOSS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6643
E-MAIL: ccbopa@ix.netcom.com

JACK M. CAMPBELL
1916-1999

TELECOPIER COVER SHEET

July 13, 1999

**TO: Lori Wrotenberg
Oil Conservation Division**

FAX NO.: 827-8177

FROM: Paul R. Owen

RE:

TOTAL PAGES (including this cover sheet): 5

DOCUMENT:

OPERATOR: Ruth CLIENT/MATTER #:

PLEASE CALL:

TO CONFIRM RECEIPT **AFTER REVIEW**

MESSAGE:

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
KATHERINE M. MOSS

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4481
FACSIMILE: (505) 983-6043
E-MAIL: oobepa@ix.netcom.com

July 13, 1999

VIA HAND-DELIVERY

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 12161(De Novo): Application of Ridgeway Arizona Oil Corporation for a unit agreement, Catron County, New Mexico.

Dear Ms. Wrotenbery:

Gary L. Kiehne hereby requests that the de novo hearing on the above referenced application be continued to the Commission hearing scheduled for August 12, 1999.

James Bruce, attorney for Ridgeway Arizona Oil Corporation, does not oppose this request for continuance.

Very truly yours,


WILLIAM F. CARR
Attorney for Gary L. Kiehne

cc: Gary L. Kiehne
James Bruce

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
KATHERINE M. MOSS

—
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 -110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6943

TELECOPIER COVER SHEET

June 16, 1999

To: Florene Davidson
Oil Conservation Division

Fax: (827-8177)

Jim Bruce, Esq.

Fax: 982-2151

Re: *Case 12161.*

FROM: William F. Carr/Paul R. Owen
TOTAL PAGES (including this cover sheet): 2
DOCUMENT: Letter.

OPERATOR: Martha CLIENT/MATTER #
PLEASE CALL: [] TO CONFIRM RECEIPT [] AFTER REVIEW
MESSAGE:

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THANK YOU.

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK P. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
KATHERINE M. MOSS

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-8043
E-MAIL: oobepa@ix.netcom.com

June 16, 1999

VIA FACSIMILE

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: *Oil Conservation Commission Case No. 12161:
Application of Ridgeway Arizona Oil Corporation for a Unit Agreement,
Catron County, New Mexico*

Dear Ms Wrotenbery:

Gary L. Kiehne, respectfully requests that this matter which is currently set to be heard by the Commission on June 17, 1999 be continued to the July 15, 1999 Commission hearing docket. Ridgeway Arizona Oil Corporation concurs in this request.

Your attention to this matter is appreciated.

Very truly yours,


WILLIAM F. CARR
PAUL R. OWEN

WFC/PRO:mlh

cc: Jim Bruce, Esq.
Gary L. Kiehne

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RIDGEWAY ARIZONA
OIL CORPORATION FOR A UNIT AGREEMENT,
CATRON COUNTY, NEW MEXICO.

No. 12161
De Novo

OIL CONSERVATION DIV.
99 JUN -9 AM 9:32

SUBPOENA DUCES TECUM

TO: Ridgeway Arizona Oil Corporation
c/o Jim Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504

Pursuant to Section NMSA 1978, § 70-2-8 (1935) and Rule 1211 of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 9:00 a.m. on June 17, 1999, at the offices of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505 and to produce items specified in attached Exhibit A and to make available to Gary L. Kiehne and his attorney, William F. Carr, for copying, all of said documents.

This subpoena is issued on application of Gary L. Kiehne through his attorneys, Campbell, Carr, Berge & Sheridan, P.A., Post Office Box 2208, Santa Fe, New Mexico 87504.

Dated this 8th day of June, 1999.

NEW MEXICO OIL CONSERVATION DIVISION

BY: 
LORI WROTENBERY, DIRECTOR

EXHIBIT "A"

**SUBPOENA DUCES TECUM
TO RIDGEWAY ARIZONA OIL CORPORATION
IN NEW MEXICO OIL CONSERVATION DIVISION
CASE 12161 (De Novo)**

PURPOSE: The purpose of this subpoena is to provide all of the information necessary for Gary L. Kiehne to be able to prepare its opposition to Ridgeway Arizona Oil Corporation's application in NMOCD Case 12161.

I. PRODUCE THE FOLLOWING DOCUMENTS:

A. DOCUMENTS:

1. The independent CO(2) and Helium Resource Evaluation Study prepared by the petroleum engineering consulting firm of William M. Cobb & Associates, Inc., and any other engineering or geological studies upon which the Cottonwood Canyon CO(2) Unit is based.

INSTRUCTIONS

This Subpoena Duces Tecum seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, computers documents, employees, former employees, consultants, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

When used herein, "you" or "your" refers to the person or entity to whom this Subpoena Duces Tecum is addressed to including all of his or its attorneys, officers, agents, consultants, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries, or predecessors.

The term "document" as used herein means every writing and record of every type and description in the possession, custody or control of Ridgeway Arizona Oil Corporation, whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to all drafts, papers, books, writings, records, letters, photographs, computer disks, tangible things, correspondence, communications, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports and recordings of telephone or other conversations or of interviews, conferences, or meetings. It also includes diary entries, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, jottings, agenda, bulletins, notices, announcements, plans, specifications, sketches, instructions charts, manuals, brochures, publications, schedules, price lists, client lists, journals, statistical records, desk calendars, appointment books, lists, tabulations, sound recordings, computer printouts, books of accounts, checks, accounting records, vouchers, and invoices reflecting business operations, financial statements, and any notice or drafts relating to the foregoing, without regard to whether marked confidential or proprietary. It also includes duplicate copies if the original is unavailable or if the duplicate is different in any way, including marginal notations, from the original.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RIDGEWAY ARIZONA
OIL CORPORATION FOR A UNIT AGREEMENT,
CATRON COUNTY, NEW MEXICO.

No. 12161
De Novo

99 JUN 19 10:09
OIL CONSERVATION DIV.

MOTION TO QUASH SUBPOENA DUCES TECUM

Ridgeway Arizona Oil Corporation ("Ridgeway") moves the Division for an order quashing the subpoena *duces tecum* issued by the Division on June 8, 1999 at the request of Gary L. Kiehne ("Kiehne"). In support thereof, Ridgeway states:

1. Division Order No. R-11168 approved the formation of the Cottonwood Canyon Carbon Dioxide Gas Unit Area, covering federal, state, and fee lands located in Catron County, New Mexico, together with certain lands located in Apache County, Arizona, containing 109,309.33 acres, more or less. Ridgeway and Kiehne are both working interest owners in the unit.

2. Kiehne has obtained a subpoena *duces tecum* from the Division, ordering production of the following data:

The independent CO2 and Helium Resource Evaluation Study prepared by the petroleum engineering consulting firm of William M. Cobb & Associates, Inc., and any other engineering or geological studies upon which the Cottonwood Canyon CO2 Unit is based.

See Exhibit "A" to the Subpoena.

3. There is no justification for issuance of the subpoena, and it must be quashed for the following reasons:

(a) This case is not a compulsory pooling or an unorthodox location proceeding, where Kiehne's correlative rights may be affected. The unit is an exploratory, voluntary unit, and Kiehne cannot be forced into the unit. As a result, Kiehne's

rights are unaffected by unitization, and the forced turnover of information in such circumstance is improper.

(b) Division policy allows a party in a case to subpoena raw data, such as logs and pressure information. However, the Division has never required a party to turn over geologic or engineering studies prepared at substantial expense by the subpoenaed party. Therefore, the subpoena is improper.

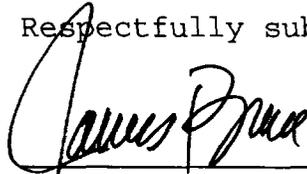
(c) Ridgeway has already provided Kiehne with all raw data on wells drilled within the unit area, as well on a number of wells in Arizona. A meeting for this purpose, with Kiehne in attendance, was held in St. Johns, Arizona on February 23, 1999. In addition, substantial data on the subject reservoir is in the public domain. With such data, Kiehne has the ability (although apparently not the desire to spend his own money) to prepare his own engineering and geologic studies on the reservoir.

(d) The reports sought by Kiehne are the proprietary and confidential data of Ridgeway, and production of the reports is improper because it will adversely affect Ridgeway's business interests.

(e) Kiehne has made no showing as to why he needs the reports. As with all exploratory units in the state, the unit agreement provides for participation on an acreage basis. Thus, the reports are irrelevant for unitization purposes.

WHEREFORE, Applicant requests that the Division enter its order quashing Kiehne's subpoena in its entirety.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ridgeway Arizona Oil
Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the forgoing pleading was served upon the following counsel of record this 12th day of June, 1999 by U.S. Mail:

William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504

Marilyn S. Hebert
Oil Conservation Commission
2040 South Pacheco Street
Santa Fe, New Mexico 87505



James Bruce

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

June 12, 1999

Lori Wrottenbery
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 12161 (*de novo*)

Dear Ms. Wrottenbery:

Enclosed for filing in the above matter are an original and one copy of a motion to quash subpoena *duces tecum*.

Very truly yours,



James Bruce

Attorney Ridgeway Arizona
Oil Corporation

JUN 15 1999

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF RIDGEWAY ARIZONA
OIL CORPORATION FOR A UNIT AGREEMENT,
CATRON COUNTY, NEW MEXICO.

No. 161
De Novo
JUN 16 AM 10:00
OIL CONSERVATION DIV.

MOTION TO QUASH SUBPOENA DUCES TECUM

Ridgeway Arizona Oil Corporation ("Ridgeway") moves the
Division for an order quashing the subpoena *duces tecum* issued by
the Division on June 8, 1999 at the request of Gary L. Kiehne
("Kiehne"). In support thereof, Ridgeway states:

1. Division Order No. R-11168 approved the formation of the
Cottonwood Canyon Carbon Dioxide Gas Unit Area, covering federal,
state, and fee lands located in Catron County, New Mexico, together
with certain lands located in Apache County, Arizona, containing
109,309.33 acres, more or less. Ridgeway and Kiehne are both
working interest owners in the unit.

2. Kiehne has obtained a subpoena *duces tecum* from the
Division, ordering production of the following data:

The independent CO₂ and Helium Resource Evaluation Study
prepared by the petroleum engineering consulting firm of
William M. Cobb & Associates, Inc., and any other
engineering or geological studies upon which the
Cottonwood Canyon CO₂ Unit is based.

See Exhibit "A" to the Subpoena.

3. There is no justification for issuance of the subpoena,
and it must be quashed for the following reasons:

(a) This case is not a compulsory pooling or an unorthodox
location proceeding, where Kiehne's correlative rights may be
affected. The unit is an exploratory, voluntary unit, and
Kiehne cannot be forced into the unit. As a result, Kiehne's

rights are unaffected by unitization, and the forced turnover of information in such circumstance is improper.

(b) Division policy allows a party in a case to subpoena raw data, such as logs and pressure information. However, the Division has never required a party to turn over geologic or engineering studies prepared at substantial expense by the subpoenaed party. Therefore, the subpoena is improper.

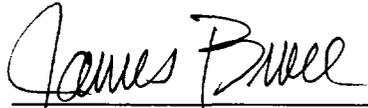
(c) Ridgeway has already provided Kiehne with all raw data on wells drilled within the unit area, as well on a number of wells in Arizona. A meeting for this purpose, with Kiehne in attendance, was held in St. Johns, Arizona on February 23, 1999. In addition, substantial data on the subject reservoir is in the public domain. With such data, Kiehne has the ability (although apparently not the desire to spend his own money) to prepare his own engineering and geologic studies on the reservoir.

(d) The reports sought by Kiehne are the proprietary and confidential data of Ridgeway, and production of the reports is improper because it will adversely affect Ridgeway's business interests.

(e) Kiehne has made no showing as to why he needs the reports. As with all exploratory units in the state, the unit agreement provides for participation on an acreage basis. Thus, the reports are irrelevant for unitization purposes.

WHEREFORE, Applicant requests that the Division enter its order quashing Kiehne's subpoena in its entirety.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ridgeway Arizona Oil
Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the forgoing pleading was served upon the following counsel of record this 12th day of June, 1999 by U.S. Mail:

William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504

Marilyn S. Hebert
Oil Conservation Commission
2040 South Pacheco Street
Santa Fe, New Mexico 87505



James Bruce