

Correspondence

denovo

Case No. 12622

Oct. 11th - 20th 2002

HOLLAND & HART_{LLP}
*The Law Out West*SM



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Friday, October 18, 2002

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- To: Ms. Jami Bailey, Director
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Phone: 505-827-5760
- To: Dr. Robert Lee, Director
New Mexico Petroleum Recovery Fax : 505-835-6031
Phone: 505-835-5142
- To: Stephen C. Ross, Esq.
Oil Conservation Division Fax : 476-3451
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- To: W. Thomas Kellahin
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Phone: 982-4285
- To: J. Scott Hall
Miller Stratvert & Torgerson, P.A. Fax : 989-9857
Phone: 989-9614
- To: Robert Shelton
Nearburg Exploration Co., LLC Fax : 915-686-7806
Phone:

From: William F. Carr Fax : 505-983-6043
Phone: 505-988-4421

Message:
Please see attached letter of today's date.

No Confirmation Copy Number of pages including cover sheet: 3

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Attorney Number: 5101 Client/Matter Number: 44505-0008 Time Deadline: _____
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William F. Carr

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October 18, 2002

BY HAND DELIVERY

Ms. Florene Davidson, Secretary
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Case 12908: Division
Nomenclature Case, August 1, 2002.

New Mexico Oil Conservation Division Case 12622 (De Novo):
Application of Nearburg Exploration Company, L.L.C. for
approval of two non-standard 160-acre gas spacing and proration
units, Lea County, New Mexico.

Dear Ms. Davidson:

Late yesterday the attorney representing M.D. Mark, Inc. contacted me. M.D. Mark provided seismic data to Nearburg which Nearburg was planning to introduce as Exhibit 7 at the October 21 and 22 Commission hearing in the above referenced case. M.D. Mark's attorney, however, informed me that the seismic data is a trade secret and threatened that any use of the data, even in a hearing before the Commission, would be an unacceptable disclosure and would represent a breach of the license agreement. M.D. Mark has demanded that I prevent use and disclosure of this seismic information.

Today, we again attempted to obtain permission from M.D. Mark to use the data at the hearing. We were not successful. Therefore, I request that all copies of Exhibit 7 previously filed with the Commission be returned as soon as possible.

With this letter, we are also advising the Commission and all counsel of record that Nearburg cannot seek to introduce this data during the hearing, and therefore, does not intend to call a geophysical witness at the October 21 and 22 hearing.

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October 11, 2002

VIA HAND DELIVERY

Ms. Florene Davidson, Secretary
Oil Conservation Commission
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 78505

02 OCT 11 PM 4:09

OIL CONSERVATION DIV

Re: **Case 12622 (De Novo):** Application of Nearburg Exploration Company, L.L.C. for two non-standard gas spacing and proration units, Lea County, New Mexico.

Case 12908-A (Severed and Reopened): In the Matter of the hearing called by the Oil Conservation Division for an order creating, re-designating and extending the vertical and horizontal limits of certain pools in Lea County, New Mexico.

Dear Ms. Davidson:

Enclosed are the revised exhibits of Nearburg Exploration Company, L.L.C. which I have previously identified in letters to Mr. Ross. As I advised in my letter of September 30, 2002, the enclosed cross sections (Revised Nearburg Exhibits 5 and 6) have only been revised to make them easier to read. The location map contains information contained on Nearburg's Orientation Plat and will be used as a demonstrative exhibit during the hearing to identify certain wells to the Commission as we work through our testimony. The purpose of these exhibits is to facilitate our presentation of evidence and contain only information contained in the exhibits produced on September 4, 2002. Pursuant to my letter of October 2, 2002, I enclose a revised structure map (Revised Nearburg Exhibit No. 8) which has been changed to correct control discrepancies in an area approximately two miles to the northeast of Section 34. The revisions do not affect the mapping in of the Morrow formation in Section 34.

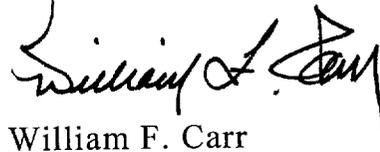
By copy of this letter, I am enclosing additional copies of each exhibit for

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

Ms. Florene Davidson
October 11, 2002
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Commissioners Wrotenbery, Bailey and Lee, Stephen C. Ross, Esq. and to
W. Thomas Kellahin, Esq. and J. Scott Hall, Esq.

Very truly yours,



William F. Carr

Enclosures

cc: Stephen C. Ross, Esq.
W. Thomas Kellahin, Esq.
J. Scott Hall, Esq.
Robert Shelton