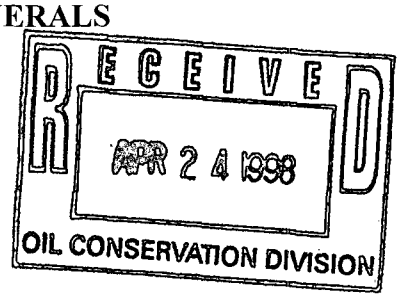
BEFORE THE

OIL CONSERVATION COMMISSION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS



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 ENHANCE OIL RECOVERY ACT," LEA COUNTY, NEW MEXICO.

CASE NO. 11724 (DE NOVO)

APPLICATION OF HANLEY PETROLEUM, INC. AND YATES PETROLEUM CORPORATION 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.

CASE NO. 11954

APPLICATION FOR REHEARING

Gillespie-Crow, Inc. ("GCI" or "Operator") and EEX Corporation ("EEX"), successor in interest to Enserch Exploration, Inc., ("Enserch"), by and through their respective undersigned counsel, move pursuant to NMSA 1978, § 70-2-25, of the New Mexico Oil & Gas Act and 19 NMAC 15.N.1222 for rehearing on the issuance of the April 6, 1998 Order pursuant to the Motion in Limine filed on behalf of Yates Petroleum Corporation ("Yates") and Hanley Petroleum, Inc. ("Hanley").

BACKGROUND FACTS

A. On January 24, 1997, GCI, the designated operator of the West Lovington Strawn Unit, made application to the New Mexico Oil Conversation Division for the expansion of the previously approved enhanced oil recovery development unit to incorporate an additional 160 acres dedicated to two wells [1] drilled on the eastern and northern boundaries of the unit pursuant to the specific procedures set forth in both the unit Agreement and Unit Operating Agreement as well as the Statutory Unitization Act, NMSA 1978, § 70-7-1, et seq. (1995 Repl. Pamp.) - GCI was supported in its application by EEX and by Phillips Petroleum Company, both of which own lease acreage dedicated to the unit. The proposed expansion was also ratified by those working interest owners owing more than the seventy-five percent of working interests required under the Act, as well as by the Bureau of Land Management and the Commissioner of Public Lands of the State of New Mexico. Hanley and Yates, both of whom owned acreage within the spacing units dedicated to the two wells, opposed the operator's application and resisted the inclusion of the tracts into the unit. The reasons for their opposition to the expansion were two-fold: (1) The acreage in the expansion tracts outside the unit were in communication with the unit reservoir and consequently, Hanley and Yates were enjoying the benefits, cost-free, of the unit pressure maintenance project; and (2) the unwillingness of Hanley and Yates to come to terms on the unit participation factor for the expansion acreage by splitting the difference between 4.89 and 4.34 percent. (See transcript of testimony, Case No. 11724, May 16, 1997, pages 180, 181, 183 through 186.)

---

[1] Gillespie-Crow State "S"1, located 1650 ft. FSL and FEL, (Unit J), Section 34, T-15-S, R-35-E NMPM, and the Hanley Petroleum Chandler No. 1, located 330 ft. FSL and 1650 ft. FEL, (Unit O), Section 28, T-15-S, R-35-E, NMPM.

B. On February 19, 1997, Hanley and Yates sought to subpoena a number of items and materials, including proprietary and confidential seismic data. GCI and EEX both objected to the subpoenas, and on April 3, 1997, a case status and discovery conference was convened before the Division Examiner. At that conference which was also attended by the Division's counsel, an agreement was reached among counsel for Hanley, Yates, GCI and EEX that production of documents pursuant to the subpoenas would be limited to such matters as production history, pressure data, gas injection volumes, pore volume and permeability data and a reservoir study. Further, all parties voluntarily agreed that proprietary interpretative materials including seismic and other related information would not have to be produced.

C. The operator's application in this case proceeded to hearing before the Division's Examiner on May 15, 1997 and subsequently, on August 27, 1997, the Division issued Order No. R-10864 approving of the limited expansion of the unit to include the two tracts proved-up by drilling and supported by well control data. (See Order No. R-10864, Exhibit 1). Subsequent to the issuance of Order No. R-10864, on September 9, 1997, Hanley and Yates filed their application for an appeal *de novo* in this case pursuant to NMSA 1978, § 70-2-12 (1995 Repl. Pamp.)

D. On October 1, 1997, Yates and Hanley obtained the issuance of additional subpoenas duces tecum virtually identical to those of February 19, 1997. On October 8, 1997, EEX and GCI moved to quash the new subpoenas and on October 14, 1997, following oral argument, the Commission Chairman entered an Order granting the EEX and GCI Motions in part, and specifically with respect to seismic information. (Exhibit 2.)

E. On February 3, 1998, Hanley and Yates filed a non-operator's application at the Division Examiner level seeking to create a new 2,080 acre unit incorporating what is largely

undeveloped and unproved speculative exploratory acreage. By their separate application, Hanley and Yates also proposed to amend the West Lovington Strawn Unit Agreement by replacing the participation formula approved by the Division in Order Nos. R-10449 and R-10864 with an entirely new formula.

F. On March 10, 1998, Hanley and Yates moved for the consolidation of their application in Case No. 11954 with the *de novo* appeal proceeding in this case and by Order dated March 26, 1998, the non-operator's expansion case was consolidated with this *de novo* appeal.

G. On March 30, 1998, Hanley and Yates filed their Motion and Memorandum in Limine seeking the total exclusion of the geologic testimony and exhibits of GCI and EEX. In their Motion in Limine, Hanley and Yates asserted, incorrectly, that seismic data are necessary to establish the horizontal boundaries of the unit. Although they possess their own seismic data and presented seismic testimony and exhibits at the May 15, 1997 Examiner hearing, Hanley and Yates asserted that they should be allowed to review the GCI/EEX seismic data.

H. GCI and EEX responded to the Hanley/Yates Motion in Limine and explained that the geologic testimony which formed the basis of the Division's approval of the unit's production formula allocation and its horizontal boundaries in Case No. 11195 was not based on seismic. The GCI/EEX Response also established that the Platt-Sparks hydrocarbon pore volume map, as modified by new well control data, was utilized to prepare a new hydrocarbon pore volume map to include the additional 160 acres. It was also established that the Platt-Sparks pore volume map was accepted by the Division as the basis for the Division's approval of the unit, allocation formula, and unit boundaries, and that no seismic data were utilized in conjunction with the Platt-Sparks map. The GCI/EEX Response further established that no seismic data had been used by either GCI or

EEX in their geologic presentation to the Division in this case (Case No. 11724) and that none would be used in the present proceeding before the Commission.

I. Subsequently, the Commission Chairman entered the April 6, 1998 Order denying the Hanley/Yates Motion in Limine but providing that any data shared by Gillespie with the working interest owners of the original unit also be shared with the owners of working interests in the expansion area acreage. (Exhibit 3) The April 6, 1998 Order, in part, states:

> I have reviewed the record of decisions from the original unitization cases, Case Nos. 11194 and 11195, held on June 6, 1995. The record reveals that Gillespie used seismic data to develop evidence introduced at the hearing to supports its application for unitization of the original unit, which unit Gillespie now seeks to expand in Case No. 11724. The horizontal boundaries of the original unit were based, in part, on seismic data or exhibits incorporating such data. Additionally, one of Gillespie's witnesses, William Crow, testified that Gillespie shared its data with the working interest owners of the original unit in advance of that 1995 hearing.
>
> NMSA 1978, § 70-6-(A)(5) requires the division, and therefore the Commission, to find "...that the operator has made a good faith effort to secure voluntary unitization within the pool or portion thereof directly affected[.]" As Gillespie shared its data with the working interest owners in the proposed original unit, a good faith effort seems to require that the working interest owners of the area proposed to be combined with the original unit into an expanded unit be offered the same information made available to the owners of the various tracts comprising the original unit.
>
> Consequently, I am withdrawing the letter decision dated October 14, 1997, and I am denying Gillespie's Motion to Quash the subpoena duces tecum to the extent of information requested that Gillespie shared with the interest owners of the original unit. Yates and Hanley's motion in limine is denied.

GCI and EEX respectfully submit that the April 6, 1998 Order is erroneous for the following reasons:

1. The arguments set forth in the Response of GCI and EEX in opposition to the Hanley/Yates Motion in Limine, the authorities cited therein, and the exhibits attached thereto establish a number of reasons why the April 6, 1998 Order is erroneous. Accordingly, the points, authorities, and materials set forth in the Response to the Motion in Limine are incorporated herein.

The Division Did Not Utilize Seismic As The Basis For Its Orders; EEX and GCI Did Not Present Seismic Evidence At the Unit Expansion Hearing

2. The findings and conclusions in Order No. R-10449, approving the unit boundaries and finding that the allocation is fair, were not based on seismic data. The determination in the April 6, 1998 Order that the horizontal boundaries of the original unit were based, in part, on seismic data or exhibits incorporating such data is in error.

3. The Bureau of Land Management did not utilize seismic information during its "area and depth" approval process for the unit. (Exhibit 4.)

4. The testimony and exhibits offered by GCI and EEX in Case No. 11724 establishing the propriety of the unit boundaries and fairness of the allocation formula were based on competent geological interpretation of well control data. Seismic information was not utilized as the underlying data for the expert testimony offered by GCI and EEX. Moreover, the GCI and EEX expert witnesses testified that no reliance was placed on seismic data in reaching their conclusions. (Affidavit of Ralph Nelson, Exhibit 5.)

The Requirement To Disclose Confidential Seismic Information Is a Departure From Established Agency Policy And Practice

5. The requirement under the April 6, 1998 Order for the production of confidential and proprietary seismic data constitutes a significant and substantial departure from established

administrative policy and allows the creation of an unacceptable precedent in the deliberations by the Division and the Commission on statutory unitization and compulsory pooling applications by requiring the divulgence of proprietary and confidential seismic data, even when such information is not used at hearing. (Affidavit of Bruce M. Kramer, Exhibit 6.)

6. Through long-established practice, it has been the policy of the Division and the Commission that proprietary trade secret materials are not required to be disclosed and that the confidentiality of such information may be maintained by its owner. (See Application, transcript excerpts and exhibits from October 16, 1997 Commission hearing in Case No. 11856, Exhibit 7, attached.) Moreover, industry has come to rely on the consistent application of administrative policy in the acquisition and development of such proprietary data with the expectation that the Division and Commission will not require the disclosure of confidential trade secret information. (See, Affidavit of Bruce Kramer, Exhibit 6; Affidavit of David Scolman, Exhibit 8.) Consequently, the Commission has an obligation to implement its policies in a consistent manner and to date, the Commission has taken no formal action to countermand its existing policy and practice on this subject, via a rulemaking on 19 NMAC 15.N.1105.C or otherwise. (See, Chisolm v. Defense Logistics Agency, 656 F.2d 42, 47 [3rd Cir. 1981]; Order No. R-10928, Case No. 11856, Exhibit 9). Unless and until the Commission countermands the standing policy and practice, they remain effective and binding.

7. Assuming that rulemaking procedures were not required for the issuance of the April 6, 1998 Order, nevertheless, the Order is, in effect, an interpretation of existing rules or a revised policy statement. Consequently, its implementation is an improper, retroactive application of new agency policy depriving GCI and EEX of private property without fair notice and in a manner

that violates notions of due process. (See, General Electric Co. v. Environmental Protection Agency, 53 F.3d 1324, 1328-1331 [D.C. Cir. 1995]).

8. GCI and EEX have no obligation to divulge seismic information under contract or under presently existing statute, regulation, or case law or under any argument for the extension thereof. (See, Affidavit of Bruce M. Kramer, Exhibit 6.)

9. Hanley Petroleum, Inc. and Yates Petroleum Company have improperly invoked the processes of the State in order to appropriate confidential and privileged trade secret data.

Disclosure of Confidential Information Is Not Required In Order to Approve The Expansion of The Unit

10. The divulgence of proprietary and confidential seismic data is not necessary for the protection of correlative rights in this case. (See, e.g., NMOCC Case No. 11856, Order No. R-10928, decretal Paragraph 13, Exhibit 9; Affidavit of Bruce M. Kramer, Exhibit 6.)

11. Yates and Hanley have acquired their own 2-D and 3-D seismic data. (See transcript of testimony, Case No. 11724, May 15, 1997, pages 195 through 202; Hanley Exhibits Nos. 9 and 10). Hanley and Yates have failed to offer sufficient justification for the production of additional confidential seismic data.

12. Seismic data are less useful in the allocation of unit production or the determination of the unit's boundaries. It is accepted in the industry that well control data are the best and most reliable data for the determination of these issues. (Affidavit of David Scolman, Exhibit8; Affidavit of Ralph Nelson, Exhibit 5; Affidavit of Bruce M. Kramer, Exhibit 6; See Order No. R-10449, Paragraph 26, Exhibit 10.).

13. The seismic data that Hanley and Yates seek to subpoena do not cover significant areas of the acreage described in their 2,080 acre proposed expansion area. Accordingly, the GCI/EEX seismic data are of no assistance in defining the limits of the pool on their proposed expansion acreage. (Affidavit of David Scolman, Exhibit 8.)

14. In this case, seismic information was used to determine the possible existence of algal mounds in the area. (Affidavit of David Scolman, Exhibit 8.)

15. Compared to well control data, seismic information has little relative value in determining the areal extent or the thickness of the formation throughout the pool and consequently is typically not used for purposes of allocating pore volume on an acreage area basis. (Affidavit of David Scolman, Exhibit 8; Affidavit of Ralph Nelson, Exhibit 5.)

16. The nature of seismic information and the numerous means and methods of its interpretation are so variable as to lead to widely divergent conclusions, none of which can be used to determine pool boundaries. Moreover, seismic data are readily susceptible to manipulation and misinterpretation. (Affidavit of David Scolman, Exhibit 8.)

17. The conclusions implied in the April 6, 1998 Order that seismic data are necessary to establish the horizontal boundaries of the unit and to prove the exercise of good faith in the effort to secure voluntary unitization are arbitrary, capricious and an abuse of discretion in view of the fact that substantial evidence independent of seismic data exists to substantiate findings on these points. Accordingly, the Commission's interest in compelling the divulgence of the seismic data does not outweigh the need to maintain the confidentiality of trade secret information and is not otherwise reasonable in these circumstances.

18. The forced disclosure of confidential and proprietary trade secret information is not necessary for the exercise by the Commission of its authority under the Statutory Unitization Act to either (1) determine the proper boundaries of the West Lovington Strawn Unit; (2) determine the fairness of the allocation formula; (3) determine the horizontal boundaries of the pool; or, (4) to protect correlative rights. (Affidavit of Bruce M. Kramer, Exhibit 6.)

19. The effect of the April 6, 1998 Order is to require GCI and EEX to disclose confidential trade secret information to their competitors as a necessary condition precedent to the entry of any finding by the Commission that the operator made a good faith effort to secure voluntary unitization under NMSA 1978, § 70-7-6(A)(5). Substantial evidence exists independent of any evidence that may be derived from seismic information sufficient to establish (1) the fair allocation of unit production, (2) the horizontal boundaries of the unit, and (3) that the unit operator made a good faith effort to secure voluntary unitization. The Commission may not predetermine the character of evidence that a party may seek to introduce in this *de novo* proceeding which may be probative of these issues. To do so is an abuse of administrative discretion which pre-judges a party's evidence and pre-determines the ultimate result. (See, Affidavit of Bruce M. Kramer, Exhibit 6.)

20. Under the statutory Unitization Act, it is not necessary to establish the outer boundaries of the pool as a pre-condition to the establishment of the unit's boundaries. (See, NMSA 1978, §§ 70-7-10, 70-7-11.)

Seismic Information Is Entitled To Protection
As Confidential Trade Secret Information

21. It is the custom and practice in the oil and gas industry to treat seismic data and interpretation thereof as privileged, proprietary trade secret information. (Affidavit of David Scolman, Exhibit 8; Affidavit of Ralph Nelson, Exhibit 5; Affidavit of Bruce M. Kramer, Exhibit 6.)

22. The information EEX and Gillespie-Crow have derived from their seismic exploration and interpretation are exclusive to that available in the open market and are not readily ascertainable from other proper means. The information cannot be duplicated without considerable expenditure of time, effort and expense. Moreover, the design of the seismic shoot, the manner of producing the seismic data and the manipulation and interpretation of the data are the product of unique and exclusive methodology developed in-house by EEX. (Affidavit of David Scolman, Exhibit 8.)

23. GCI and EEX have a reasonable investment-backed expectation that their seismic information will remain confidential. (Affidavit of David Scolman, Exhibit 8.) The confidential geophysical information owned by GCI and EEX qualifies as a trade secret under the New Mexico Uniform Trade Secrets Act, NMSA 1978, § 57-3A-1, et seq.

24. GCI and EEX are direct competitors with Hanley and Yates for the acquisition, exploration and development of acreage within the immediate vicinity of the West Lovington Strawn Unit. Additionally, those working interest owners/operators identified on the attached Exhibit A own lease hold working interests within the 2,080 acre expansion area identified in the Hanley Yates application for unit expansion in case 11954. Each of these working interest owners/operators are

current or potential competitors with GCI and EEX in the area of the West Lovington Strawn Unit. (Affidavit of Michele Cadwell, Exhibit 11.)

25. The forced disclosure of the seismic data will result in the immediate and irreparable harm to the interests of both GCI and EEX in that:

i) their competitive advantage will be lost;

ii) their ability to compete for the acquisition of new lease acreage will be adversely affected;

iii) the value of lease acreage they presently own may be adversely affected;;

iv) they will be placed in the position of having to breach their seismic exploration agreement and confidentiality agreements;

v) The forced publication of the trade secret information destroys its value to GCI and EEX. (Affidavit of David Scolman, Exhibit 8; Affidavit of Ralph Nelson, Exhibit 5; Affidavit of Michele Cadwell, Exhibit 11.)

26. The seismic data published to Phillips was limited to only its acreage within the boundaries of the unit as proposed in 1995. The information reviewed by David Petroleum was limited to the 40 acres it owned within the unit which it subsequently assigned to GCI. (Affidavit of David Scolman, Exhibit 8.)

27. The limited publication of confidential trade secret information for restricted purposes does not result in the abandonment of the secrecy by the owners of the trade secret. In this regard, Phillips Petroleum Company and David Petroleum reviewed only limited portions of seismic information. Moreover, the limited publication to Phillips and David was made pursuant to

confidentiality agreements which would be violated as a consequence of the Order. (Affidavit of David Scolman, Exhibit 8.)

28. Hanley and Yates have failed to establish that they are incapable of risking their own capital and acquiring their own seismic data so that Gillespie and EEX are not compelled to forfeit their investment in their seismic exploration project.

29. Seismic data and the interpretations derived therefrom are privileged trade secrets within the meaning of NMRA 11-508.

30. Seismic data are confidential data that are not disclosed in the normal process of exploitation. (Affidavit of David Scolman, Exhibit 8; Affidavit of Ralph Nelson, Exhibit 5; Affidavit of Bruce M. Kramer, Exhibit 6.)

31. Hanley and Yates seek to enhance their ability to compete for the acquisition of exploration acreage by using the processes of the State to appropriate the confidential trade secret information owned and developed by GCI and EEX.

32. The Commission has a duty to maintain the confidentiality of trade secret information under the New Mexico Uniform Trade Secrets Act (See *inter alia*, NMSA 1978, § 57-3A-2(B)(2)(b). Further, it is not certain that either the New Mexico Oil Conservation Division nor the Oil Conservation Commission have either the statutory or regulatory means for maintaining the confidentiality of privileged and proprietary trade secret information in this situation. (See, proceedings in NMOCC Case No. 11856 and Order No. 10928, Exhibits 7 and 9, attached.) Accordingly, it is a virtual certainty that the disclosure of trade secret information to the public and to the competitors of GCI and EEX will result.

The Effort of Hanley and Yates To Appropriate Confidential Seismic Information Is Impermissible For a Number of Reasons

33. The consolidation of the Hanley/Yates 2,080 acre unit expansion case filed with the Division in Case No. 11954 with the *de novo* appeal from the Division's earlier approval of the unit operator's 160 acre unit expansion case in Case No. 11724 are being utilized by Hanley and Yates to conduct an impermissible collateral attack on the unit agreement, unit boundaries and allocation formula originally approved by the Division in Order No. R-10449 entered on June 15, 1995 in Case No. 11195.

34. Hanley and Yates have failed to demonstrate how the divulgence of trade secret data is necessary to establish their case for the expansion of the West Lovington Strawn Unit into undeveloped, speculative, exploratory acreage, or in connection with their *de novo* appeal.

35. The April 6, 1998 Order requiring the production seismic information is arbitrary and capricious, is not supported by substantial evidence, and is an abuse of discretion.

36. The Commission failed to convene a public hearing on the Hanley/Yates Motion in Limine as required under NMSA 1978, § 70-2-23 (1995 Repl. Pamp.) and 19 NMAC 15.N.1201.

37. Hanley and Yates failed to perfect a timely appeal of the October 14, 1997 Order as required by NMSA 1978, § 70-7-25. Consequently, they failed to exhaust their administrative remedies and are collaterally estopped from seeking the production of seismic information pursuant to the identical subpoenas duces tecum obtained in the *de novo* proceeding, or otherwise.

38. The April 6, 1998 Order improperly overturns the April 3, 1997 voluntary Agreement of the parties limiting the scope of production pursuant to the subpoenas duces tecum to the exclusion of the production of any seismic information. Moreover, by entering into the April 3,

1997 Agreement, Hanley and Yates voluntarily waived any right to pursue the production of seismic information.

39. The Hanley/Yates Motion in Limine was made in an untimely fashion. GCI and EEX were deprived of reasonable notice and opportunity to defend against the Motion. Moreover, the issuance of the April 6, 1998 Order violates § 10-15-3A of the New Mexico Open Meetings Act.

40. The issuance of the April 6, 1998 Order forcing the divulgence of seismic information and further, revoking the earlier Order entered on October 14, 1997 without notice and hearing as required under NMSA 1978, § 70-2-23, is void.

41. In their Motion in Limine, Hanley and Yates mischaracterize the excerpted testimony they contend shows that seismic data are necessary to establish the fairness of the allocation formula and the location of the unit's expanded boundaries

42. Compelled production of seismic data would not result in a fair hearing as trade secrets would be divulged to competitors. (Affidavit of Bruce M. Kramer, Exhibit 6.)

43. The April 6, 1998 Order compelling divulgence of seismic data and trade secret information constitutes a taking or private property without due process of law and without just compensation in violation of N.M. Constitution Article II, §§ 18 and 20. (Affidavit of Bruce M. Kramer, Exhibit 6.)

44. The forced disclosure of the seismic information would violate public policy of protecting trade secrets. (Affidavit of Bruce M. Kramer, Exhibit 6.)

45. Hanley and Yates have improperly invoked the processes of the State in order to appropriate confidential and privileged trade secret data.

To facilitate the Commission's consideration of this Application for Rehearing, EEX and GCI hereby request that the following materials be incorporated as a matter of record: The Application, pleadings, transcript and exhibits from NMOCD Case No. 11724; the Application, transcript and exhibits from NMOCC Case No. 11856.

WHEREFORE, GCI and EEX respectfully request that following rehearing, the Commission enter its Order (1) setting aside the April 6, 1998 Order and (2) otherwise prohibiting the disclosure of the seismic information.

Respectfully submitted,

MILLER, STRATVERT & TORGERSON, P.A.

By _____

J. Scott Hall
Attorneys for EEX Corporation
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

By _____

James Bruce
Attorney for Gillespie-Crow, Inc.
612 Old Santa Fe Trail
Santa Fe, New Mexico 87501
(505) 982-2043

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing was hand-delivered to the Commissioners and to counsel of record on the 24 day of April, 1997, as follows:

Commissioner Lori Wrotenbery
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

Commissioner William J. LeMay
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

Commissioner Jami Bailey
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan
P.O. Box 2208
Santa Fe, NM 87504
Attorneys for Yates Petroleum Corp.and Hanley Petroleum, Inc.

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
Attorneys for Chesapeake Operating, Inc. and Snyder Ranches

Lynn Hebert, Esq.
New Mexico Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

J. Scott Hall