

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN

MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

**HAND-DELIVERED**

April 1, 1997

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
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William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

RECEIVED

APR 1 1997

Oil Conservation Division

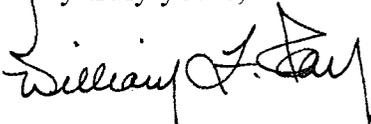
Re: Oil Conservation Division Case 11724:  
Application of Gillespie-Crow, Inc. for Unit Expansion, Statutory Unitization,  
and Qualification of the Expanded Unit Area for the Recovered Oil Tax Rate  
and Certification of a Positive Production Response Pursuant to the "New  
Mexico Enhanced Oil Recovery Act," Lea County, New Mexico

Dear Mr. LeMay:

Enclosed for your consideration is the Motion to Compel and Second Motion for  
Continuance of Yates Petroleum Corporation and Hanley Petroleum, Inc. which we are filing  
today in the above-captioned case.

Your attention to these matters is appreciated.

Very truly yours,



WILLIAM F. CARR  
WFC:mlh

Enclosures

cc: David Catanach, Hearing Examiner (w/enclosures)  
Carolyn Yates/Dave Boneau (w/enclosures)  
Rim Rogers (w/enclosures)  
Rand Carroll, Esq. (w/enclosures)  
James Bruce, Esq. (w/enclosures)  
W. Thomas Kellahin, Esq. (w/enclosures)

## CERTIFICATE OF SERVICE

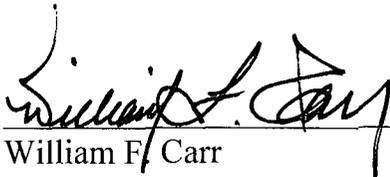
I hereby certify that on this 1st day of April, 1997, I have caused to be hand-delivered a copy of our Motion to Compel in the above-captioned case to the following named counsel:

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

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

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

J. Scott Hall, Esq.  
Miller, Stratvert, Torgerson & Schlenker, P.A.  
125 Lincoln Avenue, Suite 221  
Santa Fe, New Mexico 87501

  
William F. Carr

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

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

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

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APR 1 1997

Oil Conservation Division

No. 11724

**MOTION TO COMPEL**

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COME NOW, YATES PETROLEUM CORPORATION ("Yates") and HANLEY PETROLEUM, INC. ("Hanley") through their attorneys, Campbell, Carr, Berge & Sheridan, P. A., and hereby move for an Order to Compel Gillespie-Crow, Inc. to produce documents sought by the Subpoena Duces Tecum issued by the Oil Conservation Division at the request of Yates and Hanley on February 18, 1997. In support of this Motion, Yates and Hanley state:

1. On February 19, 1997, Yates and Hanley served upon Gillespie-Crow, Inc. the original of the Subpoena Duces Tecum issued by the Division in this case. A copy of the Subpoena Duces Tecum and the corresponding Acceptance of Service are attached hereto

as Exhibit "A".

2. On February 28, 1997, counsel for Yates and Hanley met with counsel for Gillespie-Crow, Inc. concerning the subpoena at which time Gillespie-Crow Inc. agreed to produce the subpoenaed data except for reservoir studies (Subpoena Paragraph 13), reserve reports (Subpoena Paragraph 14) and seismic data (Subpoena Paragraph 17). Yates and Hanley were advised that additional inquiry of Gillespie-Crow, Inc. had to be made to determine if it would voluntarily produce the reserve reports and reserve studies. The only other condition placed upon the production of documents was that Yates and Hanley would bear the costs of copying all data.

3. On Friday, March 14, 1997, counsel for the parties again conferred concerning the request for production of documents at which time Yates and Hanley advised that if this data was not voluntarily produced, a motion to compel would be filed.

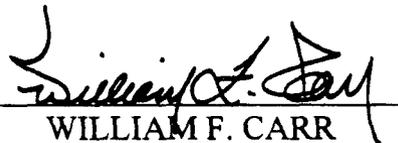
4. On Monday, March 17, 1997, three days before a scheduled hearing in this case, Gillespie-Crow, Inc. backed out of its agreement to produce the subpoenaed data. Instead, by letter it agreed to produce only certain data and advised that other data would have to be acquired from public records or other interest owners in the West Lovington-Strawn Unit. For example, in response to Subpoena Paragraph 19 which addresses "all data utilized in the determination of the outer boundary (zero production limit) of the West Lovington Strawn Pool/ Unit," Gillespie-Crow, Inc. directed Yates and Hanley to the Platt, Sparks consulting firm stating "Gillespie-Crow, used their interpretation as modified by new

well control to set the proposed new unit boundary." This data which Gillespie-Crow used "to set the proposed new unit boundary" is exactly the information that is sought by the Subpoena Duces Tecum and Gillespie-Crow must be compelled to produce this data. A copy of Gillespie-Crow's March 17, 1997 letter is attached hereto as Exhibit "B".

5. Counsel for the parties have continued to cooperate to resolve issues concerning the production of documents without involving the Division. However, by letter dated March 18, 1997, the parties were advised to "appear before the Division on April 3, 1997 and report any outstanding issues related to pending subpoenas and production of data, at which time such issues will be addressed." Accordingly Yates and Hanley file this Motion to Compel which they will review with the Division on April 3.

THEREFORE, Yates Petroleum Corporation and Hanley Petroleum, Inc. hereby request that an Order be entered directing Gillespie-Crow, Inc. to fully respond to the Division's Subpoena Duces Tecum issued on February 18, 1997.

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

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

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION AND  
HANLEY PETROLEUM, INC.

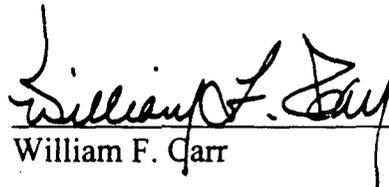
## CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of April, 1997, I have caused to be hand-delivered a copy of our Motion to Compel in the above-captioned case to the following named counsel:

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

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

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

  
\_\_\_\_\_  
William F. Carr

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

**No. 11724**

**SUBPOENA DUCES TECUM**

**TO: Gillespie-Crow, Inc.  
c/o James Bruce, Esq.  
612 Old Santa Fe Trail  
Suite B  
Santa Fe, NM 87501**

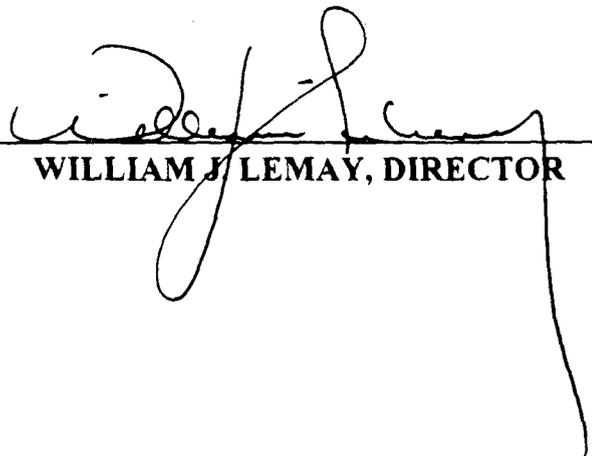
Pursuant to Section 70-2-8, NMSA (1978) and Rule 1211 of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 8:15 a.m., March 6, 1997, at the offices of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505 and to produce the documents and items specified in attached Exhibit A and to make available to Yates Petroleum Company and Hanley Petroleum Inc. and their attorney, William F. Carr, for copying, all of said documents.

This subpoena is issued on application of Yates Petroleum Company and Hanley Petroleum Inc. through their attorneys, Campbell, Carr, Berge & Sheridan, P.A. Post Office Box 2208, Santa Fe, New Mexico 87504.

Dated this 19<sup>th</sup> day of February, 1997.

**NEW MEXICO OIL CONSERVATION DIVISION**

BY:

  
WILLIAM J. LEMAY, DIRECTOR

**EXHIBIT "A"**

**TO SUBPOENA DUCES TECUM  
TO GILLESPIE-CROW, INC.  
IN NEW MEXICO OIL CONSERVATION DIVISION  
CASE 11724**

**PURPOSE:** The purpose of this subpoena is to provide all of the information necessary for Yates Petroleum Company and Hanley Petroleum Inc. to be able to prepare its opposition to Gillespie-Crow, Inc. in NMOCD Case 11724.

**I. PRODUCE THE FOLLOWING DOCUMENTS:**

**A. DOCUMENTS:**

1. Fully executed Unit and Unit Operating Agreements (including all exhibits) for the West Lovington Strawn Unit;
2. Fully executed Operating Agreements (and all exhibits attached thereto) in existence prior to the formation of the West Lovington Strawn Unit;
3. All contracts for the sale and/or purchase of oil and gas from the West Lovington Strawn Unit or other documents related thereto;
4. All correspondence, documents, reports, opinions, recommendations, and studies concerning the establishment of an enhanced oil recovery (EOR) project in the West Lovington Strawn Unit;
5. All data used to qualify the West Lovington Strawn Unit for production tax credit for EOR projects;
6. Operating and financial history of the West Lovington Strawn Unit including, but not limited to, sales volumes, production proceeds, lease operating expenses, gas purchases, compression costs, and applicable taxes;
7. A complete production history (monthly and daily, when recorded) of all wells operated by Gillespie in the West Lovington Strawn Unit Area,<sup>1</sup> on a well by

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<sup>1</sup>  
The West Lovington Strawn Unit Area is defined as the area encompassing the following Sections: Sections 27, 28, 29, 32, 33, and 34, T5S R35E; northern third of Sections 1 and 2, T6S 35E; and northern third of Section 6, T6S 36E.

well basis including, but not limited to, oil, gas and water production, choke sizes and surface tubing and casing pressures;

8. All lease files for each tract in the West Lovington Strawn Unit Area;
9. All well files for each well in the West Lovington Strawn Unit Area, including such data as:
  - drilling and completion report
  - all forms filed with government agencies
  - well bore diagrams
  - perforating records
  - workover reports
  - pressure tests
  - production tests
  - core analysis
  - all logs and logging records
  - fluid (oil/gas/water) tests and analyses
  - oil-in-place and reserves calculations
  - reserves studies
  - well history
  - drill stem tests (DST) and repeat formation tests (RFT)
  - directional surveys
10. All pressure data on all wells in the West Lovington Strawn Unit including bottomhole pressure and shut-in wellhead pressure data on all operated wells in the West Lovington Strawn Unit Area;
11. All core descriptions and analyses reports for any and all coring done on wells in the West Lovington Strawn Unit Area;
12. Mud logs on all wells in the West Lovington Strawn Unit Area;
13. All reservoir studies for the West Lovington Strawn Pool (in-house and third party);
14. All DST data and RFT data on each well in the West Lovington Strawn Unit Area;
15. All reserves reports on each well in the West Lovington Strawn Unit Area prepared by Gillespie or others both formal and informal in presentation;

16. Daily gas injection volumes and injection pressures with supporting charts from inception of the West Lovington Strawn Unit to date along with supporting forms filed with regulatory agencies evidencing same and all injection gas analyses;
17. All seismic records in tape form, a shot point map and coverage plat along with interpretation of the data which relate to the West Lovington Strawn Unit Area or well utilized in the formation of the West Lovington Strawn Unit;
18. All correspondence between Gillespie-Crow and PG&E (and its successors) concerning the West Lovington Strawn Unit;
19. All data utilized in the determination of the outer boundary (zero production limit) of the West Lovington Strawn Pool/Unit;
20. All pressure/volume/temperature (PVT) fluid analyses for oil produced from the West Lovington Strawn Pool;
21. Any relative permeability measurements for displaced or displacing fluids;
22. Any pressure buildup or draindown tests indicated within the West Lovington Strawn Pool; and
23. All fluid (oil/gas/water) analyses performed on fluids removed from the West Lovington Strawn Pool.

## 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, agent, 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 Gillespie-Crow, Inc., 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.

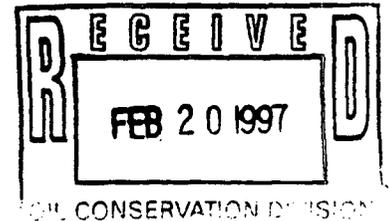
BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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

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



No. 11724

**ACCEPTANCE OF SERVICE OF SUBPOENA DUCES TECUM**

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I, James G. Bruce, Esq., the attorney of record for Gillespie-Crow, Inc., hereby accepts service of the original Subpoena Duces Tecum dated February 18, 1997 issued in this matter to Gillespie-Crow, Inc., on this 19<sup>th</sup> day of February, 1997.

A handwritten signature in cursive script that reads "James Bruce". The signature is written over a horizontal line.

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

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

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

March 17, 1997

Via Fax

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

Re: Gillespie-Crow, Inc./West Lovington Strawn Unit

Dear Bill:

Regarding the request for a continuance, Gillespie-Crow will voluntarily continue the case if Hanley Petroleum and Yates, et al. agree to shut in the State "S" No. 1 and Chandler No. 1 wells from now until an order is issued in Case 11724. I would note that production from the two wells is costing the unit about \$50,000 per month.

Regarding the Yates/Hanley subpoena, much of the data was provided to Yates last summer. See attached letter of July 9, 1997. However, Gillespie-Crow is willing to produce (in Midland):

1. Most recent production data not of public record (i.e., February 1997), most recent pressure data (from February 21, 1997 tests) not previously provided, relative permeability data, injection data, and injection and operating expenses.
2. The reservoir study.

As previously discussed, Gillespie-Crow objects to providing:

- A. Seismic data.
- B. Any matters that are of public record, such as: the Unit Agreement and Unit Operating Agreement (which are in the file for OCD Cases 11194 & 11195); production data through January 31, 1997, which has been filed with the OCD on Gillespie-Crow's C-115's; pressure and PVT data

previously provided to Yates (see letter); data on the EOR tax rate (located in the file for OCD Case 11531); oil and gas title materials, which are of record with the Lea County Clerk, the BLM, and the Commissioner of Public Lands; and electric logs, which are available through the OCD or PI.

- C. Operating Agreements for wells prior to unitization. These are not necessary to evaluating unitization.
- D. The gas gathering and processing agreements for the unit. These were provided last summer to Hollyhock Corporation, one of the parties objecting to unitization.

As to Item 19 of the subpoena (data used to determine the outer boundary of the unit), that data is in the possession of Platt, Sparks. Gillespie-Crow used their interpretation as modified by new well control to set the proposed new unit boundaries.

Please call.

Very truly yours,



James Bruce

cc: William R. Crow  
J. Scott Hall