



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
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April 10, 1996

Read & Stevens Inc.  
c/o Padilla Law Firm, P.A.  
P.O. Box 2523  
Santa Fe, New Mexico 87504-2523

Nearburg Exploration Company  
c/o Kellahin & Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504

IN THE MATTER OF THE CONSIDERATION  
OF WHETHER OR NOT TO UPHOLD THE  
INITIAL DECISION RENDERED BY THE  
DIVISION IN FAVOR OF READ & STEVENS  
INC. TO QUASH THE SUBPOENA FILED BY  
NEARBURG EXPLORATION COMPANY IN CASE NO. 11481

On March 25, 1996, the Division heard arguments of Counsel for Read & Stevens Inc., and of Counsel for Nearburg Exploration Company concerning a Motion by Read & Stevens Inc. to Quash a Subpoena issued at the request of Nearburg in which Nearburg sought to obtain certain bottomhole pressure test data from Read & Stevens Inc.'s Crystal Federal Well No. 1. The Division ruled in favor of Read & Stevens Inc. on the basis that:

- 1) There was public information available to Nearburg (Division Form C-125, Shut-in Pressure Test Data) which could be utilized in lieu of the information sought to be obtained from Read & Stevens Inc.; and,
- 2) The disclosure of this data by Read & Stevens Inc. could potentially benefit Nearburg and harm Read & Stevens Inc. with regards to certain negotiations to acquire leases or interest ownership in the area of the subject well.

On April 2, 1996, Nearburg filed a Motion to Reconsider the initial decision rendered by the Division on March 25, 1996, and in support thereof stated that:

- 1) The pressure data obtained from Division Form C-125 is not usable in that certain other data, namely fluid levels, are necessary in order to extrapolate a bottomhole pressure. This additional data is not publicly available; and,

2) Nearburg is not currently attempting to acquire leases or interest in Section 9, and therefore disclosure of the requested bottomhole pressure data will not serve to benefit Nearburg in interest acquisition negotiations. Nearburg further states that the requested data will be utilized only for the purpose of presenting engineering data at the hearing for Case No. 11481.

UPON RECONSIDERATION, THE DIVISION FINDS THAT:

1) By letter dated March 26, 1996, Nearburg has informed Mr. Kellahin that it is not attempting to acquire leases or interest in Section 9. Assuming that Nearburg's statement is accurate, the disclosure of the requested bottomhole pressure data should not benefit Nearburg nor harm Read & Stevens Inc. in any lease or interest acquisition.

2) While it is possible to make a determination as to whether an unorthodox location request is justified based upon geologic discussion, it is difficult, in contested applications, due to the fact that geologic data is subject to interpretation and is highly subjective. It is beneficial to the Division to have engineering data available for consideration, especially if the case includes proposed production penalties. Engineering data should enable the Division to make a more informed decision and one that is fair to all parties involved.

3) The Division's previous decision in favor of Read & Stevens Inc., should be withdrawn.

4) Read & Stevens, Inc., should be and is required to furnish Nearburg the requested bottomhole pressure test data on the Crystal Federal Well No. 1 within 7 days from the date of this ruling.

A handwritten signature in cursive script, reading "David R. Catanach", is written over a horizontal line.

David R. Catanach  
Division Examiner