

**HINKLE, COX, EATON, COFFIELD & HENSLEY,  
L.L.P.**

**ATTORNEYS AT LAW**

218 MONTEZUMA POST OFFICE BOX 2068

**SANTA FE, NEW MEXICO 87504-2068**

(505) 982-4554 FAX (505) 982-8623

LEWIS C. COX, JR. (1924-1993)  
CLARENCE E. HINKLE (1901-1985)

OF COUNSEL  
O. M. CALHOUN\* JOE W. WOOD  
RICHARD L. CAZZELL\* RAY W. RICHARDS\*

AUSTIN AFFILIATION  
HOFFMAN & STEPHENS, P.C.  
KENNETH R. HOFFMAN\*  
TOM D. STEPHENS\*  
RONALD C. SCHULTZ, JR.\*  
JOSE CANO\*

THOMAS E. HOOD\*  
REBECCA NICHOLS JOHNSON  
STANLEY K. KOTOVSKY, JR.  
ELLEN S. CASEY

MARGARET CARTER LUDEWIG  
S. BARRY PAISNER  
WYATT L. BROOKS\*  
DAVID M. RUSSELL\*  
ANDREW J. CLOUTIER  
STEPHANIE LANDRY  
KIRT E. MOELLING\*  
DIANE FISHER  
JULIE P. NEERKEN  
WILLIAM P. SLATTERY  
CHRISTOPHER M. MOODY  
JOHN D. PHILLIPS  
EARL R. NORRIS  
JAMES A. GILLESPIE  
MARGARET R. MCNETT

GARY W. LARSON  
LISA K. SMITH\*  
NORMAN D. EWART  
DARREN T. GROCE\*  
MOLLY MCINTOSH  
MARCIA B. LINCOLN  
SCOTT A. SHUART\*  
PAUL G. NASON  
AMY C. WRIGHT\*  
BRADLEY G. BISHOP\*  
KAROLYN KING NELSON  
ELLEN T. LOUDERBOUGH  
JAMES H. WOOD\*  
NANCY L. STRATTON  
TIMOTHY R. BROWN  
JAMES C. MARTIN

\*NOT LICENSED IN NEW MEXICO

PAUL W. EATON  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
ERIC D. LANPHERE  
C. D. MARTIN  
ROBERT P. TINNIN, JR.  
MARSHALL G. MARTIN  
MASTON C. COURTNEY\*  
DON L. PATTERSON\*  
DOUGLAS L. LUNSFORD  
NICHOLAS J. NOEDING  
T. CALDER EZZELL, JR.  
WILLIAM B. BURFORD\*  
RICHARD E. OLSON  
RICHARD R. WILFONG\*  
THOMAS J. MCBRIDE  
NANCY S. CUSACK  
JEFFREY L. FORNACIARI

JEFFREY D. HEWETT  
JAMES BRUCE  
JERRY F. SHACKELFORD\*  
JEFFREY W. HELLBERG\*  
WILLIAM F. COUNTISS\*  
MICHAEL J. CANOVAN  
ALBERT L. PITTS  
THOMAS M. HNASKO  
JOHN C. CHAMBERS\*  
GARY D. COMPTON\*  
W. H. BRIAN, JR.\*  
RUSSELL J. BAILEY\*  
CHARLES R. WATSON, JR.\*  
STEVEN D. ARNOLD  
THOMAS D. HAINES, JR.  
GREGORY J. NIBEHT  
FRED W. SCHWENDIMANN  
JAMES M. HUDSON  
JEFFREY S. BAIRC\*

January 8, 1997

**Hand Delivered**

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

**Hand Delivered**

Ms. Jami Bailey  
Commissioner of Public Lands  
State Land Office Building  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

**Via U.S. Mail**

Mr. William Weiss  
Petroleum Recovery Research Center  
Kelly Building  
New Mexico Institute of Mining  
& Technology  
Socorro, New Mexico 87801

Re: Application for Rehearing filed by Read & Stevens, Inc.;  
Case No. 11,514 (de novo)

Dear Commissioners:

UMC Petroleum Corporation has received a copy of the above application, and asks that you deny the rehearing request, for the following reasons:

1. Even assuming Read & Stevens' engineering is correct, it shows that Read & Stevens should only be allowed to produce 60% of remaining reserves on Sections 26 and 35. The 50% penalty approved by the Commission will allow

686

POST OFFICE BOX 10  
ROSWEIL, NEW MEXICO 88202  
(505) 622-6510  
FAX (505) 623-9332

POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691  
FAX (915) 683-6518

POST OFFICE BOX 9238  
AMARILLO, TEXAS 79105  
(806) 372-5569  
FAX (806) 372-9761

POST OFFICE BOX 2043  
ALBUQUERQUE, NEW MEXICO 87103  
(505) 768-1500  
FAX (505) 768-1529

401 W. 15TH STREET, SUITE 800  
AUSTIN, TEXAS 78701  
(512) 476-7137  
FAX (512) 476-5431

Read & Stevens to produce approximately 1.75 MCFPD<sup>1</sup> from its section, while UMC will produce 1 MCFPD from its section. Therefore, Read & Stevens will produce  $1.75/2.75 = 64\%$  of reserves. The penalty allows Read & Stevens to recover more than what it requested.

2. At the Commission hearing, Read & Stevens drastically changed its geologic and engineering testimony, resulting in a manipulation of net pay figures which substantially reduced net sand on UMC's acreage, and substantially increased net sand on Read & Stevens' acreage. This was done to conform Read & Stevens' prior geologic interpretation to its new engineering model; it was not based upon a re-examination of well logs, which have not changed since the wells were completed 15 years ago. Thus, UMC submits that Read & Stevens' evidence is faulty and should be discounted.

For the foregoing reasons, the application for rehearing should be denied. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.



James Bruce

Attorneys for UMC Petroleum  
Corporation

cc: W. Thomas Kellahin

---

<sup>1</sup>Read & Stevens' engineer testified that the proposed new well will have an initial potential of 1.5 MCFPD. Currently, production from each section is about 1 MCFPD.