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FACSIMILE AND MAIL

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Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

FEB 20 1997

Re: Application of Bass Enterprises Production Co.
and Santa Fe Energy Company for the rescission
of Division Administrative Order No. NSL-3745,
Eddy County, New Mexico

Dear Mr. Catanach:

We are in receipt of a copy of William F. Carr's letter to you dated February 14, 1997, written on behalf of Mewbourne Oil Company with respect to the captioned matter. Please be advised that Bass Enterprises Production Co. and Santa Fe Energy Company strenuously resist this obvious delay tactic of Mewbourne Oil Company.

It would seem obvious that a request to rescind an administrative order necessarily requires a hearing on the administrative application, unless Mewbourne is willing to withdraw its application. In fact, until the Division quashed Mewbourne's subpoena, Mewbourne apparently considered such to be the case, or there would have been no need to request the materials it sought to subpoena. It is highly illogical that Mewbourne now takes the position that it is unprepared to go to hearing on its application, after having told the Division its application was proper in its administrative application. Mewbourne's claim that it is unprepared and unable to proceed to a hearing on its application should be construed as an admission that its administrative application was without merit and without factual basis.

It seems implicit that for the administrative approval processes to be effective, each company that elects to follow these processes should not present applications unless and

Mr. David J. Catanach

Page -2-

until they have fully researched the propriety of same and have likewise presented to the Division sufficient evidence to allow the Division to act on same.

Bass' and Santa Fe's application does not change the fact that Mewbourne sought an application and should have done so only upon sufficient evidence and good cause, and therefore should be ready to proceed. Bass is prepared and has already made arrangements to have its expert witnesses, as evidenced by its prehearing statement, to be present on the 20th of February in order to present its case. It is therefore requested that the evidentiary hearing be allowed to go forth and that no delays be imposed.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:scp

cc: Mr. William F. Carr (FAX 505/983-6043)
Bass Enterprises Production Co.
Attention Mr. J. Wayne Bailey