

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION
OIL CONSERVATION DIVISION**

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

**APPLICATION OF NEARBURG EXPLORATION
COMPANY, L.L.C. FOR TWO NON-STANDARD
GAS SPACING AND PRORATION UNITS;
LEA COUNTY, NEW MEXICO**

CASE NO. 12622 (De Novo)

RECEIVED
SEP 18 10:30 AM
OIL CONSERVATION DIVISION

CASE NO. 12908-A

**APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS,
LEA COUNTY, NEW MEXICO**

(Severed and Reopened)

**REDROCK OPERATING LTD, CO'S
OBJECTIONS TO
NEARBURG EXPLORATION COMPANY L.L.C.
SUBPOENA DATED SEPTEMBER 13, 2002**

Comes now Redrock Operating Ltd, Co. ("Redrock") and responds as follows to the Subpoena Duces Tecum to Redrock ("Nearburg's Subpoena") which was issued by the Division at the request of Nearburg Exploration Company, L.L.C. ("Nearburg") on September 13, 2002:

(1) Redrock objects to Nearburg's "instructions" to the extent that they attempt to impose obligations that are beyond those imposed by the New Mexico Rules of Civil Procedure, impose an undue burden, or seek discovery in violation of the work product, attorney/client and other applicable privileges.

(2) THE WELLS:

(a) Redrock objects to Nearburg's request for information on the following wells located in Section 34, T21S, R34E, Lea County, New Mexico"

(i) Nearburg's Grama Ridge East 14 Well No, 1, Unit H

(ii) Nearburg's Llano 34 State Well No. 1, Unit I

(iii) Grama Ridge Unit Well No. 2 Unit L

(b) Redrock has a 10% overriding royalty interest in the S/2 of Section 34. Redrock does not operate these wells and has no working interest. Redrock states that it has no responsive material other than documents supplied by Nearburg, EOG, or documents which are public records from the office of the Oil Conservation Division

(c) Redrock has a mudlog for the EOR's Llano "34" State Well No. 1 located in Unit I of Section 34. Redrock objects to producing this mudlog but is willing to exchange to for Nearburg's mudlog on its Grama Ridge "34" State Well No. 1 located in Unit H of Section 34 which Nearburg refuses to produce.

(3) ADDITIONAL DATA

(a) Item #1: Redrock objects to Nearburg's request for Item #1 on the grounds that Nearburg has conceded that Redrock is a 10% ORR interest in the SE/4 of Section 34 (See testimony of Bob Shelton, TR 25, line 10, Examiner transcript case 12662); and the requested information is not likely to lead to the discovery of admissible evidence; and that if Nearburg now contests Redrock's interest, the Commission has no jurisdiction over that issue.

(b) Items #2 through #7: With regard to Items #2 through #7, to the extent that data exists, Redrock has no other data except for the exhibits and data provided by Nearburg; the Redrock exhibits already provided to Nearburg on September 4, 2002; and any other data which is in the public record.

(c) Items #8 through #11: Redrock has already provided Nearburg with copies of Redrock's petroleum engineering exhibits. Redrock, in response to Nearburg's petroleum engineering exhibits, reserves the right to generate rebuttal exhibits and present them at the time of the hearing. Redrock's petroleum engineering exhibits are based upon data obtained by Nearburg from publicly available documents.

(d) Item#12: Redrock has already provided Nearburg with Redrock's geologic exhibits. Redrock's geologic exhibits are based up data/exhibits obtained from Nearburg or from publicly available documents. Redrock reserves the right to generate rebuttal exhibits and to present them at the time of the hearing.

(4) **SEISMIC DATA:** Redrock is a ORR interest owner and does not have any seismic data. The seismic data being used is that provided by Nearburg's Exhibit 7. Redrock as retained a consulting geophysicist to review Nearburg's seismic exhibits. If Redrock decides to submit additional seismic data, Redrock will have such data available to Nearburg is the same extent that Nearburg did.

(5) CORRESPONDENCE/COMMUNICATIONS/ACCOUNTING/LAND:

(a) Redrock objections to Nearburg's requests for "correspondence/communications/ accounting/land files" to the extent that they attempt to impose obligations that are beyond those imposed by the New Mexico Rules of Civil Procedure, impose an undue burden, or seek discovery in violation of the work product, attorney/client and other applicable privileges.

(b) Redrock objections that the Commission has no jurisdiction over Redrock's 10% ORR interest and such documents are not relevant.

(c) To the extent that the requested data is relevant, it is a matter of public record or already in Nearburg's possession.

(d) Redrock has no duty or obligation to do Nearburg's home work.

(e) These requests are overly broad and unduly burdensome and not likely to lead to the discovery of admissible evidence.

(f) Nearburg has admitted that it have acquired EOG interest in the SE/4 of Section 34, but still seeks production of "all documents between Redrock and EOR Resources, Inc. See Nearburg Subpoena page 6, "correspondence, #5. Without waiving its objection to the relevancy of the documents to this Commission case, Redrock is producing the relevant documents by separate letter dated September 18, 2002.

(6) HEARING EXHIBITS: With respect to Nearburg's request for Redrock's hearing exhibits:

(a) they have been produced to Nearburg except for any Nearburg exhibits which are already in the possession of Nearburg and except for revised exhibits, if any, which will be produced as soon as they are ready for submittal to the Commission and except for any rebuttal evidence.

(b) With respect to Nearburg's request for "data for supporting all of the Hearing Exhibits," this request is overly broad and unduly burdensome.

Respectfully submitted,



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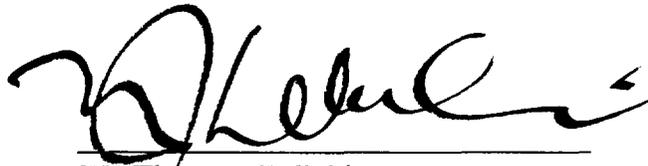
CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing pleading was transmitted by facsimile or hand delivered this 17th day of September, 2002, as follows:

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