

# GALLEGOS LAW FIRM

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MICHAEL J. CONDON

March 1, 2000  
(Our File No. 99-1.81)

## **VIA HAND-DELIVERY**

Lyn Hebert  
David Catanach  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: NMOCD Cases No. 12301, 12302, 12303 and 12304

Dear Lyn and David:

We have learned that these cases, as well as the other matters at issue between the parties as reflected in the letters attached hereto, have been scheduled for hearing on March 29-30, 2000 before Examiner David Catanach. Back in December, we had a hearing before Messrs. Carroll and Stogner on subpoenas the Division had issued at Hartman's request, and which we then served on SDX and Raptor. Both Raptor and SDX filed Motions to Quash all or parts of the subpoenas. Consideration of the subpoenas and Motions to Quash were stayed in light of the Division's letter rulings of December 22, 1999 and January 5, 2000.

At this point, we are hopeful and confident that we can work out discovery issues with Raptor. Raptor has already produced a number of documents responsive to the subpoena, and we are working with Mr. Carr to secure additional documents. Unless the Division hears otherwise with respect to document discovery, the Division can assume that those matters will be worked out between the parties.

Problems with SDX, however, continue. SDX has yet to produce a single document responsive to the subpoena. A number of informal follow up requests for documents have gone unanswered by SDX and its counsel. While SDX representatives indicated during the operators' meetings which took place in January and February of this year that it had well studies, core analysis, and other data which purportedly support the SDX infill drilling program, SDX has yet to produce any documents which bear on the issues which are to be addressed at hearing on March 29 and 30, 2000.

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Enclosed please find an additional subpoena that we have prepared for service on SDX given developments in the case since December, 1999. I would appreciate it if you would have the subpoena issued, and contact me so that I can pick it up for immediate service on SDX. By copy of this letter, I would ask that Mr. Kellahin advise as to whether he will accept service of the subpoena on behalf of SDX.

Finally, I would request that the Division schedule a hearing on the SDX Motion to Quash at the earliest possible time so that we can resolve these discovery issues and have production of the SDX documents in sufficient time to allow us to review them prior to the March 29-30 hearing dates. We do not want to continue these matters due to failure by SDX to respond to legitimate discovery requests.

If you have any questions, please feel free to contact me.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By   
MICHAEL J. CONDON

MJC:sa

fxc: William F. Carr  
Tom Kellahin  
Doyle Hartman  
ioc: J. E. Gallegos