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W. THOMAS KELLAHIN*

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RECOGNIZED SPECIALIST IN THE AREA OF
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JASON KELLAHIN (RETIRED 1991)

September 5, 2002

Via Facsimile

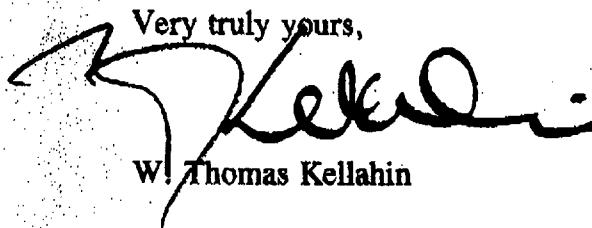
Ms. Lori Wrotenbery, Chair
Oil Conservation Commission
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: REQUEST FOR CONTINUANCE*NMOCD Case No. 12622 (De Novo)**Nomenclature Case**NMOCD Case No. 12908**Application of Nearburg Exploration Company
for two non-standard gas units**Grama Ridge-Morrow Gas Pool**East Grama Ridge-Morrow Gas Pool*

Dear Ms. Wrotenbery:

On behalf of Redrock Operating LTD, Co., please find enclosed our motion to vacate the hearing set for September 10-11, 2002 in Case 12908 and Case 12622 (De Novo) and to reschedule the hearing after Redrock has had sufficient time to prepare its rebuttal to Nearburg's seismic evidence.

Very truly yours,



W. Thomas Kellahin

cc: Parties listed in enclosed motion

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

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

CASE NO. 12908

**MOTION BY
REDROCK OPERATING LTD. CO
TO
VACATE
AND
RESCHEDULE
CONSOLIDATE CASE 12622 (DeNovo)
AND
THE REOPENING PART OF CASE 12908**

Comes now Redrock Operating Ltd, Co. ("Redrock") and moves the New Mexico Oil Conservation Commission ("Commission") vacate the September 10-11, 2002 hearing dates and continue Case 12622 (DeNovo) and Division Case 12908 until Redrock can prepare its rebuttal to Nearburg's seismic evidence (Nearburg's Commission Exhibits 7) and as ground therefore states:

NMOCD Case Nos. 12662 (DeNovo) and Case 12908

Redrock's Motion to Continue

-Page 2-

(1) Section 34, Township 22 South Range 34 East, NMPM, Lea County, New Mexico is divided such that the E/2 is in the East Grama Ridge-Morrow Gas Pool and the W/2 is in the Grama Ridge-Morrow Gas Pool.

(2) Nearburg's Well is in the NE/4 of Section 34 and Redrock's interest is in the SE/4 of Section 34.

(3) One of the critical issues in these two cases is the presents and location of a fault separating the NE/4 from the NW/4 of Section 34 and Nearburg well from the Gas Storage Unit.

(4) On April 27, 2001, Redrock served Nearburg with a subpoena which included a request for Nearburg's seismic data. See Exhibits "A".

(5) By letter dated June 18, 2001, Nearburg's attorney served Redrock's attorney with Nearburg's objection to subpoena which stated:

"5. With respect to Redrock's request for Seismic Data (Request C(1)-(9), Nearburg states that it has no responsive material."

See Exhibit "B"

(6) Pursuant to the directive dated August 26, 2002 from Stephen C. Ross, attorney for the Commission, on September 5, 2002, Redrock and Nearburg exchanged Prehearing Statements and Exhibits for the Commission hearing set for September 10-11, 2002.

(7) Nearburg's proposed exhibits for the Commission hearing include a 3 page "seismic exhibit" identified as "Exhibits 7: Seismic Lines"

(8) This Exhibit disclosures for the first time that Nearburg, despite its prior statement to the contrary, has seismic data and now proposes to use it to proof the presence and location of a fault in Section 34.

(9) Until now, Nearburg's prior interpretations have either denied the presents of a fault or show it to be west of Section 34.

(10) Now, for the first time, Nearburg discloses that it is changing its interpretation so show a fault isolating the SE/4 of Section 34 from Nearburg's well in the NE/4 of Section 34.

(11) Nearburg has failed to provide Redrock with sufficient time prior to the Commission's hearing to review and prepare to rebut Nearburg's seismic evidence.

(12) Redrock, despite its efforts, has been unable to avoid being surprised by Nearburg.

(13) Redrock has no house geophysicist to review this data prior to the hearing while Nearburg does.

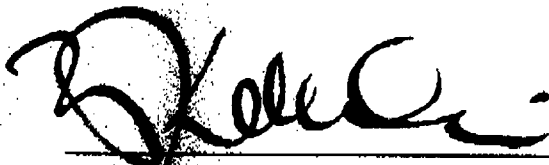
NMOCD Case Nos. 12662 (DeNovo) and Case 12908

Redrock's Motion to Continue

-Page 4-

Wherefore, Redrock requests that the Commission vacate the hearing set for September 10-11, 2002 and the continue these cases until after Redrock has had time to review Nearburg's data.

Respectfully submitted,



W. Thomas Kellahin

Kellahin & Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285 (Telephone)

(505) 982-2047 (Facsimile)

Attorneys for Redrock Operating, Ltd.

NMOCD Case Nos. 12662 (DeNovo) and Case 12908
Redrock's Motion to Continue
-Page 5-

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing pleading was transmitted by facsimile or hand delivered this 19th day of August 2002, as follows:

William F. Carr, Esq.
P. O. Box 2208
Santa Fe, New Mexico 87504
Fax: 505-983-6043
Attorney for ~~Nearburg~~ Exploration Company, L.L.C.

J. Scott Hall, Esq.
Miller, Stratvert & Torgerson, P.A.
P. O. Box 1986
Santa Fe, New Mexico 87504
phone 505-989-9614
Fax: 505-989-985
Attorneys for ~~Raptor~~ Natural Gas Pipeline, LLC.

David Brooks, Esq.
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505
Fax: 505-476-3462
Attorney for the Division

Steve Ross, Esq.
Oil Conservation Commission
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505
Fax: 505-476-3462
Attorney for the Commission



W. Thomas Kellahin

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
BEFORE THE OIL CONSERVATION DIVISION**

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

CASE 12622

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

SUBPOENA DUCES TECUM

**TO: NEARBURG EXPLORATION COMPANY, L.L.C
NEARBURG PRODUCING COMPANY
c/o William F. Carr, Esq.
Hollard & Hart, LLP
P. O. Box 2208
Santa Fe, New Mexico, 87504-2208**

**OIL CONSERVATION DIV.
01 APR 27 AM 10:32**

Pursuant to Section 70-2-8, NMSA (1978) and Rule 1211 of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 8:30 a.m., May 3, 2001 to the offices of the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87504 and to produce the documents and items specified in attached Exhibit A and to make available to Redrock Operating Ltd. Co, Tim Cashon, Mark L. Stanger, and their attorney, W. Thomas Kellahin, for copying, all of said documents.



This subpoena is issued to Nearburg Exploration Company, L.L.C. and Nearburg Producing Company (collectively "Nearburg") on application of Redrock Operating, Ltd. Co, Tim Cashon and Mark L. Stanger through their attorneys, Kellahin & Kellahin, P. O. Box 2265, Santa Fe, New Mexico 87504.

Dated this 27th day of April, 2001.

NEW MEXICO OIL CONSERVATION DIVISION

BY: _____
LORI WROTENBERY, DIRECTOR

EXHIBIT "A"**TO SUBPOENA DUCES TECUM TO NEARBURG
EXPLORATION COMPANY, L.L.C. AND NEARBURG
PRODUCING COMPANY IN NEW MEXICO OIL
CONSERVATION DIVISION CASE 12622**

PURPOSE: The purpose of this subpoena is to provide all of the information necessary for Redrock Operating Ltd. Co. Tim Cason and Mark L. Stanger to be able to prepare their opposition to Nearburg Exploration Company, L.L.C. in Case 12622.

**THE DATA TO BE PRODUCED INVOLVES
THE
MORROW FORMATION****I. PRODUCE THE FOLLOWING DOCUMENTS:**

for EACH AND ALL of the following wells in Section 34, T21S, R34E, Lea County, New Mexico:

A. WELLS:

- (1) Nearburg's Grama Ridge East "34" State Well No. 1 drilled in Unit H
- (2) Pecos River Operating, Inc. and/or EOG Resources, Inc.'s Llano "34" State Well No. 1 drilled in Unit I
- (3) Grama Ridge Morrow Unit Well No. 2 drilled in Unit L

B. DOCUMENTS:

1. Electric Log data
2. Drilling Time data
3. Drill Cutting of Log Cores
4. Mud Logs
5. Completion data
6. Gas Analysis
7. Water Analysis
8. Fluid data
8. Reservoir Performance
9. Geologic data
10. Well Performance data
11. Permeability data

12. Porosity data
13. Reservoir thickness data
14. Pressure data
15. Gas Content data
16. pressure v. time plots
17. production decline curves
18. Initial Water/Gas Saturation data

**IF NOT ALREADY INCLUDED ABOVE THEN THE FOLLOWING
ADDITIONAL DATA:**

1. Openhole logs, including but not limited to density/neutron porosity, resistivity and sonic logs
2. PVT data
3. Reservoir pressure data, by individual zone (perforation) including but not limited to bottom-hole surveys or pressures, surface pressure readings, daily tubing pressure and casing pressures, drill stem tests, build-up tests and interference tests, with relevant information as to shut-in time and production rates prior to shut-in.
4. all production data including, but not limited to all well check records, including gauges/charts for each well on a daily basis from initial testing/completion to date showing actual production of oil, gas and water for said well per day and per month.
5. Chronological reports to include details of:
 - a. perforating and perforation locations
 - b. stimulation fluids, volumes, rates, and pressures for each treated interval
 - c. Swabbing, flowing and/or pumping results for each interval that was perforated and tested including Pre and Post stimulation results as applicable.
 - d. daily drilling and completion reports
6. If your client has conducted any reservoir simulation which includes any of the subject wells, then provide: model software description, model parameters and assumptions, model variables, model history matching data, model predictions, subsequent modification.
7. Any petroleum engineering data used or to be used by Nearburg to justify its position in NMOCD Case 12622 including all pressure data, including but not limited to bottom hole pressure surveys, daily tubing

pressure and casing pressure surveys, with relevant information as to shut-in time and production rate prior to shut-in;

8. Any and all reserve calculations, including but not limited to estimates of ultimate recovery, production decline curves, pressure decline curves, material balance calculations (including reservoir parameters), volumetric calculation (including reservoir parameters);

9. Any and all reservoir studies, including but not limited to drainage calculations, well interference studies, pressure studies or well communication studies;

10. Any and all documents and data concerning "workover" actually conducted, attempted or contemplated;

11. Any geologic data including geologic maps, structure maps, isopachs, cross-sections, and/or logs being used by Nearburg to justify its position;

C. SEISMIC DATA:

(1) any and all information concerning the acquisition, processing and interpretation of the 3-D seismic data;

(2) copies of the geophysical interpreter's report, including all maps and input data;

(2) predesign of the 3-D survey including the resolution, bin size, number of bins, number of pre and poststack traces;

(3) identify and describe the seismic calculation (computer) program used;

(4) any and all seismic profiles and time sections;

(5) list of all ties and mis-ties to well data;

(6) any velocity maps, including isochron or velocity converted depth maps;

(7) details on digitisation of maps, including a detailed description of the software package for reduction of the digitized data;

(8) details, including any adjustment of parameters for map construction including depth conversion; and

(9) copies of any and all maps including initial and final isopach contour maps of structure and any "isometric displays" or presentations.

D. Correspondence/communications/accounting/land files:

- (1) Any and all contracts, communitization agreements, joint operating agreements, leases, correspondence, farmout agreements that apply to any of the subject wells;
- (2) A detailed accounting of all production, expenses, revenues and payments for any of the subject wells.
- (3) all title opinions including but not limited to drill site and division order opinions.
- (4) all land files.
- (5) all documents between Nearburg and Office of Commissioner of Public Lands for New Mexico
- (6) all documents between Nearburg and EOG Resources Inc.
- (7) all documents between Nearburg and Oil Conservation Division located in Santa Fe, New Mexico
- (8) all documents between Nearburg and Oil Conservation Division located in Hobbs, New Mexico

E. Hearing Exhibits

- (1) copies of any geologic data and exhibits including geologic maps, structure maps, isopachs, cross-sections, and/or logs to be used by Nearburg.
- (2) copies of any and all geophysical data/studies and exhibits to be used by Nearburg.
- (3) copies of any and all petroleum engineering data/studies and exhibits to be used by Nearburg.

INSTRUCTIONS

This Subpoena Duces Tecum seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, computers documents, employees, former employees, consultants, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

When used herein, "you" or "your" refers to the person or entity to whom this Subpoena Duces Tecum is addressed to including all of his or its attorneys, officers, agent, consultants, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries, or predecessors.

The term "document" as used herein means every writing and record of every type and description in the possession, custody or control of Nearburg Exploration Company, L.L.C. and/or Nearburg Producing Company, whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to all drafts, papers, books, writings, records, letters, photographs, computer disks, tangible things, correspondence, communications, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports and recordings of telephone or other conversations or of interviews, conferences, or meetings. It also includes diary entries, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, jottings, agenda, bulletins, notices, announcements, plans, specifications, sketches, instructions charts, manuals, brochures, publications, schedules, price lists, client lists, journals, statistical records, desk calendars, appointment books, lists, tabulations sound recordings, computer printouts, books of accounts, checks, accounting records, vouchers, and invoices reflecting business operations, financial statements, and any notice or drafts relating to the foregoing, without regard to whether marked confidential or proprietary. It also includes duplicate copies if the original is unavailable or if the duplicate is different in any way, including marginal notations, from the original.

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

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

CASE 12622

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



NEARBURG'S OBJECTIONS TO SUBPOENA DUCES TECUM

Nearburg Exploration Company L.L.C. and Nearburg Producing Company ("Nearburg") jointly respond as follows to the Subpoena Duces Tecum issued by Redrock Operating Ltd. Co. ("Redrock") in this matter:

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

A. WELLS:

2. Nearburg objects to Redrock's request for information on the following wells located in Section 34, T-21-S, R-34-E, Lea County, New Mexico:

A. Pecos River Operating, Inc. and/or EOG Resources, Inc.'s Llano
"34" State Well No. 1 drilled in Unit I, and

B. Grama Ridge Morrow Unit Well No. 2 drilled in Unit L.

Nearburg has not operated these wells and states it has no responsive material other than documents which are public record in the offices of the Oil Conservation Division. With respect to the Grama Ridge Morrow Unit Well No. 2 drilled in Unit L, Nearburg also states the requested information is not likely to lead to the discovery of admissible evidence.

B. DOCUMENTS:

3. Nearburg objects to Redrock's request for the production of Drill Cutting of Log Cores (Request B(3)) and Mud Logs (Request B(4)) on the grounds that Redrock seeks is confidential proprietary commercial information. With respect to the remaining requests in Section B, paragraphs 1 through 18, pages 3 and 4, Nearburg has produced or will produce the requested documents.

4. With respect to Redrock's request for "Documents" (Request B, paragraphs 1 through 11, pages 4 and 5), to the extent the documents exist, Nearburg has produced the requested information. If additional responsive documents are discovered or prepared by Nearburg, these documents will be promptly produced to Redrock.

5. With respect to Redrock's request for "Seismic Data" (Requests C(1)-(9)), Nearburg states that it has no responsive material.

6. With respect to Redrock's request for "Correspondence, communications, accounting [and] land files" (Requests D(1)-(4)), Nearburg objects to these requests on the following grounds:

Requests D(1)-(4). These requests are overly broad, unduly burdensome, not likely to lead to the discovery of admissible evidence, and seek confidential, proprietary commercial information that is not relevant to the subject matter of the application and not necessary for Redrock to prepare its case for Hearing. *See In re Remington Arms Co., Inc.*, 952 F.2d 1029, 1032 (8th Cir. 1991).

With respect to Redrock's request for correspondence / communications / accounting / land files (Requests D(5)-(8)), Nearburg has produced the requested information.

7. With respect to Redrock's request for Nearburg's "Hearing Exhibits" (Requests E(1)-(3)), Nearburg is in the process of gathering the requested information and will produce that information at a mutually agreed upon time and location for exchange of such information in advance of the Examiner Hearing date.

8. With respect to Redrock's remaining requests, Nearburg has produced or will produce the information - to the extent that it exists - as it relates to the Grama Ridge East "34" State Well No. 1 at a mutually agreed upon time and location.

Respectfully submitted,

HOLLAND & HART
AND
CAMPBELL & CARR

By: 

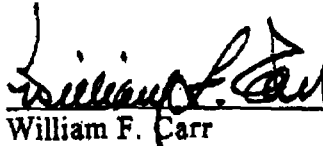
William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
505 988-4421

Attorneys for Nearburg Exploration Company, L.L.C.

Certificate of Service

The undersigned hereby certifies that on June 18, 2001 a true copy of the foregoing Nearburg's Objections to Subpoena Duces Tecum was delivered by hand and/or facsimile to the following:

W. Thomas Kellahin, Esq.
117 North Guadalupe
Santa Fe, New Mexico 87504-2265
Fax No. 505 982-2047


William F. Carr

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