

50 YEARS

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

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SANTA FE, NEW MEXICO 87501
(505) 827-5800

No. 3-85

M E M O R A N D U M

TO: ALL ATTORNEYS PRACTICING BEFORE THE DIVISION

FROM: R. L. STAMETS, DIRECTOR *RLS*

SUBJECT: APPLICATION FOR HEARING DE NOVO AND GUIDELINES
FOR REQUESTS FOR STAYS OF ORDERS

The Division has recently been receiving requests for stays of orders appealed De Novo to the Commission. To assure a fair opportunity for all participants to comment on any proposed stay, The Division intends to follow the guidelines listed below:

- (1) Requests for stays must be filed with the Division at least seven day prior to the last day a De Novo hearing may be sought.
- (2) A copy of the request for stay must concurrently be furnished the attorney(s) for the other party(ies) in the case.
- (3) The request shall be accompanied by a draft stay order.

Notwithstanding these guidelines, the Director of the Division may grant stays under other circumstances should it prove necessary to prevent waste, to protect correlative rights, to protect fresh water, or to prevent gross negative consequences to any affected party.

September 23, 1985

ILLEGIBLE

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

April 5, 1994

HAND DELIVERED

APR 4 1994

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: REQUEST FOR STAY OF ORDER R-10086
NMOCD Case 10870
Application of Pogo Producing Company
for increase GOR in Los Medanos and West
Sand Dunes Delaware Oil Pools,
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Kaiser-Francis Oil Company, I would appreciate you
issuing the enclosed stay of the referenced order. Enclosed is an
application and a proposed order.

Very truly yours,



W. Thomas Kellahin

cc: Kaiser-Francis Oil Company

cc: Hand delivered:

James Bruce, Esq.

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 NO. 10870
Order No. R-10086

APPLICATION OF POGO PRODUCING COMPANY
FOR AN INCREASE IN GOR FOR THE LOS MEDANOS-
DELAWARE AND WEST SAND DUNES-DELAWARE POOLS,
EDDY COUNTY, NEW MEXICO.

**APPLICATION OF KAISER-FRANCIS OIL COMPANY
FOR A STAY OF ORDER R-10086
PENDING HEARING DE NOVO**

Kaiser-Francis Oil Company ("Kaiser") pursuant to Division Memorandum 3-85 requests that the Division Stay Order No. R-10086 issued by William J. LeMay, Director of the New Mexico Oil Conservation Division ("NMOCD") on May 4, 1994, and as grounds therefore states:

(1) Kaiser is an operator of existing and proposed Delaware oil wells subject to the rules for both the Los Medanos and West Sand Dunes Pools, Eddy County, New Mexico.

(2) Kaiser contends that the existing statewide limiting 2000 to 1 GOR is still appropriate for these two pools and has opposed Pogo Producing Company's request to increase to an 8,000 to 1 GOR because:

- (a) It is premature to increase the current limiting GOR in these pools;
- (b) Increasing the current limiting GOR will result in a reduction in ultimate oil recovery from the pool thereby causing waste;
- (c) Increasing the current limiting GOR will allow the higher GOR wells to use more of the reservoir drive mechanism per barrel of oil recovered thereby violating the correlative rights of those owners who still have low GOR wells producing;
- (d) Increasing the current limiting GOR allowable will result in significantly increased reservoir voidage by high GOR wells compared to wells of similar oil rate but lower GOR and hence lowering recovery factors for those lower GOR wells;
- (e) Increasing the current limiting GOR will allow the higher GOR well to recover more than its share of the recoverable hydrocarbons in the pools thereby violating correlative rights of those owners of wells with low GOR wells.

(3) Unless the stay is granted, Kaiser will not be afforded a meaningful opportunity to have this matter heard denovo before the Commission.

(4) In the absence of a stay, the increase in the GOR for these pools will occur prior to the Commission having an opportunity to determine if that increase should be allowed, thereby making the de novo hearing moot.

(5) If the stay is not granted, then an enormous amount of gas will be withdrawn from the reservoir at the expense of the lower GOR wells.


(6) If Kaiser is correct in its contentions about drainage and waste, then time is of the essence because implementing the GOR increase prior to a decision by the Commission may cause waste and impair correlative rights which might have otherwise been prevented, thus resulting in irreparable harm to Kaiser.

(7) Conversely, if the stay is granted but Kaiser is wrong in its contentions, then time is not of the essence and no substantial harm will result to any other party because ultimate recovery from the pools and drainage between wells will be independent of when the change in GOR occurs.

(8) Kaiser contends it will prevail before the Commission because the Examiner decided this case based solely upon Pogo's computer simulation of the reservoir which was fatally flawed, incomplete, inaccurate and speculative and ignored Kaiser's reservoir pressure data which conclusively showed uncompensated drainage resulting at higher GORs.

WHEREFORE, Kaiser respectfully requests that the NMOCD enter an order staying Order R-10086 and prohibiting the increase in GOR at issue until the matter can be heard and decided De Novo by the Commission. A copy of a proposed order granting the stay is enclosed.

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

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 NO. 10870
Order No. R-10086-A

APPLICATION OF POGO PRODUCING COMPANY
FOR AN INCREASE IN GOR FOR THE LOS MEDANOS-
DELAWARE AND WEST SAND DUNES-DELAWARE POOLS,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION
STAYING ORDER R-10086

BY THE DIVISION:

This matter having come before the Division upon the request of Kaiser-Francis Oil Company for a Stay of Division Order R-10086 and the Division Director having considered the request and being fully advised in the premises,

NOW, on this ____ day of April, the Division Director,

FINDS THAT:

(1) Division Order No. R-10086 was entered on April 4, 1994, upon the application of Pogo Producing Company for an order increasing the current limiting 2,000 to 1 gas-oil ratio to a special 8,000 to 1 gas-oil ratio in both the Los Medanos-Delaware Oil Pool and the West Sand Dunes-Delaware Oil Pool, Eddy County, New Mexico, resulting in a maximum casinghead gas allowable of 374 MCF per day.

Case No. 10870
Order No. R-10086-A
Page 4

(2) On April 5, 1994, Kaiser-Francis Oil Company filed with the Division a request for a DeNovo Hearing in this case which will be set for hearing by the Commission on May 19, 1994.

(3) Kaiser-Francis Oil Company has complied with the provisions of Division Memorandum 3-85 and has filed its request for a stay on April 5, 1994.

(4) That under the circumstances of this case a stay should be entered in order to prevent waste and protect correlative rights.

(5) Division Order R-10086 should be stayed until further notice or until the Oil Conservation Commission has entered an order in Case No. 10870.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-10086 is hereby stayed in its entirety.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

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W. THOMAS KELLAHIN*

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JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285

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April 7, 1994

HAND DELIVERED

APR 7 1994

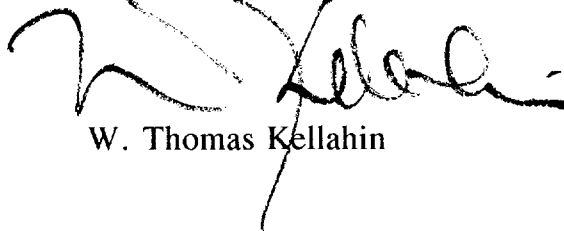
Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: REQUEST FOR ISSUANCE OF SUBPOENA
NMOCD Case 10870
Application of Pogo Producing Company
for increase GOR in Los Medanos and West
Sand Dunes Delaware Oil Pools,
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Kaiser-Francis Oil Company, I would appreciate you
issuing the enclosed subpoena in which I am seeking data from Pogo
Producing Company in the referenced matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', is written over a horizontal line. The signature is fluid and cursive.

W. Thomas Kellahin

cc: Kaiser-Francis Oil Company

APR 7 1994

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 NO. 10870

THE APPLICATION OF POGO PRODUCING COMPANY
FOR SPECIAL POOL RULES FOR THE LOS MEDANOS-
DELAWARE AND WEST SAND DUNES-DELAWARE POOLS,
EDDY COUNTY, NEW MEXICO.

SUBPOENA DUCES TECUM

TO: POGO PRODUCING COMPANY
c/o James Bruce, Esq.
Hinkle Law Firm
218 Montezuma
P. O. Box 2068
Santa Fe, New Mexico, 87504

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 8:15 a.m., April 14, 1994, to the offices of the Oil Conservation Division, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico 87501 and to produce the documents and items specified in attached Exhibit A and to make available to Kaiser-Francis Oil

Company and their attorney, W. Thomas Kellahin, for copying, all of said documents.

This subpoena is issued on application of Kaiser-Francis Oil Company through their attorneys, Kellahin & Kellahin, P. O. Box 2265, Santa Fe, New Mexico 87504.

Dated this _____ day of April, 1994.

NEW MEXICO OIL CONSERVATION DIVISION

BY: _____
WILLIAM J. LEMAY, DIRECTOR

EXHIBIT "A"

**TO SUBPOENA DUCES TECUM
TO POGO PRODUCING COMPANY IN NEW MEXICO
OIL CONSERVATION DIVISION CASE 10870**

PURPOSE: The purpose of this subpoena is to provide all of the information necessary for Kaiser-Francis Oil Company to be able to "run" and to verify or "duplicate" the reservoir simulation conducted on behalf of Pogo Producing Company and submitted at the Examiner hearing of this case held on January 20, 1994, and each and every modification, amendment or supplement thereto.

**I. FOR THE RESERVOIR SIMULATION PRESENTED TO THE
DIVISION EXAMINER, PRODUCE THE FOLLOWING DOCUMENTS:**

1. MODEL SOFTWARE:

Complete description of the model software.

2. MODEL PARAMETERS AND ASSUMPTIONS:

(reservoir simulation input data)

(a) detailed description of all engineering parameters,

(b) detailed description of all geologic parameters (including PH maps etc used),

(c) detailed description of gridding,

(d) detailed description of any and all assumptions, including all reservoir conditions and properties including fluid properties and gas properties.

3. MODEL VARIABLES:

describe in detail any variables used in the simulation including limiting parameters and any objectives which would affect recovery sensitivities versus gas-oil ratios.

4. MODEL "HISTORY" MATCHING:

copies of each graphic result of each model run for purpose of obtaining a "match" of actual production of oil/gas and details concerning what parameters or values were "adjusted."

5. MODEL PREDICTIONS:

provide a computer diskette [5.25 format] of the simulation program as finally adjusted and copies of any and all predictions, ie. "simulation results," including initialization, history match runs and prediction runs.

6. SUBSEQUENT MODIFICATIONS:

Copies, including computer diskettes, of any and all modifications or additional simulations conducted for this reservoir since the date the simulation conducted for the Examiner's hearing.

7. FORM OF DATA:

For the requested data described in Items 1 through 6 above, provide all data in digital format including input data deck in digital format.

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 Pogo 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.

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

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ROY C. SNODGRASS, JR. (1914-1987)
CLARENCE E. HINKLE (1901-1985)
W. E. BONDURANT, JR. (1913-1973)

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DON L. PATTERSON**
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WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
JAMES J. WECHERER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
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WILLIAM F. COUNTISS**
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THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
WILLIAM H. BRIAN**
RUSSELL R. BAILEY**
CHARLES R. WATSON**
THOMAS D. HAINES, JR.
GREGORY J. NIBERT
MARK C. DOW
FRED W. SCHWENDIMANN
JAMES M. HUDSON
JEFFREY S. BAIRD*
THOMAS E. HOOD**
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
STANLEY K. KOTOVSKY, JR.
H. R. THOMAS
ELLEN S. CASEY
MARGARET CARTER LUDEWIG
S. BARRY PAISNER
COLEMAN YOUNG**
MARTIN MEYERS
WYATT L. BROOKS**
DAVID M. RUSSELL**
ANDREW J. CLOUTIER
STEPHANIE LANDRY
KIRT E. MOELLING**
GREGORY S. WHEELER
JAMES A. GILLESPIE
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NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH
MARCIA B. LINCOLN
SCOTT A. SHUART*
PAUL G. NASON
CATHRYN MCCLANAHAN

*NOT LICENSED IN NEW MEXICO
*FORMERLY COMPRISING THE FIRM OF
CULTON, MORGAN, BRITAIN & WHITE, P.C.

April 8, 1994

HAND DELIVERED

APR - 8 1994

William J. LeMay
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

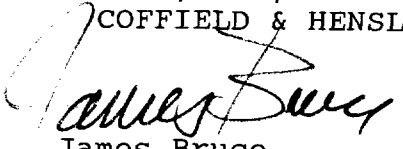
Re: **Case No. 10,870**

Dear Mr. LeMay:

Enclosed is the Response of Pogo Producing Company to the request of Kaiser-Francis Oil Company for a stay of Order No. R-10086. Because it is undisputed that the drive mechanism for the subject pools is solution gas, no person is being harmed by leaving the rules in effect pending the de novo hearing requested by Kaiser, and we respectfully request that you deny Kaiser's request for a stay.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


James Bruce

JB:jr
Enclosures

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF POGO PRODUCING COMPANY
FOR SPECIAL POOL RULES FOR THE LOS
MEDANOS-DELAWARE AND WEST SAND DUNES-
DELAWARE POOLS, EDDY COUNTY, NEW
MEXICO.

CASE NO. 10870
Order No. R-10086

RESPONSE OF POGO PRODUCING COMPANY
IN OPPOSITION TO THE APPLICATION OF
KAISER-FRANCIS OIL COMPANY FOR A
STAY OF ORDER NO. R-10086

APR - 8 1994

Pogo Producing Company (Pogo) hereby requests the Division to deny the application of Kaiser-Francis Oil Company (Kaiser) to stay the effect of Order No. R-10086 pending the de novo hearing in this matter. In support of the denial, Pogo states:

1. Kaiser contends in its application that absent a stay (a) waste will occur, and (b) Kaiser's correlative rights will be impaired due to gas production from the Pools. Both of these issues were disproven at the hearing, and Order No. R-10086 found otherwise. For example:

(a) Waste: Both Pogo and Kaiser agreed at the hearing that the sole drive mechanism of the Pools is solution gas. As a result, recovery of hydrocarbons is independent of GOR. Kaiser now disputes this fact (Kaiser Application, ¶ 2(b)), but its current position is contrary to the evidence.

(b) Correlative Rights: Kaiser's correlative rights are unaffected by Order No. R-10086 because: (i) Kaiser is one of the last operators in the Pools to pursue development of its acreage. Further, upon information and belief, Kaiser has or soon will have approved drilling permits for a number of additional wells in §§ 20 and 21, which it can commence drilling forthwith;

(ii) the reservoir has very low permeability and thus any gas migration will occur slowly if at all; (iii) Kaiser has producing wells on the acreage it operates (§§ 20 and 21), which preferentially produce gas from its acreage and prevent drainage; and (iv) §§ 28 and 29, to the south of Kaiser's acreage, are largely undeveloped, and thus no drainage is occurring.

2. It is not premature to increase the GOR in these Pools; over 2,000,000 barrels of oil have been produced from the subject Pools. The OCD usually has substantially less data on which to base a pool rules decision.

3. Kaiser now contests Pogo's computer simulation. It should first be noted that extensive geological and engineering evidence was presented by Pogo, of which the simulation was only a part. There was sufficient other evidence to support a GOR increase. Furthermore, the simulation was not controverted at the hearing by Kaiser, and Kaiser's comments in its application are speculative and not based on the evidence. Finally, Kaiser's pressure data did not contravene the simulation, but merely showed normal pressure depletion which occurs in any solution gas drive reservoir.

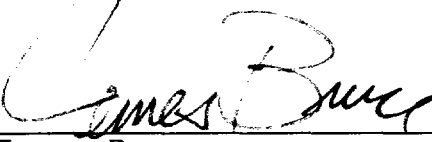
4. Pogo filed its application six months ago, but due to continuances the hearing was not held until January 20, 1994. Six months have now passed since the filing of the application, and any further delay in instituting the pool rules will adversely affect Pogo and other operators who risked their money in the early

development of the Pools. Further, Kaiser's requested de novo hearing will be held in a month, and during that short period there will be no harm caused to anyone.

WHEREFORE, because Kaiser will receive a prompt Commission hearing and because it has cited no new evidence contrary to the Division's findings, Pogo requests that the stay be denied.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

BY:



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Pogo Producing Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **RESPONSE OF POGO PRODUCING COMPANY IN OPPOSITION TO THE APPLICATION OF KAISER-FRANCIS OIL COMPANY FOR A STAY OF ORDER NO. R-10086** was mailed this 8th day of April, 1994, to:

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Ernest Carroll
Post Office Drawer 239
Artesia, New Mexico 88211

William F. Carr
Campbell, Carr, Berge
& Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504



James Bruce

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF POGO PRODUCING
COMPANY FOR SPECIAL POOL RULES
FOR THE LOS MEDANOS-DELAWARE
AND WEST SAND DUNES-DELAWARE
POOLS, EDDY COUNTY, NEW MEXICO

APR 12 1994 Case No. 10870

MOTION TO PARTIALLY QUASH SUBPOENA DUCES TECUM

Pogo Producing Company ("Pogo") requests the Division to enter an order (i) partially quashing the subpoena *duces tecum* dated April 7, 1994, issued herein, and (ii) requiring Kaiser-Francis Oil Company ("Kaiser") to reimburse Pogo for part of the costs it has incurred and will incur in gathering the data requested by Kaiser, and in support thereof states:

1. At Kaiser's request, the Division issued a subpoena directed to Pogo. The subpoena, in Exhibit "A" attached thereto, requests production of certain raw data as well as interpretive data. It has been the Division's practice to require the turnover of raw data, but not any interpretations thereof made by the party being subpoenaed. As a result, Pogo requests as follows:

(a) Items 1-3 of Exhibit "A": These items pertain to raw data used in Pogo's reservoir simulation model, and Pogo is willing to turn over that data. However, Pogo had to hire an independent consultant (Charles Vanorsdale of T. Scott Hickman & Associates, Inc.) to accumulate the data and prepare the model, at a total cost to Pogo of approximately \$30,000. As a result, it is fair to require Kaiser to reimburse Pogo for an equitable portion (Pogo suggests 50%) of the \$12,000 in costs incurred in gathering that data. In addition, all fees Pogo must pay to Mr. Vanorsdale

to prepare the data for purposes of the subpoena (which are estimated to be \$1,000) should be borne by Kaiser.¹

(b) Items 4-6 of Exhibit "A": These items pertain to interpretations made by Pogo of the raw data. As a result, Pogo requests that, in accordance with Division practice, the subpoena be quashed as to those items.

(c) Item 7 of Exhibit "A": Item 7 requests the data be turned over in a particular form; Pogo's only requirement is to turn over the raw data in a form convenient to Pogo and usable by Kaiser, not in a form demanded by Kaiser. Pogo requests that the subpoena be quashed as to this item.

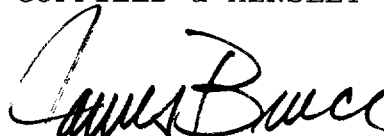
2. The subpoena was submitted to Pogo's attorney on Thursday, April 7, 1994. There is insufficient time before April 14, 1994 to collect and submit the data requested by Kaiser. Pogo hereby gives notice that it cannot and will not meet that deadline, and requests appropriate relief from the Division.

WHEREFORE, Pogo requests that: (a) the subpoena be quashed as to Items 4 through 7 on Exhibit "A" to the subpoena; (b) the Division order Kaiser to reimburse Pogo for a fair and equitable share of the costs incurred by Pogo in preparing the data identified in Items 1 through 3 on Exhibit "A" to the subpoena, and assembling it for submittal to Kaiser; and (c) for such other relief as the Division deems proper.

¹ In preparing for this case, Pogo provided to Kaiser, free of charge, substantial amounts on data of the Pools accumulated and prepared by Pogo employees. In the present case we are dealing with data prepared by an independent consultant which cost Pogo fees over and above its normal operating expenses.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Pogo Producing
Company

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Motion to Partially Quash Subpoena Duces Tecum** was hand delivered this 12th day of April, 1994, to:

W. Thomas Kellahin
117 North Guadalupe
Santa Fe, New Mexico 87501



James Bruce

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF POGO PRODUCING
COMPANY FOR SPECIAL POOL RULES
FOR THE LOS MEDANOS-DELAWARE
AND WEST SAND DUNES-DELAWARE
POOLS, EDDY COUNTY, NEW MEXICO

Case No. 10870

APR 12 1994

MOTION TO PARTIALLY QUASH SUBPOENA DUCES TECUM

Pogo Producing Company ("Pogo") requests the Division to enter an order (i) partially quashing the subpoena *duces tecum* dated April 7, 1994, issued herein, and (ii) requiring Kaiser-Francis Oil Company ("Kaiser") to reimburse Pogo for part of the costs it has incurred and will incur in gathering the data requested by Kaiser, and in support thereof states:

1. At Kaiser's request, the Division issued a subpoena directed to Pogo. The subpoena, in Exhibit "A" attached thereto, requests production of certain raw data as well as interpretive data. It has been the Division's practice to require the turnover of raw data, but not any interpretations thereof made by the party being subpoenaed. As a result, Pogo requests as follows:

(a) Items 1-3 of Exhibit "A": These items pertain to raw data used in Pogo's reservoir simulation model, and Pogo is willing to turn over that data. However, Pogo had to hire an independent consultant (Charles Vanorsdale of T. Scott Hickman & Associates, Inc.) to accumulate the data and prepare the model, at a total cost to Pogo of approximately \$30,000. As a result, it is fair to require Kaiser to reimburse Pogo for an equitable portion (Pogo suggests 50%) of the \$12,000 in costs incurred in gathering that data. In addition, all fees Pogo must pay to Mr. Vanorsdale

to prepare the data for purposes of the subpoena (which are estimated to be \$1,000) should be borne by Kaiser.¹

(b) Items 4-6 of Exhibit "A": These items pertain to interpretations made by Pogo of the raw data. As a result, Pogo requests that, in accordance with Division practice, the subpoena be quashed as to those items.

(c) Item 7 of Exhibit "A": Item 7 requests the data be turned over in a particular form; Pogo's only requirement is to turn over the raw data in a form convenient to Pogo and usable by Kaiser, not in a form demanded by Kaiser. Pogo requests that the subpoena be quashed as to this item.

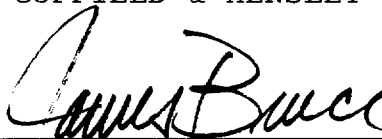
2. The subpoena was submitted to Pogo's attorney on Thursday, April 7, 1994. There is insufficient time before April 14, 1994 to collect and submit the data requested by Kaiser. Pogo hereby gives notice that it cannot and will not meet that deadline, and requests appropriate relief from the Division.

WHEREFORE, Pogo requests that: (a) the subpoena be quashed as to Items 4 through 7 on Exhibit "A" to the subpoena; (b) the Division order Kaiser to reimburse Pogo for a fair and equitable share of the costs incurred by Pogo in preparing the data identified in Items 1 through 3 on Exhibit "A" to the subpoena, and assembling it for submittal to Kaiser; and (c) for such other relief as the Division deems proper.

¹ *In preparing for this case, Pogo provided to Kaiser, free of charge, substantial amounts on data of the Pools accumulated and prepared by Pogo employees. In the present case we are dealing with data prepared by an independent consultant which cost Pogo fees over and above its normal operating expenses.*

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Pogo Producing
Company

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Motion to Partially Quash Subpoena Duces Tecum** was hand delivered this 12th day of April, 1994, to:

W. Thomas Kellahin
117 North Guadalupe
Santa Fe, New Mexico 87501



James Bruce

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF POGO PRODUCING
COMPANY FOR SPECIAL POOL RULES
FOR THE LOS MEDANOS-DELAWARE
AND WEST SAND DUNES-DELAWARE
POOLS, EDDY COUNTY, NEW MEXICO

APR 12 1994

Case No. 10870

MOTION TO PARTIALLY QUASH SUBPOENA DUCES TECUM

Pogo Producing Company ("Pogo") requests the Division to enter an order (i) partially quashing the subpoena *duces tecum* dated April 7, 1994, issued herein, and (ii) requiring Kaiser-Francis Oil Company ("Kaiser") to reimburse Pogo for part of the costs it has incurred and will incur in gathering the data requested by Kaiser, and in support thereof states:

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to prepare the data for purposes of the subpoena (which are estimated to be \$1,000) should be borne by Kaiser.¹

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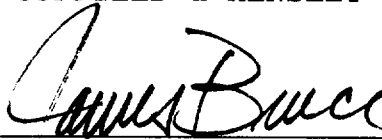
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WHEREFORE, Pogo requests that: (a) the subpoena be quashed as to Items 4 through 7 on Exhibit "A" to the subpoena; (b) the Division order Kaiser to reimburse Pogo for a fair and equitable share of the costs incurred by Pogo in preparing the data identified in Items 1 through 3 on Exhibit "A" to the subpoena, and assembling it for submittal to Kaiser; and (c) for such other relief as the Division deems proper.

¹ In preparing for this case, Pogo provided to Kaiser, free of charge, substantial amounts on data of the Pools accumulated and prepared by Pogo employees. In the present case we are dealing with data prepared by an independent consultant which cost Pogo fees over and above its normal operating expenses.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY



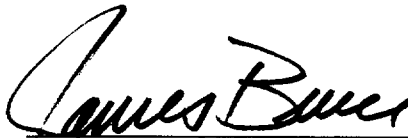
James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Pogo Producing
Company

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Motion to Partially Quash Subpoena Duces Tecum** was hand delivered this 12th day of April, 1994, to:

W. Thomas Kellahin
117 North Guadalupe
Santa Fe, New Mexico 87501



James Bruce



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5900

April 18, 1994

W. Thomas Kellahin, Esq.
Kellahin and Kellahin
117 North Guadalupe
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

RE: *Kaiser-Francis Oil Company*
Request for Stay of Order No. R-10086
NMOCD Case 10870

Dear Mr. Kellahin:

After reviewing your above-referenced Request for Stay, the response of Pogo Producing Company and Order No. R-10086, the New Mexico Oil Conservation Division is denying the Request based upon the Findings in Order No. R-10086 and the short period of time until the de novo hearing before the New Mexico Oil Conservation Commission requested by Kaiser-Francis.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/RC/sl

cc: James Bruce, Esq.
Ernest Carroll, Esq.
William F. Carr, Esq.

HINKLE, COX, EATON, COFFIELD & HENSLEY

PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANDR
ERIC D. LANPHERE
C. D. MARTIN
ROBERT P. TINNIN, JR.
MARSHALL G. MARTIN
MASTON C. COURTNEY**
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DOUGLAS L. LUNSFORD
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CATHRYN MCCLANAHAN

*NOT LICENSED IN NEW MEXICO
**FORMERLY COMPRISING THE FIRM OF
CULTON, MORGAN, BRITAIN & WHITE, P.C.

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ROY C. SNODGRASS, JR. (1914-1987)
CLARENCE E. HINKLE (1904-1985)
W. E. BONDURANT, JR. (1913-1973)

OF COUNSEL
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MACK EASLEY
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RAY W. RICHARDS**
L. A. WHITE**

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

April 19, 1994

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2800 CLAYDESTA CENTER
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FAX (915) 683-6518

1700 BANK ONE CENTER
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FAX (505) 768-1529

401 WEST 15TH STREET, SUITE 800
TEXAS MEDICAL ASSOCIATION BUILDING
AUSTIN, TEXAS 78701
(512) 476-7137
FAX (512) 476-5431

VIA HAND DELIVERY

Mr. William J. LeMay
New Mexico Oil Conservation Commission
Energy, Minerals and Natural Resources Department
State Land Office Building
Santa Fe, New Mexico 87501

MAY 6 1994

Re: Case No. 10,870 (de novo)

Dear Mr. LeMay:

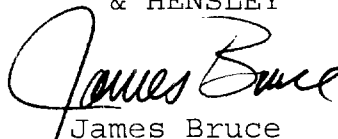
Kaiser-Francis Oil Company has requested a continuance in the above case. Pogo Producing Company has no objection.

In scheduling the new hearing, Pogo's geologist is unavailable during the week of June 13, and we respectfully request that this be taken into consideration when setting a new hearing date.

Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

JB/bc



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



April 21, 1994

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

James Bruce, Esq.
Hinkle, Cox, Eaton, Coffield
& Hensley
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Re: Case No. 10870; Pogo Producing
Company's Motion to Partially Quash
Subpoena Duces Tecum

Dear Mr. Bruce:

The New Mexico Oil Conservation Division hereby grants in part and denies in part the above-referenced Motion to Partially Quash Subpoena Duces Tecum as follows:

1. Pogo's request for reimbursement of 50% of \$12,000 in costs already incurred and \$1,000 for costs to be incurred, contained in Section 1(a) of its Motion, is denied.
2. Pogo's request to quash Items 4-6 of the Subpoena, contained in Section 1(b) of its Motion, is granted as to Item 6 and denied as to Items 4 and 5.
3. Pogo's request to quash Item 7 of the Subpoena as to the form of the data to be produced, contained in Section 1(c) of its Motion, is granted.
4. Pogo's request for additional time for complying with the Subpoena, as contained in Section 2 of its Motion, is granted. Pogo must, however, produce the requested data by April 29, 1994, allowing Kaiser-Francis almost three (3) weeks to review the data prior to the May 19, 1994 Commission hearing.

WILLIAM J. LEMAY,
Director

cc: W. Thomas Kellahin

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

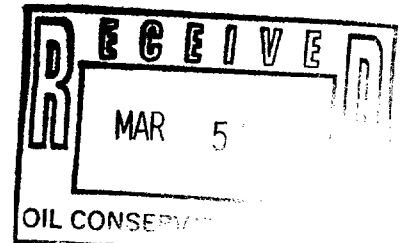
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

May 5, 1994

HAND DELIVERED

Mr. William J. LeMay, Chairman
Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501



Re: *NMOCD Case 10870 (DeNovo)*
Application of Pogo Producing Company
to Increase the GOR in Los Medanos and
West Sand Dunes-Delaware Pools,
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Kaiser-Francis Oil Company, I have filed an application for a DeNovo hearing in the referenced case which is currently set for hearing on May 19, 1994.

Kaiser-Francis Oil Company requests that this case be continued until the Commission hearing in June, 1994. I have contacted Mr. Jim Bruce, attorney for Pogo Producing Company, and believe that there is no opposition to this request.

Very truly yours,

W. Thomas Kellahin

cc: Jim Bruce, Esq. (Pogo & Santa Fe)
Earnest Carroll, Esq. (Yates)
James Wakefield (Kaiser-Francis)

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

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AUSTIN AFFILIATION
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KENNETH R. HOFFMAN
TOM D. STEPHENS
RONALD C. SCHULTZ, JR.

June 1, 1994

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*NOT LICENSED IN NEW MEXICO
*FORMERLY COMPRISING THE FIRM OF
CULTON, MORGAN, BRITAIN & WHITE, P.C.

VIA HAND DELIVERY

Mr. William J. LeMay, Chairman
New Mexico Oil Conservation Commission
Energy, Minerals and Natural Resources Department
State Land Office Building
Santa Fe, New Mexico 87501

Dear Mr. LeMay:

I understand that Case No. 10,870 (de novo), the application of Pogo Producing Company for special pool rules, is currently scheduled for hearing on June 16, 1994. As I stated in a letter to the Commission last month, one of Pogo's witnesses (Gary Hoose, Pogo's geologist) is unavailable that week. As a result, on behalf of Pogo, I ask if the Commission hearing could be moved to a date during the following week or two.

Thank you for your consideration of this matter.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

James Bruce

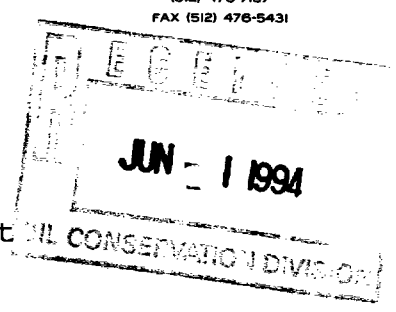
JB/bc

cc: W. Thomas Kellahin, Esq.
(via hand delivery)

Dear Mr. Bruce

The Commission has not in the past and will not currently schedule or reschedule hearings based upon the availability of witnesses. I'm sure you can appreciate the difficulty of getting 3 commission notaries together on hearing dates. If we had to accommodate all the witnesses we could not effectively adhere to scheduled dates.

who have offered jobs and responsibility



OIL CONSERVATION COMMISSION
RECEIVED

1994 JUN 13 AM 8 50

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

June 6, 1994

VIA FACSIMILE
(505) 827-5741

Mr. William J. LeMay, Chairman
Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

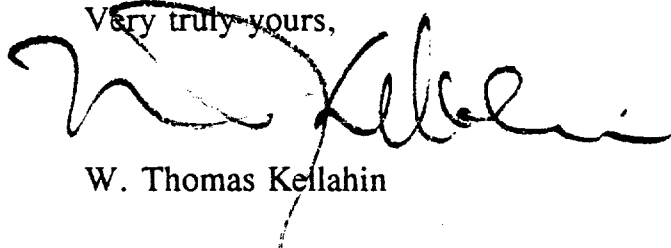
COPY

Re: DISMISSAL OF REQUEST FOR HEARING DENOVO
NMOCD CASE 10870, Order No. R-10086
Application of Pogo Producing Company
for Special Pool Rules for the Los
Medanos-Delaware and West Sand Dunes-
Delaware Pools, Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Kaiser-Francis Oil Company, please DISMISS our request for a DeNovo hearing in the referenced matter now set on the Commission docket for hearing on June 16, 1994.

Very truly yours,



W. Thomas Kellahin

cc: David R. Catanach, OCD-Hearing Examiner
James Bruce, Esq. (via facsimile)
Earnest Carroll, Esq.
William F. Carr, Esq.
cc: Kaiser Francis Oil Company
attn: James T. Wakefield



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 24, 1994

KELLAHIN AND KELLAHIN
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 10870
ORDER NO. R-10086-A

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Sally E. Martinez
Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
James Bruce

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MAY 19, 1994

COMMISSION HEARING

IN THE MATTER OF:

Application of Pogo Producing Company
for special pool rules for the Los
Medanos-Delaware and West Sand Dunes-
Delaware Pools, Eddy County, New
Mexico.

CASE 10870
(DE NOVO)

BEFORE: William J. LeMay, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Rand Carroll
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. LEMAY: The hearing will come to order. We first call Case 10870.

MR. CARROLL: Case 10870, the application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico, to be heard De Novo upon the application of Kaiser-Francis Oil Company. The De Novo applicant has requested that this case be continued to the Commission hearing scheduled for June.

MR. LEMAY: Without objection De Novo Case 10870 is hereby continued to the Commission hearing scheduled for June 16, 1994. The hearing is adjourned.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 16, 1994

COMMISSION HEARING

IN THE MATTER OF:

Application of Pogo Producing Company
for special pool rules for the Los
Medanos-Delaware and West Sand Dunes-
Delaware Pools, Eddy County, New
Mexico.

CASE 10870
(DE NOVO)

BEFORE: William J. LeMay, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Rand Carroll
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

MR. LEMAY: The hearing will come to order. We call Case 10870.

MR. CARROLL: Case 10870, the application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico, to be heard De Novo upon the application of Kaiser-Francis Oil Company. The De Novo applicant has requested that this case be dismissed.

MR. LEMAY: Without objection De Novo Case 10870 is hereby dismissed. The hearing is adjourned.