

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L.P. FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

No. 10,211  
(De Novo)

MOTION TO QUASH SUBPOENA DUCES TECUM

Santa Fe Energy Operating Partners, L.P. (Santa Fe) hereby moves the Commission for an order quashing the Subpoena Duces Tecum issued April 26, 1991, which commands Santa Fe to appear and produce certain documents set forth therein. As grounds therefor, Santa Fe states:

1. Hanley Petroleum Inc. is not entitled to the documents identified in the Subpoena under the Division's Rules and Regulations.

2. The documents and information described in the subpoena are confidential and proprietary in nature, and insufficient need has been shown to justify the issuance of a subpoena or the production of the requested documents.

3. Hanley Petroleum Inc. is not entitled to the information because it requests information and documents pertaining to the Kachina "5" Fed. Well No. 1, which is not an offsetting well to the proposed well at issue in the above-referenced case.

4. Applicant also requests that the Commission quash the "instructions" portion of the Subpoena insofar as it (a) seeks to broaden the scope of the requested data, (b) is ambiguous and unclear as to what additional data may be sought thereunder, and (c) requests information that may be confidential and proprietary, constitutes privileged

attorney-client communications, or constitutes attorney work product immune from discovery.

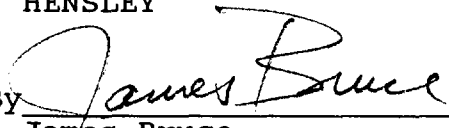
5. If production is ordered, Santa Fe requests that the Commission order that the information be kept confidential, and otherwise protect the information from disclosure to third parties.

WHEREFORE, Santa Fe requests the Commission to quash the Subpoena Duces Tecum. Further, Santa Fe requests that the Commission protect this proprietary information and undertake adequate measures to assure that it will not be inadvertently disclosed to third parties.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

By

  
James Bruce  
500 Marquette, N.W.  
Suite 800  
Albuquerque, New Mexico 87102  
(505) 768-1500

Attorneys for Santa Fe Energy  
Operating Partners, L.P.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading was mailed to W. Thomas Kellahin, P. O. Box 2265, Santa Fe, New Mexico 87504, and William F. Carr, P. O. Box 2208, Santa Fe, New Mexico 87504 this 1<sup>st</sup> day of May, 1991.

By

  
James Bruce

HINKLE, COX, EATON, COFFIELD & HENSLEY  
OIL CONSERVATION DIVISION

LEWIS C. COX  
PAUL W. EATON  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
ERIC D. LANPHERE  
C. D. MARTIN  
PAUL J. KELLY, JR.  
MARSHALL G. MARTIN  
OWEN M. LOPEZ  
DOUGLAS L. LUNSFORD  
JOHN J. KELLY  
T. CALDER EZZELL, JR.  
WILLIAM B. BURFORD\*  
RICHARD E. OLSON  
RICHARD R. WILFONG\*  
THOMAS J. MCBRIDE  
STEVEN D. ARNOLD  
JAMES J. WECHSLER  
NANCY S. CUSACK  
JEFFREY L. FORNACIARI  
JEFFREY D. HEWETT  
JAMES BRUCE  
JERRY F. SHACKELFORD\*  
JEFFREY W. HELLBERG\*  
ALBERT L. PITTS  
THOMAS M. HNASKO  
JOHN C. CHAMBERS\*  
MICHAEL A. GROSS  
THOMAS D. HAINES, JR.

FRANKLIN H. MCCALLUM\*  
GREGORY J. NIBERT  
DAVID T. MARKETTE\*  
MARK C. DOW  
KAREN M. RICHARDSON\*  
FRED W. SCHWENDIMANN  
JAMES M. HUDSON

STANLEY K. KOTOVSKY, JR.  
BETTY H. LITTLE\*  
JEFFREY S. BAIRD\*  
RUTH S. MUSGRAVE  
HOWARD R. THOMAS  
PATRICIA A. WATTS  
MACDONNELL GORDON  
REBECCA NICHOLS JOHNSON  
WILLIAM R. JOHNSON  
ELLEN S. CASEY  
S. BARRY PAISNER  
MARGARET CARTER LUDEWIG  
MARTIN MEYERS  
GREGORY S. WHEELER  
ANDREW J. CLOUTIER  
JAMES A. GILLESPIE  
GARY W. LARSON  
STEPHANIE LANDRY  
JOHN R. KULSETH, JR.  
LISA K. SMITH\*

ATTORNEYS AT LAW  
500 MARQUETTE N.W., SUITE 800  
ALBUQUERQUE, NEW MEXICO 87102-2121  
(505) 768-1500

FAX (505) 768-1529

OF COUNSEL  
O. M. CALHOUN\*  
MACK EASLEY  
JOE W. WOOD  
RICHARD S. MORRIS

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

April 30, 1991

700 UNITED BANK PLAZA  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88202  
(505) 622-6510  
FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING  
POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691  
FAX (915) 683-6518

1700 TEAM BANK BUILDING  
POST OFFICE BOX 9238  
AMARILLO, TEXAS 79105  
(806) 372-5569  
FAX (806) 372-9761

218 MONTEZUMA  
POST OFFICE BOX 2068  
SANTA FE, NEW MEXICO 87504  
(505) 982-4554  
FAX (505) 982-8623

\*NOT LICENSED IN NEW MEXICO

Mr. William Lemay  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

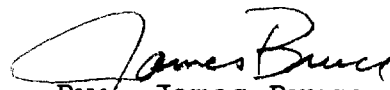
Re: Case 10,211 (De Novo)

Dear Mr. Lemay:

Enclosed with respect to the above case is the Motion of Santa Fe Energy to quash the Subpoena issued by the Division on April 26th.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

  
By: James Bruce

JB:le  
Enclosure

OIL CONSERVATION DIVISION  
RECEIVED  
KELLAHIN, KELLAHIN AND AUBREY  
ATTORNEYS AT LAW

W. THOMAS KELLAHIN  
KAREN AUBREY

EL PATIO BUILDING  
117 NORTH GUADALUPE  
POST OFFICE BOX 2265

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

CANDACE HAMANN CALLAHAN

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN  
OF COUNSEL

April 25, 1991

HAND DELIVERED

RECEIVED

APR 25 1991

OIL CONSERVATION DIVISION

William J. LeMay  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
310 Oil Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Case No. 10211  
Application of Santa Fe Energy Operating  
Partners, L.P. for Compulsory Pooling,  
Lea County, New Mexico

Dear Mr. LeMay

On behalf of Hanley Petroleum Inc., I request that the Oil Conservation Division issue the enclosed Subpoena to Santa Fe Energy Operating Partners, L.P.

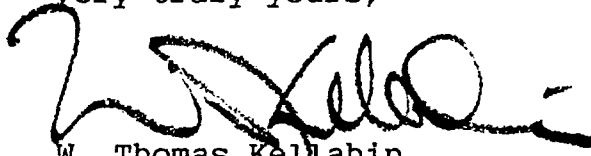
Hanley Petroleum Inc. is a working interest owner in the acreage which is the subject of Santa Fe's pooling application in the Undesignated South Corbin-Wolfcamp Pool. The subpoena seeks data from Santa Fe's newest Wolfcamp well, a northeast diagonal offset to the area involved in this case.

This case is currently scheduled for hearing on May 9, 1991 before the Commission. If we receive the information covered by this subpoena, we will need at least one week to review this data and prepare our case. We, therefore, request that the documents be produced at the Division Examiner hearing now set on May 2, 1991.

Mr. William J. LeMay  
April 25, 1991  
Page 2

Your attention to this request is appreciated.

Very truly yours,



W. Thomas Kellahin

WTK/tic  
Enclosure

cc: Mr. Jim Rogers  
Hanley Petroleum Inc.  
415 West Wall, Suite 1500  
Midland, Texas 79701

James Bruce, Esq.  
Hinkle, Cox, Eaton, Coffield & Hensley  
500 Marquette, N.W.  
Albuquerque, New Mexico 87102

William F. Carr, Esq.  
Campbell & Black, P.A.  
110 North Guadalupe  
Santa Fe, New Mexico 87501

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

APR 25 1991

IN THE MATTER OF THE APPLICATION OF  
SANTA FE ENERGY OPERATING PARTNERS, L.P.  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

OIL CONSERVATION DIVISION

CASE NO. 10211

SUBPOENA DUCES TECUM

TO: Santa Fe Energy Operating Partners, L.P.  
c/o James Bruce, Esq.  
Hinkle, Cox, Eaton, Coffield & Hensley  
500 Marquette, N.W.  
Albuquerque, New Mexico 87102

Pursuant to the power vested in this Division, you are commanded to produce at 8:15 A.M., May 2, 1991, to the offices of the Oil Conservation Division, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico 87501 and make available for copying, all the following documents under the possession or control of Santa Fe Energy Operating Partners, L.P.:

For the following well:

Kachina "5" Federal Well No. 1 located in  
SW/4SE/4, Section 5, Township 18 South, Range 33 East,  
Lea County, New Mexico.

Produce the following data:

1. Any and all pressure data, including but not

- limited to bottom hole pressure surveys;
2. Mechanical logs and mud logs, if any;
  3. Any and all Gas Oil Ratio Tests;
  4. Any and all specific gravity information on the liquids;
  5. Any and all production information including test data; and
  6. Complete daily drilling and completion reports from inception to the latest available data for this well.

#### 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, documents, employees, former employees, 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 include all of his or its attorneys, officers, agent, employees, directors, representatives,

officials, departments, divisions, subdivisions,  
subsidiaries, or predecessors.

NEW MEXICO OIL CONSERVATION  
DIVISION

---

WILLIAM J. LeMAY  
Director

ISSUED THIS \_\_\_\_\_ day of \_\_\_\_\_, 1991, at  
Santa Fe, New Mexico.



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

IN THE MATTER OF THE APPLICATION OF  
SANTA FE ENERGY OPERATING PARTNERS, L.P.  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

CASE NO. 10211

CERTIFICATE OF SERVICE

I hereby certify that I have caused to be served  
the original Subpoena Duces Tecum to Santa Fe Energy  
Operating Partners, L.P., c/o James Bruce, Esq.,  
Hinkle, Cox, Eaton, Coffield & Hensley, 500 Marquette,  
N.W., Albuquerque, New Mexico 87102, on this \_\_\_\_\_ day  
of \_\_\_\_\_, 1991.

\_\_\_\_\_  
PROCESS SERVER

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

April 30, 1991

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

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

Re: Cases Nos. 10211 and 10219 De Novo

Dear Mr. Kellahin:

I will attempt to respond to your numerous concerns and questions raised in your April 26, 1991 letter.

I acknowledge seeing your application on behalf of Hanley for a non-standard 40-acre proration unit for Hanley's 40-acre tract. I also acknowledge that application does not appear on the docket along with the De Novo cases. When that application was received there was some discussion among staff as to whether that should be docketed for hearing by the Commission or, because it was a new application, placed on an examiner docket for hearing. It is not clear whether the decision was definitively made not to include it on the Commission docket or whether it was an error or oversight. Nonetheless the problem does exist that that application is not on the docket and it does concern the same properties as are involved in the De Novo hearings.

I will recommend to the Commission that evidence which would support an application for 40-acre non-standard proration unit is relevant in the Commission case as an alternative remedy and if the Commission believes that it is an appropriate remedy, it can deny both applications for compulsory pooling and a non-standard proration unit case can be docketed for an examiner hearing with guidance from the Commission.


Although you complain that the transcript is not available, Examiner Morrow has had the transcript since April 25, 1991. Apparently you did not order your own copy of the transcript and if you need to borrow the Commission's copy, please make arrangements through Florene and Mr. Morrow.

I believe a pre-hearing meeting would be appropriate to discuss how to conduct this case. Given the time-frame, I suggest that perhaps the best time for such a conference is Friday morning at 9:00 a.m. in the OCD Conference Room. I will schedule that time and reserve the conference room unless I hear otherwise from counsel. By copy of this letter I am also notifying Mr. Carr and Mr. Bruce of that scheduled conference. It will be the purpose of that meeting to iron out all procedural and evidentiary questions which may arise at the Commission hearing. I request that all parties bring a pre-hearing statement to that conference to be the basis for discussion.

W. Thomas Kellahin, Esq.  
April 30, 1991  
Page 2

Mr. LeMay has addressed your request for an emergency order in a separate response. If you have any further questions, please feel free to contact me.

Sincerely,

  
ROBERT G. STOVALL,  
General Counsel

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

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

April 30, 1991

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

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

Re: Cases Nos. 10211 and 10219 De Novo

Dear Mr. Kellahin:

Hanley Petroleum Inc.'s request for an emergency order to shut in the Santa Fe Energy Operating Partners Kachina "8" Federal No. 1 well is hereby denied. There is no showing of emergency or any other basis to justify the shutting in of a well.

The Kachina "8" Federal No. 1 Well is drilled at a standard location in a standard spacing unit and is producing in accordance with the Division Rules and Regulations. The Division entered Order No. R-9480 on March 29, 1991, pooling the interests of Hanley Petroleum into a well to be drilled by Santa Fe Energy Operating Partners in the SW/4 NW/4 of Section 8, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico to test the Corbin-Wolfcamp Pool. This well would protect Hanley's acreage in the NW/4 NW/4 from drainage.

Hanley Petroleum Inc. filed a request for De Novo Hearing in Cases 10211 and 10219 from which Order No. R-9480 was entered, and upon Hanley Petroleum's application, without opposition from the other parties in the case, said order was stayed pending hearing of the De Novo cases.

The fact that Hanley is dissatisfied with a Division order and has sought a hearing before the Commission does not constitute an emergency which would justify the Division shutting in a well producing from a legal location on a legal proration unit in accordance with Division Rules and Regulations.

Sincerely,

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

WILLIAM J. LEMAY,  
Director

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

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY  
ANNIE-LAURIE COOGAN

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

April 29, 1991

HAND-DELIVERED

**RECEIVED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

APR 29 1991

OIL CONSERVATION DIV.  
SANTA FE

Re: Oil Conservation Division Cases Nos. 10211 and 10219 (**De Novo**):  
Application of Hanley Petroleum Inc. for an Emergency Order

Dear Mr. LeMay:

On Friday, we received the request of Hanley Petroleum Inc. for an emergency order in the above referenced cases, shutting in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal No. 1 Well located in the NE/4 NW/4 of Section 8, Township 18 South, Range 33 East, Lea County, New Mexico. We represent Harvey E. Yates Company in this matter, a working interest owner in the Kachina "8" Federal No. 1 Well.

Harvey E. Yates Company vigorously opposes the request of Hanley for an emergency order for the following reasons:

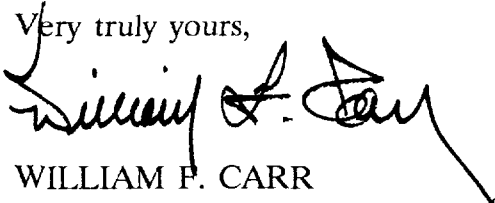
1. The Kachina "8" Federal No. 1 Well is drilled at a standard location on a standard spacing or proration unit from which it is producing oil from the Undesignated Corbin-Wolfcamp Oil Pool.
2. That Division Order No. R-9480 which granted the application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and denied the application of Hanley Petroleum Inc. to pool the same acreage, has been stayed by the Division with the consent of all parties to the Division proceeding.

William J. LeMay, Director  
Oil Conservation Division  
April 29, 1991  
Page Two

3. Harvey E. Yates Company will present testimony and otherwise actively participate in the May 9, 1991 Commission De Novo hearing which has been called on the application of Hanley Petroleum Inc. seeking review of Division Order No. R-9480. HEYCO will be ready to proceed whether or not the transcript of the Examiner hearing is ready for review prior to that time.
4. Hanley Petroleum Inc. has filed a supplemental application seeking, in the alternative to its 80-acre pooling application, authority to develop its acreage as a non-standard 40-acre spacing unit in the Wolfcamp formation. This application is inconsistent with its claim that wells in the area are draining in excess of 40-acres and therefore adversely affecting its interests in the NW/4 NW/4 of Section 8.
5. Harvey E. Yates Company will vigorously oppose any continuance of the currently scheduled May 9, 1991 hearing in the above-referenced matter on the grounds that such continuance is unnecessary to enable all parties to be adequately prepared. HEYCO believes that any continuance of the May 9th hearing will result in unnecessary and unreasonable delays in the development of its acreage in the Wolfcamp formation.

Your consideration of this matter is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: W. Thomas Kellahin, Esq. (Hand-Delivered)  
Jim Bruce, Esq.

Ms Melissa Randall  
Harvey E. Yates Company  
Post Office Box 1933  
Roswell, New Mexico 88202

KELLAHIN, KELLAHIN AND AUBREY

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  
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN  
OF COUNSEL

April 26, 1991

Robert G. Stovall, Esq.  
General Counsel  
Oil Conservation Commission  
State Land Office  
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Hanley Petroleum Inc.  
NMOCD Case No. 10219  
Order No. R-9480

Santa Fe Energy Operating Partners, L.P.  
NMOCD Case No. 10211  
Order No. R-9480

Dear Mr. Stovall:

The referenced cases are set for a DeNovo hearing before the Commission on Thursday, May 9, 1991.

On April 11, 1991, I filed with the Division a Supplemental Application in the Hanley case pleading an alternative remedy. This application was filed in sufficient time to have this matter docketed in conjunction with the DeNovo case.

However, in receiving my copy of the Commission docket, I am alarmed to find that this request has not been docketed.

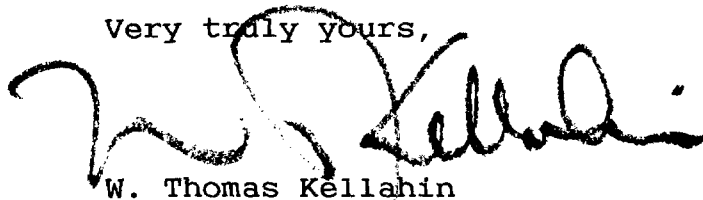
In addition, I am distressed to continue to be told that the transcript for the examiner hearing of this case on March 7, 1991 is still not available. It is becoming very difficult to adequately prepare for the DeNovo case in absence of the transcript and now with the failure to docket our request for alternative relief, there may be a notice defect in the case.

Robert G. Stovall, Esq.  
April 26, 1991  
Page 2

As a result of the foregoing, please find enclosed an Application for an Emergency Order requiring Santa Fe Energy to shut in the immediate offsetting well which is draining and continues to drain the Hanley reserves while this matter is pending.

In addition, I request a pre-hearing conference of counsel for all parties so we can address procedure for presenting this case to the Commission. At present I anticipate that the Hanley case will require two days to hear.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', is written over the typed name. The signature is fluid and cursive, with a large initial 'W' and a long, sweeping tail.

W. Thomas Kellahin

WTK/tic  
Enclosure

cc: William F. Carr, Esq.  
James G. Bruce, Esq.  
Mr. James Rogers