

**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:**

CLERK - 3 APR 2:33 PM
CLERK - 3 APR 2:33 PM

**APPLICATION OF ENERQUEST RESOURCES, LLC
FOR STATUTORY UNITIZATION
LEA COUNTY, NEW MEXICO**

CASE NO. 12845

**APPLICATION OF ENERQUEST RESOURCES, LLC
FOR APPROVAL OF A WATERFLOOD PROJECT
EAST HOBBS (SAN ANDRES) UNIT
LEA COUNTY, NEW MEXICO**

CASE NO. 12846

SUBPOENA DUCES TECUM

**TO: ENERQUEST RESOURCES, LLC
c/o William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan
P. O. Box 2208
Santa Fe, New Mexico, 87504-2208**

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 18, 2002, to the offices of the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505 and to produce the documents and items specified in attached Exhibit A and to make available to Chesapeake Operating, Inc. and their attorney, W. Thomas Kellahin, for copying, all of said documents.

This subpoena is issued on application of the Key Family Group through their attorneys, Kellahin & Kellahin, P. O. Box 2265, Santa Fe, New Mexico 87504.

Dated this _____ day of April, 2002.

NEW MEXICO OIL CONSERVATION DIVISION

BY: *Lori Wrotenbery, Director*
By David K. Brooks, Assistant General Counsel
LORI WROTENBERY, DIRECTOR

EXHIBIT "A"

**TO SUBPOENA DUCES TECUM
TO ENERQUEST RESOURCES, LLC
IN NEW MEXICO OIL CONSERVATION DIVISION
CASE 12845 AND 12846**

PURPOSE: The purpose of this subpoena is to provide all of the information necessary for the Key Family Group to be able prepare its opposition to EnerQuest Resources, LLC in Case 12845 and 12846

**THE DATA TO BE PRODUCED INVOLVES
THE
San Andres formation, the East Hobbs-San Andres Pool
and the
proposed East Hobbs (San Andres) Unit and all of its wells**

I. PRODUCE THE FOLLOWING DOCUMENTS/DATA:

(1) PROPOSED UNIT BOUNDARY:

- a: Data for determine boundary
- b: Data for determine vertical limits
- c: Identify any excluded wells. Identify any tracts, acreage or wells that were excluded.
- d: objectives

(2) SECONDARY RECOVERY POTENTIAL:

- a: data used.
- b: criteria for evaluation
- c: results:
- d: how determine primary oil
- e: how determine remaining primary oil (without waterflood)
- f: how estimate recoverable secondary oil for waterflood
- g: flood pattern

(3) VOLUNTARY AGREEMENT;

(a) All Data/documents to support Operator's claim of good faith effort to secure voluntary unitization:

(1) for initial plan

(2) revised plan

(b) Minutes and notes from working interest owner meetings

(c) Reason for change from original plan

(4) TECHNICAL COMMITTEE ACTIVITY

(a) Documents showing the initial efforts for unitization

(b): composed of representatives of the working interest owners? (Who was afforded an opportunity to participate and discuss).

(c): did the WI committee have a "charge" (agenda) for the technical committee?

1. developing values
2. tract by tract
3. for parameters
4. estimate costs and expenses

(d) conclusion of technical study committee?

(e) feasibility conclusions

(f) basis for conclusions

(g) minutes of meetings

(5) EQUITY PARAMETERS

(a) parameters

(b) participation formulas

(c) final participation formula:

(6) CAPITAL REQUIREMENT:

Q: surface facilities
Q: drill and completion costs
Q: overhead costs
Q: testing & cores
Q: investment schedule

(7) UNIT AGREEMENT

- (a) copies of unit agreement
- (b) copies of Unit operating agreement
- (c) Under the unit operations and with this proposed participation formula does each tract receive its relative value when compared to its contributing value? (see Sec 70-7-6(B) & compare to Sec 70-7-4(J)).

OTHER DATA/DOCUMENTS:

- (1) The cumulative production volumes and decline curve projections on each well that was used to establish the "estimate ultimate recover" participation parameter.
- (2) The month production volumes for each well used to establish the "last twelve months production" participation parameter.
- (3) The David K. Davies May 2000 Report for the East Hobbs Field.
- (4) A description of the Graig, Geffen and Morse waterflood prediction model that was used, i.e. number of layers, the petrophysical and fluid properties assigned to each layer, wellbore locations.

B. DOCUMENTS:

- 1. Mudlogs
- 2. Openhole logs, including but not limited to density/neutron porosity, resistivity and sonic logs
- 3. all core data and tests
- 4. Reservoir temperature data
- 5. PVT data and reports on the San Andres P2 and P4 intervals since 1997

6. 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.
7. 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.
8. the following:
 - (a) all drill stem tests, pressure tests and fluid levels (only the last 2 years for fluid level tests)
 - (b) all well tests for the last two years
 - (c) all production reports since September 2001
 - (d) all oil, gas and water fluid analysis data
 - (e) all waterflood production model runs
 - (f) Pumping unit size for all wells
9. Chronological reports (including completion and workover 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.
10. If EnerQuest 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 and adjustment.
11. Cash Flow projections for the revised Stage 1 waterflood development

12. Any petroleum engineering data used or to be used by EnerQuest to justify its position in NMOCD Case 12845 and 12856 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;
13. 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);
14. Any and all reservoir studies, including but not limited to drainage calculations, well interference studies, pressure studies or well communication studies;
15. Any and all documents and data concerning "workover" actually conducted, attempted or contemplated;
16. Any geologic data including geologic maps, structure maps, ispoachs, cross-sections, and/or logs being used by EnerQuest to justify its position;
17. all SEISMIC DATA.

III. EnerQuest Resources LLC's Hearing Exhibits:

- (1) copies of any geologic data and exhibits including geologic maps, structure maps, ispoachs, cross-sections, and/or logs to be used by EnerQuest Resources, LLC
- (2) copies of any and all geophysical data/studies and exhibits to be used by EnerQuest Resources, LLC
- (3) copies of any and all petroleum engineering data/studies and exhibits to be used by Enerquest Resources, LLC
- (4) Land exhibits and voluntary unitization efforts

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 Enerquest Resources LLC, 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.