



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

July 18, 2001

Mr. W. Thomas Kellahin, Esq.
KELLAHIN AND KELLAHIN
El Patio Building
117 North Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265

Ref: **NMOCD Case Number 12587**
Amended Application of Sapient Energy Corporation for an Unorthodox
Well Location, Non-Standard Proration Units, Lea County, New Mexico

NMOCD Case Number 12605
Application of Sapient Energy Corporation for Special Pool Rules for the
West Monument-Tubb Gas Pool, Lea County, New Mexico

Dear Mr. Kellahin:

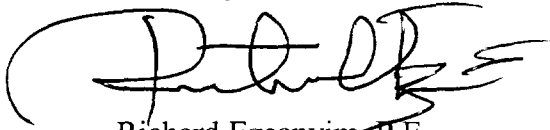
The Oil Conservation Division (OCD) received your letter dated July 17, 2001, regarding the above referenced cases. You are concerned that the provisions of the Division Rule 1223, EX PARTE COMMUNICATIONS, have been violated.

The Division Rule 1223A states that: "In an adjudicatory proceedings, except for filed pleadings, at no time after the filing of an application for hearing shall any party, interested participant or their representatives communicate regarding the issues involved in the application with any Commissioner or the Division Examiner appointed to hear the case when all other parties of record to the proceedings have not had the opportunity to be present."

No provisions of this rule have been violated. Mr. William Carr merely inquired about the status of the Sapient Applications. We told him that we will get to them as soon as we can. Mr. Carr then wrote me a letter on July 2, 2001, expressing his clients' concerns in this matter. This letter was made available to all the parties concerned, and therefore did not constitute ex parte communications violations.

If you have any questions, please contact me at (505) 476-3467.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Ezeanyim', with a large, sweeping initial 'R' and a stylized 'E' at the end.

Richard Ezeanyim, P.E.
Chief Engineer
Oil Conservation Division

Cc: Ms. Lori Wrotenbery, Director
Mr. Michael Stogner, Hearing Examiner /
Mr. David K. Brooks, Division Counsel
Oil Conservation Division

Mr. William F. Carr
Attorney for Chevron USA Production Company and Conoco, Inc.