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PLEASE REPLY TO SANTA FE

August 9, 2000

Mr. Michael Condon
Gallegos Law Firm
460 St. Michaels Dr., #300
Santa Fe, New Mexico 87505

Re: NMOCD Case No. 2479; Application of Pendragon Energy Partners Pursuant To Order No. R-11133-A, San Juan County, New Mexico

Dear Mr. Condon:

Thank you for your August 8, 2000 correspondence on the above.

Your letter, as I understand it, requests us to provide a more definite statement of the basis for the Application, or, alternatively, you will seek leave to conduct "minimal discovery" along the lines of the subpoena *duces tecum* you provided. In this regard, please be advised that I am unwilling to accept service of an unsigned and otherwise unauthorized subpoena in any event. Moreover, the Application fully complies with the Division's regulations and is sufficiently informative in all respects. However, rather than risk a delay in the August 24th hearing because of an unnecessary dispute over discovery, I will provide you with a brief elaboration on the basis of the Application. I will also identify the documents and data that may be relied on in connection with the anticipated testimony at the hearing. I will also provide you with copies of the data that may be relied on for purposes of hearing testimony, to the extent you do not already possess the documentation. Of course, as is customary, I won't be providing you with copies of actual hearing exhibits until the day of the hearing. We have not yet made a determination of what materials may be used as exhibits.

The basis of the Application is found in Order No. R-11133-A and, by reference, Order No. R-8768. The Commission's Order No. R-11133-A authorizes the Division to approve a method for putting the subject well back into production. Accordingly, the Applicant will propose appropriate work-over and servicing methods to restore the well to production, using a number of criteria to

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confirm that no interference will result and by which the source of gas may be determined. Applicant will accordingly utilize the following data and materials in connection with its Application:

1. Historic Surface pressure data, including the data jointly collected by Whiting and Applicant on the Chaco 2-R and Gallegos Fed. 26-12-7 No. 1 wells
2. Surface pressure data obtained since April of 2000
3. Historic Bottom-hole pressure data on the 2-R
4. Bottom-hole pressure data obtained from the 2-R on June 1, 2000
5. Historic production decline curve data
6. Whiting's pre-shut in pressure data
7. The NMOCD's February 1998 water analysis data
8. BTU data

The documents and data identified in items 1,3,5,6, 7 and 8 are already in your possession or were previously provided to you in connection with the Division and Commission proceedings on Case No. 11996. The data under items 2 and 4 will be provided to you. I expect to receive these materials this week.

By this letter, I also request that Whiting and Maralex reciprocate and provide us with the underlying data and documents upon which they may rely for their testimony. We also request any available pressure data from the 26-12-7 No. 1 well since May 10, 2000. With your cooperation, I see no need for the issuance of a formal subpoena in this regard.

Very Truly Yours,

MILLER, STRATVERT & TORGERSON, P.A.



J. Scott Hall

JSH:ao

cc: Lori Wrotenbery
Michael Stogner
Lyn Hebert