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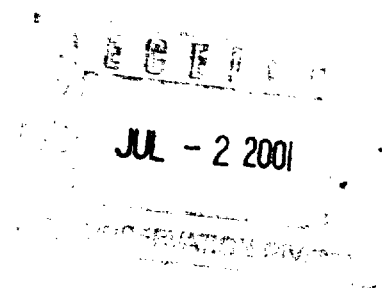
AMEND SWD-726 7/17/01

SAPIENT ENERGY CORP.

GERALD LUCERO

8801 S. YALE, SUITE 150
TULSA, OKLAHOMA 74137TELEPHONE 918-488-8988
FACSIMILE 918-488-8988
GERALDL@SAPIENTENERGY.COM

June 22, 2001

David Catanach
New Mexico Oil Conservation Division
Engineering Bureau
1220 South St. Francis Drive
Santa Fe, NM 87504NMF State #1 SWD – Adm. Order 726 (10-13-98)
Unit “D” Sec.36 T-20S R38E
Lea County, NM

30-025-07887

Dear Mr. Catanach

I am writing this letter in reference to the NMF State #1 SWD that is operated by Sapient Energy Corp. A SWD permit was granted through “Administrative Order #726” on 10-13-98. A request for a maximum injection pressure increase was granted on 8-19-99. The completion report was filed on 8-16-99 and a C-104 was submitted on 8-29-99.

At the present time Sapient is injecting 400-450 BWPD into the Glorieta Formation through tubing with a packer set at 5150’ and a CIBP set at 5850’. The NMF State #1 SWD services the producing wells in Warren Field. At this time the field is producing over 550’ barrels a day and the excess water production is being hauled to a commercial disposal. Sapient requests that it be granted approval to add additional perforations to the Glorieta Formation in the well.

The proposed operations would be to pull the packer and perforate the Glorieta Formation from 4920’-5020’. A total of 40 net feet and 80 perforations would be shot. The perforated interval would be acidized and commingled with the existing perforations in the well. An MIT would be performed to insure tubing and casing integrity prior to re-establishing injection into the well.

There is no existing Glorieta production in the area.

Please feel to contact me with any questions or comments at 918-488-8988 ext 218.

Sincerely,

A handwritten signature in cursive script that reads 'Gerald Lucero'.

Gerald Lucero
Operations Manager



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

August 22, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Sapient Energy Corporation
8801 South Yale
Suite 150
Tulsa, Oklahoma 74137

Attention: Mr. Gerald Lucero

Re: Letter Request to Amend
Division Order SWD-726
NMF State No. 1
Unit D, Section 36, T-20 South, Range 38 East, NMPM

Dear Mr. Lucero:

As a follow up to a previous conversation we had regarding Sapient's request dated June 22, 2001, to amend Division Order No. SWD-726 by adding additional perforations from 4,920 feet to 5,020 feet, please be advised that:

- a) Order No. SWD-726 authorizes disposal into the Glorieta formation through the perforated interval from 5,570 feet to 5,670 feet;
- b) Sapient's proposed additional perforations are not within the Glorieta formation, they are within the San Andres formation; and
- c) adding perforations in the San Andres formation would be a major permit modification that would require the filing of a Form C-108.

For the reasons outline above, your request to add the additional perforation in the NMF State No. 1 well is hereby denied.

If you should have any questions, please contact me at (505) 476-3466.

Sincerely,

A handwritten signature in dark ink, appearing to read "David Catanach".

David Catanach
Engineer

Xc: File-SWD-726, OCD-Hobbs

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1 weeks.

Beginning with the issue dated

September 11 1998
and ending with the issue dated

September 11 1998

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 14th day of

September 1998

Jodi Henson
Notary Public.

My Commission expires
October 18, 2000

(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE

September 11, 1998

Falcon Creek Resources, Inc., 621 17th St., Suite 1800, Denver, CO 80293-0621 has submitted an Application to Inject to the New Mexico Oil Conservation Division for the NMF State #1 well, located 660 FNL & 860' FWL of Section 36, T20S, R38E, Lea County, New Mexico. We propose to inject produced water from the Abbo, Tubbs, Blinberry, and Seven Rivers formations into the Glorieta formation at a depth between 5,570 feet to 5,670 feet. Any party desiring to file an objection or request a hearing must contact the New Mexico Oil conservation division in writing at 2040 Pacheco Street, Santa Fe, New Mexico 87504-2006 within 15 days of this notice. For additional information, you may contact Mr. Oscar L. Peters at 303-675-0007. #18142

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Falcon Creek Resources
Denver, CO 80293-0621