



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 24, 2004

Mr. Michael A. Short
Short & Johnston
400 W. Illinois, Suite 1400
Midland, TX 79701

FAX No. (432) 683-8855

Re: Case No. 13163 (*de novo*) Application of the Oil Conservation Division to Require Saba Energy of Texas, Inc. to Properly Plug Certain Wells

Dear Mr. Short:

This will confirm our telephone conversation of this date to the effect that:

1. You will be participating as counsel in the captioned proceeding before the Oil Conservation Commission, either by correspondence or in person.
2. You consent to my participation in this case as counsel for the Commission, and waive any conflict resulting from my limited role in the hearing on April 1, 2004 before the Division hearing examiner.

Copies of the pages of the transcript of the examiner hearing reflecting my participation in that hearing are attached so that you may have complete information on which to base your decision whether or not to grant the requested consent.

If you agree to waive any objection to my participation in this case as counsel to the Commission, please sign in the space provided below and return a copy to me, either by mail or FAX.

Very truly yours,

Handwritten signature of David K. Brooks in black ink.

David K. Brooks

Assistant General Counsel

Direct phone no. (505)-476-3450

FAX no. (505)-476-3462

I consent to participation of David K. Brooks
as OCC counsel in Case No. 13163

Handwritten signature of Michael A. Short in black ink, written over a horizontal line.

Michael A. Short

Short & Johnson

A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

GAIL MacQUESTEN
Deputy General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

FOR SABA ENERGY:

JAMES G. BRUCE
Attorney at Law
P.O. Box 1056
Santa Fe, New Mexico 87504

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1 and have an order covering that issue as well. I don't
2 think it was a substantial cleanup, but nonetheless that's
3 what the Division would like to see.

4 Because of the -- and Mr. Examiner, I did -- and
5 I'll -- I did get a copy of the complaint in the matter,
6 and I neglected yesterday to make copies. I will submit
7 that to counsel and to the Division. It's the complaint
8 that was discussed regarding -- against Saba Energy, its
9 parent corporation Greka, by the Hartons and others,
10 regarding trespass and various other matters involving some
11 of these wells, which is the reason why Saba was reluctant
12 to plug and abandon them, which could increase their
13 exposure as a result of that lawsuit.

14 EXAMINER CATANACH: Uh-huh.

15 MR. BRUCE: And I will make copies and submit
16 that to Ms. MacQuesten, as well as to you. I apologize for
17 -- I have too much other paperwork on the other cases.

18 EXAMINER CATANACH: Mr. Bruce, have you had a
19 chance to talk to Saba regarding having to put up some
20 additional bonding for these wells?

21 MR. BRUCE: No, I haven't, Mr. Examiner. Ms.
22 MacQuesten just mentioned that this morning, and I will
23 certainly be contacting them later today about these
24 issues.

25 EXAMINER CATANACH: Okay.

1 MR. BRUCE: And I don't know what the regulations
2 provide with respect to additional bonding, I must say.

3 MS. MacQUESTEN: Mr. Examiner, this --

4 MR. BRUCE: There aren't any --

5 MR. BROOKS: There is a provision in the Oil and
6 Gas Act that says that the Oil Conservation Division has
7 the discretion to require additional bonding if a well has
8 been temporarily abandoned for more than two years, which
9 generally we've interpreted its meaning as been --

10 MR. BRUCE: -- not producing.

11 MR. BROOKS: -- yeah, inactive for more than two
12 years. I'm sorry, I cut you off.

13 MS. MacQUESTEN: No, that's what I would have
14 liked to have said, but you said it better.

15 I did want to bring up that this was mentioned at
16 the hearing. I did ask for additional bonding when we met
17 a month ago.

18 EXAMINER CATANACH: Okay. I guess that pretty
19 much takes care of everything we need to do. Anything
20 else?

21 MR. BRUCE: I have nothing further, Mr. Examiner.

22 MS. MacQUESTEN: Nothing further.

23 EXAMINER CATANACH: Okay, there being nothing
24 further in this case, Case 13,163 will be taken under
25 advisement. Thank you.