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FAXDate: June 20, 2008Number of pages including cover sheet: 3To: David K. BrooksPhone: 476-3440Fax phone: 476-3462

Client No. 1577-00

From: Joseph MangesPhone: 505-982-4611Fax phone: 505-988-2987Will call to verify receipt Yes ☒ NoWill be sent Regular U.S. Mail Yes ☒ No**REMARKS:**☐ Urgent☐ For your review☐ Reply ASAP☐ Please comment

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June 20, 2008

BY FACSIMILE

David K. Brooks, Esq.
Legal Bureau
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Discovery Disputes

Dear Mr. Brooks:

We have several items which we need to resolve with respect to Fasken Oil & Ranch Ltd.'s response to subpoena's issued by the Commission. In particular, Intrepid's second subpoena provided as follows:

A. Casing leaks and blow out documents:

Intrepid's Request No. 2: Produce all documents that relate to any uncontrolled oil or gas flow from a well, blowout, failed pressure test, mechanical integrity issues, casing leaks and failures, or any other instance where an oil or gas well failed to perform according to expectations and specifications.

Intrepid's Request No. 3: Produce all documents that relate to the premature abandonment of an oil or gas well due to issues with the mechanical integrity of the well or otherwise.

Fasken's Response to Request Nos. 2 and 3: To the extent that this request seeks documents or information for wells outside the Potash Area, Fasken objects as vague, overly broad, and unlikely to lead to the discovery of admissible

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Fasken is proposing to drill a high pressure gas well in the R-111-P potash basin. Gas casing leaks or blowouts present a very serious threat to potash mines. Consequently, Fasken's prior experience is relevant and should be produced.


B. Directional drilling:

Intrepid's Request No. 7: Produce all documents that relate to any well in which Fasken has an ownership interest that has been directionally drilled, as well as all documents that relate to directional drilling of the Laguna #2 well from the pad of the existing Laguna #1 well in Section 16, such as cost estimates.

Fasken's Response: To the extent that this request seeks documents for wells outside the Potash Area and involving producing horizons other than the deep Morrow sands, Fasken objects as unlikely to lead to the discovery of admissible evidence. To the extent Fasken creates costs estimates and any other documents for drilling the Laguna No. 2 from the well pad in the SE/4 SE/4 of Section 16, Fasken will produce these documents at a mutually agreed upon time for exchange of hearing exhibits.

Fasken already has a producing gas well in Section 16. Therefore, the cost and feasibility directional drilling will be an issue in this proceeding, and Fasken's prior experience and success in directional drilling is relevant. Therefore, we would request that these documents be produced. We would request a hearing, and a conference call would be fine, to address these issue. Thank you.

Very truly yours,



Joseph E. Manggs

JEM/cat

cc: Michael H. Feldewert, Esq.

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