

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

SUITE 1
110 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

January 24, 2001

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

OIL CONSERVATION DIV.
01 JAN 24 PM 2:29

Re: Oil Conservation Division Case No. 12586: Application of Chevron U.S.A. Production Company for an unorthodox well location, Lea county, New Mexico.

Oil Conservation Division Case No. 12587: Application of Sapient Energy Corp for an unorthodox well location and two non-standard 160-acre spacing units, Lea County, New Mexico.

Dear Mr. Stogner;

Pursuant to your directive, this letter summarizes the actions taken in each of the above-referenced cases at the at the Oil Conservation Division's January 24, 2001 Pre-hearing Conference:

1. Case 12586: Sapeint has withdrawn its objection to the administrative application of Chevron U.S.A. to re-complete its G. C. Matthews Well No. 12 in the Tubb formation and the application of Chevron will be approved by Administrative Order. Case 12586 will be dismissed.
2. Case 12587: Sapient will file an amended application in which it will seek the approval of the unorthodox well location for the Bertha J. Barber Well No. 12 330 feet from the North line and 660 feet from the East line of Section 7, Township 20 South, Range 37 East, NMPM. Sapient will seek the approval

Letter to Michael E. Stogner

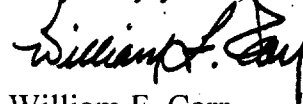
January 24, 2001

Page 2

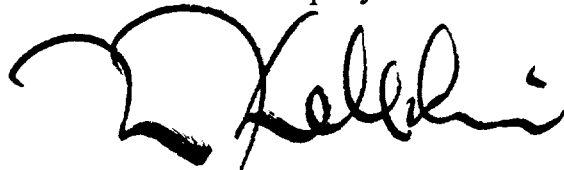
of a non-standard spacing unit for this well comprised of the E/2 E/2 of Section 7 and, in the alternative, Sapient will seek the approval of a 160-acre non-standard spacing unit comprised of the E/2 NE/4 of Section 7 and the W/2 NW/2 of Section 8. Sapient will also seek the approval of two additional non-standard spacing units in the Tubb formation, West Monument-Tubb Gas Pool: one to be comprised of the W/2 NE/4 of Section 7 and the other to be comprised of the E/2 NW/4 of Section 8, Township 20 South, Range 37 East, NMPM. This application will also seek to prorate this pool.

3. Chevron's requests that the Sapient Bertha J. Barber Well No. 12 be shut-in pending a final resolution of this dispute was denied.
4. The amended application of Sapient Energy Corporation in Case 12587 will be set for hearing before a Division Examiner on March 8, 2001.

Very truly yours, RK



William F. Carr
Attorney for Chevron U.S.A.
Production Company



W. Thomas Kellahin
Attorney for Sapient Energy Corp