



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 27, 2001

Via Facsimile and First Class Mail

W. Thomas Kellahin
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Re: Case No. 12587, Amended Application of Sapient Energy Corporation for an Unorthodox Well Location and Two Non-standard 160-acre Spacing Units, or in the Alternative, One Non-standard Spacing and Proration Unit, Lea County, New Mexico; before the New Mexico Oil Conservation Commission, *de novo*

Case No. 12605, Application of Sapient Energy Corporation for Special Pool Rules, Lea County, New Mexico, before the New Mexico Oil Conservation Commission, *de novo*

Counsel,

We have received the Motion of Sapient Energy Corporation for a stay of Division Order No. R-11652, and the Response of Conoco Inc. and Chevron U.S.A. Production Company opposing the motion and, in the alternative, requesting that Sapient post a sizeable surety bond if a stay is granted.

Sapient's motion appears to be based on an allegation that its well would be damaged if shut-in as Order No. R-11652 requires; Conoco and Chevron apparently dispute the factual basis for this assertion. As a result, a brief evidentiary hearing appears necessary before a ruling can issue. Mr. Kellahin would be unable to a hearing if it were conducted in conjunction with the Commission's October meeting, and the nature of the motion suggests a need for speedy disposition.

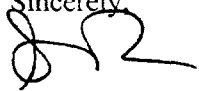
Therefore, given the situation, here is how we propose to proceed: the testimony supporting or opposing the Motion and any additional argument may be presented on Thursday, October 4 during a break in the regularly scheduled Division hearing. This will enable use of the court reporter without inconvenience. Scheduling the hearing a week hence will hopefully give you time to arrange for the witnesses to travel to Santa Fe. Presumably, you will both be here

Counsel of Record
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anyway. I will conduct the proceedings on behalf of the Director. Each party may present whatever testimony the party deems necessary and make additional arguments concerning that testimony. We will then expedite preparation of the transcript with which the Director will utilize to rule on the Motion

Please let me know if this procedure is acceptable. If you have any questions, please feel free to give me a call at 476-3451.

Sincerely,

A handwritten signature in black ink, appearing to be 'S. Ross', written over the word 'Sincerely,'.

Stephen C. Ross
Assistant General Counsel