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November 29, 2001

**HAND DELIVERED**

Oil Conservation Commission  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Attention: Florene Davidson

Re: New Mexico Oil Conservation Division Case 12587:  
Application of Sapient Energy Corp. for an unorthodox well location and non-standard proration unit or in the alternative a 160-acre non-standard proration unit, Lea County, New Mexico.

New Mexico Oil Conservation Division Case 12605:  
Application of Sapient Energy Corp. for special pool rules, Lea County, New Mexico.

Dear Ms. Davidson,

On November 1, 2001 Chevron U.S.A. Production Company and Conoco, filed a Consolidated Pre-Hearing Statement and exhibits which they planned to present in their case in chief at the November 6, 2001 Oil Conservation Commission hearing in the above-referenced cases. Since that date, Chevron and Conoco have made certain revisions to their case and I therefore enclose copies of our Supplemental Consolidated Pre-Hearing Statement and certain new and revised exhibits which are identified in therein. Conoco and Chevron will present these exhibits at the December 4, 2001 Oil Conservation Commission hearing.

By copy of this letter, I have provided copies of these exhibits to Commissioners Lori Wrotenbery, Jamie Bailey, and Robert Lee and to Stephen C. Ross, Esq., Assistant Attorney General for the Oil Conservation Commission, W. Thomas Kellahin, Esq., attorney for Sapient Energy, Corp. and James Bruce, Esq., attorney for Amerada Hess Corporation.

Very truly yours,



William F. Carr  
Attorney for Chevron U.S.A. Production  
Company and Conoco, Inc.

Enc.

Letter to Oil Conservation Commission  
November 28, 2001  
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Lori Wrotenbery, Chairman  
Oil Conservation Commission  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Jami C. Bailey, Commissioner  
Oil Conservation Commission  
New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87504

Dr. Robert Lee, Commissioner  
Oil Conservation Commission  
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**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**APPLICATION OF SAPIENT ENERGY CORP.  
FOR AN UNORTHODOX WELL LOCATION  
AND (i) TWO NON-STANDARD 160-ACRE  
SPACING UNITS, OR IN THE ALTERNATIVE  
(ii) ONE NON-STANDARD 160-ACRE SPACING  
AND PRORATION UNIT, LEA COUNTY,  
NEW MEXICO.**

**CASE NO. 12587**

**APPLICATION OF SAPIENT ENERGY CORP.  
FOR SPECIAL POOL RULES, LEA COUNTY,  
NEW MEXICO.**

**CASE NO. 12605**

**SUPPLEMENTAL  
CONSOLIDATED PRE-HEARING STATEMENT OF  
CHEVRON U.S.A. PRODUCTION COMPANY AND CONOCO, INC.**

This Supplemental Consolidated Pre-hearing Statement is submitted by Holland & Hart LLP and Campbell & Carr, as required by the Rule 1208.B of the Rules of the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT:**

Sapient Energy Corp.

**ATTORNEY:**

W. Thomas Kellahin, Esq.  
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Santa Fe, New Mexico 87504-2265

**OPPOSITION PARTIES:**

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(915) 686-6183

**OTHER PARTIES:**

Amerada Hess Corp.

**ATTORNEYS:**

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**SUPPLEMENTAL STATEMENT OF CASE**

In the Pre-Hearing Statement and exhibits filed by Sapient in these cases on November 1, 2001, Sapient presented a new calculated drainage area for its Bertha J. Barber Well No. 12 ("Barber Well") reducing the drainage area for the well to approximately 60 acres. Upon this new drainage calculation it rests its case in support of 80-acre well spacing for the West Monument-Tubb Gas Pool.

On November 1, 2001 Chevron U.S.A. Production Company and Conoco, Inc., also filed a Consolidated Pre-Hearing Statement and exhibits in these cases. Since that time, Chevron has recompleted its G. C. Matthews Well No. 12 ("Matthews Well") located 330 feet from the South line and 990 feet from the East line of Section 6, Township 20 South, Range 37 East, NMPM and, from this well obtained additional information on the Tubb Reservoir in the subject area. Chevron and Conoco have revised certain exhibits to incorporate this new information and have prepared additional exhibits which they will present at the December 4, 2001, Oil Conservation Commission hearing on the applications of Sapient.

The information obtained from the Matthews Well confirms the earlier drainage calculations of Chevron and Conoco. It shows that by using the correct pressure and porosity data on the reservoir, the Barber Well will drain approximately 165 acres. Furthermore, the data shows that the Barber well has already drained the to the Matthews Well located over 700 feet away. This new data confirms Chevron's and Conoco's geological and engineering interpretation of the reservoir at the time the case was heard by the Division; that the Barber well is in a gas reservoir and that it drains a large area. It shows that Sapient's data is manipulated for one purpose -- to enable it to keep the production it illegally produced from the Barber Well and drained from its offsetting operators.

### **ADDITIONAL EXHIBITS**

Chevron and Conoco will present the following additional or revised exhibits as part of their case in chief:

#### **Tim Denny:**

Chevron and Conoco Exhibit 3 (REVISED): This Cross-Section shows the Tubb structure and correlative interval and the gas-oil contact in the Tubb Reservoir. This exhibit has been revised to include information from the Matthews Well.

Chevron and Conoco Exhibit No. 4 (REVISED): This is a structure map on the top of the Tubb formation. This exhibit depicts the Northwest-southeast trending high through Section 6 and shows the gas-oil contact in the reservoir(based on the lowest perforations in the Barber No. 12 Well). The Chevron and Conoco acreage in this geologic structure is being drained by the Barber Well. This exhibit has been revised to include information from the Matthews Well.

Chevron and Conoco Exhibit No. 5 (REVISED): This is an Isopach Map of the correlative interval in the Barber Well. It shows that the reservoir quality exists in the N/2 of Section 7 in the Tubb formation and that the Chevron and Conoco acreage and contributes production to the Barber Well. This exhibit has been revised to include information from the Matthews Well.

Chevron and Conoco Exhibit No. 11 is a log plot with side wall core information which confirms the porosity figures utilized by Chevron and Conoco in calculating the drainage area for wells in the subject area.

Chevron and Conoco Exhibit No. 12 is a comparison of porosities in the Barber No. 12 Well and the Matthews Well.

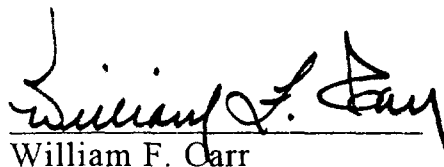
**Rob Lowe:**

Chevron and Conoco Exhibit No. 6 (REVISED): This is a decline plot for the Barber well showing its historic production and the gas volumes produced from the well. This Exhibit has been revised based on new data from the Matthews Well.

Chevron and Conoco Exhibit No. 8 (REVISED): This exhibit presents volumetrics and decline curve analyses for the Barber Well. It sets out the reservoir parameters used to calculate initial gas in place. It shows that the Chevron and Conoco Acreage is being drained by the Barber Well for with an estimated ultimate recovery from the well of 1.6706BCF, the drainage radius for the well is 1513 feet and the drainage area is 165 acres. This exhibit has been revised based on new data from the Matthews Well.

Chevron and Conoco Exhibit No. 13 is a determination of the initial pressure gradients for the Monument Tubb Oil Pool.

Chevron and Conoco Exhibit No. 14 is a material balance method of determining estimated ultimate recovery for the Barber Well.

  
William F. Carr

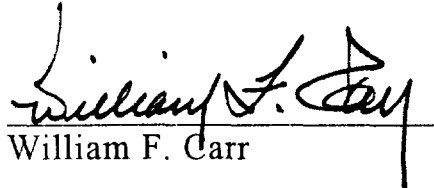
**CERTIFICATE OF SERVICE**

I hereby certify that on this 29th day of November, 2001, I have caused to be hand-delivered a copy of this Supplemental Consolidated Pre-Hearing Statement in the above-captioned case to the following counsel of record:

Stephen C. Ross, Esq.  
Assistant Attorney General  
Oil Conservation Commission  
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