



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**Bill Richardson**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

January 28, 2003

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**Saga Petroleum L.L.C.**  
**415 West Wall – Suite 1900**  
**Midland, Texas 79701**

**Attention: Bonnie Husband**

**Re:** *Administrative application for Saga Petroleum L.L.C.'s ("Saga") existing State Land Section "32" Well No. 9 (API No. 30-025-23309) at an unorthodox Tubb wildcat gas well location within the SE/4 of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, being a standard shallow gas spacing unit in accordance with Division Rule 104.C (3), 2130 feet from the South line and 1980 feet from the East line (Unit J) of Section 32.*

Dear Ms. Husband:

This letter acknowledges receipt of the above-described administrative application dated January 14, 2003. The Division received this application on January 16, 2003, and assigned it NMOCD Administrative application reference No. **pKRV0-301656102**. Please refer to this number in future correspondence with the Division.

My preliminary review indicates that the information provided in your application is not sufficient to process an administrative order at this time with respect to notice.

In your cover letter you stated that, "Offset operators were notified by letter this date (January 14, 2003) of Saga's request for a NSL Tubb completion." You provide me with an "offset operator list" showing such company names as "Altura Energy", "Shall Oil", and "Gulf Oil" all of which no longer exist. In reviewing the Division's records here in Santa Fe I find that:

(a) within the NW/4 of Section 32: (i) OXY Permian, Ltd. operates wells completed in the Hobbs-Grayburg San Andres Pool; (ii) Texland Petroleum, Inc. operates wells completed in the Hobbs-Upper Blinebry Pool; (iii) HRC Inc. operates a gas well completed in the Byers-Queen Gas Pool; (iv) Chevron U.S.A., Inc. operates wells in the Bower-Seven Rivers Pool; and (v) Techsys Resources, L.L.C. operates a gas well completed in the Byers-Queen Gas Pool; and

(b) within the NE/4 of Section 32: (i) OXY Permian, Ltd. operates wells completed in the Hobbs-Grayburg San Andres Pool, Hobbs-Lower Blinebry Pool, Hobbs-Paddock Pool, and Byers-Queen Gas Pools; (ii) Apache Corporation operates wells completed in the Hobbs-Upper Blinebry, Hobbs-Lower Blinebry, Hobbs-Drinkard, and Hobbs-Paddock Pools; and (iii) Texland Petroleum, Inc. operates wells completed in the Hobbs-Upper Blinebry Pool.

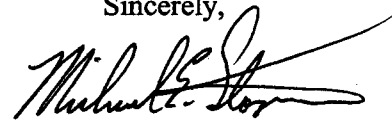
Nowhere however can I find where there is a producing Tubb well within any of these two quarter sections; therefore, under Division Rule 1207.A (2) (a). i (see copy attached) there is no **designated operator** within these two adjoining 160-acre gas spacing units. This means that Division Rules 1207.A (2) (a). ii and iii apply. Please identify and list all working interest in the Tubb interval within the: (i) NE/4 of Section 32, being state lands; and (ii) the NW/4 of Section 32, being fee acreage.

Since the submitted information is insufficient to review, the application was ruled as incomplete on January 28, 2003. Please submit the above stated information by Thursday, February 6, 2003. Please provide proof of applicable notice.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will once again continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you and Saga will be required to shut-in the Conoco State Well No. 3.

Again, should you have any questions concerning this matter you will first want to contact your legal counsel, Mr. William F. Carr in Santa Fe at (505) 988-4421. Thank you.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Hobbs  
New Mexico State Land Office – Santa Fe  
William F. Carr, Legal Counsel for Saga Petroleum, L.L.C. – Santa Fe

- (d) All unopposed pooling applications will be set for hearing. If the Division finds the application complete, the information submitted with the application will constitute the record in the case and an order will be issued based on the record. [Rn, 19 NMAC 15.N.1207.A.(4), 7-15-99, A, 7-15-99]
- (e) At the request of any interested person or upon the Division's own initiative, any pooling application submitted shall be set for full hearing with oral testimony by the applicant. [Rn, 19 NMAC 15.N.1207.A.(4), 7-15-99; A, 7-15-99]

(2) Unorthodox Well Locations: [1-1-87...2-1-96; Rn, 19 NMAC 15.N.1207.A.(5), 7-15-99; A, 7-15-99]

- (a) Definition: "Affected persons" are the following persons owning interests in the adjoining spacing units:
  - (i) the Division-designated operator;
  - (ii) in the absence of an operator, any lessee whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application is filed; and
  - (iii) in the absence of an operator or lessee, any mineral interest owner whose interest is evidenced by a written document of conveyance either of record or known to the applicant as of the date the application was filed.

In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit. [1-1-87...2-1-96; N, 7-15-99]

- (b) If the proposed location is unorthodox by being located closer to the outer boundary of the spacing unit than permitted by rule, notice shall be given to the affected persons in the adjoining spacing units towards which the unorthodox location encroaches. [Rn, 19 NMAC 15.N.1207.A.(5).(a), 7-15-99, A, 7-15-99]
- (c) If the proposed location is unorthodox by being located in a different quarter-quarter section or quarter section than provided in special pool orders, notice shall be given to all affected persons. [Rn, 19 NMAC 15.N.1207.A.(5).(a), A, 7-15-99]

(3) Non-Standard Proration Unit:

Notice shall be given to all owners of interests in the mineral estate to be excluded from the proration unit in the quarter-quarter section (for 40-acre pools or formations), the one-half quarter section (for 80-acre pools or formations), the quarter section (for 160-acre pools or formations), the half section (for 320-acre pools or formations), or section (for 640-acre pools or formations) in which the non-standard unit is located and to such other persons as required by the Division. [1-1-87...2-1-96; Rn, 19 NMAC 15.N.1207.A.(6), 7-15-99, A, 7-15-99]

(4) Special Pool Orders Regulating or Affecting a Specific Pool:

- (a) Except for non-standard proration unit applications, if the application involves changing the