



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

February 24, 2004

Mr. David Catanach, Hearing Examiner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504-0156

Re: Case No. 13163: Application of the New Mexico Oil Conservation Division for an Order Requiring Saba Energy of Texas, Inc., to Properly Plug Six Wells, Imposing Civil Penalties for Failure to Comply, Authorizing the Division to Plug Said Wells and Ordering a Forfeiture of Applicable Plugging Bond; Lea County, New Mexico

Gentlemen:

Enclosed are copies of letters sent to Nearburg Exploration Company, L.L.C and Jeffrey M. Johnston, attorney for Michael and Linda Harton, notifying them that the above matter has been continued until April 1, 2004 to allow interested parties to appear and show cause why an order should not be issued to Saba Energy of Texas, Inc. ("Saba"). to properly plug six wells.

Notice is being sent to Nearburg Exploration Company, L.L.C. because the State Land Office has informed us that Nearburg has acquired the lease on which the two San Simon 5 State wells are located. To notify Nearburg, I used both addresses listed on the New Mexico Public Regulatory Commission website.

Notice is being sent to Mr. Johnston because he is the attorney for Michael and Linda Harton. Mr. Bruce has alleged that the Hartons are engaged in litigation with Saba regarding the leases on which some or all of the remaining wells are located. I used the address listed in the New Mexico Bar Directory for Mr. Johnston.

Please note that Exhibits 1 and 2 introduced by Saba Energy of Texas, Inc. at the February 19 hearing identify 21 other defendants, 11 cross-plaintiffs and 7 cross-defendants in the litigation. I do not plan to notify any of those parties unless I receive further instruction from the hearing examiner.

Very truly yours,

Gail MacQuesten
Assistant General Counsel

ec: Chris Williams, District Supervisor



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February 24, 2004

Mr. Jeffrey M. Johnston
Short & Johnson
P.O. Box 2890
Midland, TX 79702-2890
Attorney for Michael and Linda Harton

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Case No. 13163: Application of the New Mexico Oil Conservation Division for an Order Requiring Saba Energy of Texas, Inc., to Properly Plug Six Wells, Imposing Civil Penalties for Failure to Comply, Authorizing the Division to Plug Said Wells and Ordering a Forfeiture of Applicable Plugging Bond; Lea County, New Mexico

Dear Mr. Johnston:

You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application seeking an Order requiring Saba Energy of Texas, Inc. to properly plug and abandon the following six wells located in Lea County, New Mexico:

Harton State #1	API # 30-025-28540	UL H, Section 7, T13S, R36E
Morris #1	API # 30-025-29247	UL D, Section 8, T13S, R36E
Fern Guye #1	API #30-025-34488	UL M, Section 5, T13S, R36E
Saba State #1	API #30-025-33726	UL I, Section 7, T13S, R36E
San Simon 5 State #1	API #30-025-27564	UL E, Section 5, T22S, R35E
San Simon 5 State #2	API #30-025-28480	UL G, Section 5, T22S, R35E

A copy of the Application is enclosed. The hearing in this matter has been continued until Thursday, April 1, 2004 at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico to allow any interested persons to appear and show cause why an order should not be entered as requested in the Application.

The Oil Conservation Division is notifying you because James Bruce, attorney for Saba Energy of Texas, Inc., informed us that your clients Michael and Linda Harton may oppose plugging all or some of the wells at issue. If you have any questions, please do not hesitate to call me. My direct line is (505) 476-3451.

Very truly yours,

Gail MacQuesten
Assistant General Counsel

cc: James Bruce, Attorney for Saba Energy of Texas, Inc. and Redland Insurance Company
ec: Chris Williams, District Supervisor



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Oil Conservation Division

February 24, 2004

Phil Brewer
Pegasus Place
125 West Fourth St.
Roswell, NM 88202-0298
Registered Agent for Nearburg Exploration Company, L.L.C.

Nearburg Exploration Company, L.L.C.
5447 Glen Lakes Drive
Dallas, TX 75231-4307
NMPRC Principal Address for Nearburg Exploraiton Company, L.L.C.

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If you have any questions, please do not hesitate to call me. My direct line is (505) 476-3451.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Gail MacQuesten".

Gail MacQuesten
Assistant General Counsel

cc: James Bruce, Attorney for Saba Energy of Texas, Inc. and
Chris Williams, District Supervisor

SHORT & JOHNSTON

A Professional Corporation
ATTORNEYS AT LAW
INDEPENDENCE PLAZA
400 WEST ILLINOIS, SUITE 1600
MIDLAND, TEXAS 79701
P. O. Box 2870
MIDLAND, TEXAS 79702-2870
(432) 683-8844
(432) 683-8855 - Fax

MICHAEL A. SHORT
JEFFREY M. JOHNSTON
Also licensed in New Mexico

Cf. Counsel:
J. CHRISTOPHER STATION

March 31, 2004

Via Facsimile to: 505-476-3462

Via Facsimile to: 505-982-2151

Ms. Gail MacQuesten
Assistant General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Mr. James Bruce
Attorney for Saba Energy of Texas, Inc.
and Redland Insurance Company
P. O. Box 1056
Santa Fe, New Mexico 87504

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Dear Ms. MacQuesten and Mr. Bruce:

Our law firm represents Michael and Linda Harton with regard to the Harton State #1 and the Fern Guye #1 wells in Lea County, New Mexico, which are two of the subject wells in the referenced application.

We are unable to attend the hearing for the referenced case on April 1, 2004, because of a hearing scheduled in Lovington, New Mexico, regarding litigation pending which involves the Harton State #1 Well. That matter is No. CV-2001-249-MC, Michael Harton, et al. v. Greka Energy Corporation, et al. in the Fifth Judicial District Court, Lea County, New Mexico.

Our clients have asked that we request that until the pending litigation is completed, the status of the Harton State #1 and the Fern Guye #1 wells be changed to temporarily abandoned instead of plugged and abandoned. Our engineering experts believe both wells are capable of production in paying quantities, and, therefore, it would be committing economic waste to plug them at this time.

If you have any questions, please do not hesitate to call.

Sincerely,

SHORT & JOHNSTON

By:


Michael A. Short

MAS:lkc