

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN
KATHERINE M. MOSS

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

October 6, 1998

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OIL CONSERVATION DIV.

HAND DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

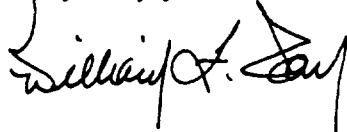
Re: *Case No 11985 (de novo): Application of Saga Petroleum, L.L.C. for an
unorthodox well location, Eddy County, New Mexico*

Dear Ms. Wrotenbery:

Saga Petroleum, L.L.C. hereby requests that its application for hearing *de novo* in the above referenced case be dismissed.

Saga and OXY USA, Inc. have reached a verbal agreement for the development of the S/2 of Section 35, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico. Saga will advise the Division when the documents formalizing this agreement have been executed by the parties and at that time will request dismissal of the compulsory pooling application covering this acreage.

Very truly yours,



WILLIAM F. CARR

cc: Mark Caldwell
Saga Petroleum, L.L.C.

James Bruce, Esq.