

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 11985

APPLICATION OF SAGA PETROLEUM
L.L.C. FOR AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

OIL CONSERVATION DIV
98 JUL -6 PM 3:17

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Saga Petroleum, L.L.C.
c/o Joe Clement
415 W. Wall, Suite 835
Midland, TX 79701
(915) 684-4293

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

OXY USA, Inc. _____

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe Street
Santa Fe, NM 87501
(505) 982-4285

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Saga Petroleum, L.L.C., applicant in the above-captioned case seeks authorization to drill its Dero Federal Well No. 3 at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 35, Township 19 South, Range 28 East, to test all pools developed on 320-acre spacing including the Winchester-Morrow Gas Pool, the Undesignated Winchester-Atoka Gas Pool, the Winchester-Strawn Gas Pool, the Undesignated Winchester-Upper Pennsylvanian Gas Pool, and the Undesignated Winchester-Wolfcamp Pool. The S/2 of said Section 35 is to be dedicated to said well forming a standard 320-acre spacing and proration unit.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

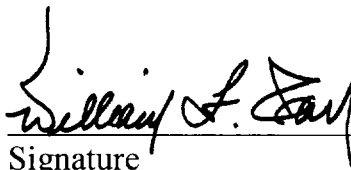
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Joe Clement, Land	10 Min.	Approximately 2
R. L. Rulla, Geology	20 Min.	Approximately 12

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

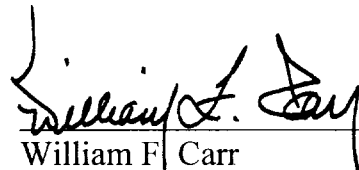


Signature

CERTIFICATE OF MAILING

I hereby certify that on this 6th day of July, 1998, I have caused to be hand-delivered a copy of our Pre-Hearing Statement in the above-captioned cases to the following counsel of record:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe Street
Santa Fe, New Mexico 87501



William F Carr

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 11985

**APPLICATION OF SAGA PETROLEUM, L.L.C. FOR
AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by OXY USA INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Saga Petroleum, L.L.C.

ATTORNEY

William F. Carr, Esq.

OPPONENT

**Oxy USA Inc.
P. O. Box 50250
Midland, Texas 79710
Attn: Richard E. Foppiano
(915) 685-5913**

ATTORNEY

**W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285**

**Prehearing Statement
NMOCD Case 11985
Page 2**

STATEMENT OF CASE

OPPONENT

OXY is the operator of the Strawn gas well located at a standard gas well location in W/2 of Section 34, T19S, R28E

The Saga unorthodox well location is 60 % too close to the Oxy proration unit and in order to protect correlative rights, Oxy proposes that the Saga well location be subject to a production penalty. In addition, Saga already has two Morrow gas wells located in its spacing unit. Accordingly, Oxy requests that the Division deny Saga's request to drill the subject well to the Morrow formation.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

Bob Doty (geologist)
Mike Kovarik (PE)
Kent Woolley (landman)
Richard E. Foppiano (PE)

EST. TIME

45 Min
30-45 Min
20 Min.
20 Min.

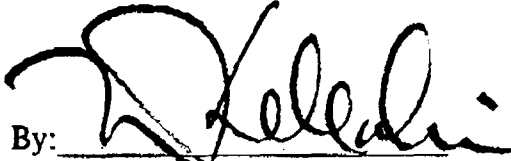
EXHIBITS

est. 12
est. 10
est. 5
est. 4

PROCEDURAL MATTERS

None at this time.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

JUN 18 1998

June 17, 1998

David Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

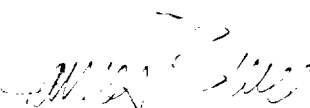
C6/11 - 7/9

Re: Case 11945; Application of Saga Petroleum, L.L.C. for an
unorthodox gas well location (S½ §35-19S-28E, Eddy
County, New Mexico)

Dear Mr. Catanach:

Enclosed is the pre-hearing statement of John Huffman regarding the
above case, which is scheduled for the June 25th hearing.

Very truly yours,


James Bruce

Attorney for John Huffman

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

APPLICATION OF SAGA PETROLEUM,
L.L.C. FOR AN UNORTHODOX WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

Case No. 11985

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by John Huffman as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Saga Petroleum, L.L.C.

OPPONENT

John Huffman
P.O. Box 245
Albany, Texas 76430
(915) 762-2221

APPLICANT'S ATTORNEY

William F. Carr

OPPONENT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

STATEMENT OF THE CASE

APPLICANT

OPPONENT

Applicant seeks approval to drill a gas well at a severely unorthodox location in the S½ of Section 35, Township 19 South, Range 28 East, NMPM. John Huffman, an interest owner in Section 34, opposes the application because the proposed well will adversely affect his correlative rights. Mr. Huffman requests that the application be denied.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

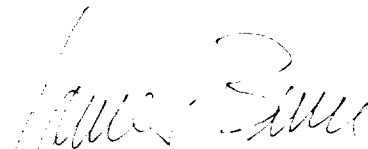
WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-



James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for John Huffman

CERTIFICATE OF SERVICE

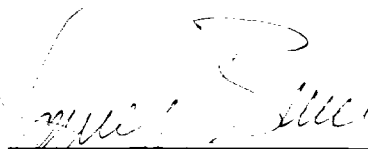
I hereby certify that a copy of the foregoing pleading was mailed to the following counsel of record this 27th day of June, 1998:

William F. Carr
P.O. Box 2208
Santa Fe, New Mexico 87504

Attorney for Saga Petroleum, L.L.C.

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504

Attorney for OXY USA Inc.



James Bruce