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May 19, 1998

**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

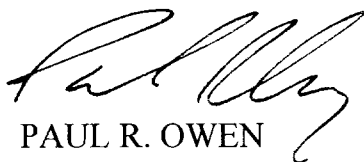
11985

Re: *Application of Saga Petroleum, L.L.C. for an Unorthodox Well Location,  
Eddy County, New Mexico*

Dear Ms. Wrotenbery:

On behalf of Saga Petroleum, L.L.C., please find enclosed our Application for an unorthodox gas well location which we request be set for hearing on the next available Examiner docket now scheduled for June 11, 1998. Also enclosed is our proposed legal advertisement.

Very truly yours,



PAUL R. OWEN  
PRO:mlh

Enclosure

cc: Mr. Joe N. Clement (w/enclosures)

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

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

CASE NO. 11985

**APPLICATION**

SAGA PETROLEUM, L.L.C. ("Saga"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order approving an unorthodox well location, and in support of this application states:

1. Applicant is the operator of the S/2 of Section 35, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, and proposes to drill its Dero Federal Well No. 3 to the Morrow formation, Winchester-Morrow Gas Pool, at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 35. Other formations to be tested are the Atoka formation, Undesignated Winchester-Atoka Gas Pool; the Strawn formation, Winchester-Strawn Gas Pool; the Upper Pennsylvanian formation, Undesignated Winchester-Upper Pennsylvanian Gas Pool; and the Wolfcamp formation, Undesignated Winchester-Wolfcamp Pool.

2. Applicant seeks an exception to Rule 104 C (2) (b) of the Division's General Rules and Regulations to permit the drilling of this well at this unorthodox gas well location.

3. A standard 320-acre spacing and proration unit comprised of the S/2 of said Section 35 should be dedicated to the well.

4. Approval of this application will afford Saga the opportunity to produce its just and equitable share of the reserves under the subject spacing and proration unit and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Saga Petroleum, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 11, 1998, that notice be given as required by law and the rules of the Division, and that the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR  
PAUL R. OWEN  
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Santa Fe, New Mexico 87504  
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ATTORNEYS FOR SAGA PETROLEUM, L.L.C.

CASE 11985: Application of Saga Petroleum, L.L.C., for an unorthodox well location, Eddy County, New Mexico. Applicant in the above-styled cause 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 of Section 35, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico 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. Said unit is located approximately \_\_\_\_ miles \_\_\_\_\_ of \_\_\_\_\_, New Mexico.