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September 22, 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

Re: *Application of Saga Petroleum, L.L.C. for Compulsory Pooling, Eddy  
County, New Mexico*

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of Saga Petroleum, L.L.C. in the above-referenced case as well as a copy of a legal advertisement. Saga Petroleum, L.L.C. respectfully requests that this matter be placed on the Oil Conservation Commission October 15, 1998 docket and be consolidated at that time with the *de novo* appeal in Case 11985 since both this application and the *de novo* appeal involve the same well and spacing unit.

Very truly yours,



WILLIAM F. CARR

WFC:mlh  
Enclosures

cc: Charles Farmer  
Mark Calwell  
W. Thomas Kellahin, Esq.

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

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OIL CONSERVATION DIV.

IN THE MATTER OF THE APPLICATION  
OF SAGA PETROLEUM L.L.C.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 12059

**APPLICATION**

SAGA PETROLEUM, L.L.C. ("Saga"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA, 1978 Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation in the S/2 of Section 35, Township 19 South, Range 28 East, NMPM, for all formations developed on 320-acre spacing, including but not limited to the Winchester-Upper Pennsylvanian Gas Pool, Winchester-Strawn Gas Pool, Winchester-Atoka Gas Pool and the Winchester-Morrow Gas Pool, and in support thereof states:

1. Saga is a working interest owner in the S/2 of said Section 35 and has the right to drill thereon.
2. Saga proposes to dedicate the above-referenced pooled spacing or proration units to its Dero Federal Well No. 3 to be drilled to a previously approved unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 35, (Order No. R-11048, dated September 2, 1998). The Dero Federal Well No. 3 will be drilled to a depth sufficient to test any and all formations to the base of the Morrow

formation.

3. Saga has sought and been unable to obtain either voluntary agreement for pooling or farmout from OXY USA, Inc. a working interest owner in the S/2 of Section 35.

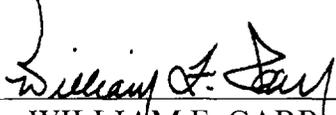
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Saga Petroleum, L.L.C. should be designated the operator of the well to be drilled.

WHEREFORE, Saga Petroleum, L.L.C. prays that this application be set for hearing before the Oil Conservation Commission on October 15, 1998 and be consolidated for hearing with the *de novo* appeal of Order No. R-11048, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Saga operator of these spacing and proration units, and authorizing Saga to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Saga in drilling, completing and equipping the well.

Respectfully submitted,

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

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR SAGA PETROLEUM, L.L.C..

CASE 12097:

Application of Saga Petroleum, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the S/2 of Section 35, Township 19 South, Range 28 East, NMPM, for certain pools including but not limited to the Winchester-Upper Pennsylvanian Gas Pool, Winchester-Strawn Gas Pool, Winchester-Atoka Gas Pool, and the Winchester-Morrow Gas Pool. Applicant proposes to dedicate this pooled units to its Dero Federal Well No. 3 to be drilled at a previously approved unorthodox well location 1980 feet from the South line and 660 feet from the West line (Unit I) of said Section 35. Also to be considered will the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 13 miles east of Lakewood, New Mexico.

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