

- Unit Outline
- Tract Area
- Devonian Producer
- Abandoned Producer
- Dry Hole

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 12486 Exhibit No. 1
 Submitted by:
 Saga Petroleum, L.L.C.
 Hearing Date: September 7, 2000

Saga Petroleum LLC

Lea County, New Mexico
 Cross Roads Devonian Field

Exhibit "A" Map of Unit Tracts

March 1999

Scale: 1"=2000'

EXHIBIT B

Crossroads Siluro-Devonian Unit Unit Agreement Lea County, New Mexico

Tract 1 - Texaco U.D. Sawyer

Legal Description:

320 Acres, more or less, comprising the E/2 Sec. 34, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.02000000	37.702768	0.00754055
Forcenergy, Inc.	0.75000000	37.702768	0.28277076
Saga Petroleum Corp.	0.23000000	37.702768	0.08671637
TOTAL	1.00000000		0.37702768

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01640630	37.702768	0.00618563
Forcenergy, Inc.	0.61523430	37.702768	0.23196036
Saga Petroleum Corp.	0.18867190	37.702768	0.07113453
Sandra Good RA Mey Trust	0.01074200	37.702768	0.00405003
Price Y-CIA	0.00244150	37.702768	0.00092051
Myrl Sawyer Good	0.02506500	37.702768	0.00945020
Susie L. Wadley First Trust	0.00203470	37.702768	0.00076714
Susie L. Wadley First Trust	0.00203460	37.702768	0.00076710
Sinclair Trust	0.00195310	37.702768	0.00073637
Fernald Point Prod. Trust	0.00195310	37.702768	0.00073637
Candace Good Jacobson	0.03938800	37.702768	0.01485037
Thomas Jefferson Good	0.03938800	37.702768	0.01485037
Sandra Good RA Mey Trust (OR)	0.00512700	37.702768	0.00193302
Myrl Sawyer Good (OR)	0.01196290	37.702768	0.00451034
Candace Good Jacobson (OR)	0.01879880	37.702768	0.00708767
Thomas Jefferson Good (OR)	0.01879880	37.702768	0.00708767
TOTAL	1.00000000		0.37702768

EXHIBIT B

Crossroads Siluro-Devonian Unit Unit Agreement Lea County, New Mexico

Tract 2 - Santa Fe Pacific

Legal Description:

160 Acres, more or less, comprising the NW/4 Sec. 27, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01820000	51.410973	0.00935680
Forcenergy, Inc.	0.68250000	51.410973	0.35087989
Saga Petroleum Corp.	0.20930000	51.410973	0.10760317
Yellow Queen Uranium Co.	0.03000000	51.410973	0.01542329
Alfa Resources, Inc.	0.06000000	51.410973	0.03084658
TOTAL	1.00000000		0.51410973

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01448500	51.410973	0.00744688
Yellow Queen Uranium Co.	0.02625000	51.410973	0.01349538
Alfa Resources, Inc.	0.05250000	51.410973	0.02699076
Forcenergy, Inc.	0.54318750	51.410973	0.27925798
Saga Petroleum Corp.	0.16657750	51.410973	0.08563911
Allan Capital Corp.	0.00714280	51.410973	0.00367218
Floos, Inc.	0.12500000	51.410973	0.06426372
H. Wayne Hoover	0.00714280	51.410973	0.00367218
C. Thomas Houseman	0.00357140	51.410973	0.00183609
Mystique Resources Co.	0.00714280	51.410973	0.00367218
Edward J. Names	0.00714280	51.410973	0.00367218
C. L. Nordstrom	0.00714280	51.410973	0.00367218
Bruce M. Patterson	0.00714280	51.410973	0.00367218
Floos, Inc. (OR)	0.02557180	51.410973	0.01314671
TOTAL	1.00000000		0.51410973

EXHIBIT B

Crossroads Siluro-Devonian Unit
Unit Agreement
Lea County, New Mexico

Tract 3 - U.D. Sawyer

Legal Description:

320 Acres, more or less, comprising the E/2 Sec. 27, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01916880	10.886259	0.00208677
Forcenergy, Inc.	0.71882810	10.886259	0.07825349
Saga Petroleum Corp.	0.22044060	10.886259	0.02399773
Saga Petroleum LLC FAO-TMN	0.03187500	10.886259	0.00347000
Marius Jensen Nygaard, Jr.	0.00062500	10.886259	0.00006804
Gerald D. Mills	0.00593750	10.886259	0.00064637
Yuma E & P	0.00281250	10.886259	0.00030618
Perry & Patricia Shaw Trust	0.00031250	10.886259	0.00003402
TOTAL	1.00000000		0.10886259

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT 4.00000000
Saga Petroleum LLC	0.01592884	10.886259	0.00173405
Gerald D. Mills	0.00519533	10.886259	0.00056558
Yuma E & P	0.00246096	10.886259	0.00026791
Perry & Patricia Shaw Trust	0.00027344	10.886259	0.00002977
Forcenergy, Inc.	0.59733405	10.886259	0.06502733
Saga Petroleum Corp.	0.18318248	10.886259	0.01994172
Saga Petroleum LLC FAO-TMN	0.02789060	10.886259	0.00303624
Marius Jensen Nygaard, Jr.	0.00054680	10.886259	0.00005953
Susie L. Wadley First Trust	0.00203453	10.886259	0.00022148
Fernald Point Prod. Trust	0.00195310	10.886259	0.00021262
Susie Wadley Trust #10-05527	0.00203457	10.886259	0.00022149
Sinclair Rev. Trust #0108952	0.00195310	10.886259	0.00021262
William Marsh Rice Univ.	0.05729170	10.886259	0.00623692
Candace G. Jacobson	0.02208116	10.886259	0.00240381
Thomas J. Good III	0.02208106	10.886259	0.00240380
Price & Cia, Inc.	0.00244140	10.886259	0.00026578
Myrl Sawyer Good	0.00537109	10.886259	0.00058471
Beja Embry	0.00537109	10.886259	0.00058471
Myrl Good Suc. Trustee	0.00238720	10.886259	0.00025988
Floos, Inc. (OR)	0.04218750	10.886259	0.00459264
TOTAL	1.00000000		0.10886259

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
CROSSROADS SILURO-DEVONIAN UNIT AREA
LEA COUNTY, NEW MEXICO

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EXHIBIT "A" MAP OF UNIT AREA

EXHIBIT "B" SCHEDULE OF TRACT PARTICIPATION

EXHIBIT "C" SCHEDULE OF OWNERSHIP

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

CROSSROADS SILURO-DEVONIAN UNIT AREA
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the ____ day of _____, 2000 by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH THAT:

WHEREAS, the parties hereto are the owners of working, royalty, or other oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico (hereinafter referred to as the "Division"), is authorized by an Act of the Legislature (Chap. 72, Laws 1935, as amended, being Section 70-2-1 et seq. New Mexico Statutes Annotated, 1978 Compilation) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Crossroads Siluro-Devonian Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. ENABLING REGULATIONS: The oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

2. DEFINITIONS: For the purpose of this agreement, the following terms and expressions as used herein shall mean:

- (a) "Unit Area" is defined as the land depicted on Exhibit "A" and described by Tracts in Exhibit "B" attached hereto and said land is hereby designated and recognized as containing the Unit Area.
- (b) "Division" is defined as the Oil Conservation Division of the State of New Mexico.
- (c) "Unitized Formation" is defined as the Siluro-Devonian formation as it occurs between the depths of 11,948' and 12,178' in the Sun Exploration & Production Co. U.D. Sawyer Well No. 11 located 2700' from the north line and 1610' from the east line of Section 27, Township 9 South, Range 36 East in Lea County, New Mexico.

- (d) "Unitized Substances" is defined as all oil, gas gaseous substances, sulphur contained in gas, condensate, distillate and ass associated and constituent liquid or liquefiable hydrocarbons within or produces from the Unitized Formation.
- (e) "Working Interest" is defined as an interest in Unitized Substances by virtue of a lease, operating agreement or otherwise, including a carried interest, which interest is chargeable with and obligated to pay or bear, either in cash or out of production or otherwise, all or a portion of the costs of drilling, developing, producing and operating the Unitized Formation. Any interest in Unitized Substances which is a Working Interest as of the date the owner hereof executes, ratifies or consents to this agreement shall thereafter be treated as a Working Interest for all purposes of this agreement.
- (f) "Royalty Interest" is defined as a right too or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.
- (g) "Working Interest Owner" is defined as a party hereto who owns a Working Interest.
- (h) "Royalty Owner" is defined as a party hereto who owns a Royalty Interest.
- (i) "Tract" is defined as each parcel of land described as such and given a Tract number in Exhibit "B".
- (j) "Tract Participation" is defined as the percentages of Unitized Substances allocated hereunder to a Tract as hereinafter defined. The Tract Participation of the Tracts within the Unit Area is shown on Exhibit "C" attached hereto.
- (k) "Unit Participation" is defined as the sum of the percentages obtained by multiplying the Working Interest of a Working Interest Owner in each Tract having Tract Participation by the Tract Participation of such Tract.
- (l) "Unit Operating Agreement" is defined as any agreement or agreements entered into, separately or collectively, by and between the Unit Operator and the Working Interest Owners as provided in Section 7, Accounting Provisions and Unit Operating Agreement, infra, and Shall be styled "Unit Operating Agreement For the Operation and Development of the Crossroads Siluro-Devonian Unit Area, Lea County, New Mexico.

3. UNIT AREA: The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the Unit Area, containing 800 acres, more or less, and contains the following described land located in Lea County, New Mexico:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: E/2, SE/4

Section 34: E/2

Exhibit "A", to the extent known to the Unit Operator, shows the boundaries and identity of tracts and leases in the Unit Area. Exhibit "B" attached hereto is a schedule showing, to the extent known to Unit Operator, the acreage comprising each Tract and the percentage of ownership of each Working Interest Owner in each Tract.

However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibit "C" attached hereto is a schedule showing the Tract Participation of each Tract in the Unit Area.

Exhibits "A", "B" and "C" shall be revised by the Unit Operator whenever changes in ownership in the Unit Area render such revisions necessary and not less than two copies of such revision shall be filed with the Division.

4. UNIT OPERATOR: Saga Petroleum, LLC, whose address is 415 W. Wall, Suite 835, Midland, TX 79701 is hereby designated as unit operator and by signature hereto commits to this agreement all interest in Unitized Substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of Unitized Substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, and the term "Working Interest Owner" when used herein shall include or refer to Unit Operator as the owner of a Working Interest when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 6 of this agreement. The resignation of the Unit Operator shall not release the Unit Operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the Working Interests Owners determined in like manner as herein provided for the selection of a new Unit Operator.

The resignation or removal of the Unit Operator under this agreement shall not terminate his right, title or interest as the a Working Interest Owner or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials, and appurtenances used in conducting the unit operations and owned by the Working Interest Owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve or discharge any Unit Operator who resigns or is removed hereunder from any liability or duties accruing to or performance by it prior to the effective date of such resignation or removal.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners according to their respective acreage interests in all unitized land shall by a majority vote select a successor Unit Operator, provided, however, that the voting interest of the outgoing Unit Operator shall not be considered for any purpose if such outgoing Unit Operator fails to vote or votes to succeed itself. If a majority but less than seventy-five percent (85%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (85%) of the total working interests, shall be required to select a new Unit Operator. Such selection shall

not become effective until a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator.

7. ACCOUNTING PROVISIONS: The Unit Operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the Working Interest Owners in accordance with the Unit Operating Agreement entered into by and between the Unit Operator and the Working Interest Owners. No such agreement shall be deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this Unit Agreement and in case of any inconsistencies or conflict between this Unit Agreement, and the Unit Operating Agreement, this Unit Agreement shall prevail.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this Unit Agreement, shall constitute, and define the rights, privileges and obligations of the Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. PLAN OF OPERATIONS: It is recognized and agreed to by the parties hereto that all of the land subject to this Unit Agreement is reasonably proved to be productive of unitized substances and that the object of this Unit Agreement is to formulate and to put into effect an improved recovery project in order to effect additional recovery of Unitized Substances, prevent waste and conserve natural resources. Unit Operator shall have the right to inject into the unitized formation any substances for secondary recovery or enhanced recovery purposes in accordance with a plan of operation approved by the Working Interest Owners, including the right to drill and maintain injection wells on the Unit Area and completed in the Unitized Formation, and to use abandoned well or wells producing from the Unitized Formation for said purposes. Subject to like approval, the plan of operation may be revised as conditions warrant.

Notwithstanding anything to the contrary herein contained, should the Unit Operator fail to commence unit operations for the secondary recovery of unitized substances from the Unit Area within eighteen (18) months after the effective date of this Unit Agreement, or any extension thereof of approved by the Working Interest Owners, the Unit Agreement shall terminate automatically as of the date of default.

10. USE OF SURFACE AND USE OF WATER: The parties to the extent of their rights and interests, hereby grant to Unit Operator the right to use as much of the surface, including the water thereunder, of the unitized lands as may be reasonably necessary for unit operations.

Unit Operator's free use of water or brine or both for unit operations, shall not include any water from any well, lake pond, or irrigation ditch of surface owner, unless approval for such use is granted by the surface owner.

Unit Operator shall pay the surface owner for damages to growing crops, fences, improvements and structures on unitized land that result from unit operations.

and such payments shall be considered as items of unit expense to be borne by all working interest owners of the lands subject hereto.

11. TRACT PARTICIPATION: The percentages of Tract Participation set forth on Exhibit "C" for each tract within the Unit area have been calculated and determined in accordance with the following formula:

Reserves	45%
Production	<u>55%</u>
	100%

Such percentages of Tract Participation have been calculated upon the basis of all of said Tracts within the Unit Area being committed to this Unit Agreement as of the effective date hereof, and such Tract Participation shall govern the allocation of all Unitized Substances produced after the effective date hereof.

The Tract Participation for each tract as shown in Exhibit "C" are accepted and approved by the signatory parties hereto as being fair and equitable.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

12. TRACTS QUALIFIED FOR PRODUCTION: On and after the effective date hereof, all tracts within the Unit Area shall be entitled to participation in the production of unitized substances.

13. ALLOCATION OF UNITIZED SUBSTANCES: All Unitized Substances produced and saved from the Tracts within the Unit Area (less, save and except any part of such Unitized substances which is used in conformity with good operating practices on the Unit Area for Drilling, operating, camp and other production, development and pressure maintenance purposes, or which is unavoidably lost) shall be apportioned among and allocated to the committed Tracts within the Unit Area in accordance with the Tract participation as such Tract Participation is shown on Exhibit "C" or any revision thereof. The amount of Unitized Substances so allocated to each Tract, and only that Amount (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, of such Tract), shall, for all intents, uses and purposes, be deemed to have been produced from such Tract.

The Unitized Substances allocated to each Tract shall be distributed among or accounted for to the parties hereto entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions, as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this Unit Agreement not been entered into, and with the same legal force and effect. No Tract committed to this Unit Agreement and qualified for participation as heretofore provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances from such Tract.

If the Working Interest or Royalty Interest in any Tract is, on or after the effective date hereof, divided with respect to separate parcels or portions of such Tract and owned severally by different persons, the Tract Participation assigned to such Tract shall, in the absence of a recordable instrument executed by all owners and furnished to Unit Operator fixing the division of ownership, be divided among such

parcels or portions in proportion to the number of surface acres in each.

The Unitized Substances allocated to each Tract shall be delivered in kind to the respective Working Interest Owner and parties entitled thereto by virtue of the ownership of oil and gas rights therein or by purchase from such owners. Each Working Interest Owner and the parties entitled thereto shall have the continuing right to receive such production in kind at a common point within the Unit Area and to sell or dispose of the same as it sees fit. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose on the Unit Area and to sell or dispose of the same as it sees fit. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose on the Unit Area, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto or with operations upon or with regard to formations other than the Unitized Formation conducted within the Unit Area. Subject to Section 15 hereof any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be born by the party receiving the same in kind.

If any party fails to take in kind or separately dispose of its proportionate share of Unitized Substances, Unit Operator shall have the right, for the time being and subject to revocation at will by the party owning the share, to purchase for its own account or sell to others such share at not less than the prevailing market price in the area for like production; provided that, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto.

Any party receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract of receiving the proceeds therefrom shall be responsible for making payment of all royalty to the parties entitled thereto, and shall indemnify all parties hereto, including Unit Operator, against any liability for all royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances or the proceeds therefrom.

14. OIL IN LEASE TANKAGE ON EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all lease and other tanks within the Unit Area in order to ascertain the amount of merchantable oil above the pipeline connection in such tanks as of 7:00 A.M. on the effective date hereof. All such oil which has been produced legally shall be and remain the property of the Working Interest Owner entitled thereto the same as if the Unit had not been formed; and such Working Interest Owner shall promptly remove said oil from the Unit Area. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owner, subject to the payment of all royalty to Royalty Owners under the terms and provisions of the Unit Agreement and any applicable lease or leases and other contracts. All such oil as is in excess of the prior allowable of the well or wells from which the same was produced shall be regarded and treated the same as Unitized Substances produced after the effective date hereof. If, as of the effective date hereof, any Tract is overproduced with respect to the allowable of the well or wells on the tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded and included as a part of the Unitized Substances produced after the effective date hereof and the amount thereof charged to such Tract as having been delivered to the persons entitled to Unitized Substances allocated to such Tract

15. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: All rentals shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto.

All rentals, if any, due under any leases embracing lands within the unit, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

15. EFFECTIVE DATE AND TERM: This Agreement shall become effective of the first day of the calendar month next following the effective date of the Division's Order approving statutory unitization upon the terms and conditions of this Agreement, as amended (if amendment is necessary) to conform to the Division's Order. Upon approval of this Agreement, as so amended, the Unit Operator shall file this Agreement, or notice thereof, for record in the office of the County Clerk of Lea County, New Mexico.

Unit Operator shall within thirty (30) days after the effective date of this Agreement, file for record in the office of the County Clerk of Lea County, New Mexico, a certificate to the effect that this Agreement has become effective in accordance with its terms, therein identifying the Division's Order approving statutory unitization and stating the effective date.

This agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered are being produced aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests, signatory hereto.

This agreement and/or the Unit Operating Agreement shall be amended in any and all respects necessary to conform to the Division's Order approving statutory unitization.

The terms, conditions and provision of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the terms of this agreement and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well

provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offset to wells as between the leasehold interests committed to this agreement.

16. CONSERVATION: Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

17. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining Unitized Substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

18. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

19. RATE OF PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by the Division, and in conformity with all applicable laws and lawful regulations.

20. APPEARANCES: Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby, before the Oil Conservation Division, and to appeal from orders issued under the regulations of the Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Division; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceedings.

21. NOTICES: All notices, demands, or statements required hereunder to be given or rendered to the parties hereto, shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses, set forth in connection with the signatures hereto or to the ratification or consent hereof, or to such other address as any such party may have furnished in writing to party sending the notice, demand, or statement.

22. NO WAIVER OF CERTAIN RIGHTS: Nothing in this Unit Agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State of New Mexico, or rules or regulations issued thereunder in any way affecting such party, or as a waiver by such party of any right beyond his or its authority to

waive; provided, however, that each party hereto covenants that during the existence of this agreement such party will not resort to any action at law or in equity to partition the Unit area or the facilities used in the development or operation hereof and to that extent waives the benefits of all laws authorizing such partition.

23. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the Unit Agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the Unit Area, and the interest of the parties readjusted as a result of such tract being eliminated from the Unit Area. In the event of a dispute as to the title to any Royalty Interest, Working Interest, or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the Unitized Substances involved on account thereof, without liability for interest until the dispute is finally settled.

24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

25. STATUTORY UNITIZATION: If and when working interest owners owning at least seventy-five percent (75%) unit participation have become parties to this Agreement or have approved this Agreement in writing and such working interest owners have also become parties to the Unit Operating Agreement, Unit Operator may make application to the Division for statutory unitization of the uncommitted interests pursuant to the Statutory Unitization Act (Sections 70-7-1 through 70-7-21, NMSA, 1978 Comp.). If such application is made and statutory unitization, the Agreement and/or Unit Operating Agreement shall automatically be revised and/or amended in accordance with the provisions of the Division's Order approving statutory unitization.

Any and all amendment of this Agreement and/or the Unit Operating Agreement that are necessary to conform said agreements to the Division's Order approving statutory unitization shall be deemed to hereby approved in writing by the parties hereto without any necessity for further approval by said parties.

26. TAXES: Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the Unit Area; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefore by the parties hereto, including Royalty Owners, who may be responsible for taxes on their respective allocated share of said Unitized Substances. No such taxes shall be charged to any lessor who has a contract with a lessee which requires his lessee to pay such tax.

27. NO PARTNERSHIP. The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation or liability with regard to any one or more of the parties hereto. The rights and interest therein as among Working Interest Owners are covered by the Unit Operating Agreement.

28. CORRECTION OF ERRORS. It is hereby agreed by all parties to this agreement that Unit Operator is empowered to correct any mathematical or clerical errors which may exist in the pertinent exhibits to this agreement.

29. SUCCESSORS AND ASSIGNS: The terms and provisions hereof shall be covenants running with the lands and unitized leases and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated opposite their respective signatures.

SAGA PETROLEUM CORPORATION

WORKING INTEREST OWNER

BY: _____

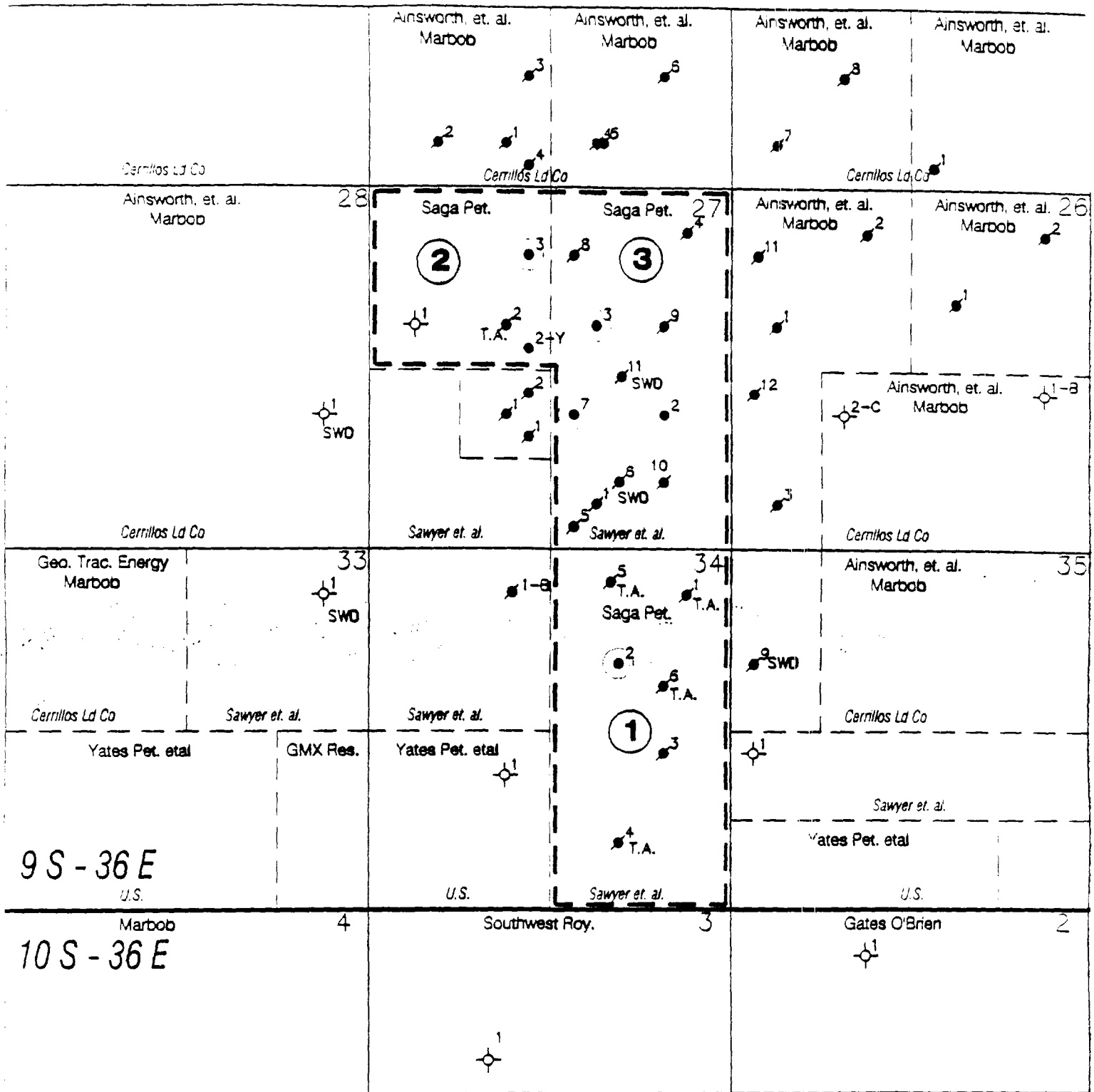
DATE: _____

TITLE: _____

ATTEST:

BY: _____

DATE: _____



- Unit Outline
- ③ Tract Area
- Devonian Producer
- Abandoned Producer
- Dry Hole

Saga Petroleum LLC	
Lea County, New Mexico Cross Roads Devonian Field	
Exhibit "A"	
Map of Unit Tracts	
March 1999	
Scale: 1"=2000'	

EXHIBIT B

Crossroads Siluro-Devonian Unit
Unit Agreement
Lea County, New Mexico

Tract 1 - Texaco U.D. Sawyer

Legal Description:

320 Acres, more or less, comprising the E/2 Sec. 34, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.02000000	37.702768	0.00754055
Forcenergy, Inc.	0.75000000	37.702768	0.28277076
Saga Petroleum Corp.	0.23000000	37.702768	0.08671637
TOTAL	1.00000000		0.37702768

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01640630	37.702768	0.00618563
Forcenergy, Inc.	0.61523430	37.702768	0.23196036
Saga Petroleum Corp.	0.18867190	37.702768	0.07113453
Sandra Good RA Mey Trust	0.01074200	37.702768	0.00405003
Price Y-CIA	0.00244150	37.702768	0.00092051
Myrl Sawyer Good	0.02506500	37.702768	0.00945020
Susie L. Wadley First Trust	0.00203470	37.702768	0.00076714
Susie L. Wadley First Trust	0.00203460	37.702768	0.00076710
Sinclair Trust	0.00195310	37.702768	0.00073637
Fernald Point Prod. Trust	0.00195310	37.702768	0.00073637
Candace Good Jacobson	0.03938800	37.702768	0.01485037
Thomas Jefferson Good	0.03938800	37.702768	0.01485037
Sandra Good RA Mey Trust (OR)	0.00512700	37.702768	0.00193302
Myrl Sawyer Good (OR)	0.01196290	37.702768	0.00451034
Candace Good Jacobson (OR)	0.01879880	37.702768	0.00708767
Thomas Jefferson Good (OR)	0.01879880	37.702768	0.00708767
TOTAL	1.00000000		0.37702768

EXHIBIT B

Crossroads Siluro-Devonian Unit
Unit Agreement
Lea County, New Mexico

Tract 2 - Santa Fe Pacific

Legal Description:

160 Acres, more or less, comprising the NW/4 Sec. 27, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01820000	51.410973	0.00935680
Forcenergy, Inc.	0.68250000	51.410973	0.35087989
Saga Petroleum Corp.	0.20930000	51.410973	0.10760317
Yellow Queen Uranium Co.	0.03000000	51.410973	0.01542329
Alfa Resources, Inc.	0.06000000	51.410973	0.03084658
TOTAL	1.00000000		0.51410973

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01448500	51.410973	0.00744688
Yellow Queen Uranium Co.	0.02625000	51.410973	0.01349538
Alfa Resources, Inc.	0.05250000	51.410973	0.02699076
Forcenergy, Inc.	0.54318750	51.410973	0.27925798
Saga Petroleum Corp.	0.16657750	51.410973	0.08563911
Allan Capital Corp.	0.00714280	51.410973	0.00367218
Floos, Inc.	0.12500000	51.410973	0.06426372
H. Wayne Hoover	0.00714280	51.410973	0.00367218
C. Thomas Houseman	0.00357140	51.410973	0.00183609
Mystique Resources Co.	0.00714280	51.410973	0.00367218
Edward J. Names	0.00714280	51.410973	0.00367218
C. L. Nordstrom	0.00714280	51.410973	0.00367218
Bruce M. Patterson	0.00714280	51.410973	0.00367218
Floos, Inc. (OR)	0.02557180	51.410973	0.01314671
TOTAL	1.00000000		0.51410973

EXHIBIT B

Crossroads Siluro-Devonian Unit Unit Agreement Lea County, New Mexico

Tract 3 - U.D. Sawyer

Legal Description:

320 Acres, more or less, comprising the E/2 Sec. 27, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01916880	10.886259	0.00208677
Forcenergy, Inc.	0.71882810	10.886259	0.07825349
Saga Petroleum Corp.	0.22044060	10.886259	0.02399773
Saga Petroleum LLC FAO-TMN	0.03187500	10.886259	0.00347000
Marius Jensen Nygaard, Jr.	0.00062500	10.886259	0.00006804
Gerald D. Mills	0.00593750	10.886259	0.00064637
Yuma E & P	0.00281250	10.886259	0.00030618
Perry & Patricia Shaw Trust	0.00031250	10.886259	0.00003402
TOTAL	1.00000000		0.10886259

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT 4.00000000
Saga Petroleum LLC	0.01592884	10.886259	0.00173405
Gerald D. Mills	0.00519533	10.886259	0.00056558
Yuma E & P	0.00246096	10.886259	0.00026791
Perry & Patricia Shaw Trust	0.00027344	10.886259	0.00002977
Forcenergy, Inc.	0.59733405	10.886259	0.06502733
Saga Petroleum Corp.	0.18318248	10.886259	0.01994172
Saga Petroleum LLC FAO-TMN	0.02789060	10.886259	0.00303624
Marius Jensen Nygaard, Jr.	0.00054680	10.886259	0.00005953
Susie L. Wadley First Trust	0.00203453	10.886259	0.00022148
Fernald Point Prod. Trust	0.00195310	10.886259	0.00021262
Susie Wadley Trust #10-05527	0.00203457	10.886259	0.00022149
Sinclair Rev. Trust #0108952	0.00195310	10.886259	0.00021262
William Marsh Rice Univ.	0.05729170	10.886259	0.00623692
Candace G. Jacobson	0.02208116	10.886259	0.00240381
Thomas J. Good III	0.02208106	10.886259	0.00240380
Price & Cia, Inc.	0.00244140	10.886259	0.00026578
Myrl Sawyer Good	0.00537109	10.886259	0.00058471
Beja Embry	0.00537109	10.886259	0.00058471
Myrl Good Suc. Trustee	0.00238720	10.886259	0.00025988
Floos, Inc. (OR)	0.04218750	10.886259	0.00459264
TOTAL	1.00000000		0.10886259

Exhibit C
Schedule of Tract Participation
Crossroads Siluro-Devonian Unit
Unit Agreement
Lea County, New Mexico

Tract	Description of Lands	Current Operator	Allocated W.I.
1	E/2 Sec. 34, T 9 S, R 36 E	Saga Petroleum, LLC	37.702768%
2	NW/4 Sec. 27, T 9 S, R 36 E	Saga Petroleum, LLC	51.410973%
3	E/2 Sec. 27, T 9 S, R 36 E	Saga Petroleum, LLC	10.886259%
			100.000000%

UNIT OPERATING AGREEMENT
CROSS ROADS (DEVONIAN) UNIT
LEA COUNTY, NEW MEXICO

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12417 & 12418 Exhibit No. 4
Submitted by:
Saga Petroleum, L.L.C.
Hearing Date: September 7, 2000

UNIT OPERATING AGREEMENT
CROSS ROADS SILURO-DEVONIAN UNIT
LEA COUNTY, NEW MEXICO

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UNIT OPERATING AGREEMENT
CROSS ROADS (DEVONIAN) UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st. day of June, 1999, by and between the parties who execute or ratify this Agreement;

WITNESSETH: That,

WHEREAS, the parties hereto as Working Interest Owners have executed as of the date hereof, that certain Unit Agreement For the Development and Operation of the CROSS ROADS SILURO-DEVONIAN UNIT, Lea County, New Mexico (hereinafter referred to as "Unit Agreement"), and which, among other things, provides for a separate agreement to be made and entered into by and between Working Interest Owners pertaining to the development and operation of the Unit Area therein defined;

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, it is agreed as follows:

ARTICLE 1
CONFIRMATION OF UNIT AGREEMENT

1.1 Confirmation of Unit Agreement. The Unit Agreement is hereby confirmed and incorporated herein by reference and made a part of this Agreement. The definitions in the Unit Agreement are adopted for all purposes of this Agreement. In the event of any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall prevail.

ARTICLE 2
EXHIBITS

2.1 Exhibits. The following exhibits are incorporated herein by reference:

2.1.1 Exhibits A and B of the Unit Agreement.

2.1.2 Exhibit C, attached hereto, is a schedule showing the total Unit Participation of each Working Interest Owner.

2.1.3 Exhibit D, attached hereto, is the Accounting Procedure applicable to development and operation of the Unit Area. In the event of conflict between this Agreement and Exhibit D, this Agreement shall prevail.

2.1.4 Exhibit E, attached hereto, contains insurance provisions applicable to the development and operation of the Unit Area.

2.2 Revision of Exhibits. Whenever Exhibits A and B are revised, Exhibit C shall be revised according to such revision to be effective as of the effective date of revised Exhibits A and B.

ARTICLE 3
SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS

3.1 Overall Supervision. Working Interest Owners shall exercise overall supervision and control of all matters pertaining to the development and operation of the Unit Area pursuant to this Agreement and the Unit Agreement. In the exercise of such power each Working Interest Owner shall act solely in its own behalf in the capacity of an individual owner and not on behalf of the owners as an entirety.

3.2 Particular Powers and Duties. The matters to be passed upon and decided by Working Interest Owners shall include, but not be limited to, the following:

3.2.1 Method of Operation. The kind, character and method of operation, including any type of pressure maintenance or secondary recovery program to be employed.

3.2.2 Drilling of Wells. The drilling of any well within the Unit Area either for production of Unitized Substances, for use as an injection well, or for other purposes.

3.2.3 Well Workovers and Change of Status. The workover, recompletion, repair, abandonment, or change of status of any well in the Unit Area or use of any such well for injection or other purposes.

3.2.4 Expenditures. Making of any single expenditure in excess of Twenty Five Thousand and No/100 Dollars (\$25,000.00); provided that approval by Working Interest Owners of the drilling, reworking, drilling deeper, or plugging back of any well shall include approval of all necessary expenditures required therefor and for completing, testing and equipping the same, including necessary flow lines, separators and lease tankage. For all expenditures estimated to be in excess of Five Thousand and No/100 (\$5,000.00) Dollars, the Unit Operator will furnish copies of its AFE (Authorized Field Expenditure) to all Working Interest Owners for information purposes only.

3.2.5 Disposition of Surplus Facilities. Selling or otherwise disposing of any major item of surplus material or equipment, the current net price of new equipment similar thereto being Twenty Five Thousand and No/100 (\$25,000.00) Dollars or more.

3.2.6 Appearance Before a Court or Regulatory Body. The designation of a representative to appear before any court or regulatory body in all matters pertaining to Unit operations; provided, however, such designation by Working Interest Owners shall not prevent any Working Interest Owner from appearing in person or from designating another representative in its own behalf; and provided further, that in the absence of such designation Unit Operator shall appear as such representative.

3.2.7 Audits. The making of proper audits of the accounts of Unit Operator pertaining to operations hereunder; provided that such audits shall:

(a) not be conducted more than once each year except upon the resignation or removal of Unit Operator; and shall:

(b) be made at the expense of all Working Interest Owners other than the Working Interest Owner designated as Unit Operator, unless such audit is conducted at the specific instance and request of Unit Operator, in which latter event the same shall be made at the expense of all Working Interest Owners including the Working Interest Owner designated as Unit Operator; and

(c) be upon not less than thirty (30) days' written notice to Unit Operator.

3.2.8 Inventories. The taking of periodic inventories under the terms of Exhibit D.

3.2.9 Technical Services. Any direct charges to the joint account for the services by consultants or Unit Operator's technical personnel not covered by the overhead charges provided by Exhibit D.

3.2.10 Appointment of Committees. The appointment or designation of committees or subcommittees necessary for the study of any problem in connection with Unit operations.

3.2.11 Subject to Section 6.2, the removal of Unit Operator and the selection of a successor.

3.2.12 The enlargement of the Unit Area.

3.2.13 The readjustment of investments as required.

3.2.14 The termination of the Unit Agreement.

ARTICLE 4 MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Each Working Interest Owner shall advise Unit Operator in writing the names and addresses of its representative and alternate representative authorized to represent and bind it in respect to any matter pertaining to the development and operation of the Unit Area. Such representative or alternate representative may be changed from time to time by written notice to Unit Operator.

4.2 Meetings. All meetings of Working Interest Owners for the purpose of considering and acting upon any matter pertaining to the development and operation of the Unit Area shall be called by

Unit Operator upon its own motion or at the request of one (1) or more Working Interest Owners. Except for emergency meetings which may be called on two (2) days' notice, no meeting shall be called on less than fourteen (14) days' advance written notice, with agenda for the meeting attached. The Working Interest Owners attending such meeting shall not be prevented from amending items included in the agenda or from deciding on such amended items or from deciding other items presented at such meeting. The representative of Unit Operator shall be chairman of each meeting.

4.3 Voting Procedure. Working Interest Owners shall act upon and determine all matters coming before them as follows:

4.3.1 Voting Interest. In voting on any matter each Working Interest Owner shall have a voting interest equal to its then percentage in Unit participation, as shown in Exhibit C, and such revisions thereof as may hereafter be made in accordance with the terms of this Agreement.

4.3.2 Vote Required. Except as may otherwise be provided herein or in the Unit Agreement, Working Interest owners shall act upon and determine all matters coming before them including but not limited to:

(a) an expenditure of more than Twenty Five Thousand and No/100 Dollars (\$25,000.00); or

(b) drilling of any wells and method of reconditioning for injection and/or producing wells

by the affirmative vote of a majority of the voting interest; provided, that should any one Working Interest Owner own more than forty percent (40%) voting interest, its vote must be supported by the vote of two (2) or more Working Interest Owners having a combined voting interest of at least fifteen percent (15%).

4.3.3 Vote at Meeting by Nonattending Working Interest Owner. Any Working Interest Owner not represented at a meeting may vote on any item included in the agenda of the meeting by letter or telegram addressed to the chairman of the meeting, provided such vote is received prior to the submission of such item to vote. Such vote shall not be counted with respect to any item on the agenda which is amended at the meeting.

4.3.4 Poll Votes. Working Interest Owners may decide any matter by vote taken by letter or telegram, provided the matter is first submitted in writing to each Working Interest Owner and no meeting on the matter is called as provided in Section 4.2, within seven (7) days after such proposal is served on Working Interest Owners. Unit Operator will give prompt notice of the results of such voting to all Working Interest Owners.

ARTICLE 5 INDIVIDUAL RIGHTS AND PRIVILEGES OF WORKING INTEREST OWNERS

5.1 Reservation of Rights. Working Interest Owners severally reserve to themselves all their rights, power, authority and privileges, except as expressly provided in this Agreement and the Unit Agreement.

5.2 Specific Rights. Each Working Interest Owner shall have, among others, the following specific rights and privileges:

5.2.1 Access to Unit Area. Access to the Unit Area at all reasonable times to inspect the operation hereunder and all wells and records and data pertaining thereto.

5.2.2 Reports. The right to receive from Unit Operator, upon written request, copies of all reports to any governmental agency, reports of crude oil runs and stocks, inventory reports, and all other information pertaining to Unit Operations. The cost of gathering and furnishing information not ordinarily furnished by Unit Operator to all Working Interest Owners shall be charged to the Working Interest Owner who requests the information.

ARTICLE 6 UNIT OPERATOR

6.1 Initial Unit Operator. Saga Petroleum Corporation is hereby designated as Unit Operator.

6.2 Resignation or Removal. Unit Operator may resign at any time. Working Interest Owners may remove Unit Operator at any time by the affirmative vote of at least eighty-five percent (85%) of the voting interest remaining after excluding the voting interest of Unit Operator. A Unit Operator that resigns or is removed shall not be released from its obligations hereunder for a period of six (6) months after the resignation or discharge, unless a successor Unit Operator has taken over Unit Operations prior to the expiration of such period.

6.3 Selection of Successor. Upon the resignation or removal of a Unit Operator, a successor Unit Operator shall be selected by Working Interest Owners. If the Unit Operator that is removed votes only to succeed itself, the successor Unit Operator may be selected by the affirmative vote of at least eighty-five percent (85%) of the voting interest remaining after excluding the voting interest of the Unit Operator that was removed.

ARTICLE 7 POWERS AND DUTIES OF UNIT OPERATOR

7.1 Exclusive Right to Operate Unit. Subject to the provisions of this Agreement and to the orders, directions and limitations rightfully given or imposed by Working Interest Owners, Unit operator shall have the exclusive right and duty to develop and operate the Unit Area for the production of Unitized Substances.

7.2 Workmanlike Conduct. Unit Operator shall conduct all operations hereunder in a good and workmanlike manner, and, in the absence of specific instructions from Working Interest Owners, shall have the right and duty to conduct such operations in the same manner as would a prudent operator under the same or similar circumstances. Unit Operator shall freely consult with Working Interest Owners and keep them advised of all matters arising in connection with such operations which Unit Operator, in the exercise of its best judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages unless such damages result from the gross negligence or willful misconduct of Unit Operator.

7.3 Liens and Encumbrances. Unit Operator shall keep the lands and leases in the Unit Area free from all liens and encumbrances occasioned by its operations hereunder, except the lien of Unit Operator granted hereunder.

7.4 Employees. The number of employees used by Unit Operator in conducting operations hereunder, the selection of such employees, the hours of labor, and the compensation for services to be paid any and all such employees shall be determined solely by Unit Operator. Such employees shall be the employees of the Unit Operator.

7.5 Records. Unit Operator shall keep true and correct books, accounts and records of its operations hereunder.

7.6 Reports to Working Interest Owners. Unit Operator shall furnish to each Working Interest Owner monthly, injection and production reports for each well in the Unit, as well as periodic reports of the development and operation of the Unit Area.

7.7 Reports to Governmental Authorities. Unit Operator shall make all necessary reports to governmental authorities.

7.8 Engineering and Geological Information. Unit Operator shall furnish to each Working Interest Owner, upon written request, a copy of the logs of, and copies of engineering and geological data pertaining to, wells drilled by Unit Operator.

7.9 Expenditures. Unit Operator is authorized to make single expenditures not in excess of Twenty Five Thousand and No/100 Dollars (\$25,000.00) without prior approval of Working Interest Owners; provided, however, that nothing in this Section (nor in Section 3.2.4) shall be deemed to prevent Unit Operator from making an expenditure in excess of said amount if such expenditure becomes necessary because of a sudden emergency which may otherwise cause loss of life or extensive damage to property.

7.10 Settlements. Unit Operator may settle any single damage claim not involving an expenditure in excess of Ten Thousand and No/100 Dollars (\$10,000.00), provided such payment is a complete settlement of such claim. All claims in excess of Ten Thousand and No/100 Dollars (\$10,000.00) must be approved by the Working Interest Owners.

7.11 Mathematical Errors. It is hereby agreed by all parties to this Agreement that Unit Operator is empowered to correct any mathematical errors which might exist in the pertinent exhibits to this Agreement.

ARTICLE 8 TAKES

8.1 Ad Valorem Taxes. Unit Operator shall make and file all necessary ad valorem tax renditions and returns with the proper taxing authorities covering all real and personal property of each Working Interest Owner used or held by Unit Operator in Unit Operations. Unit Operator shall settle assessments arising therefrom. All such ad valorem taxes shall be paid by Unit Operator and charged to the joint account; provided, that, if the interest of a Working Interest Owner is subject to a separately assessed overriding royalty interest, production payment, or other interest in excess of a one eighth (1/8) royalty, such Working Interest Owner shall be given credit for the reduction in taxes paid resulting therefrom.

8.2 Other Taxes. Each Working Interest owner shall pay or cause to be paid all production, severance, gathering, and other taxes imposed upon or in respect of the production or handling of its share of Unitized Substances.

ARTICLE 9 INSURANCE

9.1 Insurance. Unit Operator shall carry, with respect to Unit operation subject to this Agreement:

9.1.1 Insurance as set forth in Exhibit E.

ARTICLE 10 ADJUSTMENT OF INVESTMENTS

10.1 Personal Property Taken Over. Upon the effective date hereof, Working Interest Owners shall deliver to Unit Operator possession of :

10.1.1 Wells and Casing. All wells completed in the Unitized Formation together with the casing therein;

10.1.2 Well and Lease Equipment. The tubing and rods in each such well, together with the wellhead connections thereon, and all other lease and operating equipment used in the operation of such wells which Working Interest Owners determine is necessary or desirable for conducting Unit operations; and

10.1.3 Records. A copy of all production and well records pertaining to such wells.

10.2 Inventory and Evaluation of Personal Property. Working Interest Owners shall (at Unit expense) inventory and evaluate (i) all controllable material in accordance with provisions of Exhibit D and (ii) all personal property, except casing, so taken over under Section 10.1.2 above, and Working Interest owners shall appoint a committee for such purpose. Such inventory and evaluation shall, with the exception of sucker rods, be limited to items considered controllable, as recommended in the Material Classification Manual published by the Petroleum Accountants Society of Oklahoma in 1960. In this connection, Working Interest Owners agree to furnish such committee a list of their underground equipment prior to the effective date of this Agreement. The inventory as taken by the committee shall be as of the effective date of the Unit Agreement.

10.3 Investment Adjustment. Upon approval by Working Interest Owners of such inventory and evaluation, each Working Interest Owner shall be credited with the value of its interest in all personal property, except casing, so taken over by Unit Operator under Section 10.1.2, and charged with an amount equal to that obtained by multiplying the total value of all such personal property so taken over by Unit Operator under Section 10.1.2 by such Working Interest Owner's Unit participation, as shown on Exhibit C. If the charge against any Working Interest Owner is greater than the amount credited to such Working Interest Owner, the resulting net charge shall be paid and in all other respects be treated as any

other item of Unit expense chargeable against such Working Interest Owner. If the credit to any Working Interest Owner is greater than the amount charged against such Working Interest Owner, the resulting net credit shall be paid to such Working Interest Owner by Unit Operator out of funds received by it in settlement of the net charges described above. Pricing of inventory will be in accordance with Article III of Exhibit D hereof.

10.4 General Facilities. The acquisition of warehouses, warehouse stocks, lease houses, camps, facility systems, and office buildings necessary for operations hereunder shall be by negotiation by and between the owners thereof and Unit Operator, subject to the approval of Working Interest Owners.

10.5 Ownership of Personal Property and Facilities. Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this Agreement in an amount equal to its Unit participation, shown on Exhibit C.

ARTICLE 11 DEVELOPMENT AND OPERATING COSTS

11.1 Basis of Charge to Working Interest Owners. Unit Operator initially shall pay and discharge all costs and expenses incurred in the development and operation of the Unit Area. Working Interest Owners shall reimburse Unit Operator for all such costs and expenses, in proportion to their respective Unit participation, shown on Exhibit C. All charges, credits and accounting for costs and expenses shall be in accordance with Exhibit D.

11.2 Budgets. Before or as soon as practical after the effective date hereof, Unit Operator shall prepare a budget of estimated costs and expenses for the remainder of the calendar year, and on or before the first day of each October thereafter shall prepare a budget of estimated costs and expenses for the ensuing calendar year. Such budgets shall set forth the estimated costs and expenses by quarterly periods. Unless otherwise specified in the budget, it shall be presumed for the purpose of advance billings that the estimated costs and expenses for each month of a quarterly period shall be one-third (1/3) of the estimate for the quarterly period. Budgets so prepared shall be estimates only and shall be subject to adjustment and correction by Working Interest Owners and Unit Operator from time to time whenever it shall appear that an adjustment or correction is proper. A copy of each such budget and adjusted budget shall be promptly furnished each Working Interest Owner.

11.3 Advance Billing. Unit Operator shall have the right at its option to require Working Interest Owners to advance their respective proportion of such costs and expenses by submitting to Working Interest owners, on or before the 15th day of any month, an itemized estimate of such costs and expenses for the succeeding month with a request for payment in advance. Within fifteen (15) days thereafter, each Working Interest Owner shall pay to Unit Operator its proportionate part of such estimate. Adjustment between estimates and the actual costs shall be made by Unit Operator at the close of each calendar month, and the accounts of the Working Interest Owners shall be adjusted accordingly. Where such estimates include materials to be acquired, Working Interest Owners may have the option of furnishing such material in kind, subject to acceptance of such material by Unit Operator.

11.4 Commingling of Funds. No funds received by Unit Operator under this Agreement need be segregated by Unit Operator or maintained by it as a joint fund, but may be commingled with its own funds.

11.5 Lien of Unit Operator. Each Working Interest Owner grants to Unit Operator a lien upon such Working Interest Owner's (i) leasehold and other mineral interests in each tract, (ii) its interest in all jointly-owned materials, equipment and other property, and (iii) its interest in all Unitized Substances, as security for payment of the costs and expenses chargeable to it, together with interest thereon at the rate of fifteen percent (15%) per annum. Unit Operator shall have the right to bring any action at law or in equity to enforce collection of such costs and expenses, with or without foreclosure of such lien. In addition, upon default by any Working Interest owner in the payment of costs and expenses chargeable to it, Unit Operator shall have the right to collect and receive from the purchaser or purchasers all proceeds of such Working Interest owner's share of Unitized Substances up to the amount owing by such Working Interest Owner plus interest, as aforesaid, until paid. Each such purchaser shall be entitled to rely upon Unit Operator's statement concerning the existence and amount of any such default.

11.6 Wells Drilled by Unit Operator. All wells drilled by Unit Operator shall be drilled on a competitive basis at the usual rates prevailing in the area. Unit Operator may employ its own tools and

equipment in the drilling of wells, but in such event, the charge therefor shall not exceed the prevailing rate in the area, and such work shall be performed by Unit Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors doing work of a similar nature.

11.7 Burden of Excess Royalty and Other Interests. If any interest contributed by a Working Interest Owner is burdened with a Royalty in excess of one-eighth (1/8), such excess burden shall be borne solely by the Working Interest Owner contributing such interest.

ARTICLE 12 OPERATION OF NON-UNITIZED FORMATIONS

12.1 Right to Operate in Non-Unitized Formations. Any Working Interest Owner now having, or hereafter acquiring, the right to drill for and produce oil, gas or other minerals, other than Unitized Substances, within the Unit Area shall have the full right to do so notwithstanding this Agreement. In exercising said right, however, such Working Interest Owner shall exercise every reasonable precaution to prevent unreasonable interference with operations hereunder. No Working Interest Owner, other than Unit Operator, shall produce Unitized Substances through any well drilled or operated by it. If any such other Working Interest Owner drills any well into or through the Unitized Formation, the Unitized Formation shall be cased or otherwise protected in such a manner that the Unitized Formation and the production of Unitized Substances will not be adversely affected. No dual completions in the Unitized Formation and some other formation shall be permitted.

ARTICLE 13 TITLES

13.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective Working Interest set forth opposite its name in Exhibit B of the Unit Agreement and hereby indemnifies and agrees to hold the other Working Interest Owners harmless from any loss and liability for damages due to failure (in whole or in part) of its title to any such interest, except failure of title arising out of operations hereunder. Each failure of title shall be effective, insofar as this Agreement is concerned, as of the first day of the calendar month in which such failure is finally determined and there shall be no retroactive adjustment of development and operating expenses, Unitized Substances or the proceeds therefrom, as a result of title failure.

13.2 Failure Because of Unit Operations. The failure of title to any Working Interest in any tract by reason of Unit operations, including nonproduction from such tract, shall not operate to reduce or otherwise affect the percentage of Unit participation of the Working Interest Owner whose title has so failed.

ARTICLE 14 LIABILITY, CLAIMS AND SUITS

14.1 Individual Liability. The duties, obligations and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing contained herein shall ever be construed as creating a partnership of any kind, joint venture, or an association or trust between or among Working Interest owners.

14.2 Settlements. In the event claim is made against a Working Interest Owner, or any Working Interest Owner is sued on account of any matter or thing arising from the development and operation of the Unit Area and over which such Working Interest Owner individually has no control because of the rights, powers and duties granted by this Agreement and the Unit Agreement, said Working Interest Owner shall immediately notify the Unit Operator of such claim or suit. Unit Operator shall assume and take over the further handling of such claim or suit and all costs and expenses of handling, settling or otherwise discharging such claim or suit shall be borne by Working Interest Owners as any other cost or expense of operating the Unit Area.

ARTICLE 15 INTERNAL REVENUE PROVISION

15.1 Internal Revenue Provision. Each party hereto hereby irrevocably elects that it and the operations covered by this Agreement be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954 as permitted and authorized by Section 761 of said Code and the regulations promulgated thereunder. Unit Operator is hereby irrevocably authorized and directed to execute on behalf of each party hereto such additional or further evidence of said election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service and regulations issued under said Subchapter K, including all of the returns, statements and data required, and Unit Operator shall furnish each party hereto with a copy thereof. Should said regulations require each party to execute such further evidence, each party hereto irrevocably agrees to execute or join in the execution thereof. Each party hereto irrevocably agrees not to give any notices or take any action inconsistent with the elections hereby made and each hereby states that the income derived by it from the operations under this Agreement can be adequately determined without the computation of partnership taxable income.

ARTICLE 16 NOTICES

16.1 Notices. All notices required hereunder shall be in writing and shall be deemed to have been properly served when sent by mail or telegram to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with Article 4 hereof.

ARTICLE 17 WITHDRAWAL OF WORKING INTEREST OWNER

17.1 Withdrawal. If any Working Interest Owner desires to withdraw from the Unit it shall so notify the other Working Interest Owners, each of whom shall have the right and option for a period of thirty (30) days from receipt of such notice, to elect whether to participate in the acquisition of the entire present interest of the party desiring to withdraw. Failure of a notified owner to respond in writing to such notice shall constitute that owner's election not to participate in acquiring the said interest of the party seeking to withdraw, and if none of the notified parties elect to acquire, the proposed withdrawal shall not be accomplished. If within the thirty-day (30) option period one or more Working Interest owners elect in writing to participate in acquiring the particular interest (said parties being hereinafter called "acquiring owners") the withdrawing owner shall promptly transfer, assign and convey to the acquiring owners without warranty of title, either express or implied, all of the present right, title and interest of the withdrawing party in and to oil, gas and mineral leases or other operating rights in the Unit Area, insofar as said leases or rights pertain to the Unitized Formation, together with the withdrawing owner's interest in all wells, pipelines, casing, injection equipment, facilities and other personal property located upon or used in connection with the development and operation of the Unit Area. The interest so transferred, assigned and conveyed shall vest in the acquiring owners in the proportion which their respective Unit participations theretofore existing bear to their total Unit participation, and the Unit Operator shall recompute the percentages of participation to take into account said change of ownership and shall furnish all the Working Interest Owners with a corrected schedule of interests. Such a change of ownership shall not relieve the withdrawing owner from any obligation or liability incurred prior to the date of execution and delivery of the transfer, assignment and conveyance, but thereafter the withdrawing owner shall be relieved from all further obligations and liabilities under the Unit Agreement and this Agreement, and shall not be entitled to any benefits accruing hereunder and under the Unit Agreement. The only consideration to be paid by the acquiring owners for such a transfer, assignment and conveyance shall be the fair salvage value of the interest of the withdrawing owner in casing, equipment and other personal property as fixed by the acquiring owners in accordance with Exhibit D hereto.

ARTICLE 18
ABANDONMENT OF WELLS

18.1 Rights of Former Owners. If Working Interest Owners decide to permanently abandon any well within the Unit Area prior to termination of the Unit Agreement, Unit Operator shall give written notice of such fact to the former Working Interest Owner of the tract on which such well is located, together with the amount (as estimated and fixed by the Working Interest Owners) to be the net salvage value of the casing and equipment in and on said well; said former Working Interest Owner shall have the right and option for a period of ninety (90) days after receipt of such notice to notify Unit Operator of its election to take over and own said well and to deepen or plug back said well to a formation other than the Unitized Formation. Within ten (10) days after said former Working Interest Owner of the tract has so notified Unit Operator of its desire to take over such well, it shall pay to Unit Operator, for credit to the joint account of the Working Interest Owners, the amount of the net salvage value above described. At the same time the former Working Interest Owner taking over the well shall agree, by letter addressed to Unit Operator, to effectively seal off and protect the Unitized Formation and (at such time as the well is ready for abandonment) to plug and abandon the well in a workmanlike manner in accordance with applicable laws and regulations.

18.2 Plugging. In the event the former Working Interest Owner of a tract does not elect to take over a well located thereon which is proposed for abandonment, Unit Operator shall plug and abandon the well in accordance with applicable laws and regulations.

ARTICLE 19
EFFECTIVE DATE AND TERM

19.1 Effective Date. This Agreement shall become effective on the date and at the time the Unit Agreement becomes effective.

19.2 Term. This Agreement shall continue in full force and effect so long as the Unit Agreement remains in force and effect and thereafter until all Unit wells have been plugged and abandoned or turned over to Working Interest Owners in accordance with Article 20 hereof, and all personal and real property acquired for the joint account of Working Interest Owners has been disposed of by Unit Operator in accordance with instructions of Working Interest Owners.

ARTICLE 20
TERMINATION OF UNIT AGREEMENT

20.1 Termination. Upon termination of the Unit Agreement, the following shall occur:

20.1.1 Oil and Gas Rights. Possession of all oil and gas rights in and to the several separate tracts shall revert to the Working Interest Owners thereof.

20.1.2 Right to operate. Working Interest Owners of any such tract desiring to take over and continue to operate a well or wells located thereon may do so by paying Unit Operator, for the credit of the joint account, the net salvage value of the casing and equipment in and on the well and by agreeing in writing to properly plug the well at such time as it is abandoned.

20.1.3 Salvaging Wells. With respect to all wells not taken over by Working Interest Owners, Unit Operator shall at the joint expense of Working Interest Owners salvage as much of the casing and equipment in or on such wells as can economically and reasonably be salvaged, and shall cause such wells to be properly plugged and abandoned.

20.1.4 Cost of Salvaging. Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in the development and operation of the Unit Area in proportion to their respective Unit participation, as shown on Exhibit C.

ARTICLE 21
COUNTERPART EXECUTION

21.1 Execution by Separate Counterparts or Ratifications. This Agreement may be executed in any number of counterparts and each counterpart so executed shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument; or may be ratified by a separate instrument in writing referring to this Agreement. Each such ratification shall have the force and effect of an executed counterpart and of adopting by reference all of the provisions hereof.

ARTICLE 22
SUCCESSORS AND ASSIGNS

22.1 Successors and Assigns. The terms and provisions hereof shall be covenants running with the lands and unitized leases covered hereby and shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated opposite their respective signatures.

COMPANY NAME

WORKING INTEREST OWNER

BY: _____ DATE: _____

TITLE: _____

ATTEST:

BY _____ DATE: _____

Exhibit C
Schedule of Tract Participation
Crossroads Siluro-Devonian Unit
Unit Agreement
Lea County, New Mexico

Tract	Description of Lands	Current Operator	Allocated W.I.
1	E/2 Sec. 34, T 9 S, R 36 E	Saga Petroleum, LLC	37.702768%
2	NW/4 Sec. 27, T 9 S, R 36 E	Saga Petroleum, LLC	51.410973%
3	E/2 Sec. 27, T 9 S, R 36 E	Saga Petroleum, LLC	10.886259%
			100.000000%

September 5, 2000

FLOOS INC.

Mr. William F. Carr
Campbell, Carr, Berge & Sheridan, P. A.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208


VIA FACSIMILE: (505) 983-6043

RE: Saga Petroleum
Case No. 12417 & 12418

Dear Bill:

This is to inform you that Floos, Inc. has received a REVISED division of revenue interests for the proposed Crossroads Devonian Unit. The fax dated August 31, 2000 (copy attached) showing Floos's interest in Formula 4 column as 0.082003068 is acceptable to us. Based on this we are withdrawing our objection to the proposed Unit.

If you have any questions, please contact me. Thanks.


M. Y. (Merch) Merchant
President

CC: Mark Caldwell, Saga Petroleum
Arnold Divine, Penroc Oil

ILLEGIBLE

Revenue Interest

Owner	FORMULA			
	1	2	3	4
Saga Petroleum LLC	0.000000000	0.000000000	0.000000000	0.015366563
Freenergy, Inc.	0.000000000	0.000000000	0.000000000	0.576745672
Saga Petroleum Corp.	0.000000000	0.000000000	0.000000000	0.176715362
Sandra Good RA Mey Trust	0.000000000	0.000000000	0.000000000	0.003983052
Price Y-CJA	0.000000000	0.000000000	0.000000000	0.001196290
Mari Sawyer Good	0.000000000	0.000000000	0.000000000	0.013515254
Susie L. Wadley First Trust	0.000000000	0.000000000	0.000000000	0.001755723
Sanciar Trust	0.000000000	0.000000000	0.000000000	0.000735373
Fernald Point Prod. Trust	0.000000000	0.000000000	0.000000000	0.003948992
Candace Good Jacobson	0.000000000	0.000000000	0.000000000	0.024341847
Thomas Jefferson Good	0.000000000	0.000000000	0.000000000	0.024341836
Yellow Queen Uranium Co.	0.000000000	0.000000000	0.000000000	0.013495380
Alfa Resources, Inc.	0.000000000	0.000000000	0.000000000	0.026890761
Allen Capital Corp.	0.000000000	0.000000000	0.000000000	0.003672183
Floos, Inc.	0.000000000	0.000000000	0.000000000	0.082003068
H. Wayne Hoover	0.000000000	0.000000000	0.000000000	0.003672183
C. Thomas Houseman	0.000000000	0.000000000	0.000000000	0.001836091
Mysique Resources Co.	0.000000000	0.000000000	0.000000000	0.003672183
Edward J. Narnes	0.000000000	0.000000000	0.000000000	0.003672183
C. L. Nordstrom	0.000000000	0.000000000	0.000000000	0.003672183
Bruce M. Patterson	0.000000000	0.000000000	0.000000000	0.003672183
Gerald D. Mills	0.000000000	0.000000000	0.000000000	0.000000000
Yuma E & P	0.000000000	0.000000000	0.000000000	0.000000000
Perry & Patricia Shaw Trust	0.000000000	0.000000000	0.000000000	0.000000000
Saga Petroleum LLC FAO TMM	0.000000000	0.000000000	0.000000000	0.003036243
Marinus Jensen Nygaard, Jr	0.000000000	0.000000000	0.000000000	0.000000000
Susie Wadley Trust #10-05527	0.000000000	0.000000000	0.000000000	0.000221439
Sanciar Rev. Trust #0108952	0.000000000	0.000000000	0.000000000	0.000212620
William Marsh Rice Univ	0.000000000	0.000000000	0.000000000	0.000236923
Bela Embry	0.000000000	0.000000000	0.000000000	0.000584711
Mari Good Suc. Trustee	0.000000000	0.000000000	0.000000000	0.000259877
Total	0.000000000	0.000000000	0.000000000	1.000000000

Crossroads utilization b.xls

**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.
STATUTORY UNITIZATION, LEA COUNTY, NEW MEXICO.**

**IN THE MATTER OF THE APPLICATION OF SAGA PETROLEUM, L.L.C.
FOR APPROVAL OF A WATERFLOOD PROJECT FOR ITS
CROSSROADS SILURO-DEVONIAN UNIT AREA AND QUALIFICATION
OF SAID PROJECT FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE ENHANCED OIL RECOVERY ACT,
LEA COUNTY, NEW MEXICO.**

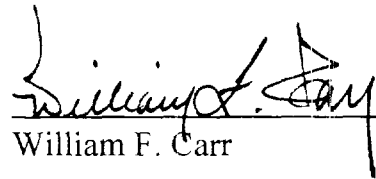
CASE NOS. 12417 & 12418

AFFIDAVIT

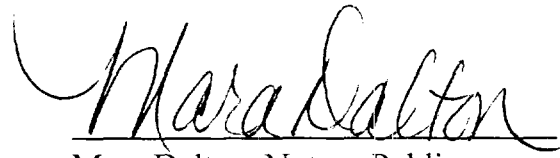
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Saga Petroleum, L.L.C., the applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested parties entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12417 & 12418 Exhibit No. 7
Submitted by:
Saga Petroleum, L.L.C.
Hearing Date: September 7, 2000


William F. Carr

SUBSCRIBED AND SWORN to before this 6th day of September, 2000 by William F. Carr.


Mara Dalton, Notary Public

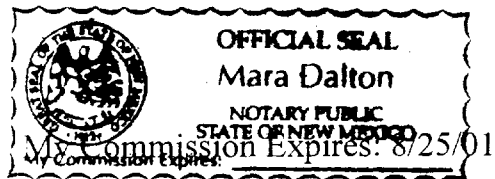


EXHIBIT A

Susie L. Wadley - First Trust
Ellione M. Sinclair - Trustee
Northern Trust Bank #23072050
P.O. Box 226270
Dallas, TX 75222-6270

Forcenergy, Inc.
Forcenery Center - Susan Cook
3838 N. Causeway Blvd., #2300
Metairie, LA 70002

Floos Inc.
P.O. Box 5970
Hobbs, NM 88241-5970

William Marsh Rice University
447 Allen Center, MS-91
6100 Main Street
Houston, TX 77005-1892

Candace G. Jacobson
Box 2981
Ruidoso, NM 88345-2981

Thomas J. Good, III
P.O. Box 130
Nogal, NM 88341

Price and CIA, Inc.
Dixie Term Building
49 E. 4th Street, Suite 216
Cincinnati, OH 45202-3854

Gerald D. Mills
14 E. Hawthorne Drive
Asheville, NC 28802

Yuma Exploration & Production
1177 West Loop South, Suite 1825
Houston, TX 77027

Myrl Sawyer Good
2707 North Coronado Road
Roswell, NM 88201-3464

Beja Embry Poky
2005 Valley View Drive
Woodland Park, CO 80863

Perry & Patricia Shaw Trust
23683 Elmwood Drive
Porter, TX 77365-5101

Marius Jensen Nygaard, Jr.
155 W. 68th Street
New York, NY 10023-5808

Sandra Good Ramey Trust
Myrl Good Trustee
2707 North Coronado Drive
Roswell, NM 88201-3464

Prince Minerals, Ltd.
#301 LB 25
7001 Preston Road
Dallas, TX 75205

Allan Capital Corporation
825 Lenton Avenue
Baltimore, MD 21212-3238

H. Wayne Hoover
2122 40th Avenue
Greeley, CO 80634

Mystique Resources Company
1975 E. Otero Lane
Littleton, CO 80122-3248

Edward J. Names
1738 W. Chokecherry Drive
Louisville, CO 80027

C.L. Nordstrom
1735 Clark Street
Aurora, CO 80011

Bruce M. Patterson d/b/a
Patterson Group
P.O. Box 620457
Littleton, CO 70162-0457

Yellow Queen Uranium Company
1647 Court Place, Suite 326
Denver, CO 80202

C. Thomas Houseman
39 Crystal Lane
Sandia Park, NM 87047

Prince Minerals, LTD
#301 LB 35
7001 Preston Road
Dallas, TX 75205

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

JACK M. CAMPBELL
916-1999

JEFFERSON PLACE
SUITE 1110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

June 8, 2000

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED INTEREST OWNERS IN THE CROSSROADS SILURO-DEVONIAN UNIT AREA.

Re: New Mexico Oil Conservation Division Case No. 12417: Application of Saga Petroleum, L.L.C. for statutory unitization, Lea County, New Mexico.

New Mexico Oil Conservation Division Case No. 12418: Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Saga Petroleum, L.L.C. has filed an application with the New Mexico Oil Conservation Division seeking an order statutorily unitizing for the purpose of establishing a secondary recovery project all mineral interests in the Devonian formation, Crossroads Siluro-Devonian Pool underlying 800 acres, more or less, of fee lands located in the N/2, SE/4 of Section Sections 27 and the E/2 of Section 34, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico. Said unit is to be designated the Crossroads Siluro-Devonian Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investments in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including, but not limited to, unit voting procedures, selection, removal or

June 8, 2000

Page 2

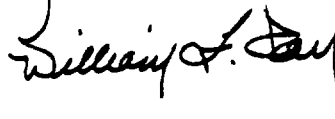
substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying and nonconsenting working interest owners within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

Saga Petroleum, L.L.C. has also filed an application seeking authority to implement secondary recovery operations in this unit by means of waterflooding, a copy of this application with attached Form C-108 is enclosed for your information.

These applications have been set for hearing before a Division Examiner on June 29, 2000 at the Oil Conservation Division hearing room, located at 2040 South Pacheco Street, Santa Fe, NM 87501. You are not required to attend this hearing but, as the owner of an interest that may be affected by these applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging these matters at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing Statements should be filed no later than 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a stylized "C".

William F. Carr

Attorney for Saga Petroleum, L.L.C..

WFC/md
Enclosures

cc: Charles Farmer
Saga Petroleum, L.L.C.

Saga Petroleum

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee 1.25
Total Postage & Fees \$ 4.08
Allan Capital Corporation
825 Lenton Avenue
Baltimore, MD 21212-3238

SENDER: COMPLETE

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1 Article Addressed to:

Allan Capital Corporation
825 Lenton Avenue
Baltimore, MD 21212-3238

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X + G. Allen ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3 Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4 Restricted Delivery? (Extra Fee) ☐ Yes

2 Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1799

7099 3220 0005 9419 9223

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee 1.25
Total Postage & Fees \$ 4.08
Beja Embry Poky
2005 Valley View Drive
Woodland Park, CO 80863

SENDER

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1 Article Addressed to:

Beja Embry Poky
2005 Valley View Drive
Woodland Park, CO 80863

A. Received by (Please Print Clearly) B. Date of Delivery

BEJA E POKY 6-12-00

C. Signature

X Beja P. Poky ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3 Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4 Restricted Delivery? (Extra Fee) ☐ Yes

2 Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1799

7099 3220 0005 9419 9162

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee 1.25
Total Postage & Fees \$ 4.08
Bruce M. Patterson d/b/a
Patterson Group
P.O. Box 620457
Littleton, CO 70162-0457

SENDER: COMP.

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1 Article Addressed to:

Bruce M. Patterson d/b/a
Patterson Group
P.O. Box 620457
Littleton, CO 70162-0457

A. Received by (Please Print Clearly) B. Date of Delivery

Julie Patterson 6-16-00

C. Signature

X Julie Patterson ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3 Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4 Restricted Delivery? (Extra Fee) ☐ Yes

2 Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1799

7099 3220 0005 9419 9219

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

SENDER: COI

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS

ON DELIVERY

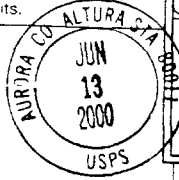
Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

C.L. Nordstrom
1735 Clark Street
Aurora, CO 80011

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

C.L. Nordstrom
1735 Clark Street
Aurora, CO 80011



A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9131

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1759

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

SENDER: COI

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS

ON DELIVERY

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

C. Thomas Houseman
39 Crystal Lane
Sandia Park, NM 87047

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

C. Thomas Houseman
39 Crystal Lane
Sandia Park, NM 87047

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9124

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1759

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

SEND

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS

SECTION ON DELIVERY

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

Candace G. Jacobson
Box 2981
Ruidoso, NM 883458-2981

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Candace G. Jacobson
Box 2981
Ruidoso, NM 883458-2981

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9186

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1759

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

Edward J. Names
1738 W. Chokeycherry Drive
Louisville, CO 80027

SENDER:

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Edward J. Names
1738 W. Chokeycherry Drive
Louisville, CO 80027

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

7099 3220 0005 9419 9216

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

Floos Inc.
P.O. Box 5970
Hobbs, NM 88241-5970

SENDER: CC

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Floos Inc.
P.O. Box 5970
Hobbs, NM 88241-5970

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

7099 3220 0005 9419 9117

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

Forcenergy, Inc.
Forcenergy Center - Susan Cook
3838 N. Causeway Blvd., #2300
Metairie, LA 70002

SENE

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Forcenergy, Inc.
Forcenergy Center - Susan Cook
3838 N. Causeway Blvd., #2300
Metairie, LA 70002

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

7099 3220 0005 9419 9193

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

WFC 334

Postage \$ 1.43

Certified Fee 1.40

Return Receipt Fee 1.25

Restricted Delivery Fee 1.25

Total Postage & Fees \$ 4.08

Gerald D. Mills
14 E. Hawthorne Drive
Asheville, NC 28802

SENDER: CO

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Gerald D. Mills
14 E. Hawthorne Drive
Asheville, NC 28802

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below: ☐ Yes ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

02595-99-M-1789

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

WFC 334

Postage \$ 1.43

Certified Fee 1.40

Return Receipt Fee 1.25

Restricted Delivery Fee 1.25

Total Postage & Fees \$ 4.08

H. Wayne Hoover
2122 40th Avenue
Greeley, CO 80634

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

H. Wayne Hoover
2122 40th Avenue
Greeley, CO 80634

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below: ☐ Yes ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

02595-99-M-1789

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

WFC 2211

Postage \$ 1.43

Certified Fee 1.40

Return Receipt Fee 1.25

Restricted Delivery Fee 1.25

Total Postage & Fees \$ 4.08

Marius Jensen Nygaard, Jr.
155 W. 68th Street
New York, NY 10023-5808

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Marius Jensen Nygaard, Jr.
155 W. 68th Street
New York, NY 10023-5808

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below: ☐ Yes ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

02595-99-M-1789

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

Myrl Sawyer Good
2707 North Coronado Road
Roswell, NM 88201-3464

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Myrl Sawyer Good
2707 North Coronado Road
Roswell, NM 88201-3464

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Cherie Kosloski B. Date of Delivery 6-13-00

C. Signature [Signature] ☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9247

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

Mystique Resources Company
1975 E. Otero Lane
Littleton, CO 80122-3248

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mystique Resources Company
1975 E. Otero Lane
Littleton, CO 80122-3248

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature [Signature] ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9063

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Endorsement Required) 1.25
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ 4.08

Perry & Patricia Shaw Trust
23683 Elmwood Drive
Porter, TX 77365-5101

SENDER: C

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Perry & Patricia Shaw Trust
23683 Elmwood Drive
Porter, TX 77365-5101

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature [Signature] ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9057

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

SENDER: COMPL

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS

DELIVERY

Postage \$ 1.43
Certified Fee 1.40
Restricted Delivery Fee 1.25
Total Postage & Fees \$ 4.08

Price and CIA, Inc.
Dixie Term Building
49 E. 4th Street, Suite 216
Cincinnati, OH 45202-3854

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Price and CIA, Inc.
Dixie Term Building
49 E. 4th Street, Suite 216
Cincinnati, OH 45202-3854

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type
Certified Mail Express Mail
Registered Return Receipt for Merchandise
Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9254

PS Form 3811, July 1999

Domestic Return Receipt

02595-99-M-1789

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

SENDER: CO.

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS

ON DELIVERY

Postage \$ 1.43
Certified Fee 1.40
Restricted Delivery Fee 1.25
Total Postage & Fees \$ 4.08

Prince Minerals, Ltd.
#301 LB 25
7001 Preston Road
Dallas, TX 75205

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Prince Minerals, Ltd.
#301 LB 25
7001 Preston Road
Dallas, TX 75205

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type
Certified Mail Express Mail
Registered Return Receipt for Merchandise
Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9070

PS Form 3811, July 1999

Domestic Return Receipt

02595-99-M-1789

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

SENDER: COMPLETE TH

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS

RY

Postage \$ 1.43
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Restricted Delivery Fee 1.25
Total Postage & Fees \$ 4.08

Prince Minerals, LTD
#301 LB 35
7001 Preston Road
Dallas, TX 75205

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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Article Addressed to:

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#301 LB 35
7001 Preston Road
Dallas, TX 75205

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? If YES, enter delivery address below:

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Certified Mail Express Mail
Registered Return Receipt for Merchandise
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4. Restricted Delivery? (Extra Fee) Yes

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Restricted Delivery Fee (Postage Required)
Total Postage & Fees \$4.08

Sandra Good Ramey Trust
Myrl Good Trustee
2707 North Coronado Drive
Roswell, NM 88201-3464

SENDER: C

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Sandra Good Ramey Trust
Myrl Good Trustee
2707 North Coronado Drive
Roswell, NM 88201-3464

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS. FOLD AT DOTTED LINE

ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type
Certified Mail Express Mail
Registered Return Receipt for Merchandise
Insured Mail COD
Restricted Delivery? Extra Fee

2. Article Number (Copy from service label)

7099 3220 0005 9419 9155

PS Form 3811, July 1999

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102595-99-M-1799

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Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Postage Required) 1.25
Restricted Delivery Fee (Postage Required)
Total Postage & Fees \$4.08

Susie L. Wadley - First Trust
Ellione M. Sinclair - Trustee
Northern Trust Bank #23072050
P.O. Box 226270
Dallas, TX 75222-6270

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Susie L. Wadley - First Trust
Ellione M. Sinclair - Trustee
Northern Trust Bank #23072050
P.O. Box 226270
Dallas, TX 75222-6270

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type
Certified Mail Express Mail
Registered Return Receipt for Merchandise
Insured Mail COD
Restricted Delivery? Extra Fee

2. Article Number (Copy from service label)

7099 3220 0005 9419 9270

PS Form 3811, July 1999

Domestic

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CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Postage Required) 1.25
Restricted Delivery Fee (Postage Required)
Total Postage & Fees \$4.08

Thomas J. Good, III
P.O. Box 130
Nogal, NM 88341

SENDER: COM1

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Thomas J. Good, III
P.O. Box 130
Nogal, NM 88341

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS. FOLD AT DOTTED LINE

ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type
Certified Mail Express Mail
Registered Return Receipt for Merchandise
Insured Mail COD
Restricted Delivery? Extra Fee

2. Article Number (Copy from service label)

7099 3220 0005 9419 9100

PS Form 3811, July 1999

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**U.S. Postal Service
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Article Sent To:

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Enclosure Required) 1.25
Restricted Delivery Fee (Enclosure Required)
Total Postage & Fees \$ 4.08
William Marsh Rice University
447 Allen Center, MS-91
6100 Main Street
Houston, TX 77005-1892

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
William Marsh Rice University
447 Allen Center, MS-91
6100 Main Street
Houston, TX 77005-1892

A. Received by (Please Print Clearly) D. Greene B. Date of Delivery 6-12-00

C. Signature X D. Greene ☒ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9261

PS Form 3811, July 1999

Domestic Return Receipt

12595-99-M-1799

**U.S. Postal Service
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(Domestic Mail Only; No Insurance Coverage)**

Article Sent To:

SENDER

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS.

SECTION ON DELIVERY

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Enclosure Required) 1.25
Restricted Delivery Fee (Enclosure Required)
Total Postage & Fees \$ 4.08
Yellow Queen Uranium Company
1647 Court Place, Suite 326
Denver, CO 80202

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Yellow Queen Uranium Company
1647 Court Place, Suite 326
Denver, CO 80202

A. Received by (Please Print Clearly) 6-14-00 B. Date of Delivery

C. Signature X [Signature] ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9209

PS Form 3811, July 1999

Domestic Return Receipt

12595-99-M-1799

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

Article Sent To:

SENDER: COMPLE

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS.

DELIVERY

Postage \$ 1.43
Certified Fee 1.40
Return Receipt Fee (Enclosure Required) 1.25
Restricted Delivery Fee (Enclosure Required)
Total Postage & Fees \$ 4.08
Yuma Exploration & Production
1177 West Loop South, Suite 1825
Houston, TX 77027

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Yuma Exploration & Production
1177 West Loop South, Suite 1825
Houston, TX 77027

A. Received by (Please Print Clearly) PAT ZOLAN B. Date of Delivery 6/12/00

C. Signature X Pat Zolan ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0005 9419 9094

PS Form 3811, July 1999

Domestic Return Receipt

12595-99-M-1799

SAGA PETROLEUM, LLC

PROPOSED STATUTORY WATER INJECTION UNIT

CROSSROADS SILURO DEVONIAN UNIT

LEA COUNTY, NM

SUMMARY

A geologic and reservoir engineering study has been completed for the existing Crossroads Siluro Devonian Field located in sections 22, 23, 26, 27, 34, and 35 T9S, R36E Lea County, New Mexico as shown in Exhibit 1. This study has indicated that in this area the Devonian has two producing zones that will be referred to in this report as the Main Pay and the New Pay zones. This field produces from a fine to coarse crystalline, white to light gray dolomite with associated milky chert. The dolomite has vugular to fractured porosity. The producing mechanism for the Main Pay zone is a strong active water drive. The New Pay is separated from the Main Pay by a dense dolomitic interval. The purpose of this study is to determine how to best manage the production from both of these intervals to realize maximum recovery.

As a result of this study the following has been determined:

- 1) Water production in this reservoir can be controlled through the proper use of liquid polymers.
- 2) Water injection into the tighter intervals is needed to maintain reservoir pressure and productive capacity of each well after being treated with a polymer.
- 3) Attic oil exists in the New Pay zone in section 27 that can be obtained through recompletions in three existing wells. The New Pay in section 27 is the structurally highest in the Crossroads (Devonian) field as shown by the structure map drawn on of the top of the Devonian porosity as depicted in Exhibit 2. The same procedure recommended for controlling water production in the Main Pay will need to be employed for the New Pay.
- 4) When this field was discovered in May 1948 the bottom hole pressure for the field was found to be 4885 psi. This pressure was measured by the field discovery well the UD Sawyer No 1 (O-27,9S, 36E) drilled by Mid Continent Oil. VF Petroleum completed the Sawyer No 1 (K-27,9S, 36E) in March 1981 which showed that the field's bottom hole pressure had dropped to 4347 psi for a total pressure drop of 538 psi thus indicating a need to inject water to maintain bottom hole pressure.

RECOMMENDATIONS

- 1) It is recommended that UD Sawyer 3 be acid stimulated to determine if the productive capacity of this well can be increased and maintained.
- 2) Rework Texaco Sawyer 4 SWD and place on active injection status. Injection should be into the New Pay section of the Devonian porosity.
- 3) Convert UD Sawyer 4 to injection status with water injection directed into the upper most or New Pay Devonian porosity.
- 4) The UD Sawyer injection wells 6 and 11 should be plugged back and perforated in the upper most porosity intervals in the Main Pay to help maintain pressure into these zones.

DISCUSSION

The Siluro-Devonian porosity occurs at different stratigraphic intervals in Crossroads Siluro (Devonian) Field (Exhibit 3). In section 34 of the proposed unit the Devonian porosity occurs directly beneath the base of the overlying Woodford Shale. In the area bounded by the two faults, porosity generally occurs at a depth of 50-60 feet beneath the top of the Devonian. North of the faulted area, the Devonian porosity interval designated as New Pay (Exhibit 4) occurs above the top of the Main Pay. Completions north of the proposed unit in section 22 and section 23 are completed in the New Pay and do not penetrate the Main Pay, which is the traditional completion interval in the field.

Unperforated New Pay occurs above the Main Pay in several wells in the proposed Statutory Unit. Cross sections depicting these wells are presented in Exhibit 5 through 8. Saga Petroleum has three potential recompletions (Exhibit 9) from the New Pay on the north half of section 27. All three of these wells were

originally completed from the deeper Main Pay. New pay potential exists in the following Unit wells:

<u>Lease & Well name</u>	<u>Proposed Completion Interval</u>
U D Sawyer #3	11,970' –11,988'
Santa Fe Pacific RR #3	11,919' –11,946'
Santa Fe Pacific RR #2Y	11,846' –11,976'

Productive potential from the New Pay within the unit outline is illustrated by the following examples:

1. The Mid Continent #1 Dessie Sawyer located 1980 feet from the south and west lines of section 27, was completed from the New Pay in February, 1949 for an initial potential of 657 BOPD and no water (Exhibit 8). The No. 1 Dessie Sawyer produced a total of 1,455,755 barrels of oil from the New Pay horizon.
2. The Mid Continent No. 1-E, now U.D. Sawyer #4 (Exhibit 8), located 660 feet from the north and east lines of section 27, was originally completed from the Main Pay in June 1952 for an initial potential of 504 BOPD and no BW. Completion was from the open hole interval 12,118-12,132 ft. Sun Oil Co. reworked the well in May 1974. The New Pay was perforated from 12,085-12,100 and the well was potentialized for 593 BOPD and 1183 BWPD after being treated with 2000 gallons of acid.

A workover was performed on the UD Sawyer 3 (Exhibit 8) to shut off the high volume of produced water. This workover consisted of pumping a staged polymer job down the tubing. At the time the workover was performed on July 24, 1999 the well was producing 11 BOPD and 1100 BWPD. A retainer was set at 12,010' in the existing perforated interval from 12,000' -12,050'. Tubing was run into the well and set into the retainer. An injection rate was established down the annulus as well as down the tubing. After pumping 45 BW down the casing annulus the well pressured up to 1200 psi and held that pressure throughout the treatment. An injection rate of 0.87 BPM was established down the tubing and was maintained throughout the job. The well was treated as follows:

Stage Volume	Polymer Concentration-ppm
305 bbl	4500
919 bbl	6000
221 bbl	8000

The tubing stayed on a vacuum throughout the treatment. The treatment was preceded with 35 bbl fresh water pad and was flushed with 70 bbl fresh water. The well was left shut in 48 hours before placing it back on production. Following the treatment the well produced 6 BOPD and 27 BWPD. The well's oil cut increased from 1% to 18.2%. A performance curve for this well is shown in Exhibit 10.

As a result of this treatment this well's working fluid level dropped from 2122' from the surface to 6174' from the surface. From the fluid levels taken it is obvious that the producing reservoir pressure has dropped due to the tighter rock that is now open to production. In order to maintain this producing rate it will be necessary to inject water into these tighter zones in the Main Pay as well as injecting water into the New Pay intervals. This indicates that water production can be controlled and greatly reduced through using polymers. This results from the fact that the higher permeability zones in the formation are the first to water out. When the well is treated, the polymer more readily enters these higher permeability streaks and blocks them off. In the UD Sawyer 3, it is planned to stimulate the pay section that is currently open with acid to clean up the perforations and remove near well bore damage. It is hoped this can be accomplished without substantially increasing the total water production and will return the well to its former producing rate of 11 BOPD or greater. Following the successful results of the proposed acid work planned for the UD Sawyer 3, this program will be expanded to all of the producing wells. Polymers will also be used in the injection wells to control the placement of injection water into the formation.

In the proposed Statutory Unit the New Pay can be divided into three porosity regimes as depicted in Exhibit 4. There has been 1,457 MBO produced from the Mid Continent Dessie Sawyer 1 located in the northern most New Pay porosity regime. There has been no production in the unit from the New Pay from any of the proposed unit wells located in the middle porosity regime. However, 490 MBO was produced from the middle porosity regime from the Mobil Santa Pacific well #12 (26L T9S, R36E) one location to the East of the proposed Unit. No completions are planned in the proposed unit for the middle porosity regime due to off lease production and the projected thin net pay. Exhibit 3 shows the depth to the top of the Devonian porosity from the bottom of the Woodford shale. The majority of the wells in the southern-most porosity regime have had casing set just above the top of the Devonian and are completed open hole. In these wells the porosity was located immediately below the base of the Woodford shale. It is not known whether these wells are completed in the New Pay or the Main Pay or possibility both. No recompletions are currently planned for this area.

A summary of rock data, fluid data and original oil in place is given in Exhibit 11. This summary shows that the Saga leases in the proposed Unit had original oil in place of 50,701 MBO for the Main Pay while the New Pay has 4,295 MBO of original oil in place. As of August 1, 2000 the Main Pay interval in the proposed unit had produced 20,950 MBO and is currently producing at a rate of 98 BOPD and 1170 BWPD.

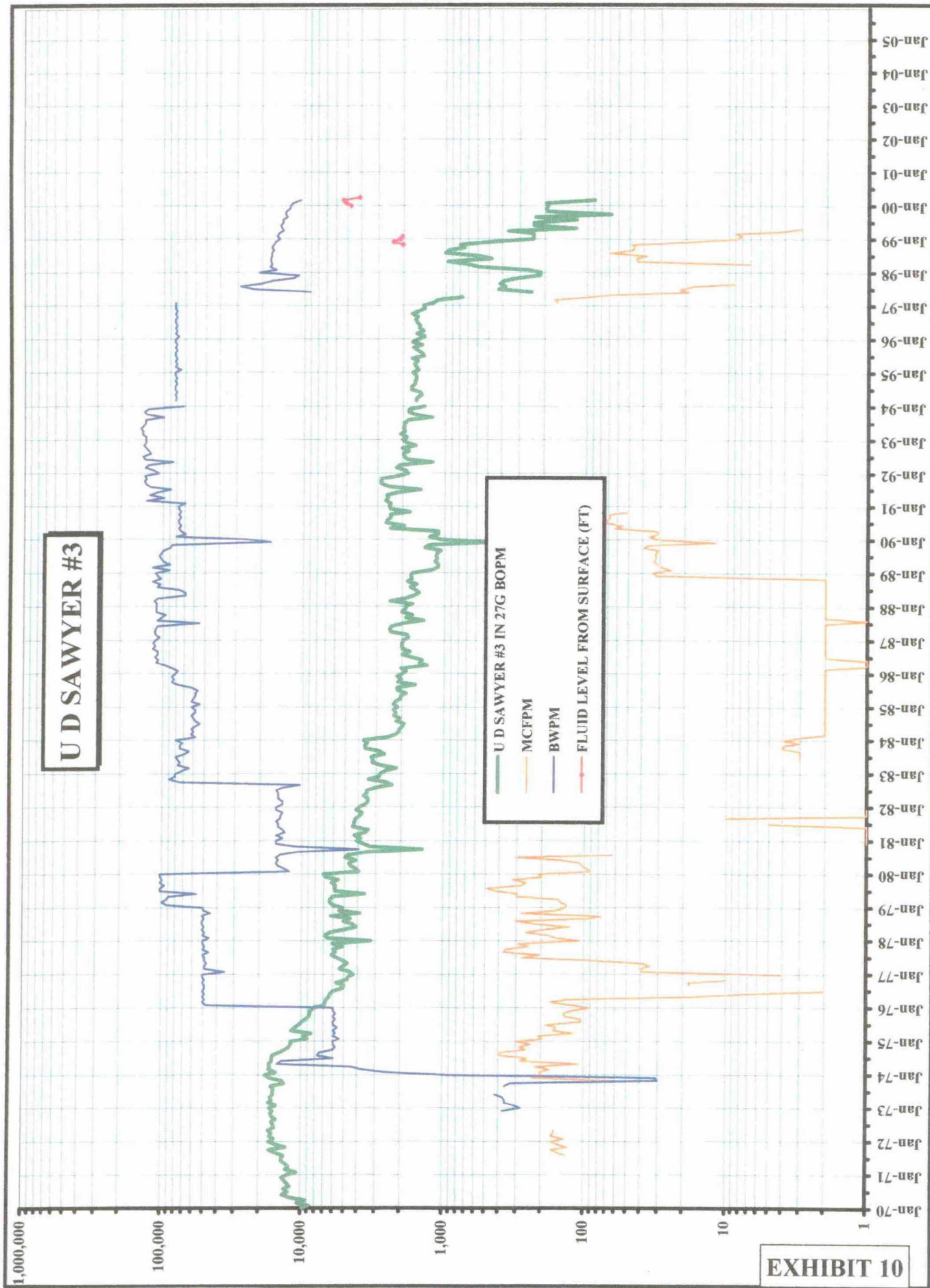
To determine ultimate recoverable reserves a plot of cumulative oil vs percent water cut was made for all the producing wells in the proposed unit area as shown in Exhibit 12. This plot indicates the proposed unit area will realize an ultimate recovery of 21,770 MBO @ 97.0% wtr cut. A plot using actual production data (Exhibit 13) was made of cumulative oil produced vs cumulative barrels of fluid produced. This curve was then used to project future recovery and future producing rates for continued operations for the proposed unit. This projection of continued operations is shown in Exhibit 14. The reservoir volume

and original oil in place was calculated by gridding the mapped productive areas for the New Pay porosity regime. An ultimate recovery factor of 43% was calculated. By relating the data presented in Exhibit 14 to the recovery of cumulative barrels oil and cumulative barrels fluid produced per acre-foot to the reservoir volume contained in the New Pay portion of the reservoir a projection of anticipated production performance for the New Pay was made and is presented in Exhibit 15. It was calculated that 1,361 MBO will be produced over the next fifty years of the Crossroads Siluro Devonian Unit life.

LIST OF EXHIBITS

EXHIBIT #

- 1** MAP OF UNIT TRACTS
- 2** TOP OF DEVONIAN POROSITY MAP
- 3** DEPTH TO TOP OF DEVONIAN POROSITY MAP
- 4** UPPER DEVONIAN NET POROSITY MAP
- 5** CROSS SECTION INDEX
- 6** CROSS SECTION A - A'
- 7** CROSS SECTION B - B'
- 8** CROSS SECTION C - C'
- 9** POTENTIAL RECOMPLETIONS
- 10** U D SAWYER #3 PRODUCTION HISTORY
- 11** CROSSROADS ROCK AND FLUID PROPERTIES
- 12** WATER CUT VS CUM OIL FOR SAGA LEASES
- 13** ACTUAL & PROJECTED CUM MBO VS CUM MBF
- 14** PROJECTION OF CONTINUED OPERATIONS
- 15** PROJECTION OF ENHANCED OPERATIONS



100

90

**SAGA LEASES
CROSSROADS DEVONIAN FIELD
% ANNUAL WTR CUT CURVE**

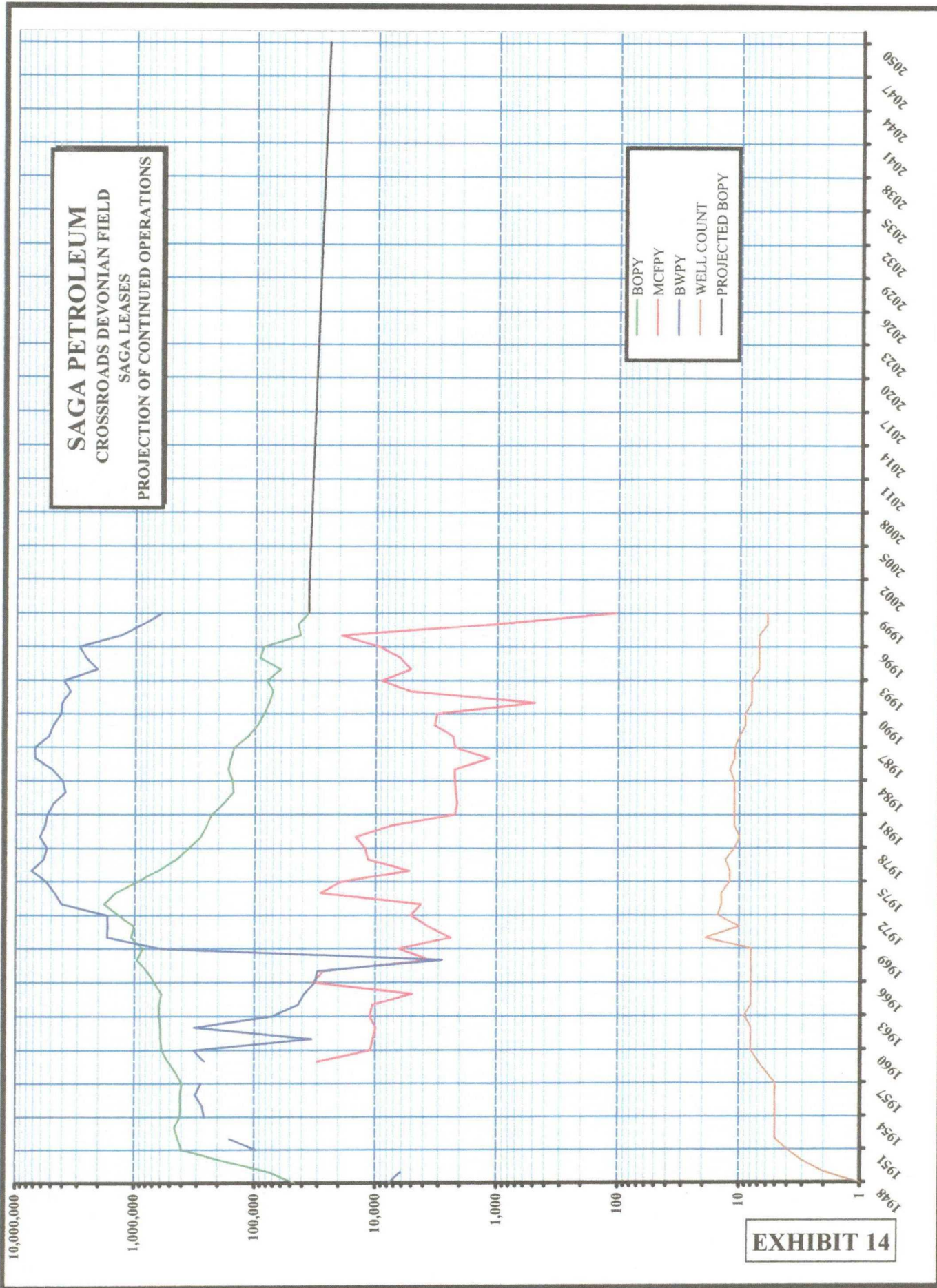
PERCENT WATER

$$y = 0.0019x + 55.2583$$
$$R^2 = 0.5952$$

CUM MBO

EXHIBIT 12

18,000 19,000 20,000 21,000 22,000 23,000 24,000 25,000



West

A

2

2-γ

1

7

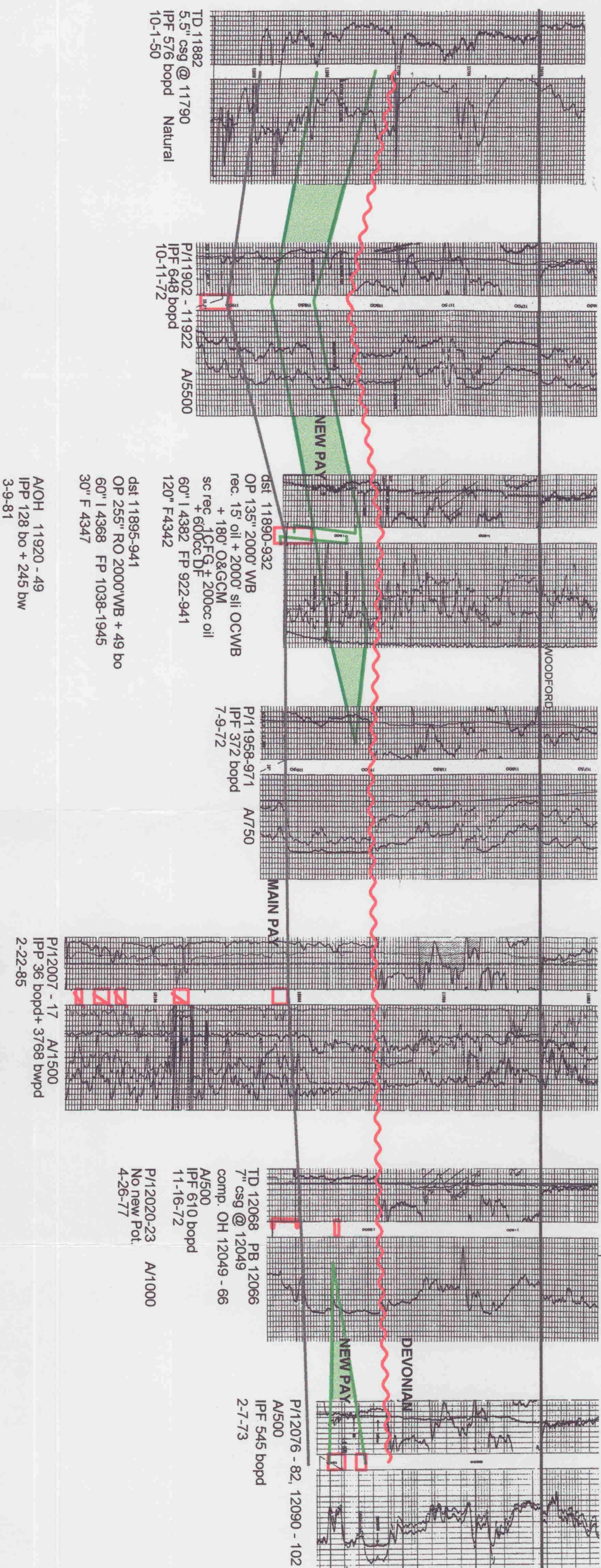
1

- 60

—

A

East



dst 11890-932
OP 135" 2000" WB
rec. 15" oil + 2000" sil OCWB
+ 180" O&GCM
sc rec 1CG + 200cc oil
+ 600cc DF
60" I 4382 FP 922-941
120" F4342

dst 11895-941
OP 255" RO 2000"WB + 49 bo
60" I 4368 FP 1038-1945
30" F 4347

A/OH 11920 - 49
IPP 128 bo + 245 bw
3-9-81

P/12007 - 17 A/1500
 I/P 36 bopd + 3768 bwpd
 2-22-85

P/12074 - 84 A/200
 S/1 bo + 52 bw/4 hrs.
 sqz w/100 sx

P/12120 - 26, 12131 - 41, 12150-54
 A/672
 S/2 bo + 82 bsxw/10 hrs.
 sqz w/45 sx

TD 12068 PB 12066
7" csg @ 12049
comp. OH 12049 - 66
A/500
IPF 610 bopp
11-16-72
P/12020-23 A/1000
No new Pot.
4-26-77

P/12076 - 82, 12090 - 102
A/500
IPF 545 bopd
2-7-73

DEVONIA

NEW PLAY

SAGA PETROLEUM LLC

Cross Roads Devonian Field

Lea County, New Mexico

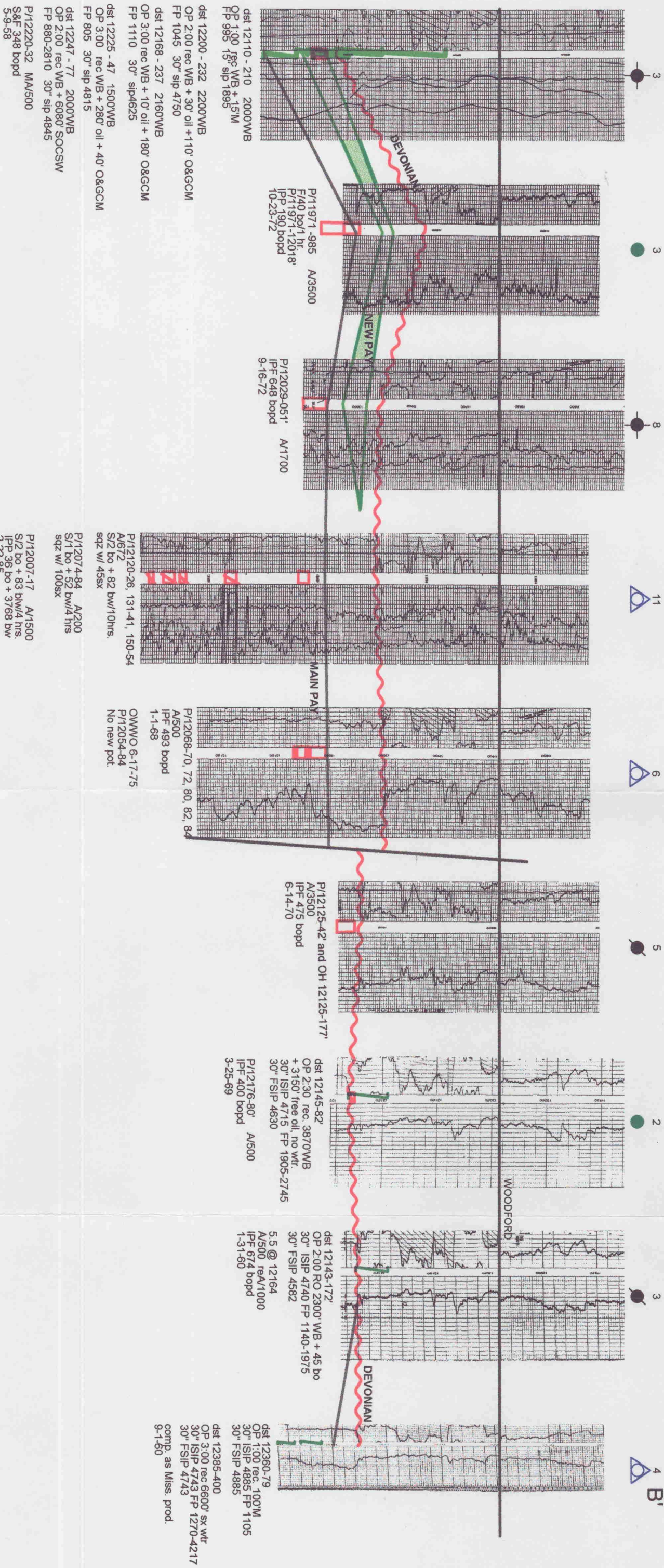
Exhibit 6

W-E Stratigraphic Cross-section

By: Lorin Rulla

May 30, 2000 12:24 PM

North
B



South
B'

SAGA PETROLEUM LLC

Cross Roads Devonian Field

Lea County, New Mexico

Exhibit 7

N-S Stratigraphic Cross-section

By: Lorin Rulla

May 30, 2000 2:25 PM

C West

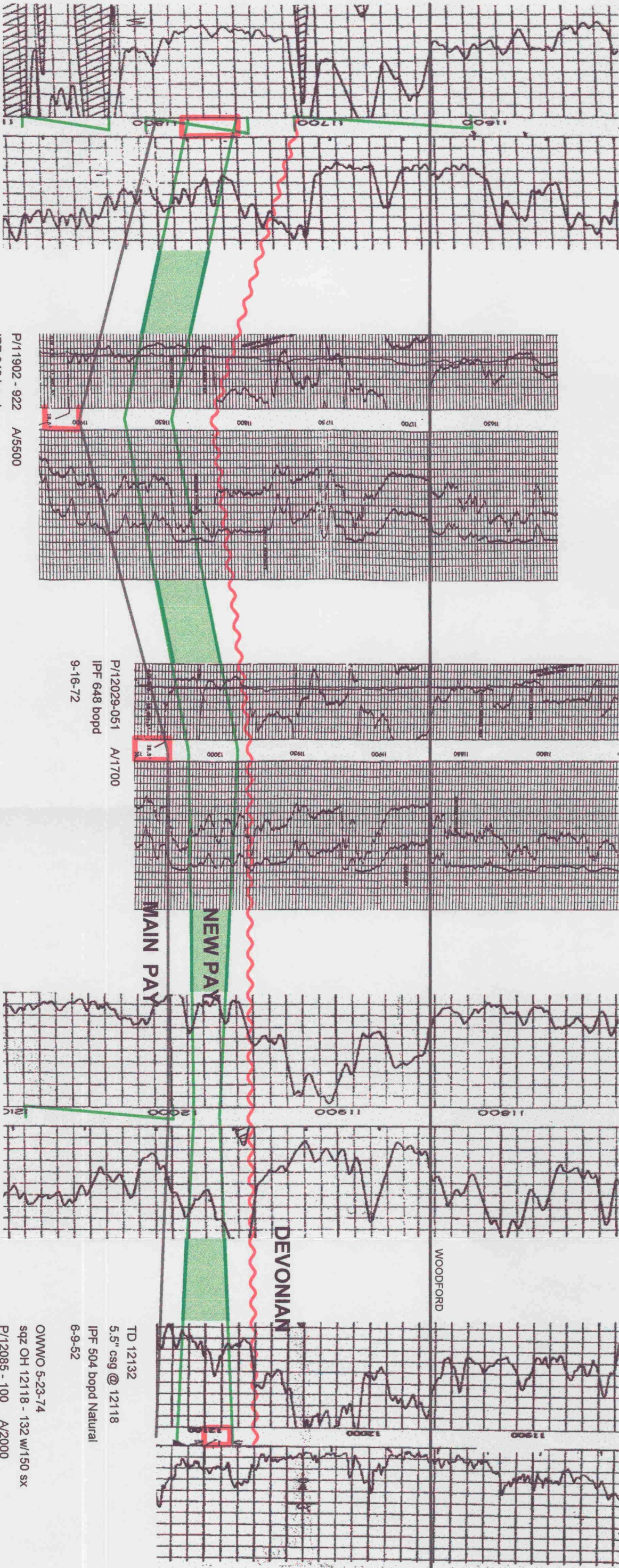
2-Y

8

3

East C'

4



dst 11608 - 716 OP :30
rec. 3000' WB + 30' M

dst 11743 - 806 OP 2:05
rec. 3000' O&GCWB + 8116' oil + 210' M

dst 11828 - 880 OP :25
rec. 3000' WB + 2880' HO&GCM

P/11750 - 785 A/500
IPF 657 bopd
2-21-49

P/11902 - 922 A/5500
IPF 648 bopd
10-1-72

P/12029-051 A/1700
IPF 648 bopd
9-16-72

dst 12000 - 90 OP 1:10
rec. 3000' WB + 6690' HOCM
IPF 625 bopd
8-24-49

set smt retainer at 12010'. RIH w/tbg & string into retainer
Inject down csg annulus.
Press up to 1200#. Establish IR down tbg of 0.87 BPM
Pump polymer as follows:
BF Polymer IR
305 4500 PPM Vac
919 6000 PPM Vac
221 8000 PPM Vac
Test Before: 11 bopd + 1100 bwpd
Test After: 6 bopd + 27 bwpd

OWWO 12-22-78
re-comp. to Penn

OWWO 5-23-74
sqz OH 12118 - 132 w/150 sx
P/12085 - 100 A/2000
IPP 593 bopd + 1183 bwpd

TD 12132
5.5" csg @ 12118
IPF 504 bopd Natural
6-9-52

SAGA PETROLEUM LLC

Cross Roads Devonian Field

Lea County, New Mexico

Exhibit 8

E-W Stratigraphic Cross-section

By: Lorin Rullia

May 30, 2000 12:40 PM

HS=100

Unit Outline

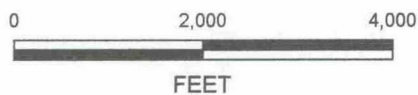
Saga Petroleum LLC

Cross Roads Devonian Field

Lea County, New Mexico

Exhibit 2

Top of Devonian Porosity



WELL SYMBOLS

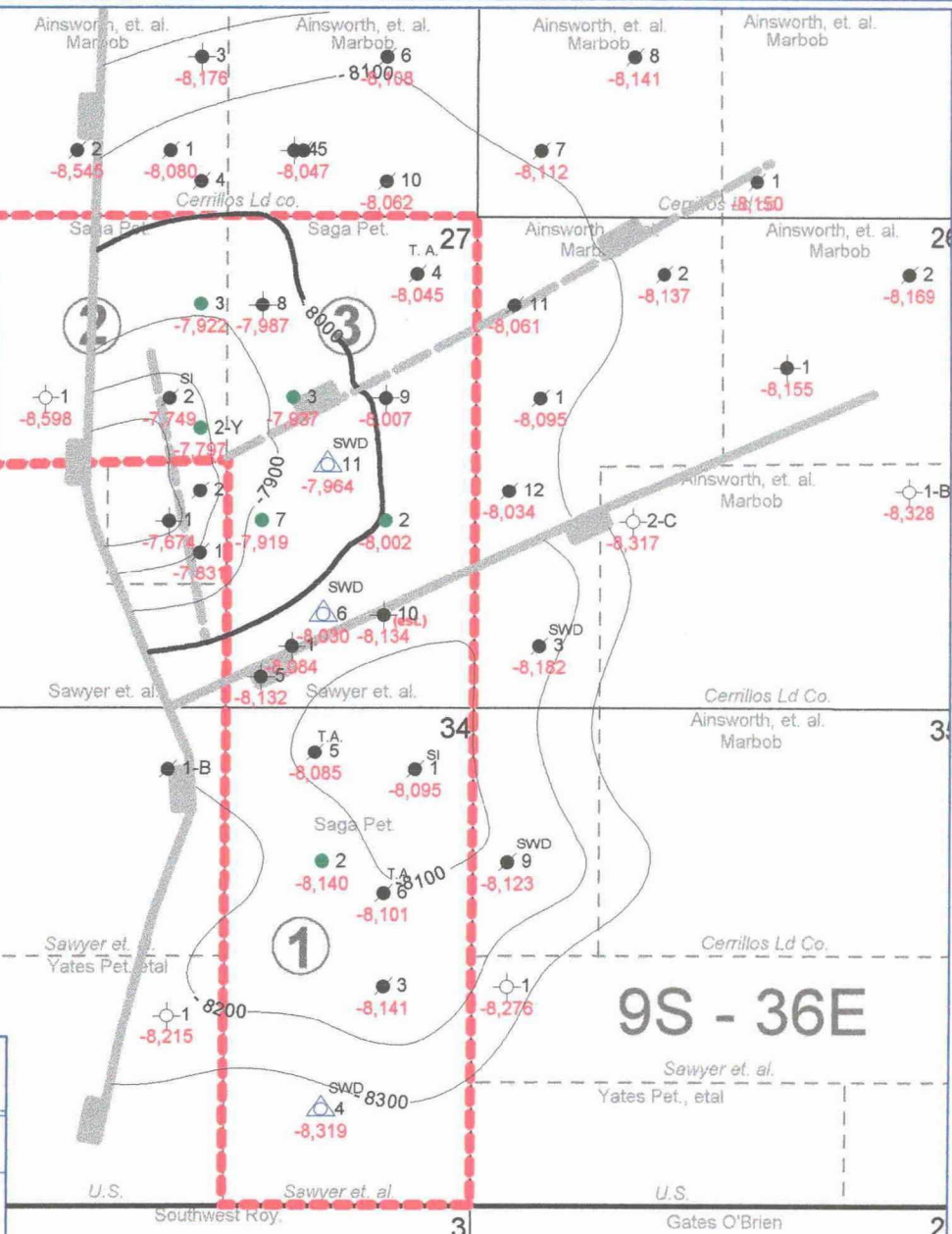
- Oil Well
- Dry Hole
- △ Service Well
- Plugged and Abandoned
- Inactive Producer

REMARKS

C.I. = 100 feet

By: Lorin Rulla

September 5, 2000 9:41 AM



9S - 36E

10S - 36E



SAGA PETROLEUM

CROSSROADS (DEVONIAN) FIELD

ROCK AND FLUID DATA

1 RESERVOIR TYPE

FORMATION	DEVONIAN
DISCOVERY DATE	MAY 6, 1948 MID CONTINENT UD SAWYER "A" NO 1
TYPE OF STRUCTURE / TRAP	FAULTED ANTICLINE FORMING STRUCTURAL & STRAGRAPHIC TRAP
PRODUCING MECHANISM	WATER DRIVE
AVERAGE DEPTH (FT)	11,800' - 12,100'
WELL SPACING (AC)	40 Ac

2 RESERVOIR VOLUMETRICS

	TOTAL FIELD	SAGA	SAGA
	DEVONIAN	DEVONIAN	DEVONIAN
	MAIN PAY	MAIN PAY	NEW PAY
AREA (AC)	1715	800	336
GROSS THICKNESS (FT)	150' - 200'	150' - 200'	58
NET PAY (FT) AVERAGE	69.30	78.07	15.74
VOLUME (AcFt)	118,855	62453	5290

3 ESTIMATED RESERVE REC

	MAIN PAY DEVONIAN			MAIN PAY DEVONIAN			SAGA UPPER DEVONIAN		
	TOTAL FIELD MAIN PAY			SAGA PORTION MAIN PAY			NEW PAY		
	MBO	BO/AcFt	% of OOIP	MBO	BO/AcFt	% of OOIP	MBO	BO/AcFt	% of OOIP
OOIP	96,490	812	100.0	50,701	812	100.0	4,295	812	100
CUM PROD (MBO) 1/1/00	43,390	365	45.0	20,927	335	41	1,457	0	34
REMAINING MBO	4,747	40	4.9	844	14	1.7	517	98	12
EUR (MBO)	48,137	405	49.9	21,771	349	43	1,844	349	43

4 PRODUCTION SUMMARY

EUR TOTAL PROJECT (MBO)	23,615
TOTAL REC AS OF 1/1/2000 (MBO)	22,384
EST REMAINING SEC (MBO)	1,361
WATER PRODUCED TO DATE (MBW)	126,549

5 RESERVOIR PRESSURE

ORIGINAL BHP (PSIG)	4885	5/24/1948 - UD SAWYER "A" 1
BUBBLE POINT PRESSURE (PSIG)	400	CALCULATED
CURRENT BHP (PSIG)	4300	CALCULATED FROM FLUID LEVELS

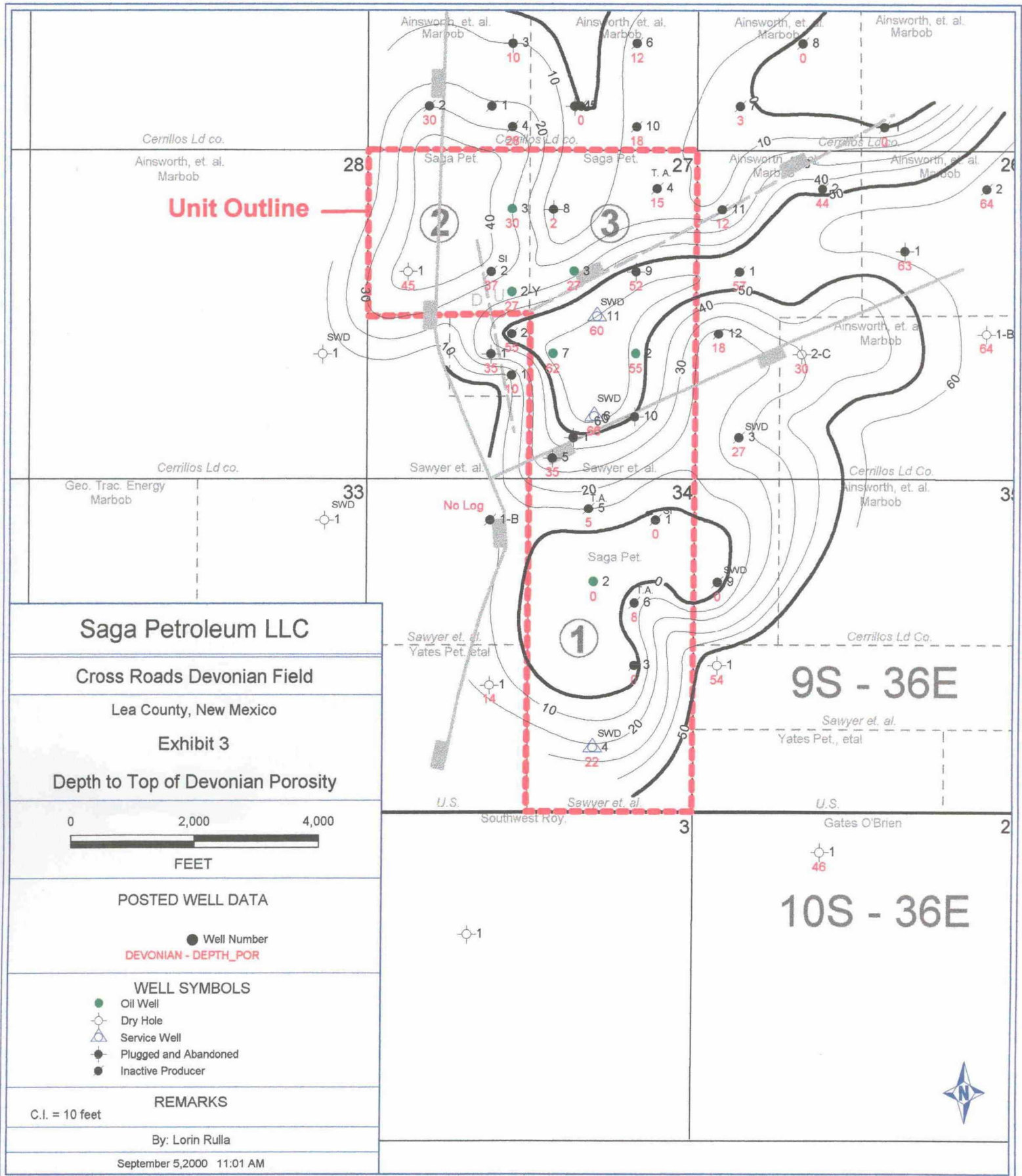
6 ROCK PROPERTIES FROM LOG ANALYSIS

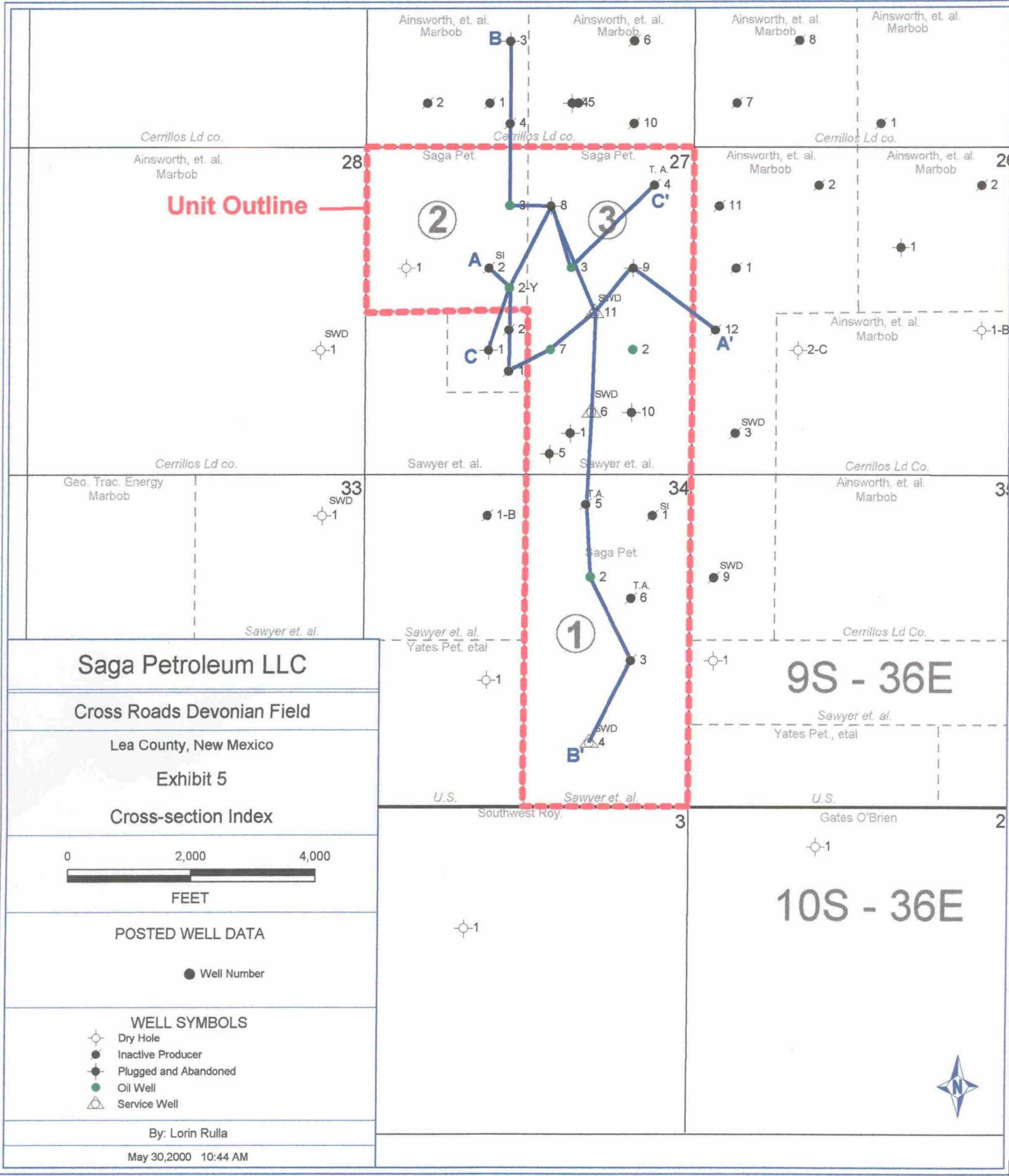
AVERAGE POROSITY (% ϕ)	13.4	LOG DATA
AVERAGE WTR SAT (% S_w)	15	LOG DATA
PERMEABILITY (K-md)	50.0	EST FROM FIELD PERFORMANCE

7 RESERVOIR FLUID PROPERTIES

BOTTOM HOLE TEMP °F	158°	MEASURED
OIL GRAVITY (API)	42.6°	MEASURED
PROD WATER GRAVITY (ρ_w)	1.075	MEASURED
NaCl - PROD WATER	90,442	MEASURED
PROD WATER RESISTIVITY (ohm/meter) @ 158°	0.04	MEASURED
GAS GRAVITY (ρ_g) CRITICAL GAS SATURATION - 0.1	1.0	ESTIMATED
CONNATE WATER SATURATION - % S_w	15	LOG CALC
OIL VISCOSITY (μ_o @ 4885# & 158°F)	2.51	CALCULATED
WTR VISCOSITY (μ_w @ 4885# & 158 °F)	0.45	CALCULATED
ORIGINAL GOR (R_{si})	100	COMP REPORTS
FORMATION VOLUME FACTOR (B_o) CURRENT	1.08845	CALCULATED

EXHIBIT 11





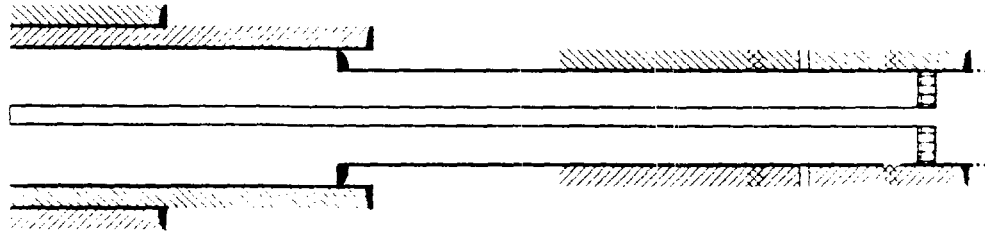
APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: X Secondary Recovery _____ Pressure Maintenance _____ Disposal _____ Storage _____
Application qualifies for administrative approval? _____ Yes _____ X _____ No
- II. OPERATOR: Saga Petroleum LLC
ADDRESS: 415 W. Wall, #835, Midland, TX 79701
CONTACT PARTY: Joe Clement PHONE: 915-684-4293
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? _____ Yes _____ X _____ No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Joe N. Clement TITLE: New Mexico Engineer
SIGNATURE: [Signature] DATE: 5/1/00
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal:

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12417 & 12418 Exhibit No. 9
Submitted by:
Saga Petroleum, L.L.C.
Hearing Date: September 7, 2000

INJECTION WELL DATA SHEET

OPERATOR: Saga Petroleum LLCWELL NAME & NUMBER: U.D. Sawyer #4WELL LOCATION: 660' FNL & 660' FEL
FOOTAGE LOCATIONUNIT LETTER A SECTION 27 TOWNSHIP 9S RANGE 36EWELLBORE SCHEMATICWELL CONSTRUCTION DATASurface Casing

Hole Size: 17 1/4" Casing Size: 13 3/8" @ 259'
 Cemented with: 300 sx. or ft³
 Top of Cement: surface Method Determined: circulation

Intermediate Casing

Hole Size: 12 1/4" Casing Size: 9 5/8" @ 4668'
 Cemented with: 2400 sx. or ft³
 Top of Cement: surface Method Determined: circulation

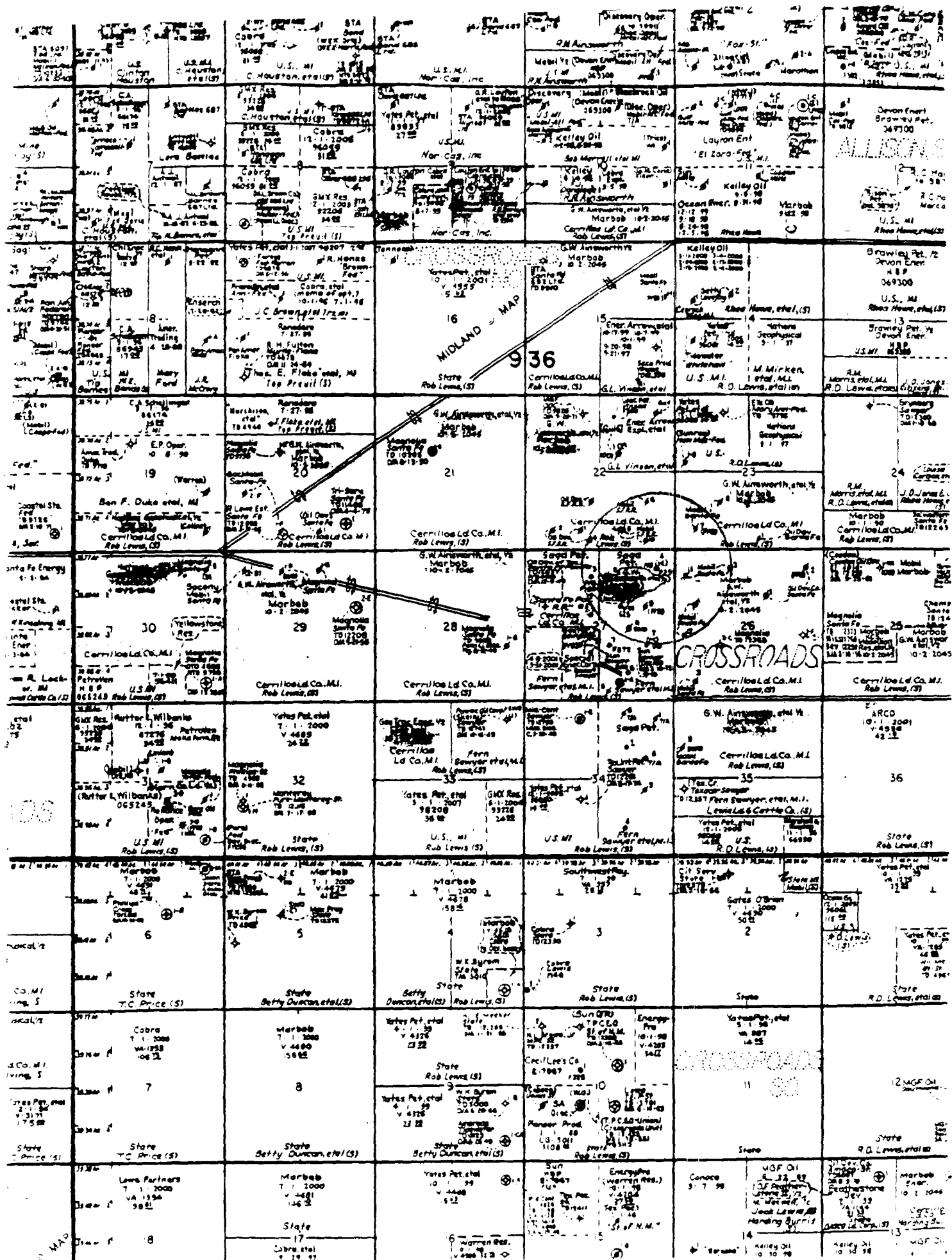
Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2" @ 4544' - 12188'
 Cemented with: 1175 sx. or ft³
 Top of Cement: 6020' Method Determined: temp. survey
 Total Depth: 12132'

Injection Interval

Perfs 12085 feet to 12100'

(Perforated or Open Hole; indicate which)



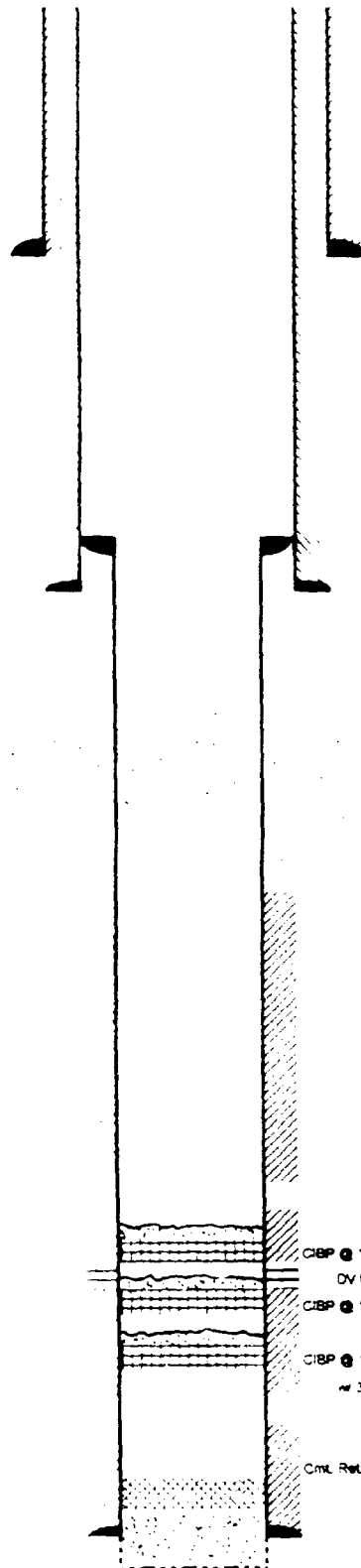
**Offset wells to the
U.D. Sawyer #4**

Well	Location	Surface Casing	Inter. Casing	Prod. Casing	ID	Completions	P&A
U.D. Sawyer #2 Spud 6/25/50	Sec. 27-T9S-R36E Unit I 1980' FSL & 990' FEL	13 3/8" @ 240' Cmt. w/ 300 sx TOC @ surf by circ.	9 5/8" @ 4614' Cmt w/ 3500 sx TOC @ surf by circ.	5 1/2" @ 12097' Cmt w/ 1178 sx TOC @ 6320' by TS	12100	12040-092' Open hole 12097'-102' 12010-016'	
U.D. Sawyer #3 Spud 2/25/49	Sec. 27-T9S-R36E Unit G 1980' FNL & 1980' FWL	13 3/8" @ 258' Cmt. w/ 300 sx TOC @ surf by circ.	9 5/8" @ 4651' Cmt w/ 2125 sx TOC @ 648' by calc.	5 1/2" @ 12147' Cmt w/ 1090 sx TOC @ 6550' by TS	12147	12000-050'	
U.D. Sawyer #4 Spud 12/19/51	Sec. 27-T9S-R36E Unit A 660' FNL & 660' FEL	13 3/8" @ 259' Cmt. w/ 300 sx TOC @ surf by circ.	9 5/8" @ 4668' Cmt w/ 2400 sx TOC @ surf by circ.	5 1/2" @ 4544-12147' Cmt w/ 1175 sx TOC @ 6020' by TS	12132	11400-450' 12085-100' sqz w/ 290sx 12118-32' sqz w/ 290sx	
U.D. Sawyer #8 Spud 7/11/72	Sec. 27-T9S-R36E Unit B 990' FNL & 2310' FEL	13 3/8" @ 266' Cmt. w/ 275 sx TOC @ surf by circ.	9 5/8" @ 4294' Cmt w/ 1440 sx TOC @ 1100' by TS	7" @ 12057' Cmt w/ 250 sx TOC @ 10140' by TS	12057	12029-051'	P/A'd Schematic Attached
U.D. Sawyer #9 Spud 9/10/72	Sec. 27-T9S-R36E Unit H 1980' FNL & 990' FEL	13 3/8" @ 273' Cmt. w/ 275 sx TOC @ surf by circ.	9 5/8" @ 4240' Cmt w/ 1440 sx TOC @ 1520' by TS	7" @ 12049' Cmt w/ 250 sx TOC @ 9400' by TS	12068	12020-48' sqz w/ 250sx Open hole 12049-068' 11358-368'	P/A'd Schematic Attached
U.D. Sawyer #11 Spud 10/4/84	Sec. 27-T9S-R36E Unit J 2561' FSL & 1610' FEL	13 3/8" @ 356' Cmt. w/ 350 sx TOC @ surf by circ.	9 5/8" @ 4500' Cmt w/ 2000 sx TOC @ surf by circ.	5 1/2" @ 12890' Cmt w/ 1650 sx TOC @ 1550' by TS	12890'	12120-54' sqz w/ 60 sx 12074-84' sqz w/ 100 sx 12007-017'	
Santa Fe Pacific #1 Spud 4/25/51	Sec. 26-T9S-R36E Unit E 1980' FNL & 660' FWL	13 3/8" @ 393' Cmt. w/ 400 sx TOC @ surf by circ.	9 5/8" @ 4273' Cmt w/ 2300 sx TOC @ surf by circ.	7" @ 12130' Cmt w/ 2310 sx TOC @ surf by circ.	12137	Open hole 12130-137'	P/A'd Schematic Attached
Santa Fe Pacific #2 Spud 11/6/63	Sec. 26-T9S-R36E Unit C 660' FNL & 1980' FWL	13 3/8" @ 472' Cmt. w/ 500 sx TOC @ surf by circ.	9 5/8" @ 4765' Cmt w/ 2615 sx TOC @ surf by calc.	5 1/2" @ 4557-12174' Cmt w/ 850 sx TOC @ 4557' by sqz	12183'	Open hole 12174-183' 12140-160' 11999-12026', 109-129'	P/A'd Schematic Attached
Santa Fe Pacific "D" #1 (#4 on map) Spud 1/19/50	Sec. 22-T9S-R36E Unit O 660' FSL & 1980' FEL	13 3/8" @ 335' Cmt. w/ 350 sx TOC @ surf by circ.	8 5/8" @ 4555' Cmt w/ 2450 sx TOC @ surf by circ.	7" @ 9650' Cmt w/ 2167 sx TOC @ 3440' by TS	9670'	Open hole 9650-670'	P/A'd Schematic Attached
Santa Fe Pacific #5 Spud 3/26/53	Sec. 22-T9S-R36E Unit O 660' FSL & 1880' FEL	13 3/8" @ 441' Cmt. w/ 500 sx TOC @ surf by circ.	8 5/8" @ 4805' Cmt w/ 3497 sx TOC @ surf by calc.	5 1/2" @ 4595-12136' Cmt w/ 990 sx TOC @ 4595' by sqz	12150'	Open hole 12136-150' 12096-110'	P/A'd Schematic Attached
Santa Fe Pacific #6 Spud 3/11/74	Sec. 22-T9S-R36E Unit I 1651.8' FSL & 990' FEL	13 3/8" @ 426' Cmt. w/ 425 sx TOC @ surf by circ.	8 5/8" @ 4950' Cmt w/ 3250 sx TOC @ surf by calc.	5 1/2" @ 4586-12153' Cmt w/ 1400 sx TOC @ 5729' by calc.	12190'	Open hole 12153-190'	P/A'd Schematic Attached

**Offset wells to the
U.D. Sawyer #4**

Santa Fe Pacific #7 1/6/53	Sec. 23-T9S-R36E Unit M 660' FSL & 660' FWL	13 3/8" @ 360' Cmt. w/ 375 sx TOC @ surf by circ.	8 5/8" @ 4895' Cmt w/ 2500 sx TOC @ surf by calc.	5 1/2" @ 4645-12191' Cmt w/ 2075 sx TOC @ 2669' by calc.	12212'	12191-212' sqz w/ CIBP 11367-378sqz w/ CIBP 9652-660' sqz w/ CIBP 4818-899'	P/A'd Schematic Attached
Santa Fe Pacific #10 Spud 9/24/72	Sec. 22-T9S-R36E Unit P 330' FSL & 990' FEL	13 3/8" @ 360' Cmt. w/ 400 sx TOC @ surf by circ.	9 5/8" @ 5000' Cmt w/ 2600 sx TOC @ surf by circ.	7" @ 4800 - 12108' Cmt w/ 1800 sx TOC @ 4800' by sqz	12126'	Open hole 12108-120'	P/A'd Schematic Attached
Santa Fe Pacific #11 Spud 7/31/72	Sec. 26-T9S-R36E Unit D 990' FNL & 380' FWL	13 3/8" @ 360' Cmt. w/ 400 sx TOC @ surf by circ.	9 5/8" @ 5000' Cmt w/ 2000 sx TOC @ 1535' by TS	7" @ 4785 - 12096' Cmt w/ 1800 sx TOC @ 4785' by sqz.	12117'	Open hole 12096-117'	P/A'd Schematic Attached
Santa Fe Pacific #12 Spud 11/27/72	Sec. 26-T9S-R36E Unit L 2310' FSL & 330' FWL	13 3/8" @ 360' Cmt. w/ 400 sx TOC @ surf by circ.	9 5/8" @ 5000' Cmt w/ 2600 sx TOC @ surf by circ.	7" @ 4810 - 12119' Cmt w/ 2050 sx TOC @ 4810' by calc.	12120'	12076-102'	P/A'd Schematic Attached
Santa Fe Pacific #27-3 Spud 6/7/72	Sec. 27-T9S-R36E Unit C 2310' FNL & 2310' FWL	13 3/8" @ 315' Cmt. w/ 300 sx TOC @ surf by circ.	8 5/8" @ 5000' Cmt w/ 400 sx TOC @ 4200' by calc.	5 1/2" @ 4873-11987' Cmt w/ 350 sx TOC @ 10026' by CBL	12018'	11277-88' sqz 11930-940' sqz 11972-85' 987-12018'	
SFPRR "27" #4 Spud 1/18/73	Sec. 22-T9S-R36E Unit N 330' FSL & 2310' FWL	13 3/8" @ 309' Cmt. w/ 300 sx TOC @ surf by circ.	9 5/8" @ 4200' Cmt w/ 625 sx TOC @ 2006 by calc	7" @ 12170' Cmt w/ 200 sx TOC @ 11112' by calc.	12170'	12128-160' sqz w/ 50 sx 12020-174' sqz w/ 50 sx 12128-144'	P/A'd Schematic Attached

OPERATOR: Saga Petroleum	LOCATION: Sec. 27, T9S, R36E, Lea County, NM
LEASE: U.D. Sawyer #4	Unit A, 660' FNL & 660' FEL



13 3/8 " casing set at 259 ' with 300 sx of cement.

Hole Size: 17 1/2 ". TOC @ Surface by circ.

5 1/2" cut and pulled from 4566', ran 5 1/2" casing patch and hanger.
5 1/2" casing hung @ 4544'

9 5/8 " casing set at 4668 ' with 2400 sx of cement.

Hole Size: 12 1/4 ". TOC @ Surface by Circ.

Perfs - 11400-413, 442-450'

CIBP @ 11490' w/ 35' cmt.

DV tool @ 11838'

CIBP @ 11850' w/ 45' cmt.

CIBP @ 12010'

w/ 35' cmt.

Cmt. Ret. @ 12108'

Perfs - 12089-95'

Perfs - 12083-100' squeezed

Open hole - 12118-32' squeezed

5 1/2 " casing set at 12118 ' with 1175 sx of cement

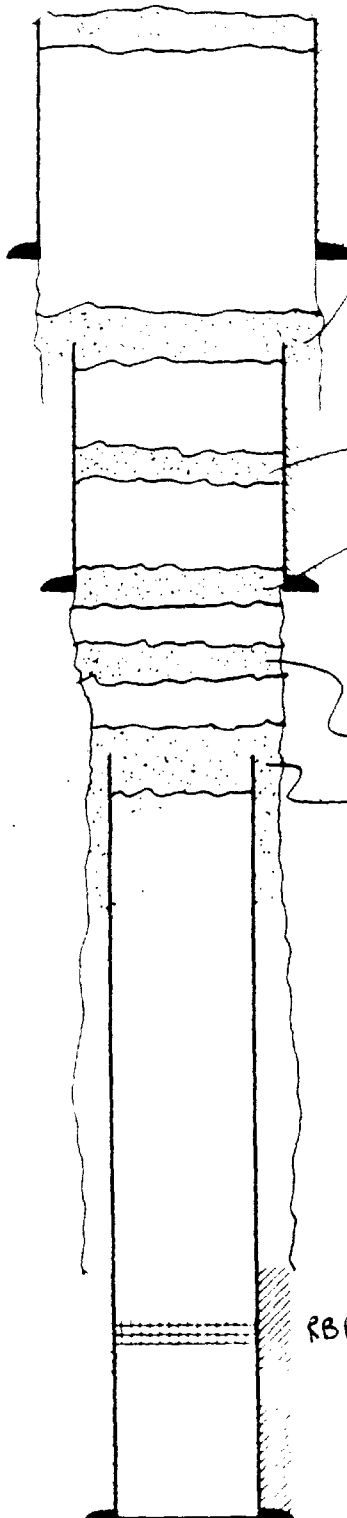
Hole Size: 7 7/8 ". TOC @ 6020' by TS

Prepared by: JNC

Revised: 4/25/00

OPERATOR: Saga Petroleum LLC
LEASE: U.D. Sawyer #8

LOCATION: Sec. 27, T9S, R36E, Lea County, NM
Unit B, 990' FNL & 2310' FEL



10 SX surface

50 SX 775'-875'

13 3/8" casing set at 266' with 275' sx of cement.

Hole Size: 17 1/2" TOC @ Surface by circ.

9 5/8" cut and pulled from 824'

50 SX 1900'-2100'

50 SX 4295'-4344'

9 5/8" casing set at 4294' with 1440' sx of cement.

Hole Size: 12 1/4" TOC @ 1100' by calc.

7" cut and pulled from 7063'

50 SX 5530'-5680'

50 SX 6835'-7198'
Squeezed 7170-92' w/ 200 SX

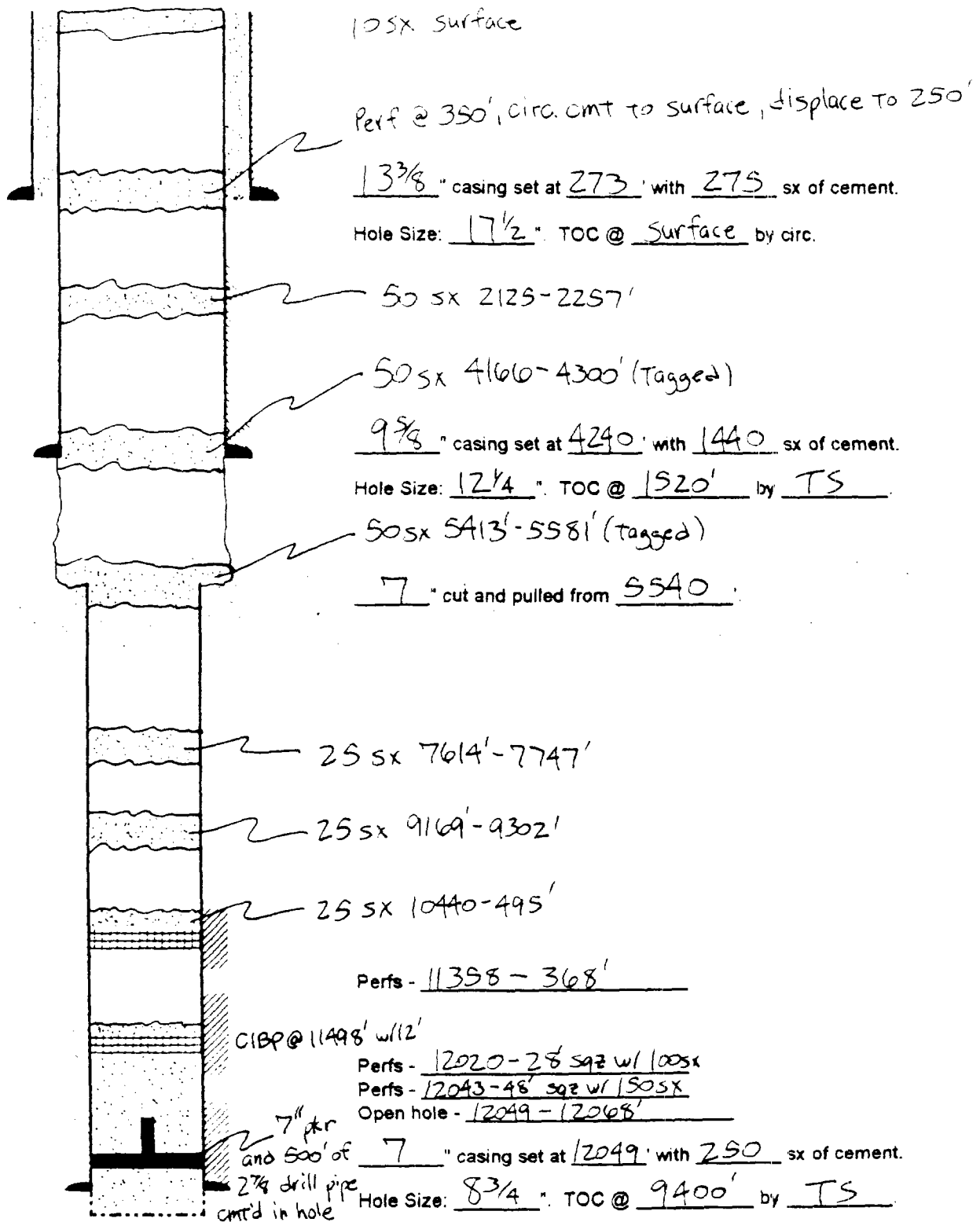
RBP @ 10795' w/ 4 SX

Perfs - 12029-12051'

7" casing set at 12057' with 250' sx of cement.

Hole Size: 8 3/4" TOC @ 10140 by calc.

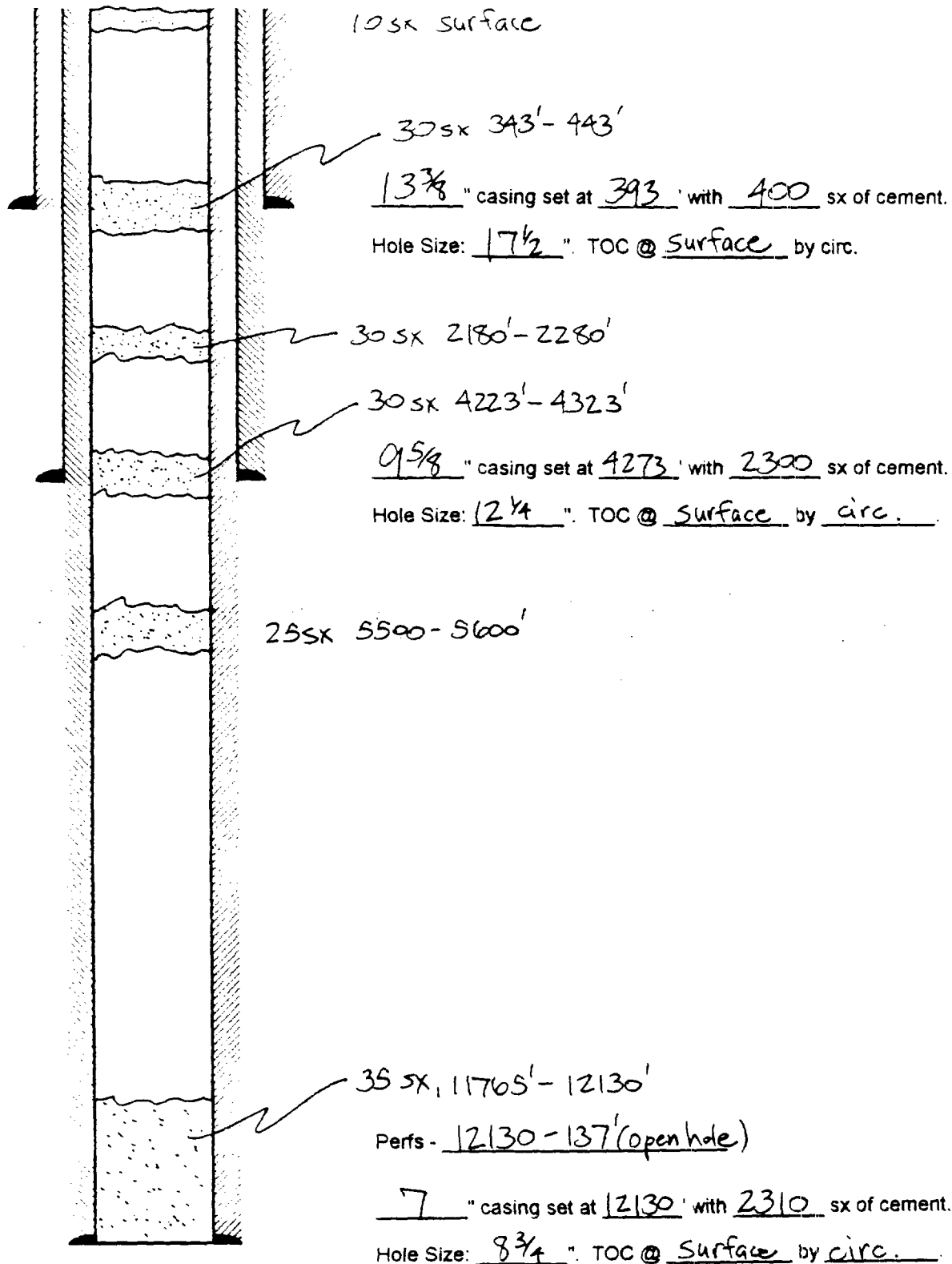
OPERATOR: Saga Petroleum LLC	LOCATION: Sec. 27, T9S, R36E, Lea County, NM
LEASE: U.D. Sawyer #9	Unit H, 1980' FNL & 990' FEL



PREPARED BY JNC

Revised 5/4/00

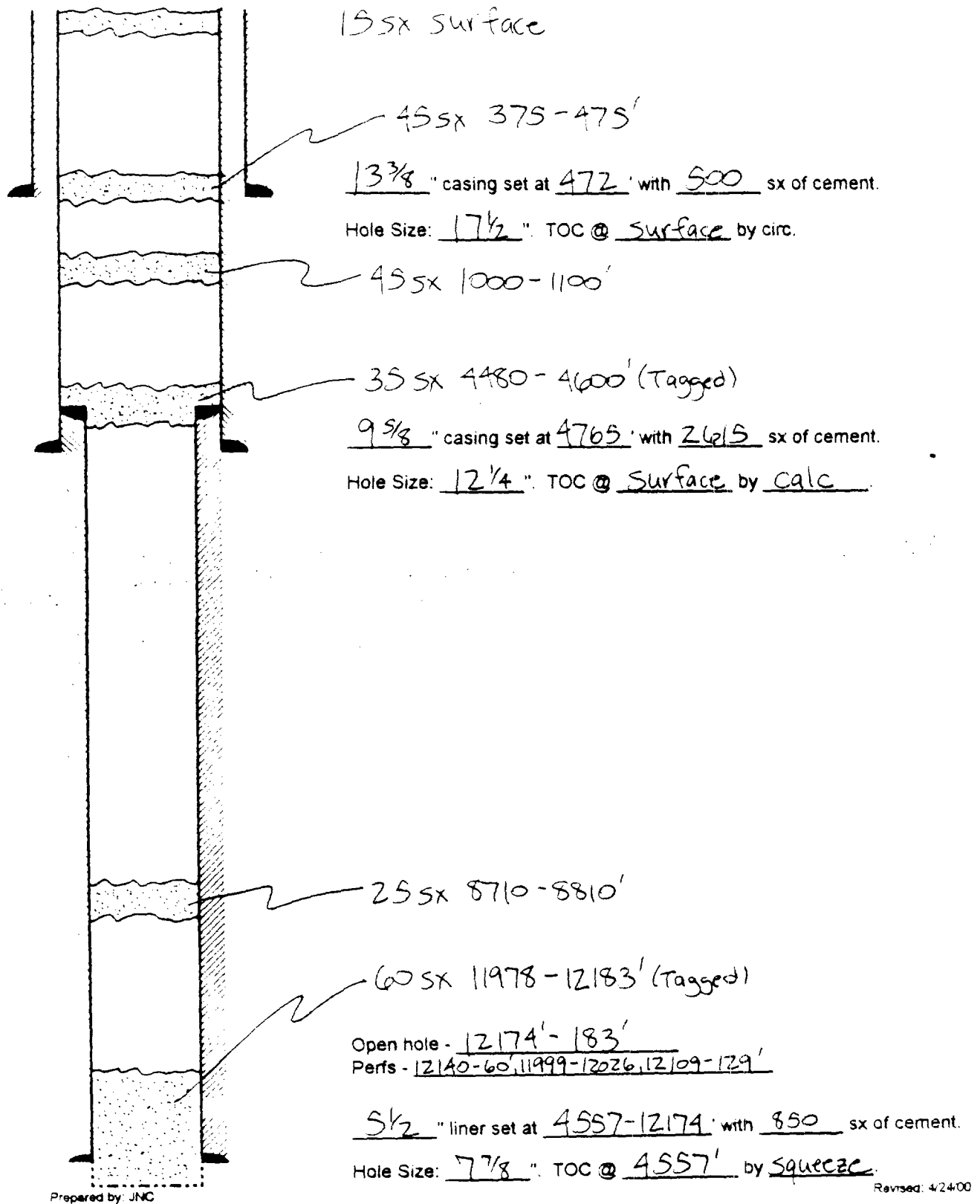
OPERATOR: Meteor Developments	LOCATION: Sec. 26, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific #1	Unit E, 1980' FNL & 660' FWL



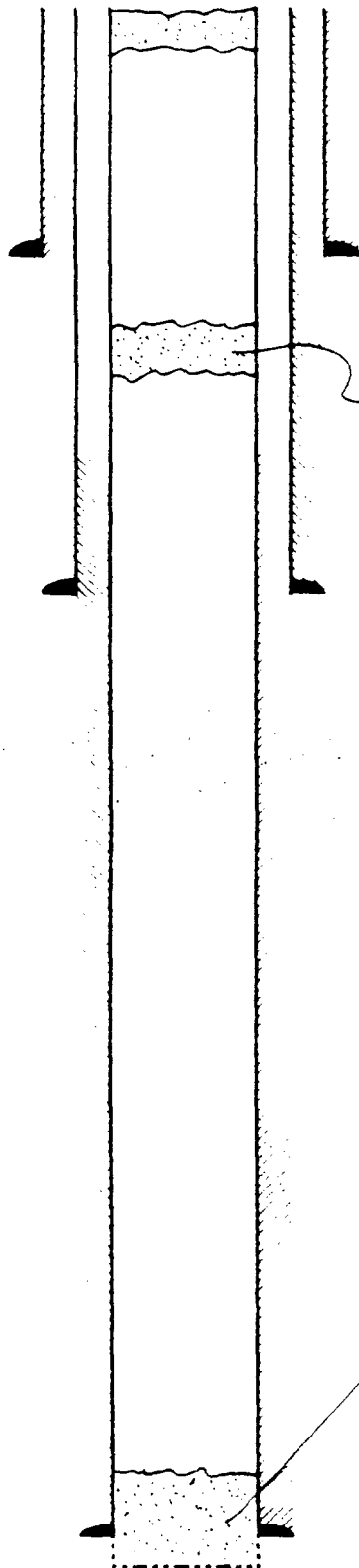
PREPARED BY: JNC

Revised: 4/24/00

OPERATOR: Meteor Developments	LOCATION: Sec. 26, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific #2	Unit C, 660' FNL & 1980' FWL



OPERATOR: Socony Mobil Oil Co.	LOCATION: Sec. 22, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific "D" #1	Unit O, 660' FSL & 1980' FEL



10 sx surface

13 3/8 " casing set at 335 ' with 350 sx of cement.

Hole Size: 17 1/2 ". TOC @ surface by circ.

Cut 7" @ 3500' & 2008', could not pull

25 sx 1900-2057'

8 5/8 " casing set at 4555 ' with 2450 sx of cement.

Hole Size: 12 1/4 ". TOC @ surface by circ.

80 sx 9460'-9670'

Open hole - 9650-70'

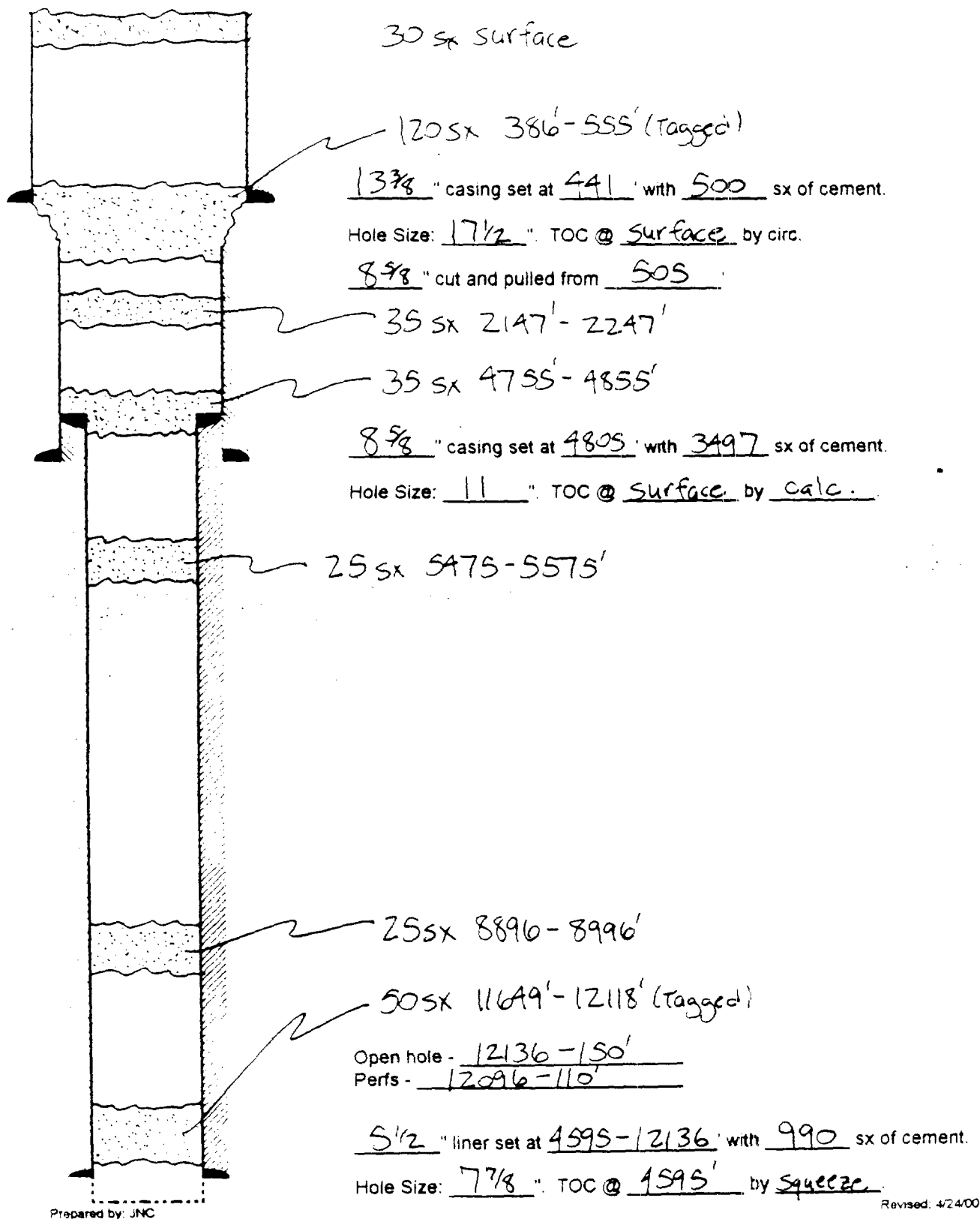
7 " casing set at 9650 ' with 2167 sx of cement.

Hole Size: 8 3/4 ". TOC @ 3840' by TS

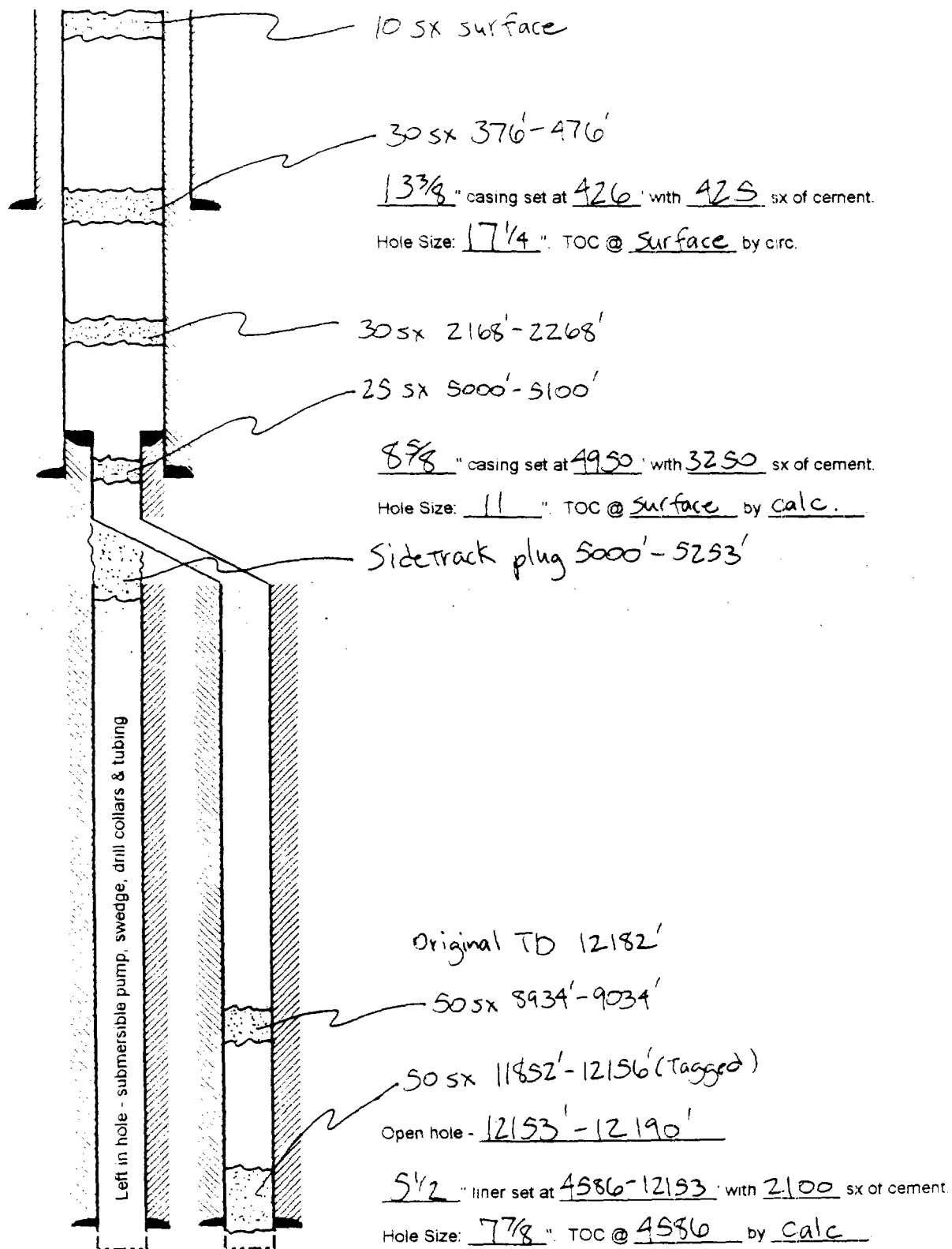
PREPARED BY JNC

Revised 4/24/00

OPERATOR: Meteor Developments	LOCATION: Sec. 22, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific #5	Unit P, 660' FSL & 1880' FEL



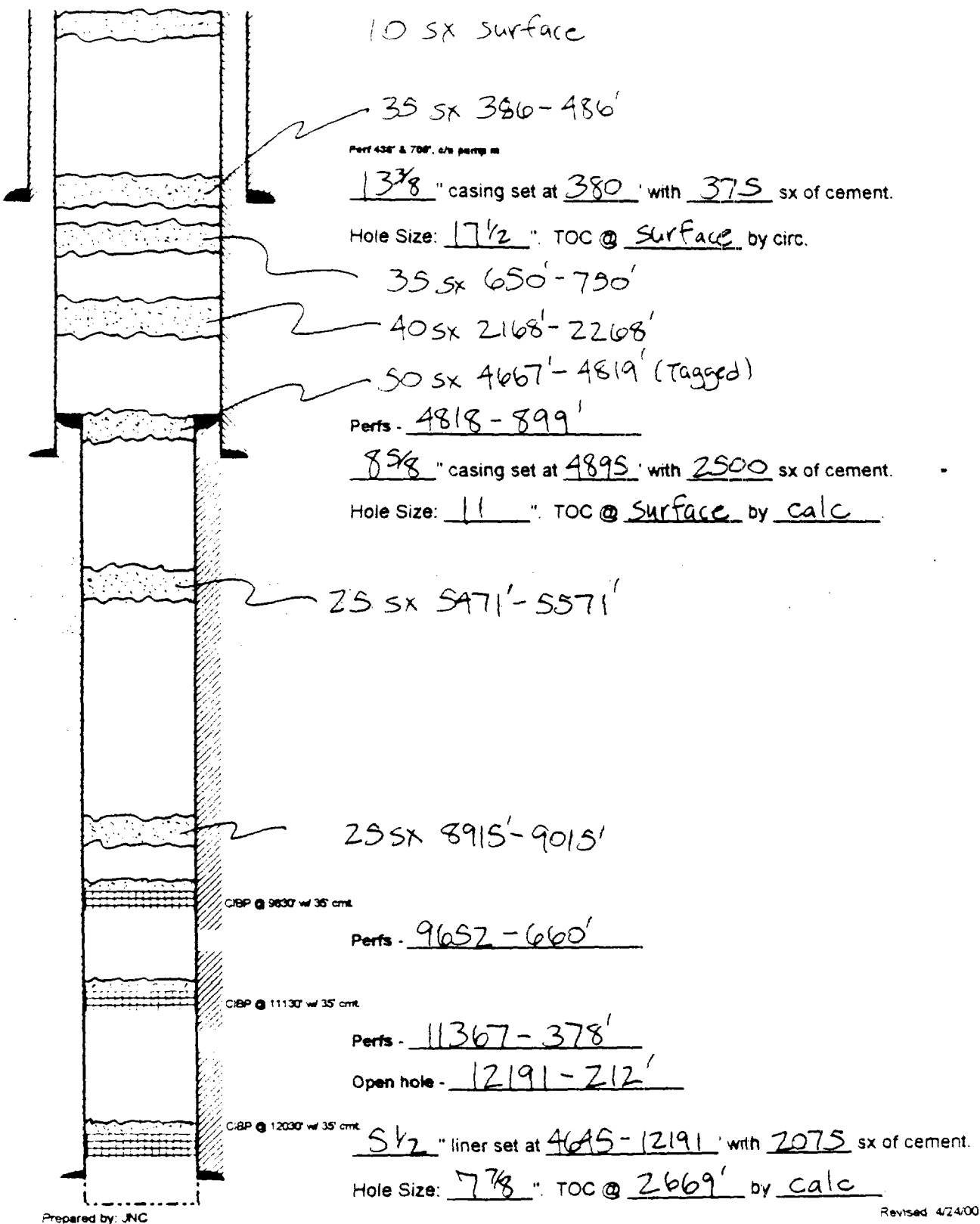
OPERATOR: Meteor Developments	LOCATION: Sec. 22, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific #6	Unit I, 1651.8' FSL & 990' FEL



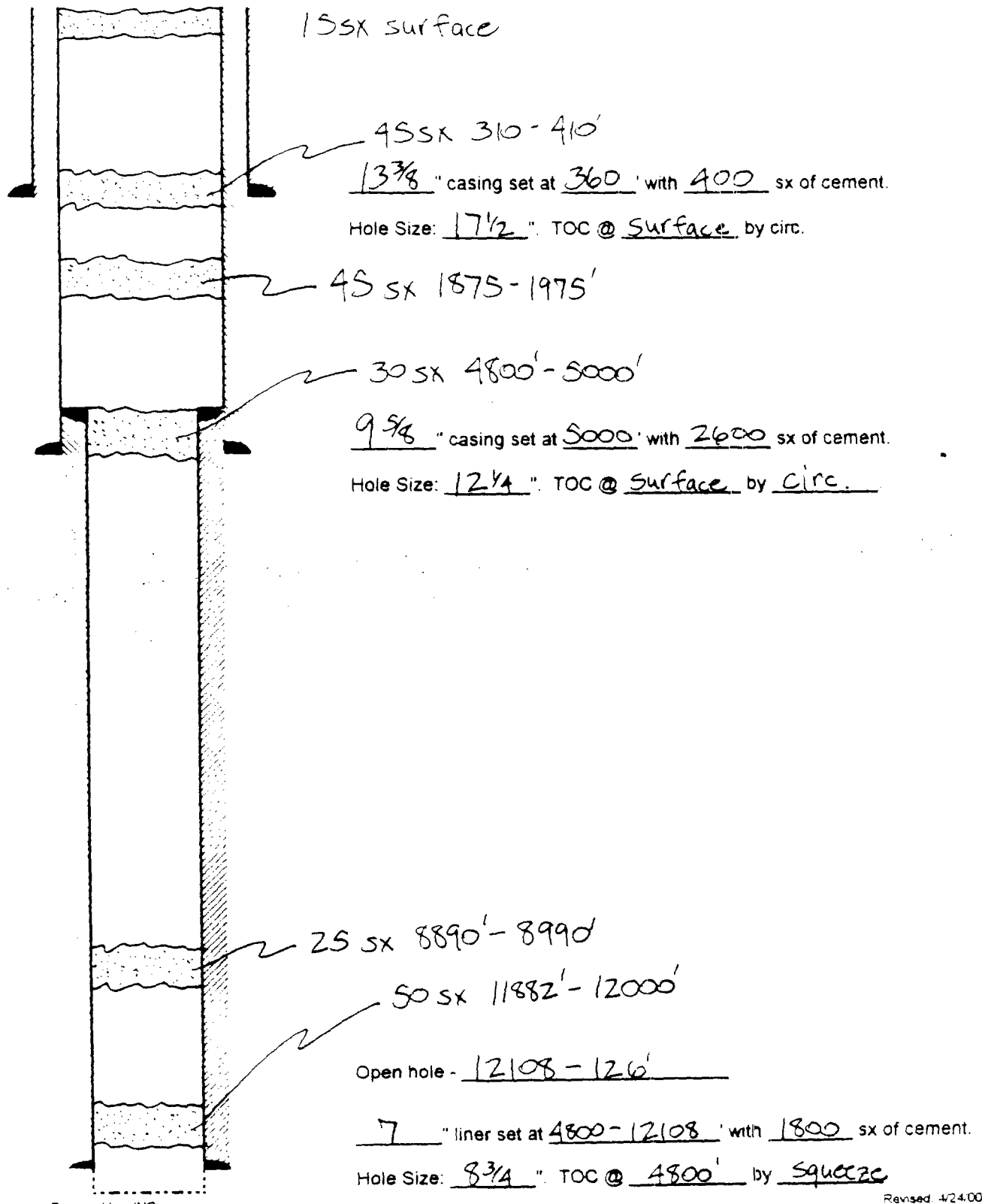
Prepared by: JNC

Revised 4/25/00

OPERATOR: Meteor Developments	LOCATION: Sec. 23, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific #7	Unit M, 660' FSL & 660' FWL



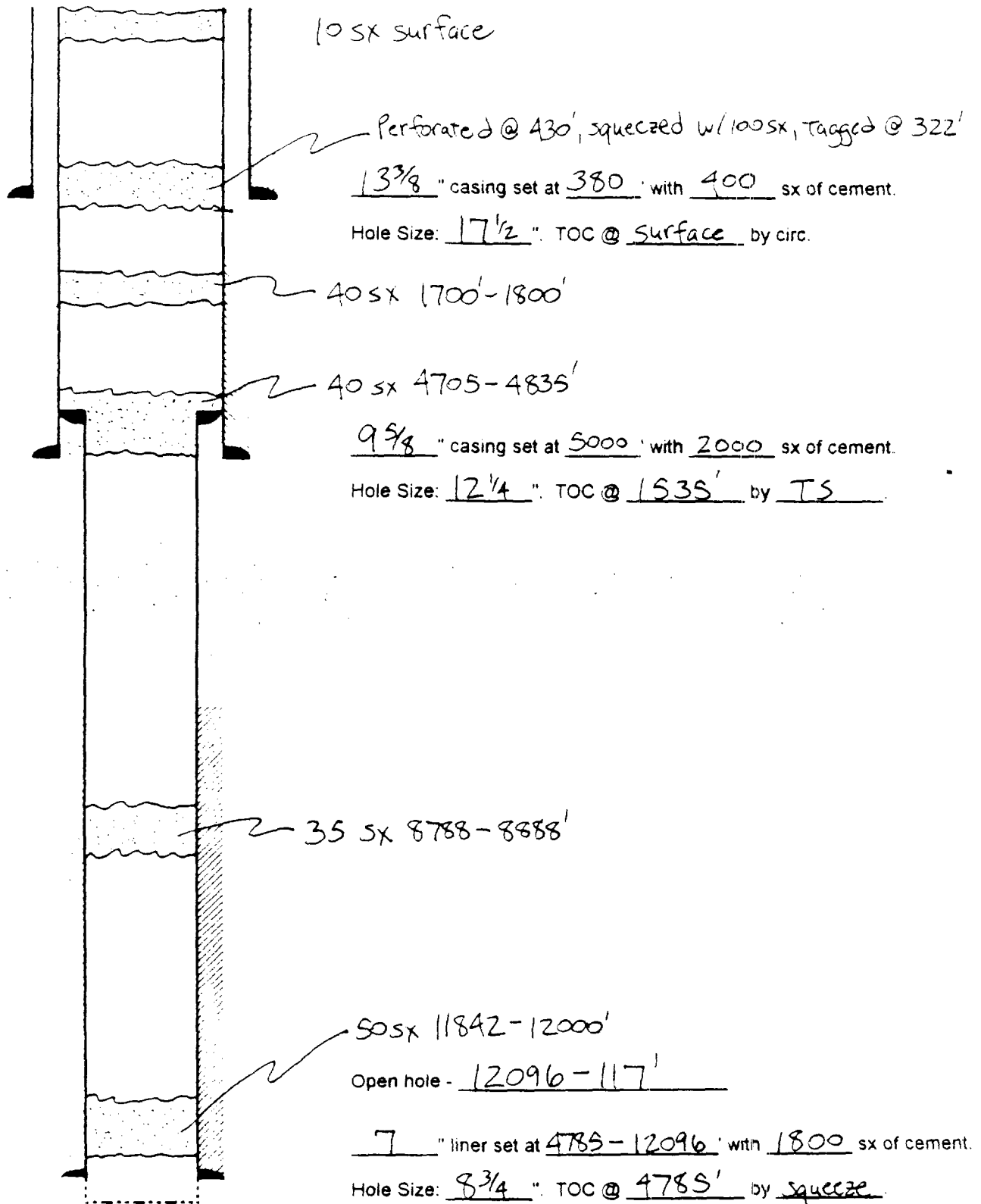
OPERATOR: Meteor Developments	LOCATION: Sec. 22, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific #10	Unit P, 330' FSL & 290' FEL



Prepared by: JNC

Revised: 4/24/00

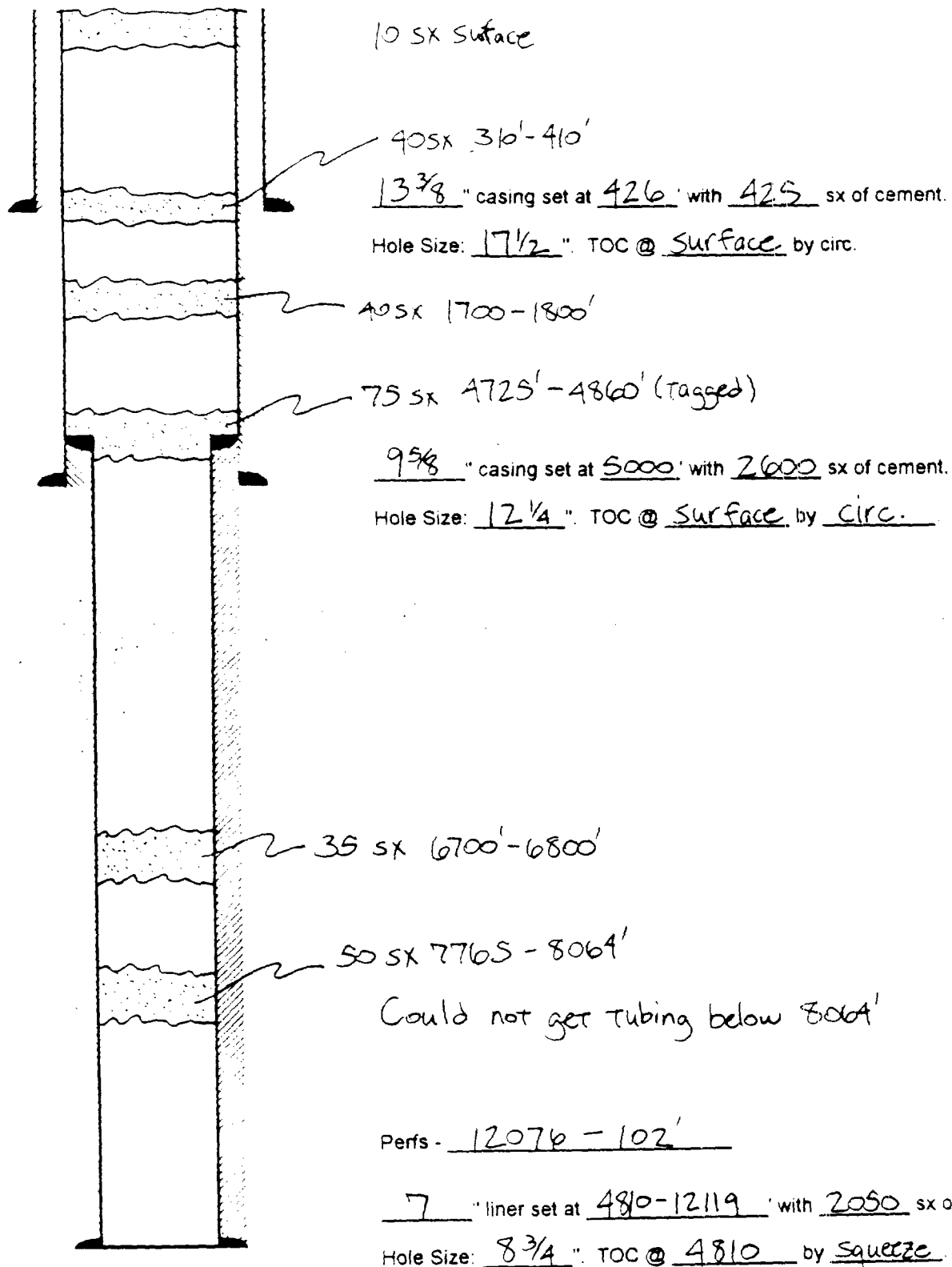
OPERATOR: Meteor Developments	LOCATION: Sec. 26, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific #11	Unit D, 990' FNL & 380' FWL



Prepared by: JNC

Revised 4/24/00

OPERATOR: Meteor Developments	LOCATION: Sec. 26, T9S, R36E, Lea County, NM
LEASE: Santa Fe Pacific #12	Unit L, 2310' FSL & 330' FWL



Prepared by: JNC

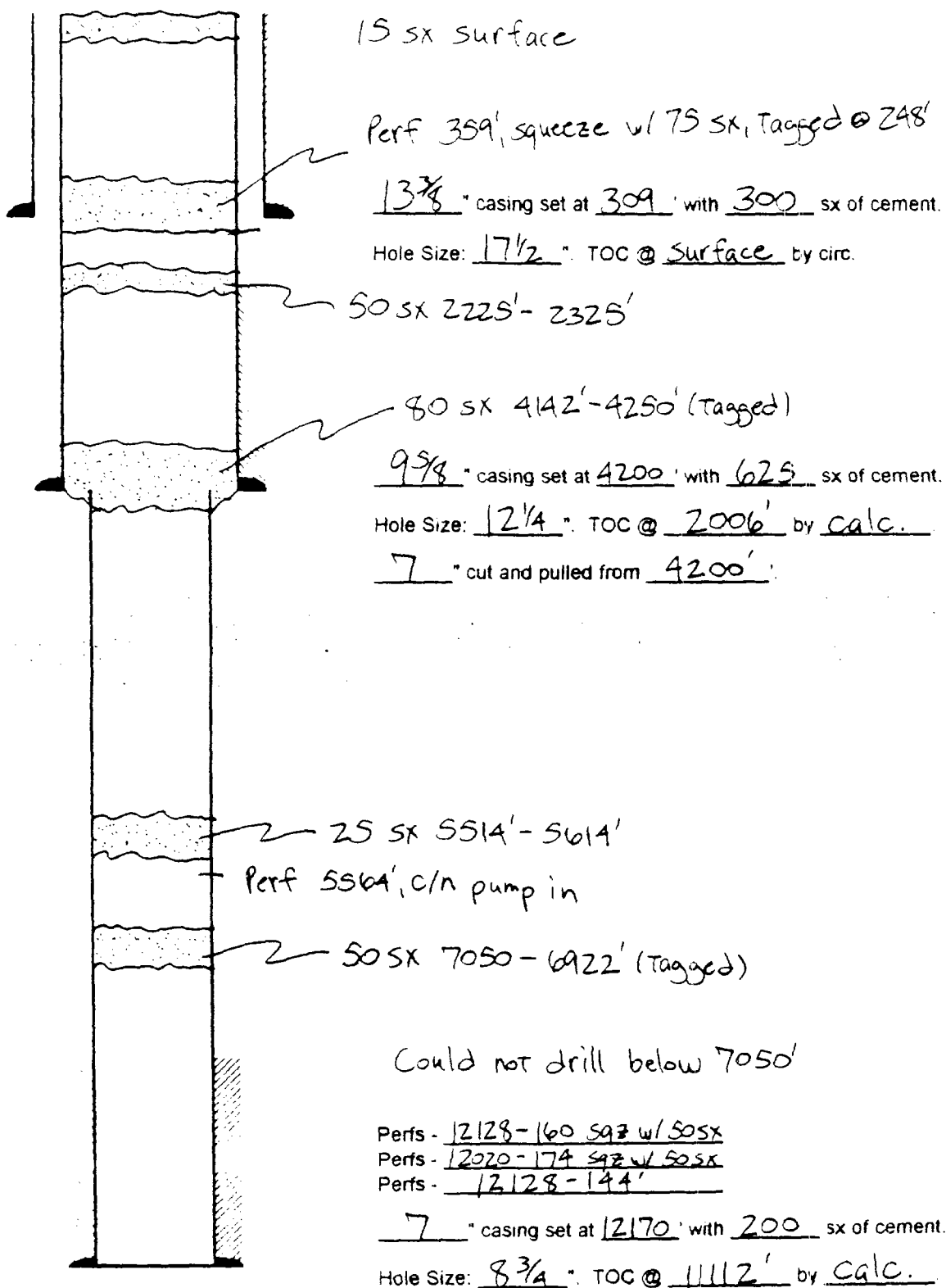
Revised: 4/24/00

OPERATOR: Meteor Developments

LOCATION: Sec. 22, T9S, R36E, Lea County, NM

LEASE: Santa Fe Pacific 27 #4

Unit N, 330' FSL & 2310' FWL



PREPARED BY JNC

Revised 4/24/00

Application for Authorization to Inject

- VI. Attached is a tabulation of all wells of public record that fall within the ½ mile radius of the proposed injection well, the U.D. Sawyer #4. This investigation has further shown that all these wells have a good cement seal around their casing shoe and will therefore prevent the upward migration of the disposed water into any potable water zone. The U.D. Sawyer #4 was abandoned as a Devonian producer in 1978, and recompleted in the Penn (11400-450'). The Penn zone would be cement squeezed. Geologic data and producing volumes would indicate the Devonian in the #4 is currently below the oil-water contact, and on the flank of the structure.
- VII. The proposed average daily injection rate for the subject well is 1,000 BWPD; the maximum daily injection rate would be 1,500 BWPD. This will be a closed system with an average pressure of zero and a maximum pressure of 1000 psi. Only produced Devonian water will be injected in the proposed well, so incompatibility will not be a problem.
- VIII. The injection zone is a dolomite known as the Devonian. The top of the Devonian in this well is at 12,070', and is approximately 300' thick. The zone will be selectively perforated from 12,085' - 12,100', correlative to the Upper producing zone in the offset wells. The main source of drinking water in this area comes from the Cretaceous formation, the base of which is at 180'. The Ogallala overlies the Cretaceous, but pinches out in certain areas around the zone of interest. There are no known sources of drinking water underlying the injection interval.
- IX. After perforation, the well will be stimulated with 3000 gallons of 15% NEFE HCl and ball sealers.
- X. Log and test data is on file with the Division.
- XI. Attached is an analysis of the water from a water well approximately ¼ mile northwest of the proposed disposal. This is the only well which could be located.
- XII. Saga Petroleum LLC has examined the available geologic and engineering data and can find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- XIII. The required "Proof of Notice" is attached.
-

U.D. Sawyer #4
660' FNL & 660' FEL
Unit A, Sec. 27-T9S-R36E
Lea County, New Mexico

Offset Operators

G.W. Ainsworth
PO Box 7
Milnesand, NM 88215

Marbob Energy
PO Box 227
Artesia, NM 88211-0227

C.L. House
401 W. Texas
Midland, TX 79701

Meteor Development
216 16th Street, Suite 730
Denver, CO 80202

Kelly H. Baxter
PO Box 11193
Midland, TX 79702

Surface Owner

Williams Ranch
Crossroads, NM 88114

Yates Petroleum
105 S. 4th
Artesia, NM 88210

Southwest Royalty
Drawer 11390
Midland, TX 79702

Gates-O'Brian
550 W. Texas #1140
Midland, TX 79701

Special Energy Corp.
PO Box 369
Stillwater, OK 74076-0369

HALLIBURTON ENERGY SERVICES
WATER ANALYSIS REPORT
HOBBS NEW MEXICO

COMPANY Saga Petroleum
Fax: 915-684-0829

REPORT 97-152
DATE 5/2/97
DISTRICT Hobbs

SUBMITTED BY _____

WELL Off set water well DEPTH _____ FORMATION _____
COUNTY _____ FIELD _____ SOURCE _____

SAMPLE	<u>See below</u>	_____	_____
RESISTIVITY	<u>11.0988 @ 72 °F</u>	<u>_____ @ _____ °F</u>	<u>_____ @ _____ °F</u>
SPECIFIC GR.	<u>0.988</u>	_____	_____
pH	<u>7.46</u>	_____	_____
CALCIUM	<u>150</u> mpl	_____ mpl	_____ mpl
MAGNESIUM	<u>75</u> mpl	_____ mpl	_____ mpl
CHLORIDE	<u>270</u> mpl	_____ mpl	_____ mpl
SULFATES	<u>100</u> mpl	_____ mpl	_____ mpl
BICARBONATES	<u>195</u> mpl	_____ mpl	_____ mpl
SOLUBLE IRON	<u>0</u> mpl	_____ mpl	_____ mpl
	_____	_____	_____
	_____	_____	_____
OIL GRAVITY	<u>_____ @ _____ °F</u>	<u>_____ @ _____ °F</u>	<u>_____ @ _____ °F</u>

REMARKS Water well located approximately 1 mile north west of disposal

ANALYST: *GLENN*

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Resistivity measured in: Ohm/m2/m