



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

December 18, 1996

Saba Energy of Texas, Incorporated
1603 S.E. 19th Street - Suite 202
Edmond, Oklahoma 73013
Attention: Bradley T. Katzung, P.E., President

Administrative Order NSL-3744

Dear Mr. Katzung:

Reference is made to your application dated November 20, 1996 for an unorthodox oil well location for the proposed Saba State Well No. 1 to be drilled 2310 feet from the South line and 1308 feet from the East line (Unit I) of Section 7, Township 13 South, Range 36 East, NMPM, Lea County, New Mexico.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the NE/4 SE/4 of said Section 7.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is written in a cursive style and is positioned above the typed name and title.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe