



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

April 23, 2003

Lori Wrotenberg
Director
Oil Conservation Division

Saga Petroleum L.L.C.
415 West Wall – Suite 1900
Midland, Texas 79701
Attention: **Bonnie Husband**
bhusband@sagapetroleum.com

Telefax No. (915) 684-4285

Administrative Order NSL-4864

Dear Ms. Husband:

Reference is made to the following: (i) your formal application submitted to the New Mexico Oil Conservation Division (“Division”) on January 17, 2003 (*administrative application reference No. pMES0-301763322*); (ii) the Division’s various correspondences to you regarding the formal application from Mr. Michael E. Stogner, Engineer with the Division in Santa Fe, by letter or e-mail dated January 23 and 31, February 5, and April 17, 2003; (iii) your responses or inquiries concerning this application by letter, telefax, or e-mail dated February 3, 5, 19, and 28 and April 15, 2003; (iv) the various e-mails and telefaxes between you and Mr. Stogner prior to the filing of this application in January, 2003; and (v) the Division’s records in Santa Fe and Hobbs: all concerning Saga Petroleum L.L.C.’s (“Saga”) request for an exception to the well location requirements (**Rule 4**) provided within the “*Special Rules and Regulations for the Hobbs-Drinkard Pool*,” as promulgated by Division Order No. R-3811, as amended, for Saga’s proposed State Land Section “32” Well No. 10 to be drilled 2223 feet from the South line and 860 feet from the East line (Unit I) of Section 32, Township 18 South, Range 38 East, NMPM, Undesignated Hobbs-Drinkard Pool (31730), Lea County, New Mexico.

The E/2 SE/4 of Section 32 is to be dedicated to this well in order to form a standard 80-acre stand-up oil spacing and proration unit for this pool (as provided in **Rule 6** of the special pool rules).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and the applicable provisions of the special rules governing the Hobbs-Drinkard Pool.

By the authority granted me under the provision of Division Rule 104.F (2), as revised, and the applicable rules governing the Hobbs-Drinkard Pool, the above-described unorthodox Drinkard oil well location for Saga’s proposed State Land Section “32” Well No. 10 is hereby approved.

Administrative Order NSL-4864

Saga Petroleum L.L.C.

April 23, 2003

Page 2

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery" followed by a flourish.

Lori Wrotenbery
Director

LW/MES/kv

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