



Occidental Permian Ltd.

580 WestLake Park Blvd.
Houston, TX 77079
PO Box 4294
Houston, TX 77210-4294
281-552-1000

February 25, 2003

Saga Petroleum
415 W. Wall, Suite 1900
Midland, TX 79701

Attention: Bonnie Husband, Production Analyst

Re: **Non-Standard Location Authority**
Saga/State Land Section 32 #10 Well
Section 32, Township 18 South, Range 38 East
Lea County, New Mexico

RECEIVED

FEB 27 2003

OIL CONSERVATION
DIVISION

Dear Bonnie:

Your request for Altura Ltd. as an offsetting mineral interest owner to waive objection to Saga's referenced application was forwarded to me for response. After reviewing your request, I note several things:

- 1) Altura, Ltd. no longer exists.
- 2) Your request for a waiver of objection mentions that an application to drill has been already been filed, and your letter to Altura Ltd. was dated 1/14/03. As of this date, we have not seen an application for NMOCD approval for non-standard location authority for this well, so we don't know if Saga has already been granted the NSL authority or not.
- 3) Your request for a waiver of objection doesn't give us any information about the pool, reservoir and spacing unit to which the non-standard location authority applies. In this area, Occidental Permian Limited Partnership operates wells in the Hobbs Grayburg San Andres Pool as well as other pools. Without this information, it is impossible for us to evaluate your request.
- 4) Please remember that NMOCD Rule 102.C requires that, when filing a permit to drill in a quarter-quarter section that contains existing wells, the operator of the existing wells will be provided a copy of the application for a permit to drill by the applicant. We operate existing wells in the same quarter-quarter section as your proposed location. I apologize for the reminder if you have already provided us a copy of the application to drill for this proposed location. If you have not done so, please send the drilling permit application to Occidental Permian Limited Partnership, 1017 W. Stanolind Rd., Hobbs, NM 88240, and attention to Mr. Gary Bullock. It is important for us to monitor drilling activity in this area where the wellbore will penetrate our producing zone because we are in the midst of implementing a CO2 flood in this area.

February 25, 2003

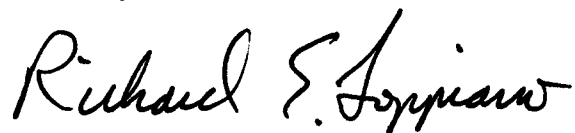
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For all the aforementioned reasons, if in fact Occidental Permian Limited Partnership is an affected person in regards to this request, we decline to waive objection at this time. In the future, if you desire to request waivers and provide notice of application for NMOCD approval of rule exceptions where Occidental Permian Limited Partnership is an affected party, you may direct such correspondence to my attention at the letterhead address.

On a final note, if I may offer a suggestion. You have sent us requests for several waivers of objection for wells in this area and we haven't signed any of them (to my knowledge). I suggest that it may be more expedient for you to provide us notice of your application for NSL authority at the time you file it, if we are entitled to such notice under NMOCD rules. That starts a 21-day clock and allows your application to be processed administratively provided we don't protest within the 21-day window.

Thank you for your consideration of our request. If you have any questions, don't hesitate to call me at 281-552-1303.

Sincerely,

A handwritten signature in black ink that reads "Richard E. Foppiano". The signature is written in a cursive, flowing style.

Richard E. Foppiano
Senior Advisor - Regulatory Affairs

REF:ref

CC: Gary Bullock
Mark Stephens
Eden Settegast
NMOCD - Santa Fe

MICHAEL STOGNER
PMESO-301763322

State Land Sec. 32 #10 Well
2223' FSL & 860' FEL
Sec. 32 (I), T18S, R38E
Lea County, NM

We have no objections to Saga's proposed State Land Sec. 32 #10 well located at a NSL.

Company/Interest Owner Name: MARATHON OIL COMPANY

Paul J. Tauscher
Signature

Paul J. Tauscher
Typed Name

2/27/03
Date