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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

January 28, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Saga Petroleum L.L.C.
415 West Wall – Suite 1900
Midland, Texas 79701

Attention: Bonnie Husband

Re: Administrative application (*NMOCD Administrative application reference No. pKRV0-235835106*) for Saga Petroleum L.L.C.'s ("Saga") recently drilled and completed Conoco State Well No. 3 (*API No. 30-025-35961*) at an unorthodox Tubb wildcat gas well location within the SE/4 of Section 33, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, being a standard shallow gas spacing unit in accordance with **Division Rule 104.C (3)**, 2110 feet from the South line and 2055 feet from the East line (Unit J) of Section 33.

Dear Ms. Husband:

I am in receipt of your January 24, 2003 correspondence concerning Saga's belated notification in this matter. Within the comprehensive listing of offset mineral interest owners Conoco, Inc. is listed several places; however, they were not notified. Was this an oversight or is there an explanation?

Since the submitted information is insufficient to review, the application was still ruled incomplete on January 28, 2003. Please submit the above stated information by Wednesday, February 5, 2003.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will once again continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you and Saga will be required to shut-in the Conoco State Well No. 3.

Again, should you have any questions concerning this matter you will first want to contact your legal counsel, Mr. William F. Carr in Santa Fe at (505) 988-4421. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
William F. Carr, Legal Counsel for Saga Petroleum, L.L.C. – Santa Fe
Wil Jones, NMOCD – Santa Fe



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~~Please advise - I presumed since the lease was a farmout to Penroc in 1971 and assigned to Saga by Penroc that Conoco did not have to be notified. Was my presumption incorrect? If so Conoco will be notified ASAP. Thanks~~

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cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
William F. Carr, Legal Counsel for Saga Petroleum, L.L.C. - Santa Fe
Wil Jones, NMOCD - Santa Fe

Stogner, Michael

✓**From:** Stogner, Michael
Sent: Friday, January 31, 2003 3:23 PM
To: 'Bonnie Husband'
Subject: RE: Conoco State #3

I just received your telefaxed response to my January 28th letter. Your explanation concerning the Conoco to Penrock to Saga farmout "trail" is sufficient. Thank you.

1/31/2003

Stogner, Michael

From: Bonnie Husband [bhusband@sagapetroleum.com]

Sent: Tuesday, April 15, 2003 3:53 PM

To: Stogner, Michael

Subject: NSL's

What is the status of approving NSL's

Wildcat Tubb - ~~Conoco State #3~~

Wildcat Tubb - State Land Sec. 32 #9 well

Application to Drill - State Land Sec. 32 #10 well

4/17/2003

Stogner, Michael

From: Stogner, Michael
Sent: Thursday, April 17, 2003 6:42 PM
To: 'Bonnie Husband'
Subject: RE: NSL's

All pending final review. Other more important matters got moved ahead of these applications. Hope to return to them next week.

-----Original Message-----

From: Bonnie Husband [mailto:bhusband@sagapetroleum.com]
Sent: Tuesday, April 15, 2003 3:53 PM
To: Stogner, Michael
Subject: NSL's

What is the status of approving NSL's
Wildcat Tubb - Conoco State #3
Wildcat Tubb - State Land Sec. 32 #9 well
Application to Drill - State Land Sec. 32 #10 well

4/17/2003