MS pKRV0235835106

NSL 1/12/03 Kathy please log this appli in as an USL' Thurbon Stor

RPER

DEC 2 3 2002

December 18, 2002

Mr. Will Jones Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505

PETROLEUM

Re: Conoco State #3 Well 2110' FSL & 2055' FEL Sec. 33 (J) T18S, R38E Lea County, NM API No. 30-025-35961

Gentlemen:

Saga originally filed an application to drill the referenced well and complete as a dual and/or DHC Drinkard – Blinebry well. After drilling to TD of 7025', the Drinkard was perforated from 6806'-6933', treated and flow tested for approximately 30 days. Production testing of the Drinkard perforations showed the reservoir to be gas, not oil. Subsequently the Tubb was perforated from 6406'-6573', treated and flowed tested after a pkr was set at 6573'. Saga has flow tested the Tubb perfs for about 30 days and results indicate the reservoir to be gas also. The Tubb and Drinkard reservoirs appear to be compatible; therefore Saga has requested a permit for DHC of the Drinkard and Tubb pools. OCD has indicated that the Tubb pool is a NSL, we respectfully request approval⁴ of the DHC permit and NSL of the Tererenced well.

Should you require any further information, please contact the undersigned at your convenience.

Very truly yours,

SAGA PETROLEUM LLC

Connie Husband

Bonnie Husband Production Analyst

Enclosures

415 W. Wall, Ste 1900 Midland, TX 79701

Office: (915) 684-4293 Fax (915) 684-0829



MEMORANDUM

December 18, 2002

OCD 1220S St. Francis Dr Santa Fe, New Mexico 87505 Attn. Will Jones

REFERENCE TO:

Completion of Saga Petroleum Conoco State No. 3 well From Tubb and Drinkard perforations

DISCUSSION:

Saga Petroleum originally proposed to complete the Conoco State No. 3 as a Drinkard Blinebry dual completion, anticipating both zones to be oil productive. Production testing of Drinkard perforations has shown the formation to be a gas reservoir. Current Tubb perforations have indicated this reservoir to be a gas producer as well. The Tubb and Drinkard reservoirs appear to be compatible. This is the basis for our request to co-mingle gas production from the two reservoirs.

Yours truly

Lorin J. Rulla Chief Geologist

District | 1625 N. French Dr., Hobbs, NM 88240

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District II 811 South First, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztee, NM 87410 District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico Energy, Minerals & Natural ResourcesDepartment

Form C-102 Revised August 15, 2000

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	API Number	r	1 3	Pool Code				3 Pool Na	me			
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED O NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				¹⁷ OPERATOR CERTIFICATION
		· .		I hereby certify that the information contained herein i
				true and complete to the best of my knowledge and
				belief. Bonnie Kunband
· · · · · · · · · · · · · · · · · · ·				Bonnie Husband
				Printed Name
				Production Analyst
				Title
				12/09/2002
		· ·		Date
	· · ·			
				18SURVEYOR CERTIFICATION
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	а.			was plotted from field notes of actual surveys made by
		Ť ·	4	me or under my supervision, and that the same is true
		Special Sciences		and correct to the best of my belief.
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				Signature and Seal of Professional Surveyor:
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1 South First Street, Artesia, NM 882 10	OIL CONSERVA	TION DIVISION	APPLICATION TYPE
District III 00 Rio Brazos Road, Azteo, Nat 87410			X_Single Well Established Pre-Approved Poo
District IV	AND FOR DOM	WNHOLE COMMINGLING	EXISTING WELLBORE
040 South Pacheco, Santa Fe, NM-87505			
Saga Petroleum LLC		W. Wall, Suite 1900, Midland, T	X 79701
CONOCO STATE	<u> </u>		Lea
ease		Section-Township-Range	County
OGRID No. 148967 Property (Code 20281 API No. 30-02	25-35961 Lease Type	Federal _X_StateFee
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat Tubb		Hobbs Drinkard
Pool Code	96946		31730
Top and Bottom of Pay Section Perforated or Open-Hole Interval)	6406'-6573'		6806'- 6933'
Method of Production (Flowing of Artificial Lift)	Flw'g		Flw'g
Bottomhole Pressure Note: Pressure data will not be required if the			
bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	612		731
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1206		BTU 1.159
Producing, Shut-in or New Zone	Prod - New zone		SI while testing Tubb
Date and Oil/Gas/Water Rates		······································	
of Last Production (Note: For new zones with no production history, applicant shall be required to attach production	Date: 12/08/2001	Date:	Date: 10/29/2002
appnoant shall be required to anadar production astimates and supporting data.)	Rates: 402 MCFGPD	Rates:	Rates: 348MCF
Fixed Allocation Percentage (Note: If allocation is based upon someting other	Oil Gas	Oil Gas	Oil Gas
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	ding royalty interests identical in all l overriding royalty interest owners b		Yes X No No Yes No
Are all produced fluids from all co	mmingling zones compatible with ea	ch other?	Yes_X_No_
Will commingling decrease the val			Yes No X
If this well is on, or communitized		er the Commissioner of Public Lands ing of this application?	Yes No
	licable to this well:		· · · · · · · · · · · · · · · · · · ·
Attachments:			
C-102 for each zone to be com	mingled showing its spacing unit and e for at least one year. (If not availab		A pt
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Notification list of working, re	oyalty and overriding royalty interests	s for uncommon interest cases.	
Any additional statements, dat	ta or documents required to support c	commingling.	O\\``
	Pre-App	roved Pools	
If application		owing additional information will be require	sd:
	commingling within the proposed Pre-App	· · ·	
List of all operators within the proposed			

TYPE OR PRINT NAME Bonnie Husband