



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

April 24, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Saga Petroleum, L.L.C.
415 W. Wall - Suite 1900
Midland, Texas 79701
Attention: Bonnie Husband

Administrative Order NSL-4576(SD)

Dear Ms. Husband:

Reference is made to the following: (i) your original application dated October 25, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated December 18, 2000 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe requesting that affected off-set operator's be notified as required; (iii) your response by letter dated March 22, 2001 with the necessary information to complete this application; and (iv) the Division's records, including the files on Division Administrative Orders NSP-1682, dated February 24, 1994, and NSP-1682-A(L)(SD), dated April 6, 1995: all concerning Saga Petroleum, L.L.C.'s ("Saga") request for exceptions to **Rule 2 (b)** of the *"Special Rules and Regulations for the Bluit-San Andres Associated Pool,"* as promulgated by Division Order No. R-5353, as amended, for two non-standard Bluit-San Andres gas well locations within an existing standard 240-acre gas spacing and proration unit for the Bluit-San Andres Associated Pool comprising the W/2 NW/4 and the SW/4 of Section 18, Township 8 South, Range 38 East, NMPM, Roosevelt County, New Mexico.

This 240-acre gas spacing and proration unit is currently simultaneously dedicated to Saga's: (i) Bluit "18-E" Federal Well No. 5 (**API No. 30-041-20176**), located at an unorthodox gas well location [approved by Division Administrative Order NSP-1682-A (L) (SD)] 2086 feet from the North line and 554 feet from the West line (Unit E) of Section 18; and (ii) Bluit "18" Federal Well No. 11 (**API No. 30-041-20854**), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 18.

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 rules governing the Bluit-San Andres Associated Pool.

By the authority granted me under the provisions of: (i) **Rule 2 (c)** of the *"General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico,"* as promulgated by Division Order No. R-5353, as amended; and (ii) Division Rule 104.F (2), as revised, the two following described wells located at unorthodox gas well locations within this

Administrative Order NSL-4576(SD)
Saga Petroleum, L.L.C.
April 24, 2001
Page 2

240-acre unit, are hereby approved:

Bluitt SA "18" Federal Well No. 12
1980' FSL & 660' FWL (Unit L)
(API No. 30-041-20161)
and
Bluitt SA "18" Federal Well No. 14
660' FSL & 1980' FWL (Unit N)
(API No. 30-041-20855)

Further, all four of the above-described wells and 240-acre gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Associated Oil and Gas Pools and to the Bluitt-San Andres Associated Pool.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Roswell
File: NSP-1682
NSP-1682-A(L)(SD) /