



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 17, 2001

Mr. Chris Williams
NMOCD-Hobbs
1625 N. French Drive
Hobbs, New Mexico 88240

Re: Crossroads Siluro Devonian Unit
Cases. No. 12417 & 12418

Dear Chris:

I am currently in the process of drafting an order in Case No. 12418, the application of Saga Petroleum, L.L.C. for a waterflood project in the Crossroads Siluro Devonian Unit. I am writing to inquire as to the current status of four proposed injection wells within the project. Specifically, I would like the following information:

- a) with regards to the Crossroads Siluro Devonian Unit No. 304, located in Unit A of Section 27, T-9 South, R-36 East, NMPM, has this well been tested for mechanical integrity, and if so, what are the test results;
- b) with regards to the Crossroads Siluro Devonian Unit No. 306, located in Unit O of Section 27, T-9 South, R-36 East, NMPM, and which was originally permitted as a disposal well by Order No. SWD-693, can you please provide me with each annual radioactive tracer/temperature log that is required to be conducted on this well pursuant to the terms of Order No. SWD-693. In addition, what is this well's current status with regards to mechanical integrity;
- c) with regards to the Crossroads Siluro Devonian Unit No. 311, located in Unit J of Section 27, T-9 South, R-36 East, NMPM, and which was originally permitted as a disposal well by Order No. SWD-662, can you please provide me with each annual

radioactive tracer/temperature log that is required to be conducted on this well pursuant to the terms of Order No. SWD-662. In addition, what is this well's current status with regards to mechanical integrity; and

- d) with regards to the Crossroads Siluro Devonian Unit No. 104, located in Unit O of Section 34, T-9 South, R-34 East, NMPM, and which was originally permitted as a disposal well by Division Order No. R-3612, what is the current status with regards to this well's mechanical integrity.

In addition, are there any other violations that I should be aware of concerning these four proposed injection wells? I appreciate your time and effort to provide me with this important information.

Sincerely,

A handwritten signature in black ink that reads "David Catanach". The signature is written in a cursive style and is followed by a horizontal line extending to the right.

David Catanach
Examiner

Xc: Mr. William F. Carr
Case File--12418
Mr. David Brooks
Mr. Richard Ezeanyim

HOLLAND & HART LLP AND CAMPBELL & CARR

ATTORNEYS AT LAW



PARTNERING LAW AND TECHNOLOGY TO MEET YOUR NEEDS

110 NORTH GUADALUPE, SUITE 1,

P.O. BOX 2208, SANTA FE, NEW MEXICO 87501-6525

Tuesday, July 17, 2001

To: David Catanach
Oil Conservation Division

Fax: 505-476-3462
Phone: 505-476-3466

From: Katherine Hawkins for William F. Carr

Fax: 505-983-6043
Phone: 505-988-4421

Message:

Information from Joe Clement for your use.

No Confirmation Copy

Number of pages including cover sheet: 4

Note: If this fax is illegible or incomplete please call us. This fax may contain confidential information protected by the attorney-client privilege. If you are not the named recipient, you may not use, distribute or otherwise disclose this information without our consent. Instead, please call (505) 988-4421; we will arrange for its destruction or return.

Attorney Number: 5101

Client/Matter Number: 44511.0001

Time Deadline:

Operator Initials: KEH

Date Transmitted: 7.17.2001

Time:

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1940, Hobbs, NM 88240

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Briscoe Rd., Aztec, NM 87410

WELL API NO. 30-025-28836
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Crossroads Siluro Dev.
8. Well No. 311
9. Pool Name or Wildcat SWD Devonian
10. Elevation (Show whether DF, AKB, RT, CR, etc.)

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE APPLICATION FOR PERMIT (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> X OTHER SWD
2. Name of Operator Saga Petroleum
3. Address of Operator 415 W. Wall, Ste. 1900, Midland, TX 79701
4. Well Location Unit Letter <u>J</u> : <u>2561</u> Feet From The <u>South</u> Line and <u>1610</u> Feet From The <u>East</u> Line Section <u>27</u> Township <u>9-S</u> Range <u>36-E</u> NMPM Lea County
10. Elevation (Show whether DF, AKB, RT, CR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1101

- 5-15-01 Set 7" CIRC @ 6385', pressure up to 2000 PSI below CIRC (Okayed by OCD) to cap CIRC w/ 25 sx cmt.
- 5-16-01 Mix mud & circ. hole.
- 5-16-01 Spot 25 sx cmt. on CIRC @ 6385'.
- 5-16-01 Spot 25 sx cmt. from 5900' to 5800'.
- 5-16-01 Perf 4 holes @ 4550', set pkr @ 4300', sqz 40 sx cmt.
- 5-17-01 Tag plug @ 4450'.
- 5-17-01 Spot 25 sx cmt. @ 2200'.
- 5-17-01 Spot 25 sx cmt. @ 406', tag @ 270'.
- 5-17-01 Spot 10 sx cmt. from 60' to Surface.
- 5-17-01 Install dry hole marker.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Roger Massey TITLE Agent DATE 05/25/01

TYPE OR PRINT NAME Roger Massey TELEPHONE NO. (915) 530-0907

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONCURRENCE OF APPROVAL, IF ANY:

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
811 South First, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87305

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103

Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. 30-025-22303

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Crossroads Siluro Dev

8. Well No. 306

9. Pool name or Wildcat
~~Crossroads~~ Devonian

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
Oil Well Gas Well Other SWD

2. Name of Operator
Saga Petroleum LLC

3. Address of Operator
415 W Wall, Suite 1900
Midland, TX 79701

4. Well Location
Unit Letter O 990 feet from the SOUTH line and 1630 feet from the EAST line
Section 27 Township 9S Range 36E NMPM County LEA

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK PLUG AND ABANDON
TEMPORARILY ABANDON CHANGE PLANS
PULL OR ALTER CASING MULTIPLE COMPLETION
OTHER:

SUBSEQUENT REPORT OF:
REMEDIAL WORK ALTERING CASING
COMMENCE DRILLING OPNS PLUG AND ABANDONMENT
CASING TEST AND CEMENT JOBS
OTHER:

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting and proposed work). SEE RULE 1103. For Multiple Completions: Attach diagram of proposed completion or recompletion.

TD 12,156', 5-1/2" csg @ 12,164' w/325 sx, TOC 10,670', Baker Lokset pkr @ 12,016', 7-5/8" csg @ 4194' w/1000 sx (11" hole)
TOC surf by circ, 13-3/8" @ 240' w/250 sx circ surf (17-1/4" hole)

The fishing & well clean out activities for this well and progress to date were discussed w/OCD's Gary Wink & Saga's Jim Sutherland & Tommy Parrish on 4-12-2001 in Gary's Hobbs office. It was agreed that Saga would proceed with its efforts to minimally recover & remove 2-7/8" tbg out of the 5-1/2" csg to a point 50' below and opposite the 7-5/8" intermediate csg shoe @ 4194' before the OCD would consider approving a P&A procedure. Saga agreed to resume its fishing operations on this well as soon as a well service unit is available to move on location.

Well bore schematic is attached

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Bonnie Husband TITLE Production Analyst DATE 04/20/2001

Type or print name Bonnie Husband Telephone No. (915)684-4239
(This space for State use)

APPROVED BY _____ TITLE _____ DATE APR 24 2001

Conditions of approval, if any, NOTICE TO BE APPROVED TO THE BEGINNING OF PLUGGING OPERATIONS FOR THE C-103 TO BE APPROVED.
ORIGINAL SIGNATURE BY GARY WINK FIELD REP. II

Well Schematic and History

Lease: U.D. Sawyer Well: 6 Field: Crossroads Devonian
Location: 990' From South Line and 1650' From East Line
Unit O, Section 27 - T9S - R38E County: Lea State: New Mexico

API No.: _____

Spud Date: _____
Compl. Date: _____

GL: _____
DF: _____
KB: _____

DATE _____ INITIAL COMPLETION DATA: _____

SURE CSG

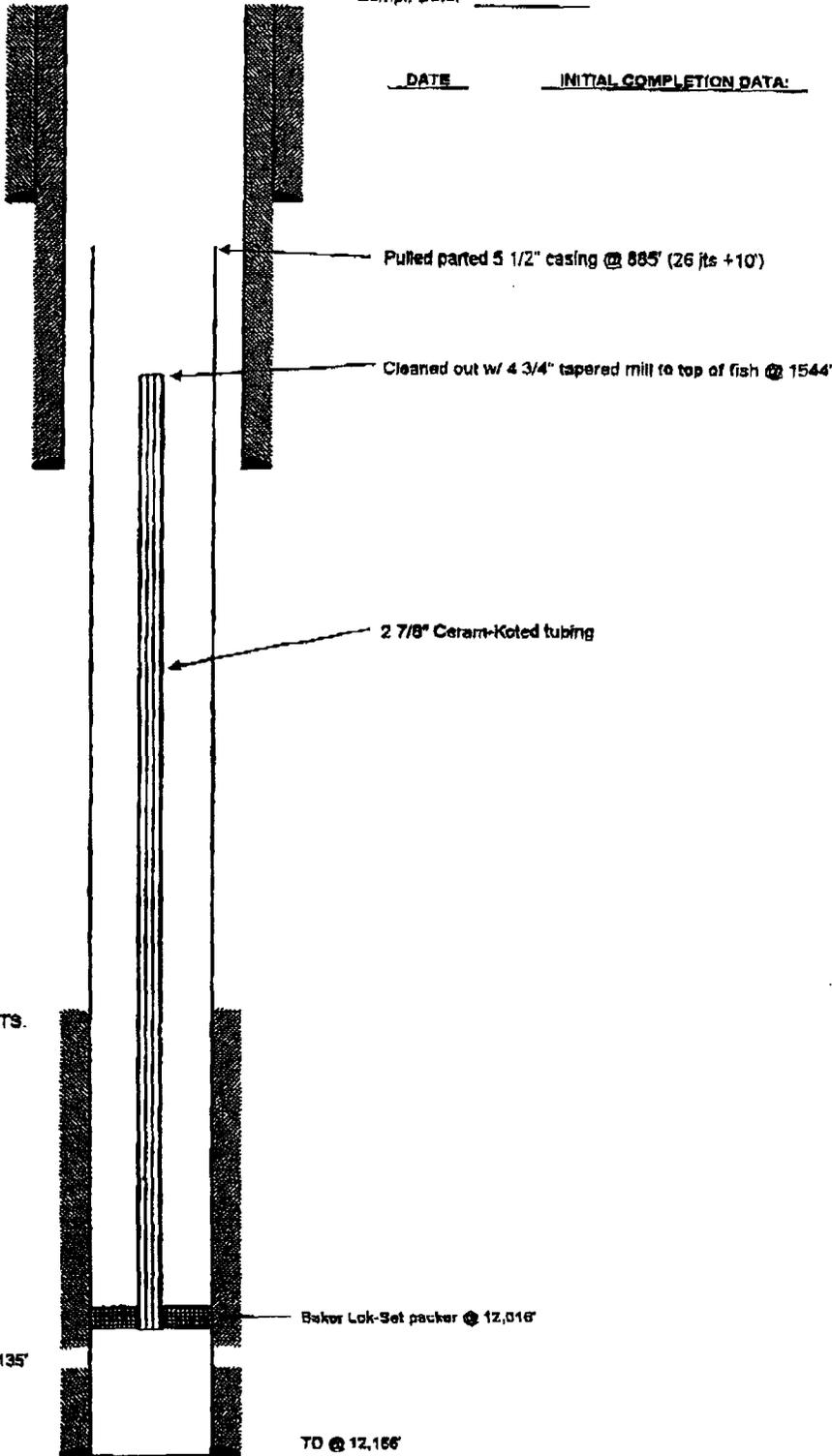
13 3/8" 48# @ 240'
Cmtd w/ 250 sx (17 1/4" hole)
TOC @ surface by circ.

INTER CSG

7 6/8" @ 4194' w/ 1000
Cmtd w/ 1000 sx (11" hole)
TOC @ surface by circ.

PROD CSG

5 1/2" @ 12164'
Cmtd w/ 325 sx (7 7/8" hole)
TOC @ 10670' by TS.



TOC @ 10670' by TS.

Perfor: 12068-12135'

Baker Lok-Set packer @ 12,016'

TD @ 12,166'

PREPARED BY: JNC

Revised: 4/20/01

Catanach, David

From: Williams, Chris
Sent: Tuesday, July 17, 2001 1:14 PM
To: Catanach, David
Subject: Request for well file research Saga Petroleum -Croosroads Siluro Devonian Unit-W
304,306,311,104

Well # 304-MIT 6/21/01 320 PSI 30 minutes held OK.

Well # 306-Intent to P&A 4/21/01. Fish in hole 1544' to 12016. Ceramic coated tubing could not mill over waiting on workover unit. Tried to repair and could not remove fish. No intents or subsequents in well file referring to tracer surveys ever being run as per order SWD 693. Last pressure test 2/18/98 340 PSI held OK. Bradenhead test on production casing 1/3/01. Slight vacuum on production casing. No visible risers on surface or intermediate casing.

Well # 311- Intent to P&A 4/24/01. Fish in hole 6435 to 11948. Tried to repair and could not remove fish. No intents or subsequents in well file referring to tracer surveys ever being run as per order SWD 662. Last pressure test 7/16/98 345 PSI bleed to 325 PSI thirty minutes OK. Bradenhead test 9/12/00-failed vacuum on all three strings.

Well # 104-Failed bradenhead test 10/17/91. Repair casing leak. Unable to test 5/7/97 parted tubing-Shut-in for evaluation by Saga.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3968
Order No. R-3612

APPLICATION OF TEXACO INC.
FOR SALT WATER DISPOSAL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 2, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of December, 1968, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Texaco Inc., is the owner and operator of the U. D. Sawyer Well No. 4, located in Unit O of Section 34, Township 9 South, Range 36 East, NMPM, Crossroads-Devonian Pool, Lea County, New Mexico.

(3) That the applicant proposes to utilize said well to dispose of produced salt water into the Devonian formation, with injection into the open-hole interval from approximately 12,400 feet to 12,550 feet.

(4) That the injection should be accomplished through 2 7/8-inch plastic-lined tubing set at approximately 12,000 feet; that the casing-tubing annulus should be filled with an inert fluid; and that a pressure gauge should be attached to

the annulus at the surface in order to determine leakage in the casing or tubing.

(5) That approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texaco Inc., is hereby authorized to utilize its U. D. Sawyer Well No. 4, located in Unit O of Section 34, Township 9 South, Range 36 East, NMPM, Crossroads-Devonian Pool, Lea County, New Mexico, to dispose of produced salt water into the Devonian formation, injection to be accomplished through 2 7/8-inch tubing set at approximately 12,000 feet, with injection into the open-hole interval from approximately 12,400 feet to 12,550 feet;

PROVIDED HOWEVER, that the tubing shall be plastic-lined; that the casing-tubing annulus shall be filled with an inert fluid; and that a pressure gauge shall be attached to the annulus at the surface in order to determine leakage in the casing or tubing.

(2) That the applicant shall submit monthly reports of its disposal operations in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, 87505

WELL API NO. 30-025-03632
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. 651620

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER SWD	7. Lease Name or Unit Agreement Name Texaco U.D. Sawyer
2. Name of Operator Saga Petroleum LLC of CO	8. Well No. 4
3. Address of Operator 415 W. Wall, Suite 835, Midland, TX 79701	9. Pool name or Wildcat Crossroads Siluro Devonian

4. Well Location
Unit Letter 0 : 990 Feet From The South Line and 1650 Feet From The East Line
Section 34 Township 9S Range 36E NMPM County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
4031 DF

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

MIRU Pulling Unit. Pull 92 jts 2-7/8" & 35 jts 2-3/8" tbg., tbg parted. RD & SI for further evaluation.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Chris Hodge TITLE Production Analyst DATE 5/7/97
TYPE OR PRINT NAME _____ TELEPHONE NO. _____

(This space for State Use)

APPROVED BY [Signature] TITLE Geologist DATE JUN 04 1997
CONDITIONS OF APPROVAL, IF ANY:

District I 1625 N. French Dr., Hobbs, NM 87240
District II 811 South First, Artesia, NM 87210
District III 1000 Rio Brazos Rd., Aztec, NM 87410
District IV 2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

WELL API NO. 30-025-22303
5. Indicate Type of Lease STATE [] FEE [X]
6. State Oil & Gas Lease No.
7. Lease Name or Unti Agreement Name Crossroads Siluro Dev
8. Well No. 306
9. Pool name or Wildcat SWD Crossroads Devonian

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [] Gas Well [] Other SWD
2. Name of Operator Saga Petroleum LLC
3. Address of Operator 415 W Wall, Suite 1900 Midland, TX 79701
4. Well Location Unit Letter O : 990 feet from the SOUTH line and 1650 feet from the EAST line Section 27 Township 9S Range 36E NMPM County LEA
10. Elevation (Show whether DR, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [X]
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPLETION []
OTHER: []
SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT []
CASING TEST AND CEMENT JOBS []
OTHER: []

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting and proposed work). SEE RULE 1103. For Multiple Completions: Attach diagram of proposed completion or recompletion.
TD 12.156', 5-1/2" csg @ 12,164' w/325 sx, TOC 10,670', Baker Lokset pkr @ 12,016', 7-5/8" csg @ 4194' w/1000 sx (11" hole) TOC surf by circ, 13-3/8" @ 240' w/250 sx circ surf (17-1/4" hole)

The fishing & well clean out activites for this well and progress to date were discussed w/OCD's Gary Wink & Saga's Jim Sutherland & Tommy Parrish on 4-12-2001 in Gary's Hobbs office. It was agreed that Saga would proceed with its efforts to minimally recover & remove 2-7/8" tbg out of the 5-1/2" csg to a point 50' below and opposite the 7-5/8" intermediate csg shoe @ 4194' before the OCD would consider approving a P&A procedure. Saga agreed to resume its fishing operations on this well as soon as a well service unit is available to move on location.

Well bore schematic is attached

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Bonnie Husband TITLE Production Analyst DATE 04/20/2001

Type or print name Bonnie Husband Telephone No. (915)684-4239

(This space for State use) APPROVED BY Gary W. Wink TITLE FIELD REPRESENTATIVE II DATE APR 21 2001

Conditions of approval, if any: THE COMMISSION MUST BE NOTIFIED 24 HOURS PRIOR TO THE BEGINNING OF PLUGGING OPERATIONS FOR THE C-103 TO BE APPROVED

Well Schematic and History

Lease: U.D. Sawyer Well: 6 Field: Crossroads Devonian
 Location: 990' From South Line and 1650' From East Line
Unit O, Section 27 - T9S - R36E County: Lea State: New Mexico

API No.: _____

Spud Date: _____
 Compl. Date: _____

GL: _____
 DF: _____
 KB: _____

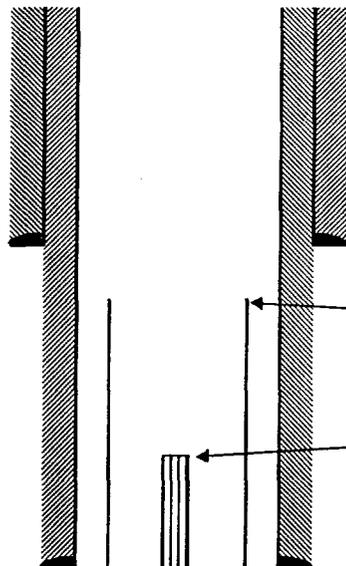
DATE _____ INITIAL COMPLETION DATA: _____

SURF CSG

13 3/8" 48# @ 240'
 Cmt'd w/ 250 sx (17 1/4" hole)
 TOC @ surface by circ.

INTER CSG

7 5/8" @ 4194' w/ 1000
 Cmt'd w/ 1000 sx (11" hole)
 TOC @ surface by circ.



Pulled parted 5 1/2" casing @ 885' (26 jts +10')

Cleaned out w/ 4 3/4" tapered mill to top of fish @ 1544'

2 7/8" Ceram-Koted tubing

TOC @ 10670' by TS.

Baker Lok-Set packer @ 12,016'

Perfs: 12068-12135'

TD @ 12,166'

PROD CSG

5 1/2" @ 12164'
 Cmt'd w/ 325 sx (7 7/8" hole)
 TOC @ 10670' by TS.



ADMINISTRATIVE ORDER SWD -693

APPLICATION OF SAGA PETROLEUM, LLC FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Saga Petroleum, LLC made application to the New Mexico Oil Conservation Division on November 13, 1997, for permission to complete for salt water disposal its U.D. Sawyer Well No.6 located 990 feet from the South line and 1650 feet from the East line (Unit O) of Section 27, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its U.D. Sawyer Well No.6 located 990 feet from the South line and 1650 feet from the East line (Unit O) of Section 27, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Devonian formation at approximately 12,068 feet to 12,135 through 2 7/8-inch plastic-lined tubing set in a packer located at approximately 12,015 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 845 psi.

After one year of injection and annually thereafter, a combination radioactive tracer and temperature log shall be conducted in accordance with Division guidelines attached hereto as Exhibit 'A'. The operator shall notify the Hobbs district office so such logging may be witnessed.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Devonian formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

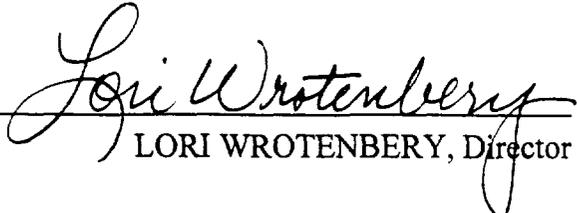
The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 9th day of February, 1998.


LORI WROTENBERY, Director

LW/BES/kv

cc: Oil Conservation Division – Hobbs

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 87240
 District II
 811 South First, Artesia, NM 87210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-103
 Revised March 25, 1999

WELL API NO.	30-025-28836
5. Indicate Type of Lease	STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.	
7. Lease Name or Unti Agreement Name	Crossroads Siluro Dev
8. Well No.	311
9. Pool name or Wildcat	Crossroads SWD Crossroads Devonian
10. Elevation (Show whether DR, RKB, RT, GR, etc.)	

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other SWD

2. Name of Operator: Saga Petroleum LLC

3. Address of Operator: 415 W Wall, Suite 1900
 Midland, TX 79701

4. Well Location
 Unit Letter J : 2561 feet from the SOUTH line and 1610 feet from the EAST line
 Section 27 Township 9S Range 36E NMPM County LEA

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOBS <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting and proposed work). SEE RULE 1103. For Multiple Completions: Attach diagram of proposed completion or recompletion.

TD 12,890', 7" csg @ 12,890' w/1650 sx, TOC 1st stage 10,010', TOC 2nd stage @ 5740' by CBL, Baker Model R pkr @ 12,565', Guiberson G6 @ 11,948', 9-5/8" csg @ 4500' w/2000 sx, circ surf (12-1/4" hole). 13-3/8" csg @ 356' w/350 sx, circ surf (17-1/4" hole). See well bore schematic attached. Electric log tops of Glorieta @ 5517', San Andres 4095' & Salt @ 2271'.

The following P&A procedure discussed & agreed to w/OCD's Gary Wink and Saga's Jim Sutherland & Tommy Parrish on 4-12-2001.

Set cmt retainer (CR) @ 6385' or approx 50' above top of the 3-1/2" tbg fish @ 6435'. Fill the annular & tbg volume w/cmt from the CR to the Guiberson G6 pkr set @ 11,948'. Pull tbg out of the CR & leave 50' cmt on top of the CR or back to a depth of 6335'. The calculated total volume for the above is 1141.40 cu ft using 7" 23# csg displacement capacity & 3-1/2" 9.3# tbg displacemet capacity. This would calculate to be 865 sx of Prem Plus (1.32 cu ft/sk yield) cmt. This plug will be tagged w/tbg @ 6335'.

Continued on back of form

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Bonnie Husband TITLE Production Analyst DATE 04/20/2001

Type or print name Bonnie Husband Telephone No. (915)684-4239

(This space for State use)

APPROVED BY Gary W. Wink TITLE _____ DATE _____

Conditions of approval, if any:
 THE COMMISSION MUST BE NOTIFIED 24 HOURS PRIOR TO THE BEGINNING OF PLUGGING OPERATIONS FOR THE CASE TO BE APPROVED.

Lease: U.D. Sawyer Well: 11 Field: Crossroads Devonian
 Location: 2561' From South Line and 1610' From East Line
 Unit, Section 27 - T9S - R36E County: Lea State: New Mexico

API No.: _____

Spud Date: _____
 Compl. Date: _____

GL: _____
 DF: _____
 KB: _____

DATE INITIAL COMPLETION DATA:

SURF CSG

13 3/8" 48# @ 356'
 Cmtd w/ 350 sx (17 1/4" hole)
 TOC @ surface by circ.

INTER CSG

9 5/8" csg
 set @ 4500' w/ 2000
 sx cmt, ROC @ surface by circ
 in 12 1/4" hole,

TOC @ 5740' by CBL.

DV tool @ 6012'

TOC @ 10010' by CBL.

5/17/97 RIH w/ CBL/40 arm caliper, 1st stage TOC @ 10100', 2nd stage TOC @ 5740'. Casing collapsed @ 6504', bad from 6000-50', 5910-5930', and 5730-60'. Perf'd 8000' & 6150', swedged casing. Tried to pump in @ 8000', c/n. Squeezed 6150' w/ 160 sx.

Guiberson G6 pkr @ 11948'

Baker Model "R" PKR @ 12,565' w/ 12 jts 3 1/2"
 Tubing cut off @ 12085'

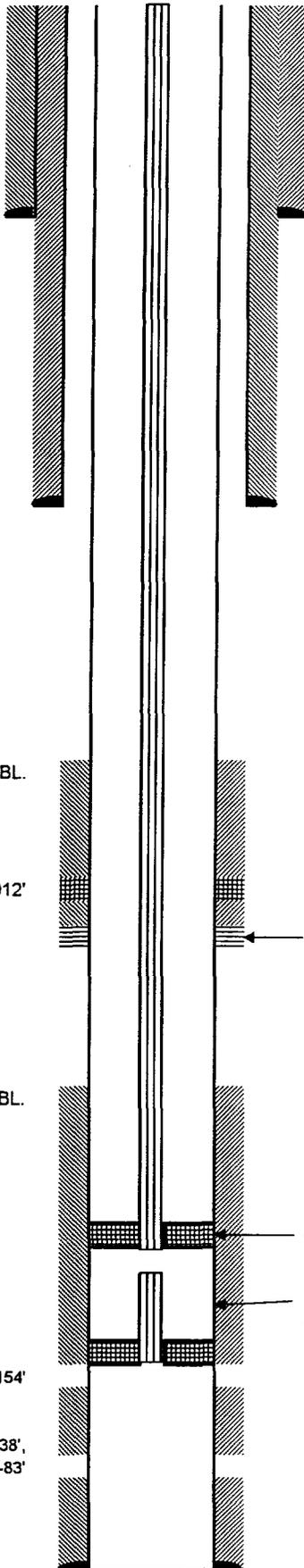
Perfs: 12007-17', 74-84', 120-154'

Perfs: 12616-18', 24-32', 37-38',
 68-71', and 12677-83'

PROD CSG

7" @ 12890'
 Cm't'd w/ 1650 sx (8 3/4" hole)
 TOC @ 10010' by CBL.

TD @ 12,890'





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER SWD-662

APPLICATION OF SAGA PETROLEUM, L.L.C. FOR SALT WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Saga Petroleum L.L.C. made application to the New Mexico Oil Conservation Division on May 19, 1997, for permission to complete for salt water disposal its U.D. Sawyer Well No. 11 located 2561 feet from the South line and 1610 feet from the East line (Unit J) of Section 27, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

(1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;

(3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and

(4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, Saga Petroleum L.L.C. is hereby authorized to complete its U.D. Sawyer Well No. 11 located 2561 feet from the South line and 1610 feet from the East line (Unit J) of Section 27, Township 9 South, Range 36 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Devonian formation at approximately 12,616 feet to 12,683 feet through 3 1/2-inch ceramic-lined tubing set in a packer located at approximately 12,566 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

Prior to commencing injection operations into the well, and annually thereafter, the applicant shall conduct a radioactive tracer survey on the well in order to verify the well's external mechanical integrity. The survey shall be run in accordance with a Division approved procedure.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 2523 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Devonian formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the conductance of the mechanical integrity test and tracer survey so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal

Administrative Order SWD-662

Saga Petroleum L.L.C.

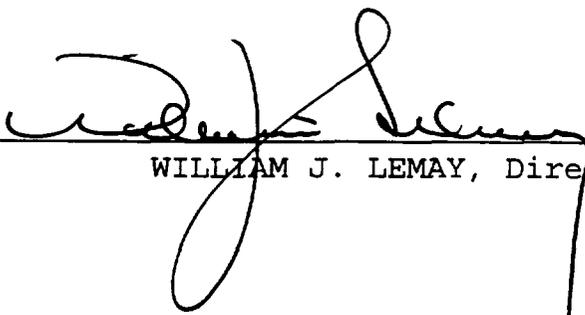
June 23, 1997

Page 3

operations in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

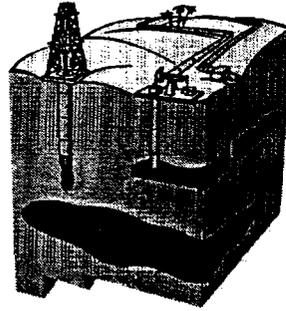
Approved at Santa Fe, New Mexico, on this 23rd day of June, 1997.



WILLIAM J. LEMAY, Director

WJL/DRC

xc: Oil Conservation Division - Hobbs
NM State Land Office - Oil and Gas Division
US Bureau of Land Management - Carlsbad



TRANSMITTAL COVER SHEET

**OIL CONSERVATION DIVISION
1220 S. Saint Francis Drive
Santa Fe, NM 87505
(505) 476-3440 (OFFICE)
(505) 476-3471 (FAX)**

PLEASE DELIVER THIS FAX :

TO: Bill Cau

FROM: D. Catonack

SUBJECT: Case No. 12418

DATE: 7/17/01

PAGES: 2
(includes cover sheet)

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE NUMBER ABOVE.

Bill, I received this E-Mail from Chris Williams on 7/17/01.

David.

Catanach, David

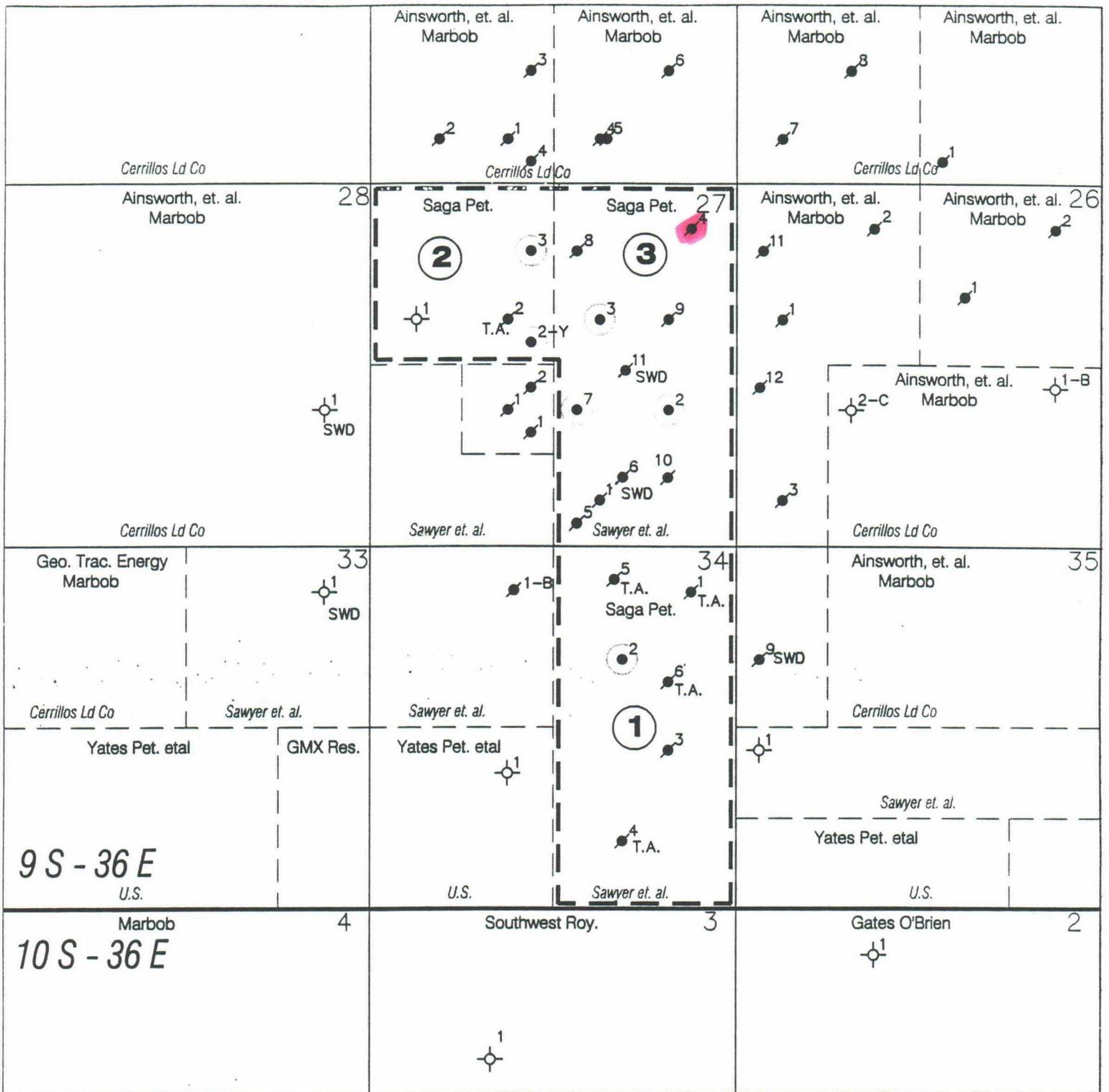
From: Williams, Chris
Sent: Tuesday, July 17, 2001 1:14 PM
To: Catanach, David
Subject: Request for well file research Saga Petroleum -Croosroads Siluro Devonian Unit-Well #s 304,306,311,104

Well # 304-MIT 6/21/01 320 PSI 30 minutes held OK.

Well # 306-Intent to P&A 4/21/01. Fish in hole 1544' to 12016. Ceramic coated tubing could not mill over waiting on workover unit. Tried to repair and could not remove fish. No intents or subsequents in well file referring to tracer surveys ever being run as per order SWD 693. Last pressure test 2/18/98 340 PSI held OK. Bradenhead test on production casing 1/3/01. Slight vacuum on production casing. No visible risers on surface or intermediate casing.

Well # 311- Intent to P&A 4/24/01. Fish in hole 6435 to 11948. Tried to repair and could not remove fish. No intents or subsequents in well file referring to tracer surveys ever being run as per order SWD 662. Last pressure test 7/16/98 345 PSI bleed to 325 PSI thirty minutes OK. Bradenhead test 9/12/00-failed vacuum on all three strings.

Well # 104-Failed bradenhead test 10/17/91. Repair casing leak. Unable to test 5/7/97 parted tubing-Shut-in for evaluation by Saga.



- ┌─── Unit Outline
- ③ Tract Area
- Devonian Producer
- Abandoned Producer
- ⊕ Dry Hole



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 12417 & 12418 Exhibit No. 1
 Submitted by:
Saga Petroleum, L.L.C.
 Hearing Date: September 7, 2000

Saga Petroleum LLC	
Lea County, New Mexico Cross Roads Devonian Field	
Exhibit "A"	
Map of Unit Tracts	
March 1999	
Scale: 1"=2000'	

Significant Non Compliance
Documentation
Saga Petroleum Limited Liability Co.

RE: Crossroads Siluro Devonian # 307
UL J, Section 27, R9S, R36E
Formerly UD Sawyer # 7

On 5/14/2001 drove to the Crossroads Siluro Devonian # 304 to witness the initial MIT for conversion to SWD. After 3 unsuccessful attempts to get the well to hold pressure. I called Rodney Long with Saga to tell him that well # 304 had failed the MIT. I was driving back to well # 311 to visit with the well plugger about the plugging procedure of well # 311. On the way to # 311, I noticed fresh SW around the well head at #307. Well # 307 is classed as an active oil well. I stopped to look at the well and noticed gas bubbling in the SW around the well head, there were no visible leaks. I called Rodney Long with Saga and advised him that he had a problem with this well and needed to investigate. I drove up to well # 311 and was met by the well plugger walking towards me. I rolled the window down to visit and the pump at the water station was running making a lot of noise. The well plugger advised that the pump had just started. I told the plugger that I would be back because all of the Saga disposal wells were down with mechanical integrity problems and I needed to investigate. The first well that I checked was the well # 307. This well now had SW flowing from a small hole in a 2" ell next to the casing valve. The casing valve was in the open position. I traced the flow line from this well back to a check valve and 2" valve in the open position, the flow arrow on the check valve was pointing towards well # 307. The poly line that the valve and check were attached to lead back to the discharge of the disposal pump at the water station at well # 311. I immediately called Rodney Long with Saga and told him that I wanted this shut down, now. I called and advised Gary Wink of the situation. I checked the rest of the wells on this lease. Rodney called back and said that the pumper was on the way to shut in the lease. Met the pumper on the way back to Hobbs.

5/15/2001 Found all of the wells on lease shut down and the valve going to well # 307 was shut.

**Exhibit C
Schedule of Tract Participation
Crossroads Siluro-Devonian Unit
Unit Agreement
Lea County, New Mexico**

Tract	Description of Lands	Current Operator	Allocated W.I.
1	E/2 Sec. 34, T 9 S, R 36 E	Saga Petroleum, LLC	37.702768%
2	NW/4 Sec. 27, T 9 S, R 36 E	Saga Petroleum, LLC	51.410973%
3	E/2 Sec. 27, T 9 S, R 36 E	Saga Petroleum, LLC	10.886259%
			100.000000%

Waiting Copy

OOIP = 50,701,000 Bbl oil - Mar pay
 4,295,000 - New pay

 54,996,000 Bbl Total

OOIP	Cum Prod.	REMAINING RES
54,996,000	22,384,000	32,612,000 1,561,000

SF Prognosis	Texas UD Pay	U.D. Pay
(19%) 1,871,000 Bbl	(23%) 2,308,000	(58%) 5,714,000
(48%) 326,000 REM	(40%) 269,000 REM	(12%) 22,000

MA
8-10-00

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
TANYA M. TRUJILLO

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

August 9, 2000

VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, NM 87505

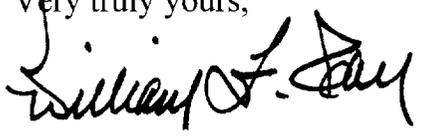
00 AUG - 9 PM 1:14
OIL CONSERVATION DIV

RE: In the matter of Case Nos. 12417 and 12418: Applications of Saga Petroleum, L.L.C. for statutory unitization; and approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

Dear Ms. Wrotenbery,

Saga Petroleum, L.L.C., hereby requests that the Examiner Hearings in the above-referenced cases which are currently scheduled for August 10th, 2000 be continued to the September 7th, 2000 Examiner Hearing Docket.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr

WFC/md

cc: Chuck Farmer

MA
7-12-00

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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E-MAIL: law@westofpecos.com

July 11, 2000

VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, NM 87505

09 JUL 11 PM 1:33
OIL CONSERVATION DIV

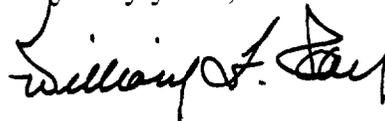
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Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC/md

cc: Chuck Farmer

Ashley

July 7, 2000

FLOOS INC.

Via Certified Mail & Fax

Ms. Lori Wrotenbery, Director
New Mexico Energy, Minerals and Natural Resources Department
2040 South Pacheco
Santa Fe, New Mexico 87501

RE: NMOCD Examiner Hearing of July 13th, Docket No. 19-00
Case 12417
Application of Saga Petroleum, LLC for statutory unitization
Lea County, New Mexico

Dear Ms. Wrotenbery:

This letter is a follow-up to the previous objection letter dated June 19, 2000 submitted by Mr. M. Y. Merchant of Floos, Inc. to your office. Since that date, Floos has received a detailed engineering study, which we have reviewed.

We strenuously object to the subject unitization application on the grounds that the proposed unit formula does not sufficiently protect our royalty interest in the Santa Fe Pacific lease, Tract Number 2, located in the NE/4 Section 27. The proposed unit formula gives no credit to the fact that Tract 2 accounts for 42+0% of the total unit production, whereas, this tract would only receive a 31% share of the proposed unit under the suggested formula. We find this to be an economically intolerable situation, particularly in light of the unperforated "new pay potential" that their study cites for the two wells located on Tract 2.

We would appreciate your consideration of our potentially diminished economic situation that could result from the suggested unit formula in the subject unitization matter.

Respectfully,



Lowell B. Deckert, P.E.

CC: Mr. William F. Carr, Carr, Berge & Sheridan, P.A. Santa Fe, NM
Saga Petroleum, Midland, Texas

M
7-10-00

July 7, 2000

FLOOS INC.

Via Certified Mail & Fax

Ms. Lori Wrotenbery, Director
New Mexico Energy, Minerals and Natural Resources Department
2040 South Pacheco
Santa Fe, New Mexico 87501

RE: NMOCED Examiner Hearing of July 13th, Docket No. 19-00Case 12417

Application of Saga Petroleum, LLC for statutory unitization
Lea County, New Mexico

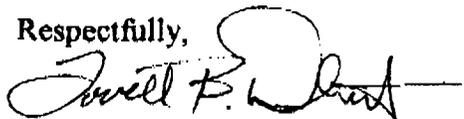
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Lowell B. Deckert, P.E.

CC: Mr. William F. Carr, Carr, Berge & Sheridan, P.A. Santa Fe, NM
Saga Petroleum, Midland, Texas

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

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ANTHONY F. MEDEIROS

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1916-1999

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SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

Mike

June 26, 2000

VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, NM 87505

ms.

00 JUN 26 PM 2:02
OIL CONSERVATION DIV.

RE: In the matter of Case Nos. 12417 and 12418: Applications of Saga Petroleum, L.L.C. for statutory unitization; and approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

Dear Ms. Wrotenbery,

Saga Petroleum, L.L.C., hereby requests that the Examiner Hearings in the above-referenced cases which are currently scheduled for June 29th, 2000 be continued to the July 13th, 2000 Examiner Hearing Docket.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr
William F. Carr

WFC/md

cc: Chuck Farmer

June 19, 2000

Mr. William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

VIA FACSIMILE: (505) 983-6043
VIA E-MAIL: law@westofpecos.com

RE: Saga Petroleum
Case No. 12417 & 12418

Dear Bill:

Thanks for your letter regarding the captioned received at my office on June 15, 2000. This is to inform you that Floos, Inc. as a royalty and over-riding interest owner in various leases included in the above two cases will be severely effected by your client's plan of action.

No details have been provided to the undersigned as to how Floos's interest in the Santa Fe Lease (15+%) producing 60 BOPD will not be effected by the unitization. Over three years ago, when Saga first took over the operations, the U.D. Sawyer lease was averaging 150 bopd, in which Floos has a 4+% ORRI. In the past many months this average has reduced to 15-20 bopd. By combining all the leases and water flooding a strong water drive reservoir, it is beyond my imagination (at the moment!) how Saga plans to improve production to benefit parties like Floos?

It appears to me that Floos will possibly lose several thousand dollars a month if the above cases are heard and approved as presented. By copy of this letter I am asking the New Mexico Oil Conservation Division NOT to the approve the cases as presented, but also change hearing date to some time in late July 2000, as I have not been provided enough data nor enough time to present my case.

Thank you for your time and I look forward to hear from you.

Sincerely,

M. Y. (Merch) Merchant
President

CC: New Mexico Oil Conservation Division-Santa Fe, NM
New Mexico Oil Conservation Division-Hobbs, NM

Stogner

June 19, 2000

FLOOS INC.

Mr. William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

VIA FACSIMILE: (505) 983-6043
VIA E-MAIL: law@westofpecos.com

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Case No. 12417 & 12418

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Sincerely,


M. Y. (Merch) Merchant
President

CC: New Mexico Oil Conservation Division-Santa Fe, NM
New Mexico Oil Conservation Division-Hobbs, NM

E-Mail Address: mym merch@leaconct.com

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

June 9, 2000

VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, NM 87505

00 JUN -9 PM 12:43

OIL CONSERVATION DIV.

RE: In the matter of Case Nos. 12417 and 12418: Applications of Saga Petroleum, L.L.C. for statutory unitization; and approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

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Your attention to this request is appreciated.

Very truly yours,

William F. Carr

WFC/md

cc: Chuck Farmer

MA
5-24-00

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
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May 23, 2000

VIA HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, NM 87505

01 CONSERVATION DIV
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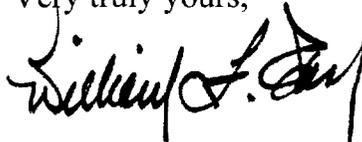
RE: In the matter of Case Nos. 12417 and 12418: Applications of Saga Petroleum, L.L.C. for statutory unitization; and approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

Dear Ms. Wrotenbery,

Saga Petroleum, L.L.C.
~~Threshold Development Company~~ hereby respectfully requests that the Examiner Hearings in the above-referenced cases which are currently scheduled for June 1st, 2000 be continued to the June 15th, 2000 Examiner Hearing Docket.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC/md

cc: Chuck Farmer