



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrottenbery
Director
Oil Conservation Division

2/11/2003

Saga Petroleum LLC
415 W Wall Ste 1900
Midland, TX 79701

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicate the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken **immediately** and the well(s) brought into compliance. The detail section below indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division.

Please notify the proper district office of the Division, in writing, of the date corrective actions are completed so that arrangements can be made to reinspect the well and /or facility.

Inspection Detail Section

API No	Well Name	No	UL	Sec	Twp	Rng	Violation
30-015-03833	W. Henshaw Premier Unit Tr. 5	4	K	3	16	30	Unable to test well would not hold pressure.
30-015-03876	W. Henshaw Premier Unit Tr. 8	4	A	8	16	30	Failed 2000 MIT.
30-015-03883	W. Henshaw Premier Unit Tr. 5	7	A	10	16	30	Failed 2000 MIT.

In the event that these wells are not in PHYSICAL COMPLIANCE with Rules 201 and 705, and have been tested on or before May 11, 2003, further enforcement will occur. Such enforcement will include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well(s). Such a hearing may result in imposition of **Civil Penalties** for your violation of OGD Rules.

Sincerely,

Gerry Guye
Oil Conservation Division, District II