

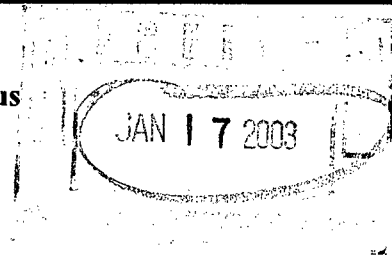
PMSD-301763322



January 14, 2003

Michael E Stogner  
Chief Hearing Officer/Engineer  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

via email [mstogner@state.nm.us](mailto:mstogner@state.nm.us)



Re: Application to Drill NSL  
State Land Sec. 32 #10 Well  
2223' FSL & 860' FEL  
Sec. 32 (I), T18S, R38E  
Lea County, NM

Dear Mr. Stogner:

Please accept my apology for all the confusion with the original filing of the referenced NSL well. I had originally called the Hobbs office about required paperwork with a NSL, any changes, new requirements, etc.; either I didn't make my self clear or misunderstood the instructions. The Application to Drill paperwork was only filed with the District and not Santa Fe, as I understood someone to say, the District handled NSL's and forwarded to Santa Fe; if no protests were received from offset operators in 30-days, etc. Santa Fe assigned a NSL number. Your office did not mishandle or misplace the application.

Saga's geological staff proposed the NSL because the #8 well completed in the Bowers 7 Rivers Pool is in the  $\frac{1}{4}$   $\frac{1}{4}$  section and at sometime this SI well could be recompleted/deepened to the Queen. Geological memos enclosed. The well was moved to the northwest because of surface obstructions, power line and a Duke Energy gas pipeline. See enclosed plat/drawing.

Letters mailed to offset operators on October 2, 2002. Apache & Brothers Production returned "No Objection Letter", no response from Oxy Permian's Eden Settegast in the Houston office. Offset operator list enclosed.

Your prompt consideration of Saga's request for administrative approval to drill the State Land Section 32 #10 well at a NSL is respectfully submitted.

Yours very truly,

A handwritten signature in cursive script that reads "Bonnie Husband".

Bonnie Husband  
Production Analyst

Enclosures - mailed Jan 14, 2003

415 W. Wall, Ste 1900  
Midland, TX 79701

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



## MEMORANDUM

**TO:** Chuck Farmer

**FROM:** Lorin Rulla

**DATE:** February 26, 2002

**RE:** Queen Gas Production  
Saga Petroleum State Land Section  
Byers Field, Hobbs Area  
Lea County New Mexico

### Discussion

Yates, Seven Rivers, and Queen gas was discovered in the Hobbs Area as early as 1930. Cable tool drillers encountered flows of gas from the Yates Formation at approximate depths of 2600 to 2700 feet. The gas was of low BTU and there was no market at that time so drilling continued to depths of 3100-3200 where an oil reservoir was developed. The pay was referred to as the Bowers sand. A few wells were drilled deeper to depths of 4100-4200 feet to penetrate the Grayburg - San Andres at that time. Shows of gas were encountered while drilling through the lower most Queen interval at depths of 3700-3800 feet. The Queen gas was of relatively high BTU content and the pay was referred to as the Byers sand. Shell Oil Co. re-completed the discovery well, the no. 1 State, located 2310' from the north line and 1650' from the east line of section 32, T-18-S, R-38-E in 1941. The well was plugged back from the San Andres and was potentialed for an open flow of 11,271 MCFGPD from Byers sand perforations 3621-85. This well is still producing and has produced nearly 5,500 MMCFG. The attached "Byers Cum Gas" map shows production from the wells included in Byers Field.

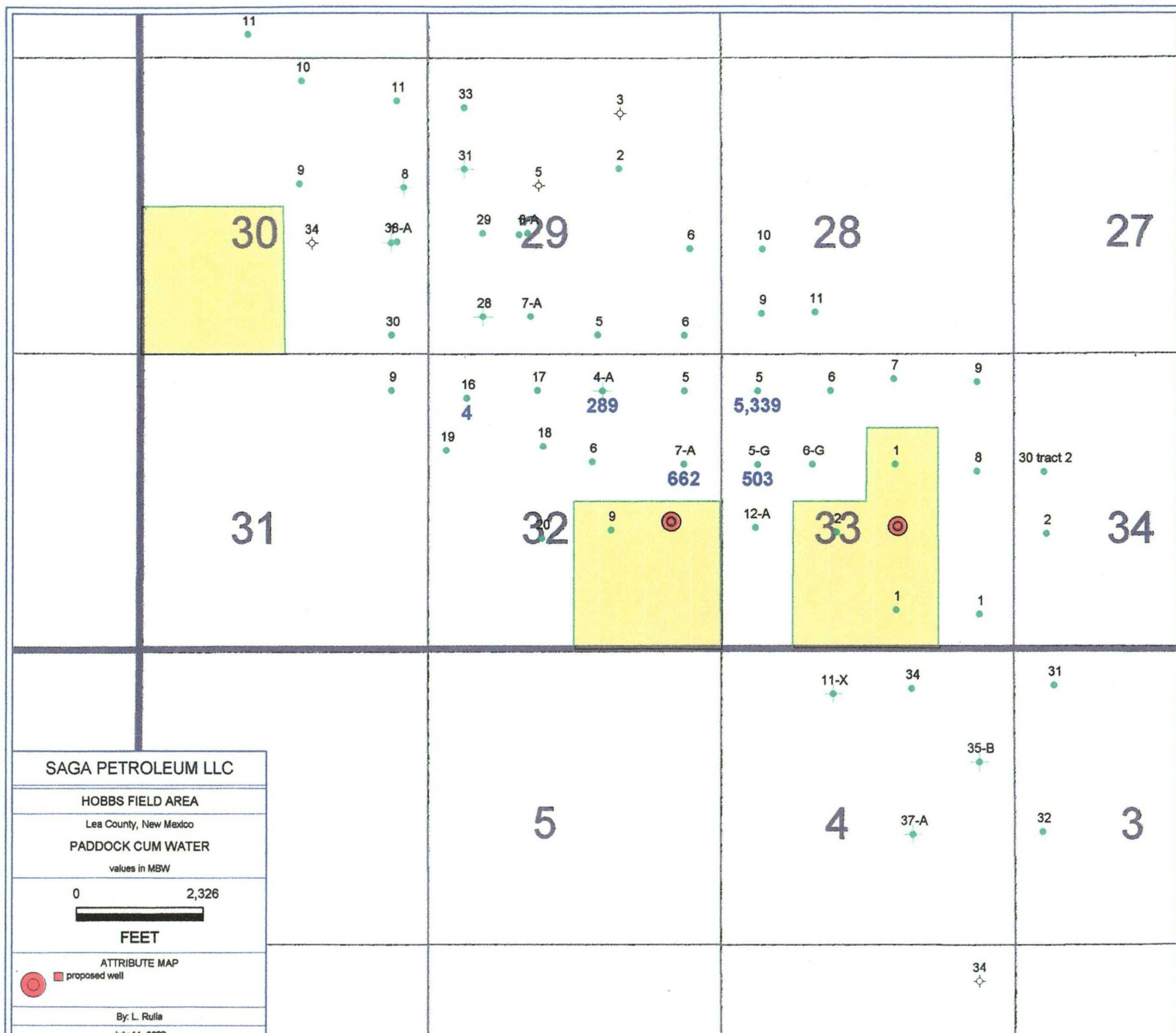
The "Byers Cum Gas Map" shows the Saga Petroleum No.8 State Land Section 32 to be located as a southeast offset to the discovery well along trend with the occurrence of excellent Byers gas recoveries. The No. 8 State Land Section 32 was originally drilled and completed by the Ohio Oil Co. as a Bowers Pay producer, the No. 8 Northrup in 1948. Operator drilled the well to a total depth of 3192'. Five and one half inch casing was set at a depth of 3124' and the well was potentialed as an open hole completion. Initial potential was 331 BOPD. The well has produced more than 99,000 barrels of oil to date and is currently not producing. The No 8 Northrup could be deepened approximately 525 feet to test the Byers Pay for a relatively minimal drilling and completion cost.

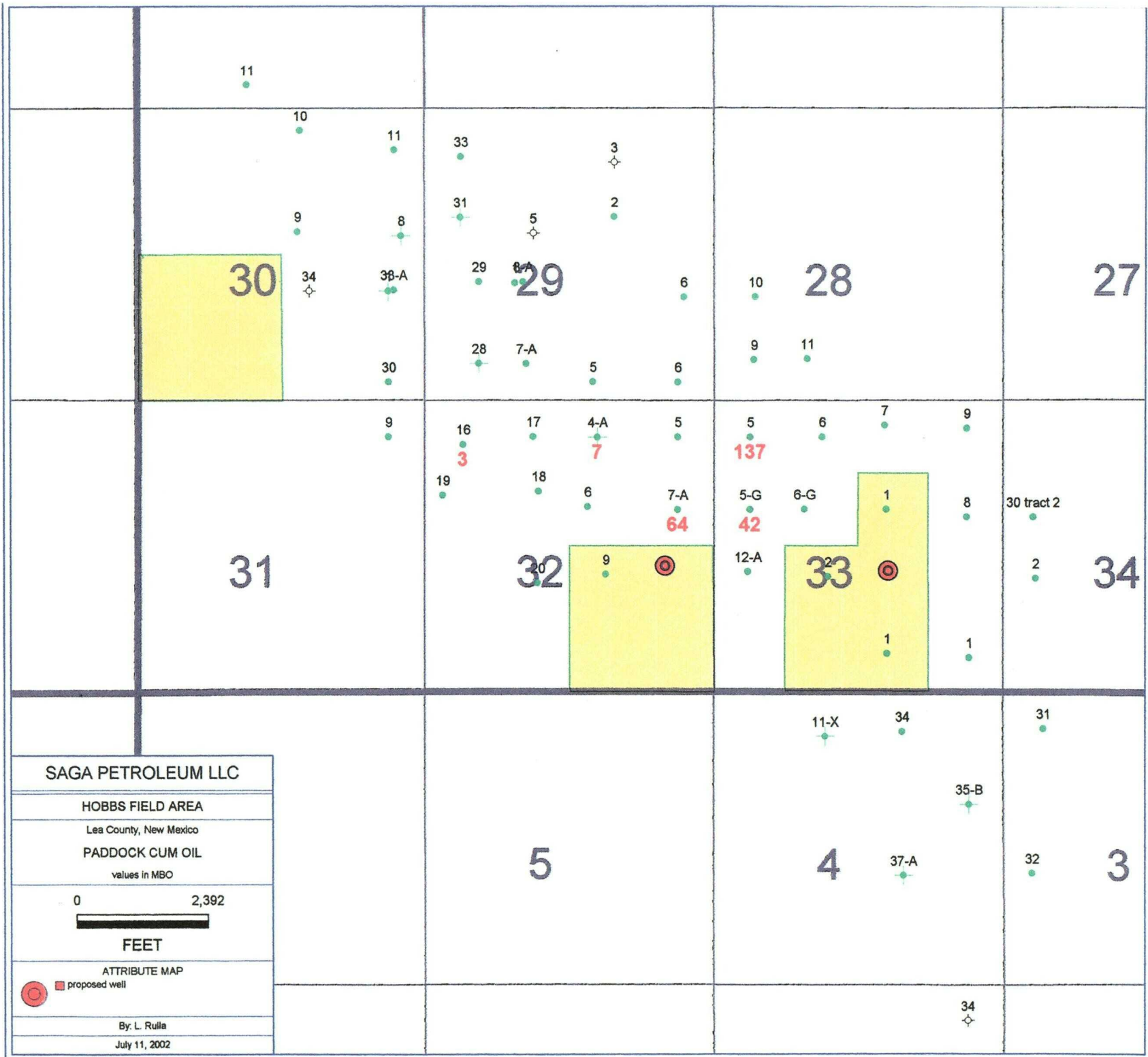
The attached Structure Map Top Grayburg and the Byers Net Porosity Map show the well to be favorably located both structurally and from stratigraphic considerations

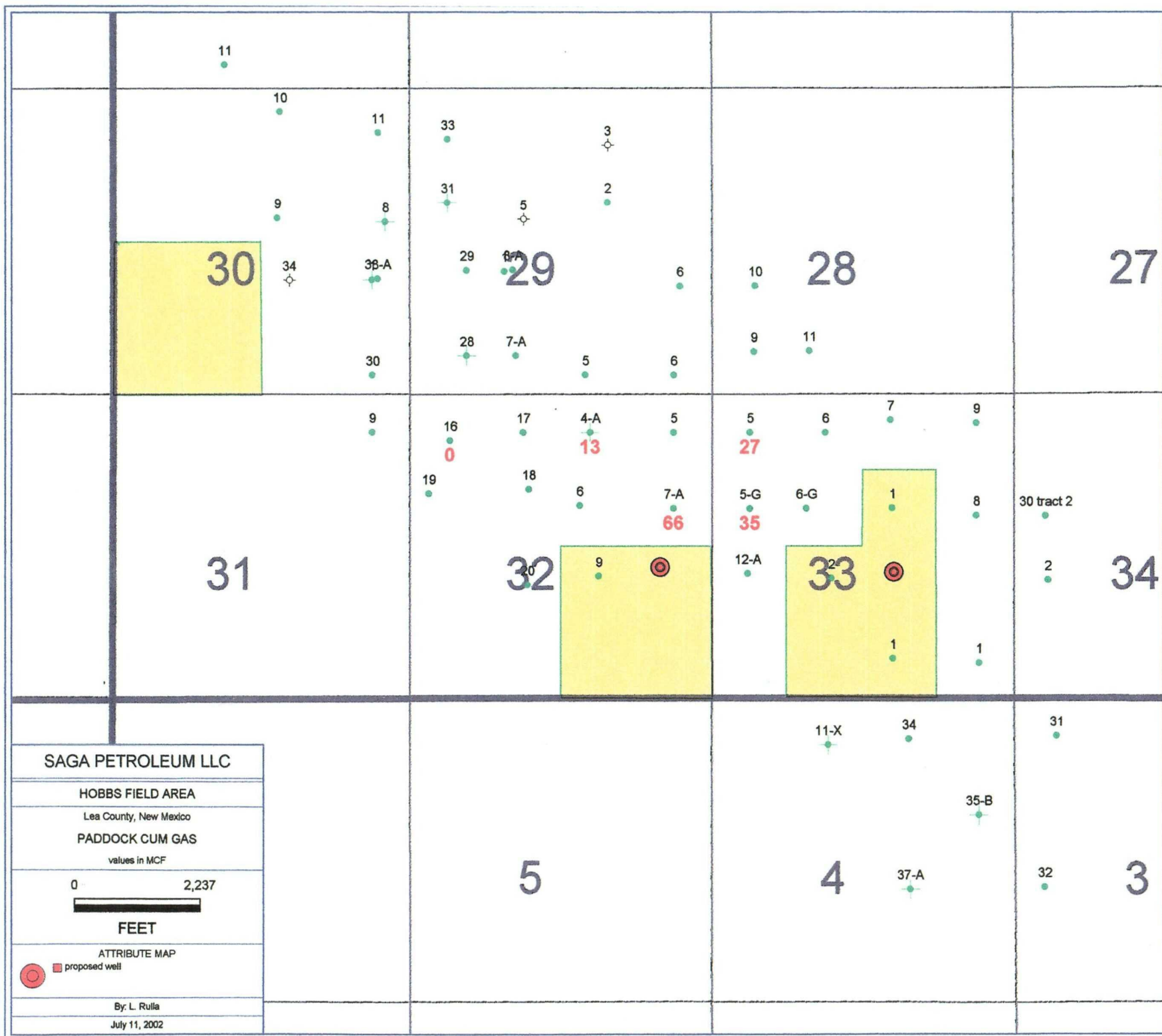
### Recommendation

Deepen the State Land section 32 well No. 8 to an approximate total depth of 3720' and attempt completion as a Byers sand gas well

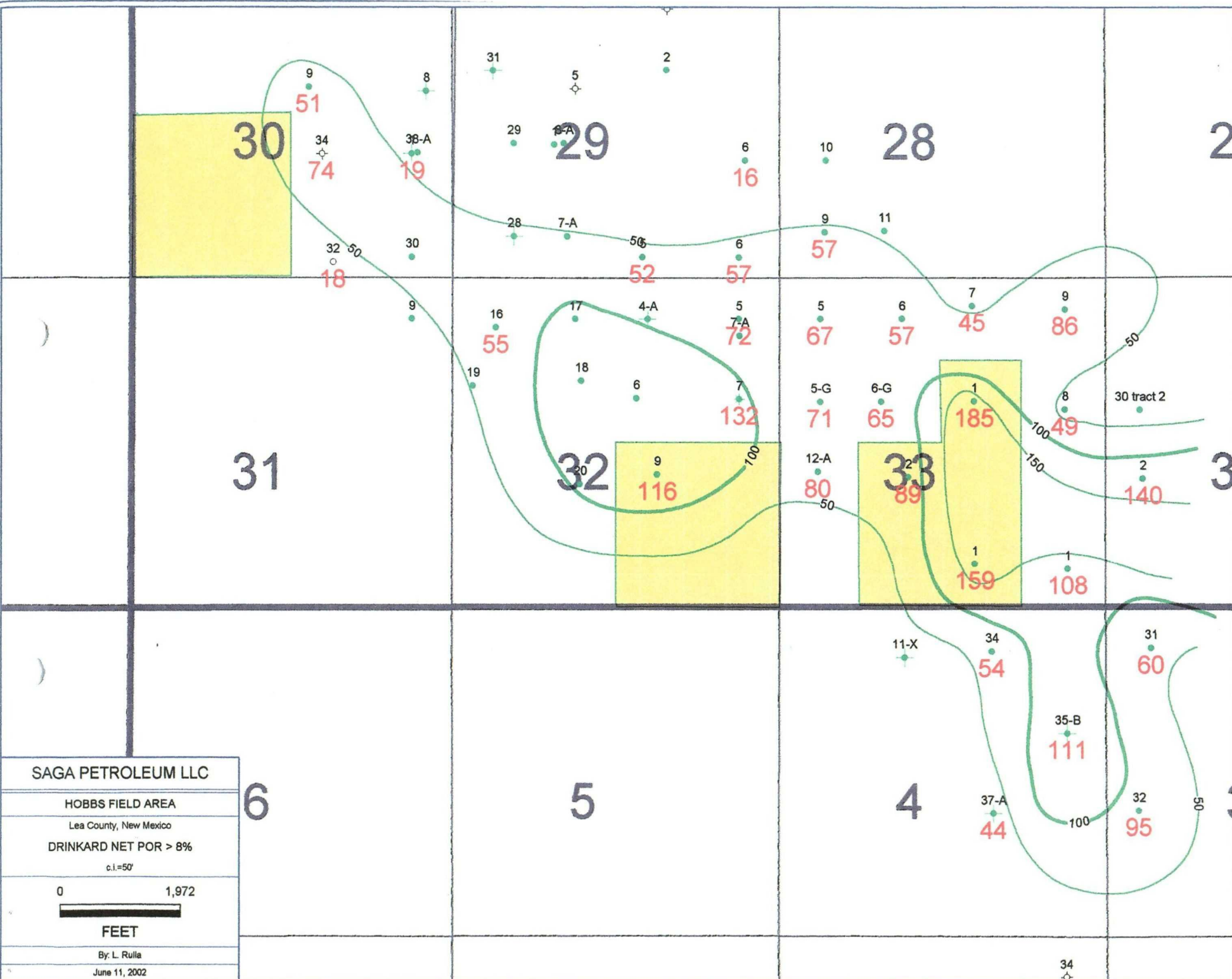
Chance of success: 80%











SAGA PETROLEUM LLC

HOBBS FIELD AREA

Lea County, New Mexico

DRINKARD NET POR > 8%

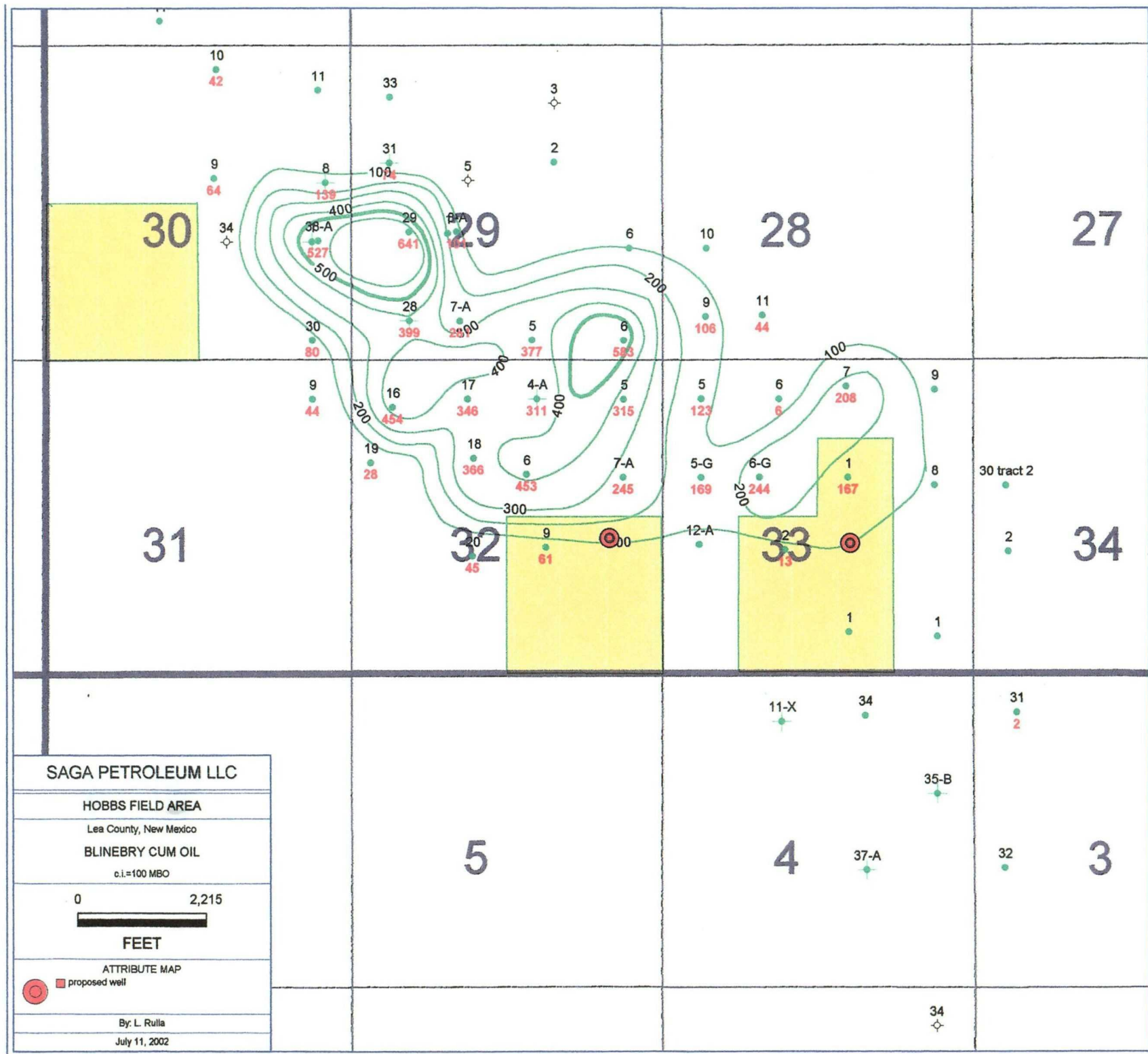
c.i. = 50'

0 1,972

FEET

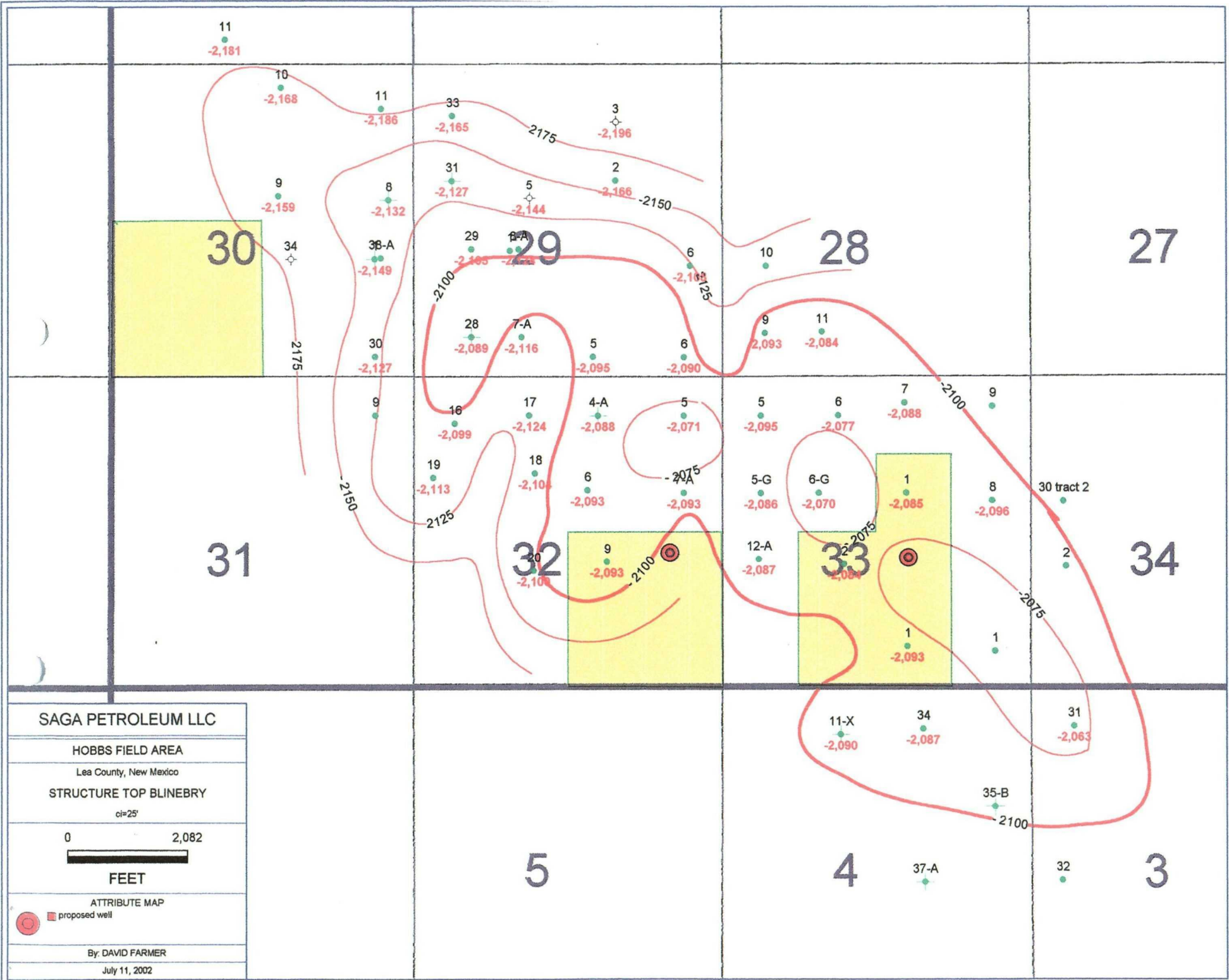
By: L. Rulla

June 11, 2002









SAGA PETROLEUM LLC

HOBBS FIELD AREA

Lea County, New Mexico

STRUCTURE TOP BLINEBRY

cl=25'

0 2,082

FEET

ATTRIBUTE MAP

proposed well

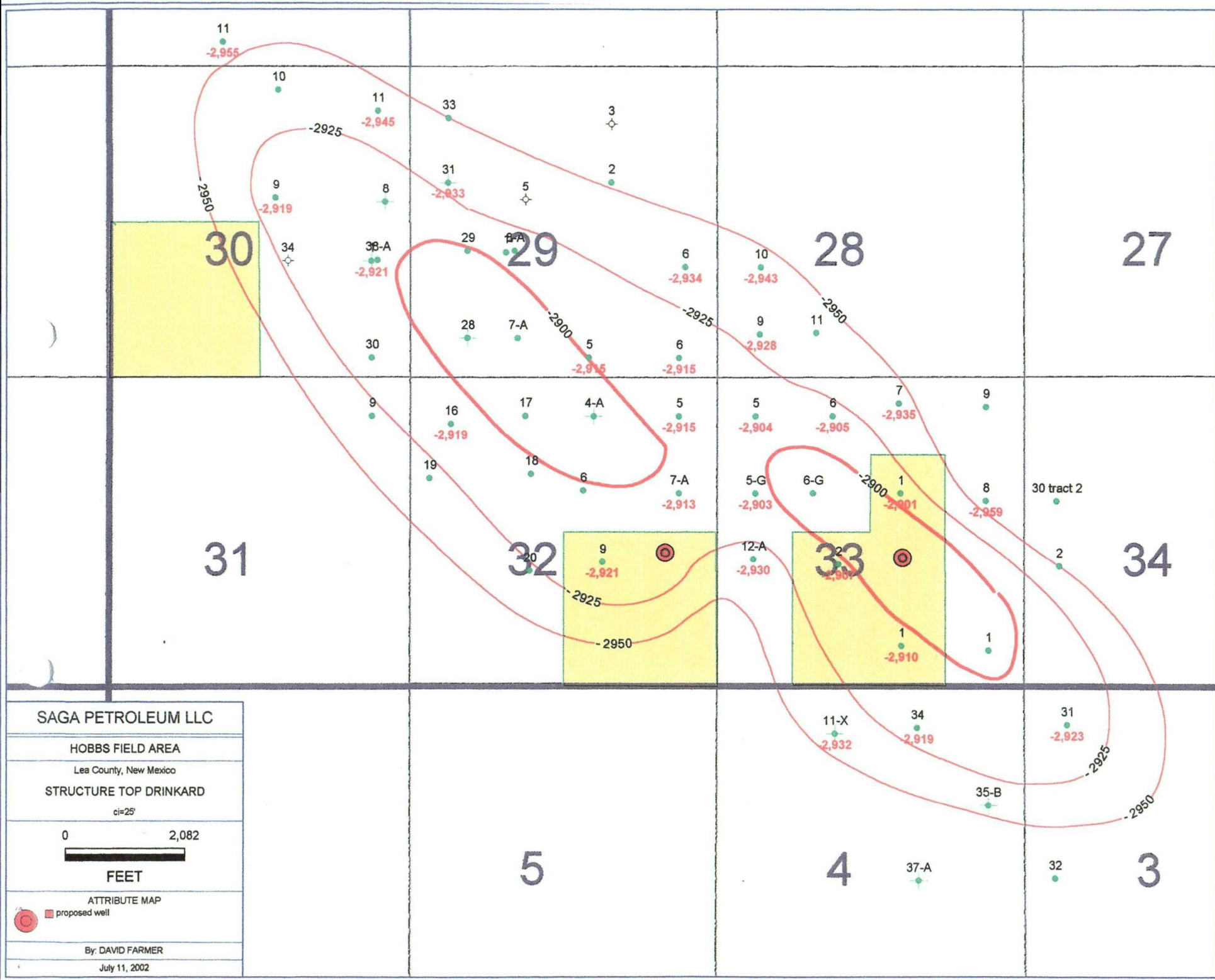
By: DAVID FARMER

July 11, 2002













## MEMORANDUM

**TO:** Chuck Farmer  
**From:** Lorin Rulla  
**DATE:** July 11, 2002  
**RE:** Conoco State well No. 3 and  
State Land Section 32 No. 10  
Proposed 7000' Blinebry-Tubb-Drinkard Tests

### DISCUSSION;

The Conoco State well No. 3 is proposed to be located approximately 1980' from the south and east lines of section 33, T-18-S, R-38-E, Lea County, New Mexico. The proposed location is a direct offset to established oil and gas production from both the Blinebry and Tubb-Drinkard Formations. Structure maps on the top of the Drinkard indicate the proposed well could be the highest well in the field.

The proposed location is surrounded by excellent Tubb-Drinkard production. The north offset has produced 4,429 MMCF of gas and 277,000 barrels of oil from this lower zone. In addition the offset well has produced 593MMCFG and 167MBO from Blinebry perforations. Structure maps of each of these formations are included. Iso-cum maps of the pay zones are also provided. Most of the current wells were completed in the early 1970's and are either abandoned or are marginal producers. The Iso-cum maps are thus a good indicator of net porosity. An exception to this is the Saga Petroleum State Land 32, No. 9, located approximately 1980' from the south and east lines of section 32. The No. 32-9 was completed as a gas well through Tubb perforations in December 1997. Drinkard perforations were added in 2001 but have contributed little to date. The Tubb has produced approximately 285 MMCFG. Most of the other wells in the field were Tubb-Drinkard completions from the beginning.

An isopach map of the Drinkard is included. This map does not always reflect the good producing areas. Production is thus controlled by permeability rather than porosity. The Amoco No. 35 Byers B located approximately 1980' FNL and 660' FEL of section 4, T-19-S, R-38-E cored the entire Drinkard section. Core analysis showed porosities ranging to 15 percent with practically no permeability. The well was completed from the Drinkard but production has been very limited.

The State Land No. 32-10 is a proposed 7000' Blinebry -Tubb-Drinkard test to be drilled approximately 1980' FSL and 660' FEL of Section 32. The east offset, the Conoco State No. 12-A has produced 1,640 MMCFG from the Tubb-Drinkard but was abandoned from the Blinebry zone. Cumulative production from other wells in the area is shown on the attached maps.

The Paddock Formation occurs at approximate depths of 5350-5500 feet in this area. The Paddock has been completed in only 5 wells in the immediate area. Production maps indicate this to be a potential salvage zone. The formation produces large volumes of water in conjunction with oil production.

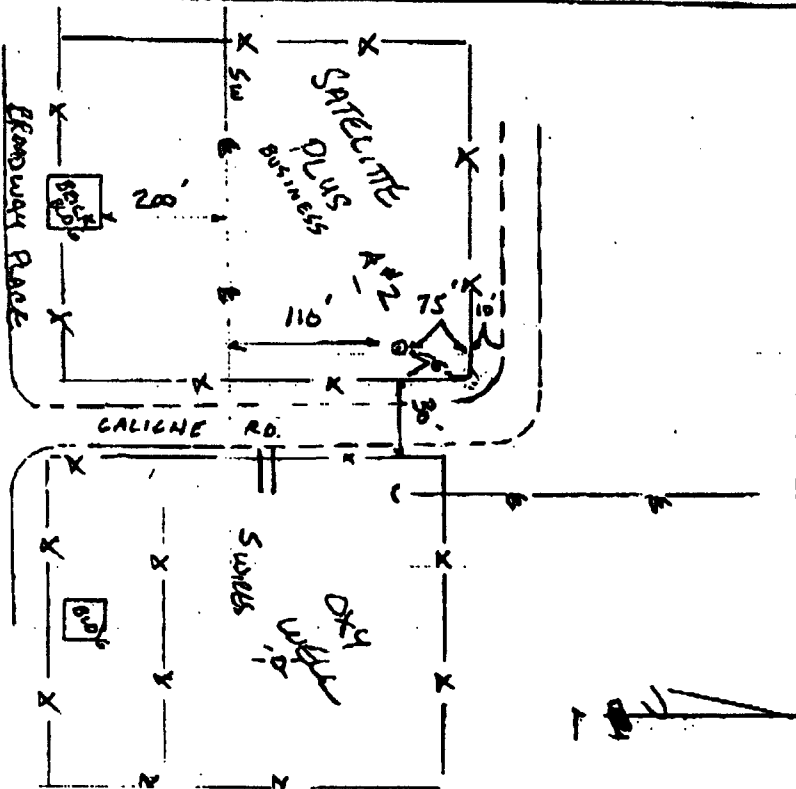
### Recommendations:

Drill a 7000' Tubb-Drinkard test located approximately 1980' FSL and 1980' FEL of Section 33, T-18-S, R-38-E Lea County, New Mexico.

Drill a 7000' Tubb Drinkard Test at an approximate location 1980' FSL and 660' FEL of Section 32, T-18S, R-38-E Lea County, New Mexico.

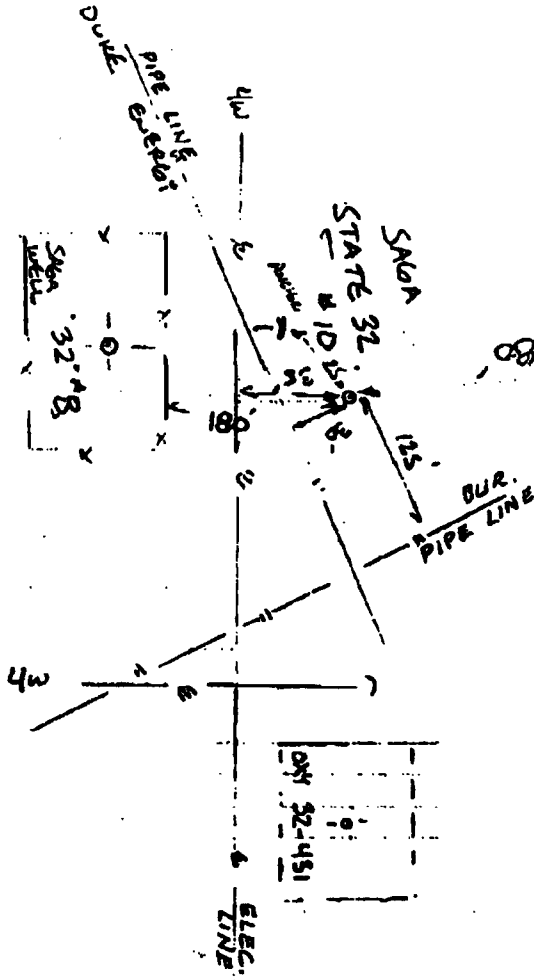
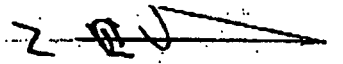
UDS 02-11-0365  
 02-11-0366  
 5-16-02

# Proposed Wells SAQA Petroleum



SEC 33 T18S R38E

LEA Co N.M.



SEC 32 T18S R38E  
 LEA Co N.M.

API	Company	well name	well#	TD	prod fm.	FIELD	status	perfs
sec. 32, T18S, R38E								
	ALTURA ENERGY	N HOBBS UNIT	432		GBSA	HOBBS	INJ	
3002507515	ALTURA ENERGY	N HOBBS UNIT	311	4160	GBSA	HOBBS		
3002507518	ALTURA ENERGY	N HOBBS UNIT	322	4248	GBSA	HOBBS		4064-4249
3002507520	SHELL OIL (GULF)	N HOBBS UNIT	221	4290	GBSA	HOBBS		
3002507521	ALTURA ENERGY	N HOBBS UNIT	231	4230	GBSA	HOBBS		
3002507529	GULF OIL	WD GRIMES A	11	3169	7Rivers	BOWERS	P&A	
3002507533	ALTURA ENERGY	N HOBBS UNIT	241	4270	GBSA	HOBBS		4068-4082
3002507535	OHIO	STATE NORTHRUP	1	3661				
3002507536	ALTURA ENERGY	N HOBBS UNIT	441	4241	GBSA	HOBBS		
3002507537	ALTURA ENERGY	N HOBBS UNIT	431	4245	GBSA	HOBBS		
3002507538	ALTURA ENERGY	N HOBBS UNIT	331	4261	GBSA	HOBBS		4040-4240
3002507539	ALTURA ENERGY	N HOBBS UNIT	341	4236	GBSA	HOBBS		
3002507540	SAGA	STATE LAND 32	6	3203	7Rivers	BOWERS		
3002507541	SAGA	STATE LAND 32	7	3216	7Rivers	BOWERS		
3002507542	SAGA	STATE LAND 32	8	3202	7Rivers	BOWERS		
3002508409	ALTURA ENERGY	STATE A	5	3184				
3002512504	ALTURA ENERGY	STATE A	1	4175	QUEEN	BYERS	GAS	
3002512506	ALTURA ENERGY	N HOBBS UNIT	321	4290	GBSA	HOBBS	INJ	4084-4252
3002512507	ALTURA ENERGY	N HOBBS UNIT	421	4211	GBSA	HOBBS	Active	4046-4214
3002522944	Altura Energy	Shell State A	6	6021	Blincbry	Hobbs	Active	5805-5929
3002523035	Altura Energy	N HOBBS UNIT	232	6020	GBSA	Hobbs	Active	4082-4237
3002523116	Apache Corp.	State A	5	8044	Blincbry	Hobbs	Active	6674-6936
3002523130	Altura Energy	N HOBBS UNIT	424	7020	GBSA	Hobbs		4128-4244
3002523309	Saga	State Land Sec. 32	9	7002	blincbry	Hobbs	Active	5813-5968
3002526973	ALTURA ENERGY	N HOBBS UNIT	323	4400	GBSA	HOBBS	INJ	
3002528266	ALTURA ENERGY	N HOBBS UNIT	342	4431	GBSA	HOBBS	INJ	4091-4283
3002529074	ALTURA ENERGY	N HOBBS UNIT	422	4370	GBSA	HOBBS	Active	
3002529173	ALTURA ENERGY	N HOBBS UNIT	332	4370	GBSA	HOBBS	Active	4069-4070
3002529198	ALTURA ENERGY	N HOBBS UNIT	423	4382	GBSA	HOBBS	INJ	
3002529906	ALTURA ENERGY	N HOBBS UNIT	343	4370	GBSA	HOBBS	Active	4141-4208
3002534374	ALTURA ENERGY	N HOBBS UNIT	531	4400	GBSA	HOBBS	Active	4052-4233
3002534375	ALTURA ENERGY	N HOBBS UNIT	542	4600	GBSA	HOBBS	Active	
3002534907	ALTURA ENERGY	N HOBBS UNIT	512	4600	GBSA	HOBBS	Active	
3002534964	ALTURA ENERGY	N HOBBS UNIT	541	4500	GBSA	HOBBS		
3002535452	ALTURA ENERGY	N HOBBS UNIT	834	4500	GBSA	HOBBS	Active	

sec. 33, T18S, R38E								
3002507543	ALTURA ENERGY	N HOBBS UNIT	141	4183	GBSA	HOBBS	Inj?	
3002507544	ALTURA ENERGY	N HOBBS UNIT	131	4240	GBSA	HOBBS	Inj?	
3002507545	ALTURA ENERGY	N HOBBS UNIT	231	4230	GBSA	HOBBS	Inj	
3002507549	CONTINENTAL	STATE A-33	8	3204		HOBBS	P&A?	
3002507550	CONTINENTAL	STATE A-33	9	3206		HOBBS	P&A?	
3002507559	ALTURA ENERGY	N HOBBS UNIT	121	4179	GBSA	HOBBS	Inj?	
3002507560	ALTURA ENERGY	N HOBBS UNIT	221	4242	GBSA	HOBBS	Inj?	
3002507563	STANOLIND	STATE G	4	3204		HOBBS	P&A?	
3002523195	Brother Prod. Co.	State A 33	12	7022	Drinkard	Hobbs	Active	6692-6694
3002523263	ALTURA ENERGY	N HOBBS UNIT	122	7049	GBSA	HOBBS	Active	
3002526834	ALTURA ENERGY	N HOBBS UNIT	232	4453	GBSA	HOBBS	Inj	
3002528411	ALTURA ENERGY	N HOBBS UNIT	142	4370	GBSA	HOBBS	Inj	
3002534906	ALTURA ENERGY	N HOBBS UNIT	511	4600	GBSA	HOBBS	Active	
3002534980	ALTURA ENERGY	N HOBBS UNIT	513	4500	GBSA	HOBBS	Active	
3002535534	ALTURA ENERGY	N HOBBS UNIT	844	3634	GBSA	HOBBS	Active	
sec. 5, T19S, R38E								
3002507616	SUN	H D MCKINLEY	6	3210		BOWERS		

J: 1 Deb's stuff | State Land 82



**Bonnie Husband**

---

**From:** "Stogner, Michael" <MSTOGNER@state.nm.us>  
**To:** "Valdes, Kathy" <KVALDES@state.nm.us>  
**Cc:** "Bonnie Husband" <bhusband@sagapetroleum.com>; "Williams, Chris" <CWilliams@state.nm.us>; "Mull, Donna" <dmull@state.nm.us>; "Peterson, Marie" <MPeterson@state.nm.us>; "Kautz, Paul" <PKautz@state.nm.us>; "William F. Carr (E-mail)" <wcarr@hollandhart.com>; "Jones, William V" <WVJones@state.nm.us>  
**Sent:** Wednesday, January 08, 2003 6:19 PM  
**Attach:** SD-03-01.doc  
**Subject:** SD-03-01

Attached is a draft letter in the form of an "SD" order that recognizes Saga's development of the Hobbs-Drinkard Pool within the subject 80-acre non-standard oil spacing and proration unit (approved by Division Order No. R-4166) and a confirmation of the provisions of DHC-3086. Your application for an exception to Div. Rule 104.C (3) is still pending the required information necessary for the unorthodox gas well location in the Tubb formation, which you have until January 22, 2003 to submit.

<<SD-03-01.doc>>



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**ARY E. JOHNSON**  
Governor  
Betty Rivera  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

Dear C-115 Filer,

My name is Andrea Wheeler and I will be the contact for C-115 error notices. Please do not contact Fran Chavez or the District Offices for questions in regards to error notices. I will be more than glad to assist you in correcting these errors if you need to.


Please find the enclosed error notices for the reporting month(s) indicated on the notice. Before you contact me please make sure that you truly do not understand the error. I am the only contact for these and I mail quite a few. I am new to these error notices but have had some experience in correcting them so please bear with me as I am learning the process.

If it looks like a keypunch error please correct it on the error notice and send it back in. To avoid keypunch errors you are welcome to visit our web site: [www.emnrd.state.nm.us/ocd/](http://www.emnrd.state.nm.us/ocd/) which will direct you to the following web site: [octane.nmt.edu](http://octane.nmt.edu) that has the Excel files that will help you to file electronically. If you have questions in regards to this feel free to email me and I will be glad to send you the files via e-mail.

If the error was a mistake on your part please correct it on the error notice and mail it back in. Please remember to correct your C115 to prevent reoccurrence. The information on this error notice was rejected which means that it is not and will not be in ONGARD unless you correct the error notice and mail it back in. Failure to correct and return these notices will result in non-compliance.

If you see an error on something that you have reported this way for other months, please send an amendment(s) to correct those months.

Thank you for your cooperation

  
Andrea Wheeler

Oil Conservation Division  
Energy, Minerals and Natural Resources Department  
State of New Mexico  
[awheeler@state.nm.us](mailto:awheeler@state.nm.us)  
[www.emnrd.state.nm.us/ocd/](http://www.emnrd.state.nm.us/ocd/)  
(505) 476-3482 phone  
(505) 476-3462 fax

## **C-115 ERROR MESSAGES**

Error notices will allow for corrections to be made directly on the form just below the incorrect data. Draw a line through the incorrect data and write in the correct information on the line provided. Please be sure to sign and date before submitting.

<b><u>CODE</u></b>	<b><u>MESSAGE</u></b>
V1501	OPERATOR OGRID DOES NOT EXIST IN ONGARD
V1502	REPORTED MONTH IS NOT BETWEEN 01 AND 12
V1503	REPORTED YEAR IS ZERO OR NON-NUMERIC
V1504	MONTH OR YEAR REPORTED IS A FUTURE MONTH OR YEAR
V1505	POOL NUMBER DOES NOT EXIST IN ONGARD
V1506	C-115 SIGNATURE DATE IS INVALID
V1507	DATE OF ENTRY IS INVALID
V1508	DATE OF ENTRY IS EARLIER THAT C-115 SIGNATURE DATE
V1509	EXISTING RECORD FOUND WITH EQUAL SIGNATURE DATE
V1521	API WELL NUMBER DOES NOT EXIST IN ONGARD
V1522	WELL COMPLETION DOES NOT EXIST IN ONGARD
V1523	ONGARD DOES NOT SHOW THAT YOU OPERATE THIS WELL
V1524	INCORRECT INJECTED FLUID TYPE REPORTED ON C-115
V1525	INCORRECT WELL COMPLETION STATUS REPORTED ON C-115
V1526	INCORRECT PRODUCTION OR INJECTION CODE REPORTED
V1527	NON-NUMERIC INJECTION VOLUME REPORTED ON C-115
V1528	INJECTION VOLUME MUST BE LESS THAT 1,600,000 BBLs
V1529	NON-NUMERIC PRODUCTION VOLUME REPORTED ON C-115
V1530	NON-NUMERIC DAYS PRODUCED REPORTED ON C-115
V1531	NON-NUMERIC INJECTION PRESSURE REPORTED ON C-115
V1532	VOLUME FIELDS NOT REPORTED ON C-115
V1533	NON-NUMERIC BTU VALUE REPORTED ON C-115
V1534	NON-NUMERIC API GRAVITY REPORTED ON C-115

V1535	NEGATIVE VOLUME REPORTED ON C-115
V1536	NEGATIVE PRODUCTION VOLUME REPORTED ON C-115
V1537	PRODUCTION REPORTED FOR A P/A WELL
V1561	PROPERTY REPORTED DOES NOT EXIST IN ONGARD
V1562	ONGARD DOES NOT SHOW THAT YOU OPERATED THIS PROPERTY
V1563	POD DOES NOT EXIST IN ONGARD
V1564	ONGARD DOES NOT SHOW THAT YOU OWN THIS POD
V1565	TRANSPORTER OGRID DOES NOT EXIST IN ONGARD
V1566	TRANSPORTER OGRID/POD COMBO DO NOT EXIST
V1567	INCORRECT CODE -3 REPORTED ON C-115
V1568	POD REPORTED IS NOT SET UP TO DISPOSITION THE PRODUCT REPORTED
V1569	INCORRECT CODE-4 REPORTED ON C-115
V1570	CODE-4 REPORTED IS INCONSISTANT WITH PRODUCT TYPE REPORTED
V1571	CODE-3 SHOULD BE 0
V1572	NON-NUMERIC DISPOSITION VOLUME REPORTED ON C-115
V1573	NON-NUMERIC OPENING OIL STORAGE REPORTED
V1574	NON-NUMERIC CLOSING OIL STORAGE REPORTED
V1575	POD BALANCE AND CALCULATED POD BALANCE MISMATCH
V1576	BOM DOES NOT EQUAL EOM FOR PREVIOUS MONTH
V1577	PRE-ONGARD DISPOSITION AMENDMENTS NOT ALLOWED
V1578	NEGATIVE DISPOSITION REPORTED ON C-115
V1579	NEGATIVE OPENING OIL STORAGE REPORTED ON C-115
V1580	NEGATIVE CLOSING OIL STORAGE REPORTED ON C-115