

Stogner, Michael

From: Bonnie Husband [bhusband@sagapetroleum.com]

Sent: Tuesday, April 15, 2003 3:53 PM

To: Stogner, Michael

Subject: NSL's

What is the status of approving NSL's

Wildcat Tubb - Conoco State #3

Wildcat Tubb - State Land Sec. 32 #9 well

Application to Drill - State Land Sec. 32 #10 well

4/17/2003

Stogner, Michael

From: Stogner, Michael
Sent: Thursday, April 17, 2003 6:42 PM
To: 'Bonnie Husband'
Subject: RE: NSL's

All pending final review. Other more important matters got moved ahead of these applications. Hope to return to them next week.

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What is the status of approving NSL's
Wildcat Tubb - Conoco State #3
Wildcat Tubb - State Land Sec. 32 #9 well
Application to Drill - State Land Sec. 32 #10 well

4/17/2003

Stogner, Michael

From: Mull, Donna
Sent: Wednesday, January 15, 2003 5:58 AM
To: Stogner, Michael
Cc: Kautz, Paul; Williams, Chris
Subject: RE: NSL State Land Sec 32 #10

Mike, Paul & I have some more information for you on the State Land Sec. 32 #9. Sent letter May 1998 that C-139 was returned to them for missing information. We talked to them Aug. 1998 and told them that they were in Tubb and Drinkard. Dec. 2000 we sent notice to send in correct paper work. Called again Feb. 2002 for missing paper work. Received March 2002. This paper work showed work done in 1997. Sent next letter June 2002, need C-107. Received this. DHC-3085 approved Dec. 2002

If you need more information, let us know.

-----Original Message-----

From: Stogner, Michael
Sent: Wednesday, January 08, 2003 7:23 PM
To: 'Bonnie Husband'
Cc: Williams, Chris; Mull, Donna; Jones, William V; Wrotenbery, Lori; Ezeanyim, Richard; William F. Carr (E-mail)
Subject: RE: NSL State Land Sec 32 #10

After your last e-mail message I've reviewed the Division's files concerning the existing and currently producing State Land Section "32" Well No. 9 (API No. 30-025-23309) in Unit "J" of Sec. 32, which will be a separate issue. First lets look closer at your proposed No. 10 well:

(1) the definition of an "infill well" is an additional well within an existing spacing/proration unit. From your response and my review of the Division's records I find that the No. 9 well in Unit "J" has a stand-up 80-acre unit comprising the W/2 SE/4 of Sec. 32 dedicated to the Undesignated Hobbs-Drinkard Pool. Therefore, the No. 10 well is to be in a stand-up 80-acre unit comprising the E/2 SE/4 of Sec. 32 in which there is currently no other Drinkard oil well. Are these statements correct?

(2) You did not answer my question about the "cover letter" from Oct. 2002 from Saga to the Santa Fe office of the Division requesting an exception to Rule 4 of the special rules governing the Hobbs-Drinkard Pool, as required under Division Rule 104.F. Did you submit this request to Santa Fe at that time? If so I need a copy of that submittal.

(3) You stated that the NSL was a "geological decision". Did your Oct. request provide the necessary technical explanation and supporting data (i.e. - geological maps, seismic data, isopac maps, cross-sections, ect.)? This is the required information that is needed for me to continue my review of this application.

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Now about the State Land Section "32" Well No. 9 located 2130' FSL & 1980' FEL, which was the subject of Adm. Order DHC-3085, dated 12-3-2002. I understand that this well is currently dually completed (i) as an oil well, at a standard location within the aforementioned W/2 SE/4 80-acre unit, in the Hobbs-Drinkard Pool and (ii) a "gas" well in the Tubb wildcat formation. My records show that the Tubb has been producing gas since Feb. 2001 and that the SE/4 of Section 32, being a standard 160-acre gas spacing unit as provided under Division Rule 104.C (3), is dedicated to this production. A C-105 filed by you on March 5, 2002 shows a Tubb gas delivery and gas connection date of Dec. 31, 1997. After doing an extensive search, I however can not find where Saga was granted a location exception for the No. 9 well for this gas production [see also Rule 104.C (3)]. Would you please provide me with the Division Order number authorizing this unorthodox Tubb gas well location. Thank you for your cooperation.

ms

-----Original Message-----

From: Bonnie Husband [mailto:bhusband@sagapetroleum.com]
Sent: Wednesday, January 08, 2003 3:06 PM
To: Stogner, Michael
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faxing 7 pages now

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I have reviewed the Division's files and talked with Wil Jones and others but, I'm sorry to say, I find no record of such a filing received by this office. I apologize if we misplaced or mishandled it in anyway.

If you would please fax me a copy of this application and all of the support data I will give it priority status and review it immediately.

Please use the following fax number (505) 476-3471. Also, if you will e-mail me when you are ready to transmit this filing, I will wait for it.

If there are any problems, my telephone number is (505) 476-3465.

-----Original Message-----

From: Bonnie Husband [mailto:bhusband@sagapetroleum.com]

Sent: Wednesday, January 08, 2003 11:48 AM

To: mstogner@state.nm.us

Subject: NSL State Land Sec 32 #10

Called Hobbs OCD office this am. Status of approval to drill NSL location filed 10-2-02 - Hobbs stated waiting on NSL number from your office. Letters from Apache & Brothers Production co w/no objection to application, no response from other offset operators.

2223 FSL & 860 FEL, Sec 32 (I), T18S, R38E, Lea County, proposed 7000' Drinkard well

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, January 14, 2003 12:31 PM
To: 'Bonnie Husband'
Cc: Williams, Chris; Mull, Donna; Jones, William V; Wrotenbery, Lori; Ezeanyim, Richard; 'William F. Carr (E-mail)'
Subject: Saga's three pending unorthodox well locations.

RE:**(1) Conoco Well No. 3 (administrative application reference No. pKRV0-235835106):**

It is my understanding that the required notification under Division Rule 1207.A (2) has been provided to all of the appropriate "affected parties" [for definition see Rule 1207.A (2) (a)]. I will be expecting the supplemental data I requested by my letter of December 27, 2002. Upon its arrival I will resume processing your application of December 23, 2002.

(2) State Land Section "32" Well No. 9 (API No. 30-025-23309):

Please submit a formal application to me here in Santa Fe, pursuant to Division Rules 104.F and 1207.A (2), an exception to Division Rule 104.C (3) for the Tubb wildcat gas production from this well within seven days in order to avoid a shut-in order.

(3) State Land Section "32" Well No. 10 (to be drilled 2223' FSL & 860' FEL-I-Sec. 32-T18S-R38E):

Upon receipt of your application (mailed on January 14th) for an unorthodox oil well location in the Hobbs-Drinkard Pool within a proposed standard 80-acre stand-up oil spacing and proration unit comprising the E/2 SE/4 of Section 32, I will commence its review accordingly.

-----Original Message-----

From: Bonnie Husband [mailto:bhusband@sagapetroleum.com]
Sent: Tuesday, January 14, 2003 9:53 AM
To: Stogner, Michael
Subject: State Land Sec. 32 #10 well NSL

Have mailed letters to Offset operators on NSL Tubb completion Conoco State #3 well. No paperwork filed regarding NSL Tubb completion State Land Sec. 32 #9 well. This was before my time @ Saga, do not know if anyone @ Saga was notified that this was NSL at that time, however will followup w/NSL letters to offset operators ASAP.

<attachment>

January 14, 2003

Michael E Stogner

via email mstogner@state.nm.us

1/14/2003

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

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,

Bonnie Husband
Production Analyst

Enclosures - mailed Jan 14, 2003

Stogner, Michael

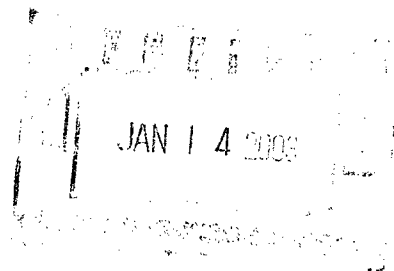
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