

232348956 DHC N.A

District I
1625 N. French Drive, Hobbs, NM 68240

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
811 South First Street, Artesia, NM 88210

OIL CONSERVATION DIVISION

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

2040 South Pacheco
Santa Fe, New Mexico 87505

Single Well
 Established Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District IV
2040 South Pacheco, Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Saga Petroleum LLC 415 W. Wall, Suite 1900, Midland, TX 79701
Operator Address

State Land Sec. 32 9 J-32-T18S-R38E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 148967 Property Code 20363 API No. 30-025-23309 Lease Type Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat Tubb		Hobbs Drinkard?
Pool Code	96946		31730
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6435'-6560'		6626'-6693' 6768'-6892'
Method of Production (Flowing or Artificial Lift)	Flw'g		Flw'g
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	647.81		684.59
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1.1481		BTU 1.2155
Producing, Shut-in or New Zone	Prod		Prod
Date and Oil/Gas/Water Rates of Last Production (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 09/01/2002 Rates: 227 MCFGPD	Date: Rates:	Date: 09/01/2002 Rates: 34 MCFGPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or part production, supporting data or explanation will be required.)	Oil 40 % Gas 91 %	Oil % Gas %	Oil 60 % Gas 9 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingling zones? Yes No
If not, have all working royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingling zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

Pre-Approved Pools

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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 11/04/2002

TYPE OR PRINT NAME Bonnie Husband TELEPHONE NO. (915)684-4293

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State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-23309		² Pool Code 96946		³ Pool Name Wildcat Tubb	
⁴ Property Code 20363		⁵ Property Name State Land Sec. 32			⁶ Well Number 9
⁷ OGRID No. 148967		⁸ Operator Name Saga Petroleum LLC			⁹ Elevation 3637' Gr

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	32	18S	38E		2130	S	1980	E	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					¹⁷ OPERATOR CERTIFICATION		
					<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Bonnie Husband</i></p> <p>Signature</p> <p>Bonnie Husband</p> <p>Printed Name</p> <p>Production Analyst</p> <p>Title</p> <p>11/13/2002</p> <p>Date</p>		
						¹⁸ SURVEYOR CERTIFICATION	
						<p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>	

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Revised August 15, 2000

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-23309		² Pool Code 31730		³ Pool Name Hobbs Drinkard	
⁴ Property Code 20363		⁵ Property Name State Land Sec. 32			⁶ Well Number 9
⁷ OGRID No. 148967		⁸ Operator Name Saga Petroleum LLC			⁹ Elevation 3637' Gr

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¹¹ Bottom Hole Location If Different From Surface

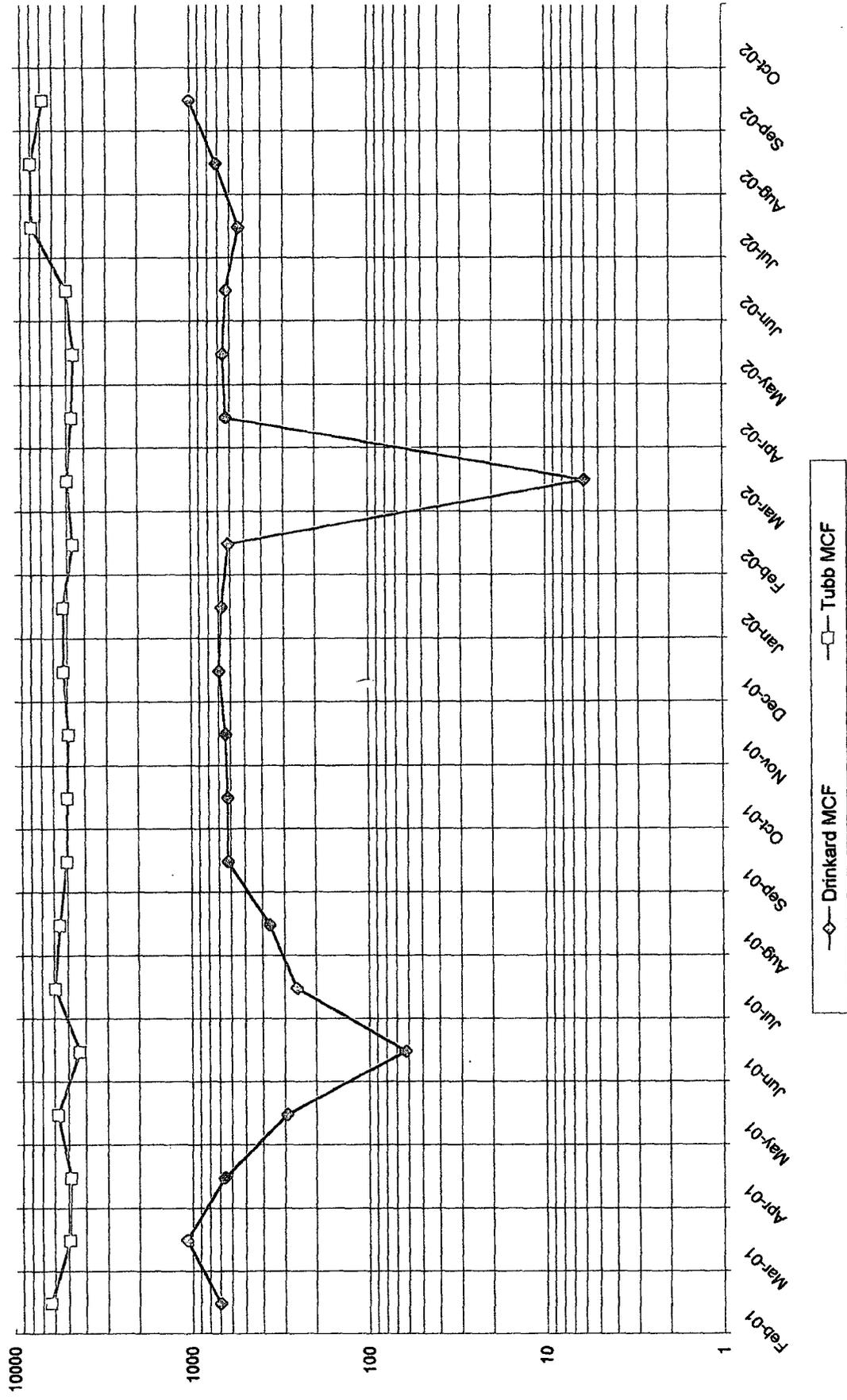
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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State Land Sec. 32 #9 Well
Tubb & Drinkard Gas Production By Month



DHC-3085



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

January 7, 2003

RECEIVED

Saga Petroleum L.L.C.
415 West Wall
Suite 1900
Midland, Texas 79701

JAN 10 2003

OIL CONSERVATION
DIVISION

Attn: Ms. Bonnie Husband

Re: Application for Downhole Commingling
State Land Section 32 Well No. 9
Unit Letter J, Section 32-18S-38E
Wildcat -Tubb and Undesignated Hobbs-Drinkard Pools
Lea County, New Mexico

Dear Ms. Husband:

The New Mexico Oil Conservation Division has advised this office that Saga Petroleum L.L.C. has applied to downhole commingle the production from the State Land Well No. 9. Saga Petroleum L.L.C. proposes to commingle the production from the Wildcat -Tubb and Undesignated Hobbs-Drinkard Pools.

Pursuant to State Land Office Rule No. 1.053, 1.054 and 1.055, please submit an application to this office for our approval together with the data recommended on the attached commingling pre-application form. The filing fee for a commingling application is \$30.00.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:
JAMI BAILEY, Director
Oil/Gas and Minerals Division
(505) 827-5744

PL/JB/cpm
Enclosure
xc: Reader File

OCD--Attention: David Catanach



DHC-3085

RECEIVED

JAN 27 2003

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DIVISION
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PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

January 22, 2003

Saga Petroleum LLC
415 W. Wall
Suite 1900
Midland, Texas 79701

Attn: Ms. Bonnie Husband

Re: Application for Downhole Commingling
State Land Sec. 32, Well No. 9
Unit Letter J, Section 32-18S-38E
Wildcat Tubb and Hobbs Drinkard Pools
Lea County, New Mexico

Dear Ms. Husband:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on January 16, 2003. Your application requests our approval to downhole commingle the Wildcat Tubb and Hobbs Drinkard production within the wellbore of the State Land Sec. 32, Well No. 9 located in Unit Letter Letter J, Section 32-18S-38E, Lea County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
Wildcat Tubb	40%	91%
Hobbs Drinkard	60%	09%
	-----	-----
	100%	100%

Since it appears that the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

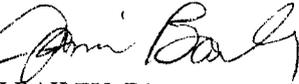
Your \$30.00 dollar filing fee has been received.

Saga Petroleum LLC
Page 2
January 22, 2003

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/cpm

Enclosure

xc: Reader File

OCD--Attention: David Catanach