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May 19, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

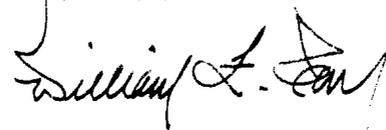
11986

Re: Application of Saba Energy of Texas, Incorporated for Pool Creation and
Special Pool Rules, Lea County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Saba Energy of Texas, Incorporated in the above-referenced case as well as a copy of the legal advertisement. Saba Energy of Texas, Incorporated requests that this matter be placed on the docket for the June 11, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR
WFC:mlh
Enclosures

cc: Mr. Wade Brawley
Saba Energy of Texas, Incorporated

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF SABA ENERGY OF TEXAS,
INCORPORATED FOR POOL CREATION
AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

CASE NO. 11986

APPLICATION

SABA ENERGY OF TEXAS, INCORPORATED ("Saba"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order creating a new pool for the production of hydrocarbons from the Upper Pennsylvanian and promulgating special pool rules and regulations for this new pool, including provisions for 80-acre oil spacing and proration units and special well location requirements, and in support of this application states:

1. Saba drilled its Saba State Well No. 1 located at a previously approved unorthodox oil well location (Division Order No. NSL 3744 dated December 18, 1996) at a point 2310 feet from the South line and 1308 feet from the East line (Unit I) of Section 7, Township 13 South, Range 36 East, NMPM, and discovered a new separate reservoir within the Upper Pennsylvanian. The Division's District Office changed the Pool name on the forms filed by Saba concerning this well to show the well to be a Wildcat Upper Penn Well.
2. In March 1998, Saba also completed its Harton State Well No. 1 located at a standard oil well location 2310 feet from the North line and 990 feet from the East line in

NSL-3744
12-18-1996

Unit H of said Section 7. This well is also a commercial oil well completed from a Wildcat Upper Pennsylvanian Reservoir.

3. Production data from each of these wells shows that they are capable of draining in excess of the 40-acre spacing and proration unit dedicated thereto.

4. Saba seeks the creation of a new oil pool for the Upper Pennsylvanian production that will be comprised of the E/2 NE/4 and the E/2 SE/4 of Section 7, Township 13 South, Range 36 East, NMPM, Lea County, New Mexico.

5. Saba also seeks the adoption of Special Pool Rules and Regulations for this new pool to provide for 80-acre oil well spacing and proration units with wells to be located no closer than 330 feet to the boundary of a governmental quarter section.

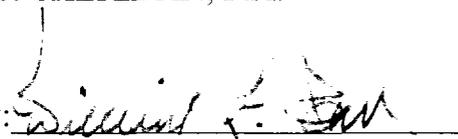
6. Approval of this application will prevent the drilling of unnecessary wells and will otherwise be in the best interest of conservation and the protection of correlative rights.

WHEREFORE, Saba Energy of Texas, Incorporated requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 11, 1998, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

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

By:


WILLIAM F. CARR
Post Office Box 2208
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ATTORNEYS FOR SABA ENERGY OF
TEXAS, INCORPORATED

CASE 196: Application of Saba Energy of Texas, Incorporated for Pool Creation and Special Pool Rules, Lea County, New Mexico. Applicant, in the above-styled cause seeks the creation of a new pool for the production of hydrocarbons from the Upper Pennsylvanian that is comprised of the E/2 NE/4 and the E/2 SE/4 of Section 7, Township 13 South, Range 36 East, NMPM, as the result of the discovery of oil in its Saba State Well No. 1 located in Unit I of said Section 7 and the promulgation of Special Pool Rules for this new pool including provisions for 80-acre spacing and special well location requirements. Said area is located approximately 2 miles south-southwest of Tatum, New Mexico.