

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

CASE NOS. 12417 and 12418

**CASE NO. 12417: APPLICATION OF SAGA PETROLEUM, L.L.C.
STATUTORY UNITIZATION, LEA COUNTY, NEW MEXICO.**

**CASE NO. 12418: APPLICATION OF SAGA PETROLEUM, L.L.C.
FOR APPROVAL OF A WATERFLOOD PROJECT FOR ITS
CROSSROADS SILURO-DEVONIAN UNIT AREA AND QUALIFICATION
OF SAID PROJECT FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE ENHANCED OIL RECOVERY ACT,
LEA COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Saga Petroleum Corporation, L.L.C.
Attn: Charles Farmer
415 W. Wall Street, Suite 835
Midland, TX 79701
(915) 684-4293

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
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STATEMENT OF CASE

APPLICANT

Case No. 12417: Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

Said unit to be designated the Crossroads Siluro-Devonian Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

Said unit area is located approximately 6 miles east of Crossroads, New Mexico.

STATEMENT OF CASE

Case No. 12418: Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant in the above-styled cause, seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool through ____ injection wells located in the following described area:

Township 95 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 6 miles east of Crossroads, New Mexico.

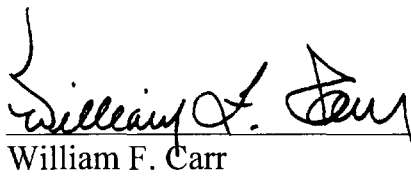
PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Loren Rulla (Geologist)	Approx. 20 min.	Approx. 11
Robert Satsler (Petroleum Engineer)	Approx. 15 min.	Approx. 4
Joe Clement (Petroleum Engineer)	Approx. 10 min.	Approx. 1

PROCEDURAL MATTERS

Saga Petroleum will request that the cases be consolidated for the purpose of hearing.



William F. Carr
Attorney for Saga Petroleum Corporation, L.L.C.