



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

April 24, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Saga Petroleum, L.L.C.
415 W. Wall - Suite 1900
Midland, Texas 79701
Attention: Bonnie Husband

Administrative Order NSL-4577

Dear Ms. Husband:

Reference is made to the following: (i) your original application dated October 25, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated December 19, 2000 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe requesting that affected off-set operator's be notified as required; (iii) your response by letter dated March 22, 2001 with the necessary information to complete this application; and (iv) the Division's records, including the file on Division Administrative Order NSP-1684, dated January 20, 1994: all concerning Saga Petroleum, L.L.C.'s ("Saga") request for an exception to **Rule 2 (b)** of the *"Special Rules and Regulations for the Bluit-San Andres Associated Pool,"* as promulgated by Division Order No. R-5353, as amended, for a non-standard Bluit-San Andres infill gas well location within a standard 320-acre lay-down gas spacing and proration unit for the Bluit-San Andres Associated Pool comprising the S/2 of Section 13, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico.

This 320-acre gas spacing and proration unit is currently simultaneously dedicated to Saga's: (i) Bluit "13-A" Federal Well No. 11 (**API No. 30-041-20174**), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 13; and (ii) Bluit "13-O" Federal Well No. 15 (**API No. 30-041-20437**), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 13.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and the applicable provisions of the rules governing the Bluit-San Andres Associated Pool.

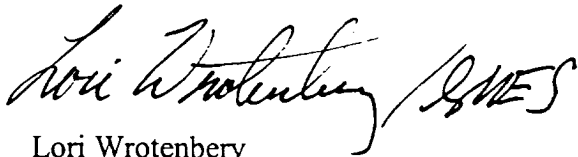
By the authority granted me under the provisions of: (i) **Rule 2 (c)** of the *"General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico,"* as promulgated by Division Order No. R-5353, as amended; and (ii) Division Rule 104.F (2), as revised, the following described well located at unorthodox infill gas well location within this 320-acre unit, is hereby approved:

Bluitt SA "13" Federal Well No. 14
660' FSL & 1980' FWL (Unit N)
(API No. 30-041-20220)

Further, all three of the above-described wells and 320-acre gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to the Associated Oil and Gas Pools and to the Bluitt-San Andres Associated Pool.

Division Administrative Order NSP-1684, dated January 20, 1994, which order authorized a 160-acre non-standard gas spacing and proration unit for Bluitt-San Andres Associated Pool gas production comprising the SE/4 of Section 13 and had dedicated thereon the above-described Bluitt "13-O" Federal Well No. 15 (API No. 30-041-20437), shall be placed in abeyance until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs /
U. S. Bureau of Land Management - Roswell
File: NSP-1684