



Saba Energy of Texas, Incorporated

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Bradley T. Katzung
President, Chief
Operating Officer

November 20, 1996

Mr. Michael E. Stogner
State of New Mexico Oil Conservation Division
Energy, Minerals and Natural Resources Department
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Proposed Unorthodox Location
1,308' FEL and 2,310' FSL
Section 7, T13S-R36E
Lea County, New Mexico

Dear Mr. Stogner:

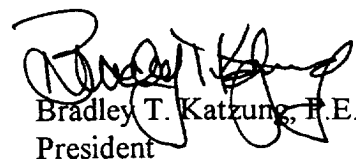
This letter shall constitute Saba Energy's application for administrative approval of its request for an unorthodox location. The proposed Saba State "I" #1 is located on a 320 state lease covering the S/2 of Section 7. The objective is Devonian, which is a wildcat for this area and spaced on statutory 40 acre spacing units. The proposed location is legal in terms of its distance to the north line of the statutory 40 acre spacing unit (i.e. 330' from the north line); however, the proposed location is only 12 feet from the west line of the statutory 40 acre proration (lot identification "I"). The location was staked based on 3-D seismic data.

In this regard, we submit the following information supporting the unorthodox location and we respectfully request approval from the Energy, Minerals and Natural Resources Department:

1. Geological Discussion
2. Geological Exhibit of Seismic Data
3. Plat Illustrating the Proposed Location in Relation to the Offset 40 Acre Units
4. Exhibit Listing all Offset Leasehold Owners (Notified September 1, 1996)
5. Copy of C-102
6. Copy of C-103

Thank you for your consideration. Please call me if you have any questions.

Yours truly,


Bradley T. Katzung, P.E.
President

GEOLOGICAL DISCUSSION

The Saba State #1 is staked at the optimum location, as determined by 3-D seismic data by virtue of the following facts:

1. This location allows Saba to penetrate the Devonian at the highest structural position. This high structural position extends from our location to the north 110' past the northern lease line, or 448' north of our proposed location.
2. Most importantly, only 400' west of our location and 300' east of our location there are north-south trending faults. History shows that if a wellbore is near a fault or if a wellbore intersects a fault in the Devonian, the Devonian Dolomite will be too tight for production, or the permeability will be severely limited.
3. If the location were adjusted to the west, or to the east, the wellbore could drift and cross a fault. By crossing the fault to the west, the loss of structure would be up to 700' and render the well a dry hole. By crossing the fault to the east, up to 100' of valuable oil column would be lost and the possibility of any oil production would be in jeopardy.

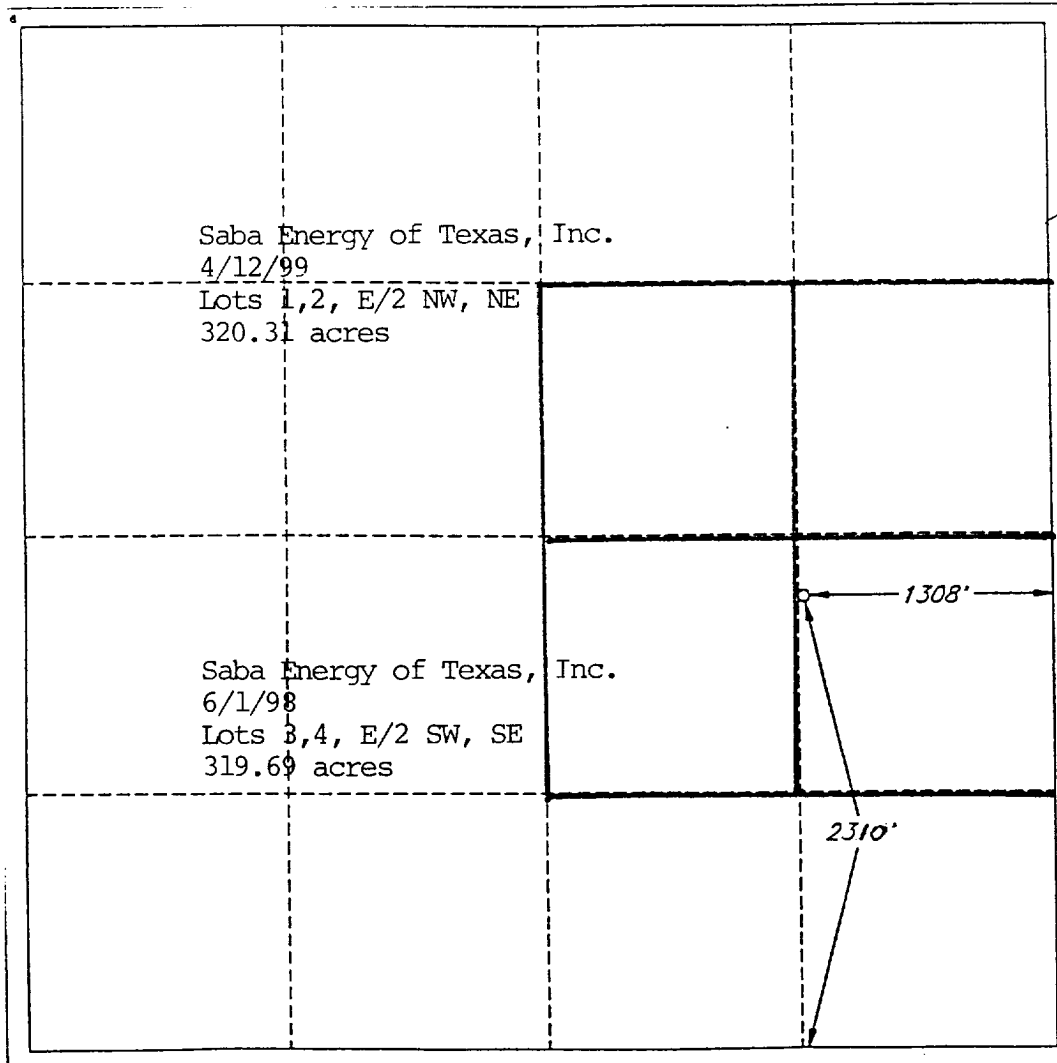
The information cited above has determined the best drilling location on the lease to be 1,308' FEL and 2,310' FSL Section 7, T13S-R36E. A location movement to the north would crowd the lease line; a location movement to the south would result in a loss of structure; and a location movement to the east or west would place the location to near north-south faults, which could reduce permeability, or risk a dry hole.

SABA ENERGY OF TEXAS, INCORPORATED

Saba State #1

NW SE Section 7

All Section 7, Township 13 South, Range 36 East



Leasehold:

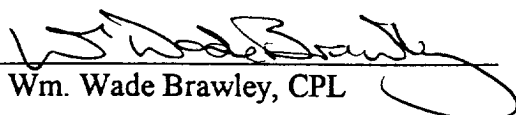
Spacing Unit: _____

OFFSET OWNERS

Saba Energy of Texas, Incorporated, et al 1603 SE 19th Street, Suite 202 Edmond, Oklahoma 73013 Phone: 405/340-3600 Fax: 405/340-3691	80.000%
Christensen Petroleum, Inc. 306 West Wall Street, Suite 850 Midland, Texas 79702 Phone: 915/682-5334 Fax: 915/682-6755	4.000%
Strata Various, L.C. 9800 Centre Parkway, Suite 250 Houston, Texas 77036-8223 Phone: 713/270-7000 Fax: 713/270-9224	10.000%
Eichen Petroleum Management, Inc. 1111 Hermann Drive, Suite 15F Houston, Texas 77004 Phone: 713/613-2911 Fax: 713/681-4780	2.000%
Leon Jeffcoat 500 West Texas, Suite 1000 Midland, Texas 79701 Phone: 915/683-1835	3.000%
Dennis Eimers P.O. Box 50637 Midland, Texas 79710 Phone: 915/682-6449	0.500%
Jerry Barnes P.O. Box 768 Chillicothe, Missouri 64601 Phone: 816/646-3080	<u>0.500%</u>
	100.000%

All parties were notified of the unorthodox location on September 1, 1996

By:


Wm. Wade Brawley, CPL