

SAGE ENERGY COMPANY

P. O. DRAWER 3068

MIDLAND, TEXAS 79702

915/683-5271

*aw*  
*Donna*  
*FIT*

March 3, 1998

State of New Mexico  
Energy and Mineral Department  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: Directional Drilling - Horizontal  
Non-Standard Proration Unit  
North Vacuum (Abo) North Unit Well No. "16" #3  
North Vacuum (Abo) Field  
Lea County, New Mexico

Gentlemen:

Administrative approval, Rule 104(D) and Rule 111(D), is requested to directionally drill a vertical well with a Southeast and Southwest lateral in a non-standard proration unit in the Abo formation. The North Vacuum (Abo) North Unit is a candidate for horizontal wells because of the heterogeneous nature of the reservoir.

Attached for your information is a copy of Sage's directional plans, a type log section, and Form C-102. The affected offset operators have been notified of this request. Attached is the offset operator's list and certified mail receipts.

Very truly yours,

*Jay H. Hardy*  
Jay H. Hardy  
V.P. Engineering

JHH/tjs  
Attachments

cc: NMOCD, P.O. Box 1980, Hobbs, N.M. 88240

SAGE ENERGY COMPANY

P. O. DRAWER 3068

MIDLAND, TEXAS 79702

915/683-5271

February 17, 1998

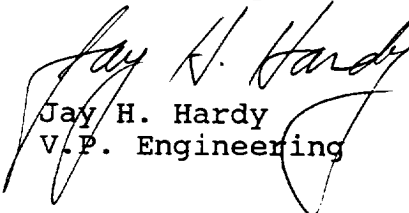
Directional Drilling - Horizontal  
Non-Standard Location  
North Vacuum (Abo) North Unit Well No. "16" #3  
North Vacuum (Abo) Field  
Lea County, New Mexico

To The Offset Operators

Gentlemen:

As an offset operator of the subject unit, you are being furnished with a copy of Sage's application to drill a vertical well with two horizontal laterals in the Abo formation. If you have no objection, please sign the waiver at the bottom of this letter and return in the enclosed envelope. If you do object, it must be filed with the NMOCD within twenty (20) days of this notice.

Very truly yours,

  
Jay H. Hardy  
V.P. Engineering

WAIVER APPROVED:

Company: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

JHH/tjs  
Attachments

OFFSET OPERATOR'S LIST  
North Vacuum (Abo) North Unit  
Well No. "16" #3  
Lea County, New Mexico

Mobil Exploration and Producing US Inc.  
P.O. Box 633  
Midland, Texas 79702

Marathon Oil Company  
Attn: Joint Interest Manager  
P.O. Box 552  
Midland, Texas 79702

Mallon Resources Corporation  
Attn: Vice President Engineering  
999 18th Street; Suite: 1700  
Denver, Colorado 80202

Arco Oil and Gas, Permian Unit  
A.J. Best, President  
P.O. Box 1610  
Midland, Texas 79702

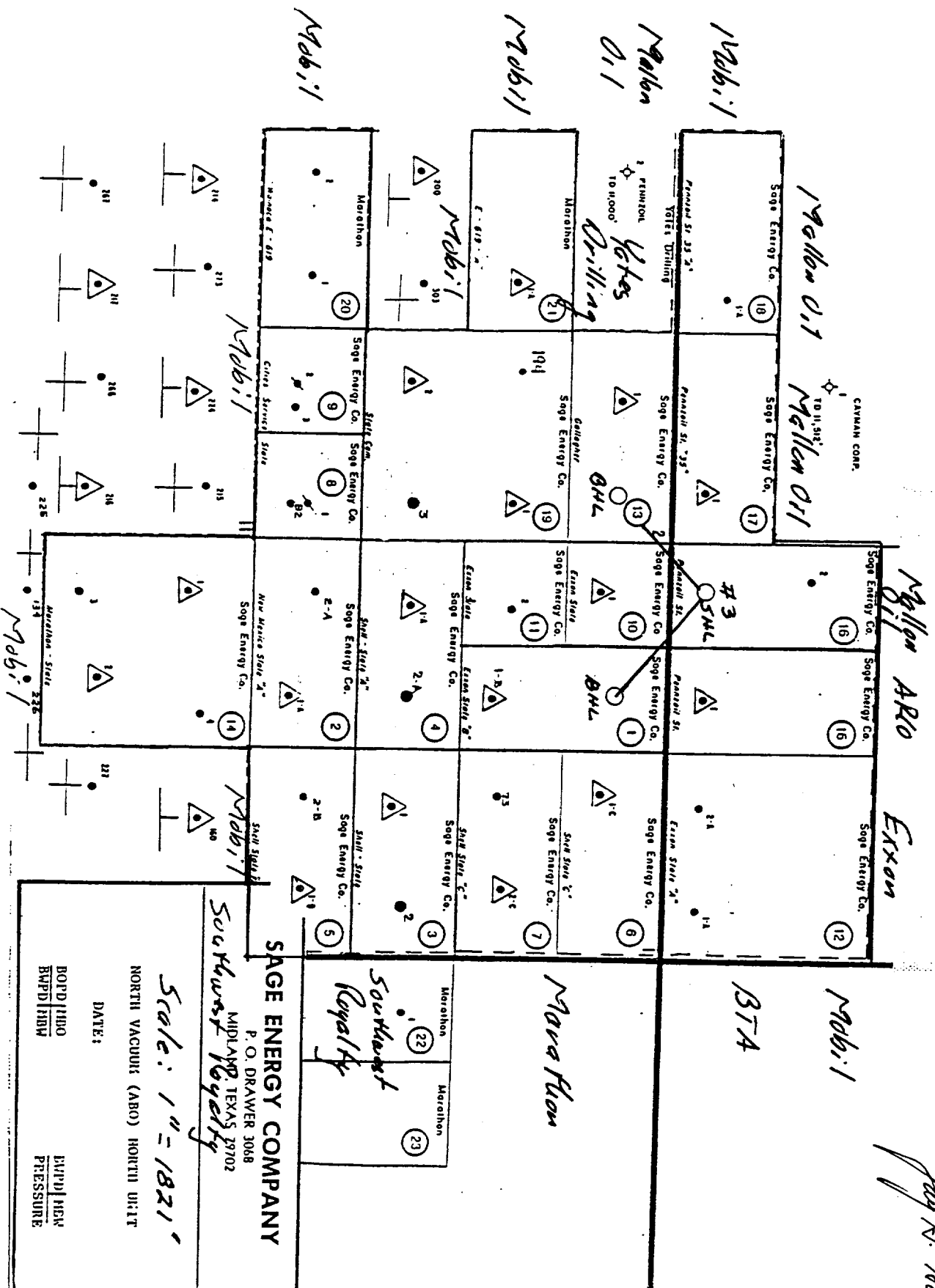
BTA Oil Producers  
Attn: L.G. Johnson, Drilling Supt.  
104 S. Pecos Street  
Midland, Texas 79701

Southwest Royalties, Inc.  
Attn: Doug Keathly, VP Operations  
P.O. Box 11390  
Midland, Texas 79702

Exxon Company, USA  
Attn: Joint Interest Manager  
P.O. Box 4707  
Houston, Texas 77210-4707

Yates Drilling Company  
110 S. 4th Street; Yates Building  
Artesia, New Mexico 88210

Aug. 11. 1894





**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

EXXON COMPANY, USA  
P.O. Box 4707  
Houston, Texas 77210-4707

4. Article Number  
P-248-625-637

Type of Service:  
☒ Registered  
☒ Certified  
☐ Express Mail  
☐ Insured  
☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent *Gar*

7. Date of Delivery **FEB 24 1988**

8. Addressee's Address (ONLY if requested and fee paid)

Form 3811, Feb. 1986

**DOMESTIC RETURN RECEIPT**

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3. Article Addressed to:

YATES DRILLING COMPANY  
110 S. 4th Street  
Artesia, New Mexico 88210

4. Article Number  
P-248-625-638

Type of Service:  
☒ Registered  
☒ Certified  
☐ Express Mail  
☐ Insured  
☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee *2-19-88*

6. Signature - Agent *Albann Griggs*

7. Date of Delivery **FEB 24 1988**

8. Addressee's Address (ONLY if requested and fee paid)

Form 3811, Feb. 1986

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1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

BTA Oil Producers  
104 S. Pecos Street  
Midland, Texas 79701

4. Article Number  
P-248-625-635

Type of Service:  
☒ Registered  
☒ Certified  
☐ Express Mail  
☐ Insured  
☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent *Albann Griggs*

7. Date of Delivery **FEB 20 1988**

8. Addressee's Address (ONLY if requested and fee paid)

Form 3811, Feb. 1986

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1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

SOUTHWEST ROYALTIES, INC  
P.O. Box 11390  
Midland, Texas 79702

4. Article Number  
P-248-625-636

Type of Service:  
☒ Registered  
☒ Certified  
☐ Express Mail  
☐ Insured  
☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee *2-19-88*

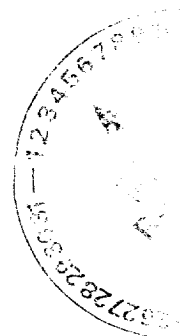
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3. Article Addressed to:

MALLON RESOURCES CORP.  
999 18th Street  
Suite: 1700  
Denver, Colorado 80202

4. Article Number  
P-248-625-633

Type of Service:  
☒ Registered Certified ☐ Insured  
☐ Express Mail ☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X *James G. Chapp*

6. Signature - Agent  
X *James G. Chapp*

7. Date of Delivery  
FEB 19 1988

8. Addressee's Address (ONLY if requested and fee paid)

Form 3811, Feb. 1986

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3. Article Addressed to:

ARCO OIL & GAS, PERMIAN UNIT  
P.O. Box 1610  
Midland, Texas 79702

4. Article Number  
P-248-625-634

Type of Service:  
☒ Registered Certified ☐ Insured  
☐ Express Mail ☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X *Lee*

6. Signature - Agent  
X *Lee*

7. Date of Delivery  
FEB 19 1988

8. Addressee's Address (ONLY if requested and fee paid)

Form 3811, Feb. 1986

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1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

Mobil Exploration & Producing  
P.O. Box 633  
Midland, Texas 79702

4. Article Number  
P-248-625-631

Type of Service:  
☒ Registered Certified ☐ Insured  
☐ Express Mail ☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X

6. Signature - Agent  
X *James G. Chapp*

7. Date of Delivery  
FEB 19 1988

8. Addressee's Address (ONLY if requested and fee paid)

Form 3811, Feb. 1986

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1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

MARATHON OIL COMPANY  
P.O. Box 552  
Midland, Texas 79702

4. Article Number  
P-248-625-632

Type of Service:  
☒ Registered Certified ☐ Insured  
☐ Express Mail ☐ COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X

6. Signature - Agent  
X *James G. Chapp*

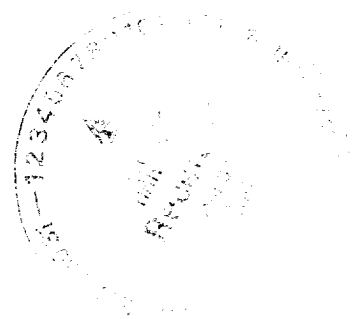
7. Date of Delivery  
FEB 19 1988

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1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

KCS Medallion Resources, Inc  
2709 N. Big Spring Street  
Midland, Texas 79705

4. Article Number

P-248-625-639

Type of Service:

☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

5. Signature - Addressee  
*X Lezlye Kicker*

6. Signature - Agent

*X Lezlye Kicker*

7. Date of Delivery

FEB 20

1998

*Does not have (Abc) rights. By 11/1/98*

ELF 11/15/79  
ABOVE DATE DOES NOT  
INDICATE WHEN  
CONFIDENTIAL LOGS  
WILL BE RELEASED

