



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Pogo Producing Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

March 23, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

RECEIVED

MAR 26 2004

OCD-ARTESIA Administrative Order NSL-5019

Dear Mr. Bruce:

30-015-32725

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-407753149*) dated February 19, 2004 on behalf of the operator Pogo Producing Company ("Pogo"); (ii) my e-mail of March 17, 2004 requesting verification of conflicting data contained within your application; (iii) your reply by e-mail on Friday, March 19, 2004 with the necessary information to complete this application; and (iv) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Pogo's request to drill its Lost Tank "3" Federal Well No. 11 at an unorthodox Delaware oil well location 2360 feet from the North line and 990 feet from the West line (Unit E) of Section 4, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico. The SW/4 NW/4 of Section 4 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit in the West Lost Tank-Delaware Pool (96582).

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.

It is the Division's understanding that all of Section 3 and Lots 1, 2, and 3, the S/2 N/2, and the S/2 of Section 4, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico is a single Federal lease (U. S. Government lease No. NM-0417696) with common mineral interests in which Pogo is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than Pogo.

Further, the Delaware infill-drilling program proposed by Pogo within this lease will serve to drain additional reserves within the productive interval that might not otherwise be produced, and to provide for a more efficient production pattern within the West Lost Tank-Delaware Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Delaware oil well location is hereby approved.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad