



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 8, 1998

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

Administrative Order NSL-4135

Dear Mr. Bruce:

Reference is made to your application dated July 31, 1998 on behalf of the operator, Pogo Producing Company ("Pogo"), for an unorthodox oil well location in the: (i) Ingle Wells-Delaware Pool; (ii) Sand Dunes-Cherry Canyon Pool; and, (iii) the Bone Spring formation within either the Undesignated Sand Dunes-Bone Spring Pool or the Undesignated South Sand Dunes-Bone Spring Pool, for their proposed Amax "24" Federal Well No. 14 (**API No. 30-015-30370**). This well is to be drilled 1485 feet from the North line and 1310 feet from the West line (Unit E) of Section 24, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

From the information provided in the application and from the records on file with the Division in Santa Fe, it is our understanding that:

(A) Oil production attributed to the Ingle Wells-Delaware Pool from this well is to be included in the existing standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 24 which is currently dedicated to Pogo's Amax "24" Federal Well No. 7 (**API No. 30-015-27129**) located at a standard oil well location 1980 feet from the North line and 330 feet from the West line of Section 24;

(B) Oil production attributed to the Sand Dunes-Cherry Canyon Pool from this well is to be included in the existing standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 24 which is currently dedicated to Pogo's Federal "24" Well No. 1 (**API No. 30-015-25305**) located at a standard oil well location 1980 feet from the North line and 467 feet from the West line of Section 24;

(C) Oil production from the Bone Spring formation in this well is to be dedicated to the SW/4 NW/4 of Section 24 in order to form a standard 40-acre oil spacing and proration unit in either the

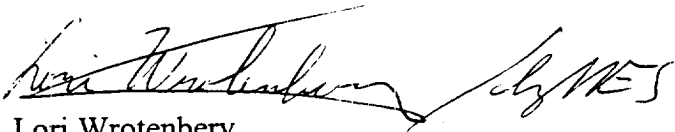
Undesignated Sand Dunes-Bone Spring Pool or the Undesignated South Sand Dunes-Bone Spring Pool; and,

(D) The W/2 of Section 24 is a single Federal lease (NM-40655) in which Pogo is either the operator and/or lessee; therefore, there are no affected offsets to the subject 40-acre tract other than Pogo.

The application submitted on behalf of Pogo has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location for Pogo's proposed Amax "24" Federal Well No. 14 within the Ingle Wells-Delaware Pool, Sand Dunes-Cherry Canyon Pool, and the Bone Spring formation (Undesignated Sand Dunes-Bone Spring Pool or Undesignated South Sand Dunes-Bone Spring Pool) is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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