



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 20, 2006

Pogo Producing Company
c/o Mr. James Bruce, Esq.
P.O. Box 1056
Santa Fe, NM 87504

RE: C.E. LaMunyon Well No. 87 (API No. 30-025-37922)
990 feet from the South Line, 1980 feet from the West line
Section 21, Township 23 South, Range 37 East, NMPM, Lea County
SW/4 of Section 21 (160 Acre NSP Dedication)

Administrative Order NSP-1904

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (administrative application reference No. pTDS0630047527 for non-standard proration unit [NSP]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 26, 2006, on behalf of Pogo Producing Company ("Pogo"); and

(b) the Division's records pertinent to Pogo's request.

Pogo proposes to drill the above referenced well at the above referenced standard location within Section 21 and requests to produce Tansill-Yates-7Rvrs gas from the well within a proposed 160-acre, more or less, non-standard gas spacing unit within the Jalmat-Tansill Yates 7Rvrs Gas Pool consisting of the SW/4 of Section 21.

The Jalmat-Tansill Yates 7Rvrs Gas Pool (79240) is governed by "The Special Pool Rules for the Jalmat Gas Pool" issued in Order R-8170-P; which allow 640-acre gas well spacing units with up to one well per quarter section, such wells to be located at least 660 feet from the spacing unit boundary or quarter section boundaries.

Your application states that Division Administrative Order NSP-1895 established a non-standard spacing unit in the NW/4 of Section 21. In addition, the NE/4 and SE/4 are also being proposed as non-standard spacing units. It is our understanding that Pogo is the operator of all offsetting spacing units except for those in Sections 20 and 29. All operators or working interests have been notified in those two Sections.

Your application on behalf of Pogo has been duly filed under the provisions of Rule 4(C) of "The Special Pool Rules for the Jalmat Gas Pool" and of Division Rules 104.D(2) and 1210.A(3).

Pursuant to the authority granted under the provisions of Division Rule 104.D(2), the above-described non-standard Jalmat-Tansill Yates 7Rvrs Gas spacing unit is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/wvjj

cc: New Mexico Oil Conservation Division – Hobbs