



POGO PRODUCING COMPANY

October 27, 2003

VIA FACSIMILE (505) 748-4572
AND REGULAR U.S. MAIL

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
Attn: Mr. Robert Bullock
105 South Fourth Street
Artesia, New Mexico 88210

VIA FACSIMILE (832) 486-2674
AND REGULAR U.S. MAIL

ConocoPhillips Company
Attn: Ms. Linda Hicks
P.O. Box 2197
Houston, Texas 77252-2197

VIA FACSIMILE (432) 682-5034
AND REGULAR U.S. MAIL

Tom Brown, Inc.
Attn: Mr. Brent Robertson
P.O. Box 10970
Midland, Texas 79702

CIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER

2

Re: BRINNINSTOOL PROSPECT
Lea County, New Mexico

WORKING INTEREST UNIT PROPOSAL

W½ Section 29, E½ Section 30, E½ Section 31 and W½ Section 32
T-23-S, R-33-E, N.M.P.M.
Pogo Lease № 2367

Gentlemen:

Pogo Producing Company ("Pogo") is interested in establishing a working interest unit consisting of the captioned lands for the drilling of a 15,700' Morrow test to be located 1,500' FSL and 660' FWL of Section 29, T-23-S, R-33-E, N.M.P.M., Lea County, New Mexico, and having a well unit consisting of the W½ of said Section 29 for proration unit purposes. It is anticipated that this well will cost approximately \$2,200,350 to casing point and another \$369,328 to complete, for a total estimated cost of \$2,569,678 (see Pogo's attached Authority for Expenditure № 530209 dated October 22, 2003).

According to our information, ConocoPhillips Company and Tom Brown, Inc., own all (i.e., 50% each) of the leasehold/working interest in and to the NE¼, N½SE¼ and SW¼SE¼ of Section 30 referred to in the caption, as to depths between the top of the Cherry Canyon formation and 17,899' subsurface (ConocoPhillips owns all of such interest as to all other depths thereunder), while Yates Petroleum Corporation (70%), Yates Drilling Company (10%), Abo Petroleum Corporation (10%) and Myco Industries, Inc. (10%), collectively own all of such interest in and to the W½ of Section 32 referred to in the caption. As for the remainder of the captioned lands, Pogo owns all (i.e., 100%) of the leasehold/working interest therein.

With the above in mind, Pogo hereby proposes that it and the other aforesaid parties establish a working interest unit consisting of their respective leasehold/working interests in the captioned lands. The working (i.e., cost-bearing) interest, as to the pertinent depths, resulting from the establishment of this unit for each of such parties would be as follows:

<u>OWNER</u>	<u>WORKING INTEREST %</u>
Pogo Producing Company	53.1250
ConocoPhillips Company	10.9375
Tom Brown, Inc.	10.9375
Yates Petroleum Corporation	17.5000
Yates Drilling Company	2.5000
Abo Petroleum Corporation	2.5000
Myco Industries, Inc.	2.5000
TOTAL	100.0000

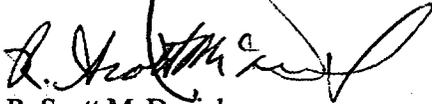
Working Interest Owners
October 27, 2003
Page 2

Any such working interest unit would, of course, be subject to all of the aforesaid parties entering into a mutually acceptable Operating Agreement wherein Pogo is designated Operator. If, however, such a working interest unit is not acceptable to one or more of the aforesaid parties, it is requested that it/they support the drilling of such well by way of a farmout to the working interest unit or a term assignment, the terms of which can be discussed if and when the situation arises.

Pogo would like to spud this well before the end of the year and, therefore, will appreciate your prompt consideration and response to the foregoing proposal. Should you have any questions regarding this matter, please call me at (432) 685-8121.

Yours very truly,

POGO PRODUCING COMPANY



R. Scott McDaniel
District Landman

RSM/dkr

Attachments

POGO PRODUCING COMPANY
 AUTHORITY FOR EXPENDITURE FOR \$2,569,678
 GROSS AFE - DETAILED

PAGE: 1

AFE#: 530209 DC FOXGLOVE 29 FEDERAL #1	OPERATOR: POGO PRODUCING COMPANY
WELL: 6396 FOXGLOVE 29 FEDERAL NO. 1	AFE TYPE: EXPLORATORY DRILLING
PROSPECT: BRINNINSTOOL PROSPECT	DATE: 10/22/03
FIELD: WILDCAT - C/O	WELL TYPE:
COUNTY/PARISH: LEA	FORMATION: MORROW
STATE: NM	TOTAL DEPTH: 15,700'

ADDITIONAL COMMENTS: LOCATION OF THE SUBJECT WELL IS 1500' FSL & 660' FWL, SECTION 29, T23S, R33E, LEA COUNTY, NM.

DESCRIPTION	ESTIMATED DRYHOLE	ESTIMATED COMPLETION	TOTAL
IDC EXPLORATORY DRILLING			
725.471 IDC MOBILIZATION/DEMOB	40,000		40,000
725.472 IDC ROAD, LOC. PITS & KEYWAYS	40,000		40,000
725.473 IDC CEMENTING & CEMENTING SVS.	80,000		80,000
725.474 IDC MUD LOGGING	39,000		39,000
725.475 IDC MUD MATERIALS & CHEMICALS	175,000		175,000
725.478 IDC LOGGING & SIDEWALL CORING	45,000		45,000
725.482 IDC FORMATION TESTING	10,000		10,000
725.488 IDC TOOLS & EQUIPMENT RENTAL	230,000		230,000
725.490 IDC DRILLING DAY RATE	680,000		680,000
725.491 IDC FLOAT EQUIPMENT	17,000		17,000
725.492 IDC BITS, CORE BARRELS, ETC.	125,000		125,000
725.494 IDC OTHER SPECIAL WELL SERV.	30,000		30,000
725.501 IDC COMPANY LABOR	45,500		45,500
725.510 IDC CONTRACT SERVICES & EQUIP.	20,000		20,000
725.528 IDC COMMUNICATION SERVICES	1,500		1,500
725.539 IDC FUEL & POWER	65,000		65,000
725.545 IDC AUTO & TRUCK EXPENSE	15,000		15,000
725.599 IDC MISCELLANEOUS	248,700		248,700
TOTAL IDC EXPLORATORY DRILLING	1,906,700		1,906,700
ICC EXPLORATORY COMPLETION			
726.472 ICC ROAD, LOC, PITS & KEYWAYS		2,500	2,500
726.473 ICC CEMENTING & CEMENTING SVS.		7,500	7,500
726.475 ICC MUD MATERIALS & CHEMICALS		5,000	5,000
726.478 ICC LOGGING & SIDEWALL CORING		2,500	2,500
726.479 ICC PERFORATING		10,000	10,000
726.480 ICC STIMULATION TREATMENT		10,000	10,000
726.484 ICC TESTING TUBULAR GOODS		3,500	3,500
726.488 ICC TOOL & EQUIPMENT RENTAL		5,000	5,000
726.490 ICC COMPLETION RIG		17,000	17,000
726.491 ICC FLOAT EQUIPMENT		2,500	2,500
726.492 ICC BITS, CORE BARRELS, ETC.		350	350
726.494 ICC OTHER SPECIAL WELL SERVICE		10,000	10,000
726.501 ICC COMPANY LABOR		6,500	6,500
726.510 ICC CONTRACT SERVICES & EQUIP.		25,000	25,000
726.545 ICC AUTO & TRUCK		2,500	2,500
726.599 ICC MISCELLANEOUS COST & CONT.		16,478	16,478
TOTAL ICC EXPLORATORY COMPLETION		126,328	126,328
ICC PRODUCTION FACILITIES			
745.472 ICC ROAD, LOC, PITS & KEYWAYS		1,000	1,000
745.510 ICC CONTRACT SERVICES & EQUIP.		15,000	15,000
745.545 ICC AUTO & TRUCK EXPENSE		1,000	1,000
745.566 ICC WELDING SERVICES		7,500	7,500
745.567 ICC INSTAL ELECT/PNEU SYSTEM		5,000	5,000
745.568 ICC PAINTING SERVICES		1,500	1,500
745.599 ICC MISC. COSTS & CONTINGEN.		1,500	1,500
TOTAL ICC PRODUCTION FACILITIES		32,500	32,500
*** TOTAL INTANGIBLES	1,906,700	158,828	2,065,528
EXPLORATORY LEASE & WELL			
727.441 LWE SURFACE CASING	17,100		17,100
850' 13-3/8"			
727.442 LWE CONDUCTOR PIPE	4,500		4,500
727.443 LWE INTERMEDIATE CASING	242,050		242,050
5700' 9-5/8" & 12,700' 7"			

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STATE: NM	TOTAL DEPTH: 15,700'

ADDITIONAL COMMENTS: LOCATION OF THE SUBJECT WELL IS 1500' FSL & 660' FWL, SECTION 29, T23S, R33E, LEA COUNTY, NM.

DESCRIPTION	ESTIMATED DRYHOLE	ESTIMATED COMPLETION	TOTAL
727.445 LWE CASINGHEAD	5,000	5,000	10,000
727.446 LWE XMAS TREE		18,000	18,000
727.447 LWE COMPLETION EQUIPMENT		5,000	5,000
727.448 LWE RETRIEVABLE PACKER		5,000	5,000
727.449 LWE TUBING		60,000	60,000
727.450 LWE DRILLING LINER 2700' 5"	24,000		24,000
727.469 LWE OTHER MATERIALS & EQUIP.	1,000	1,500	2,500
TOTAL EXPLORATORY LEASE & WELL	293,650	94,500	388,150
LWE PRODUCTION FACILITIES			
746.153 LWE MISC. VALVES & FITTINGS		15,000	15,000
746.456 LWE FIELD LINES		5,000	5,000
746.457 LWE TANK, STAIR, WALK & MISC.		18,000	18,000
746.458 LWE SEPARATORS & FITTINGS		2,800	2,800
746.459 LWE HEATERS, TREATERS & CONN.		35,000	35,000
746.460 LWE POWER & CIRC. PUMP W/ACC		1,200	1,200
746.463 LWE METERS		4,000	4,000
746.469 LWE OTHER MATERIALS & EQUIP.		35,000	35,000
TOTAL LWE PRODUCTION FACILITIES		116,000	116,000
*** TOTAL TANGIBLES	293,650	210,500	504,150
*** TOTAL ESTIMATED COST - GROSS	2,200,350	369,328	2,569,678

APPROVAL: _____
 RICHARD L. WRIGHT

DATE: OCTOBER 22, 2003

LAND
EXPL
ENG

AUTHORIZATION: _____
 JERRY A. COOPER

DATE: OCTOBER 22, 2003

PARTICIPANT: _____

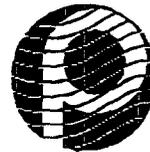
INTEREST: _____

BY: _____
 NAME: _____
 TITLE: _____
 DATE: _____

*** TX REPORT ***

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PGS. SENT	5	
RESULT	OK	



POGO PRODUCING COMPANY

FACSIMILE COVER LETTER

Please deliver the following page(s) to:

NAME: Robert Bullock
 COMPANY: Yates Petroleum Corporation
 FAX No: (505) 748-4572
 FROM: R. Scott McDaniel
 PAGES: 5 (Including Cover Letter)
 DATE: October 27, 2003

If you do not receive all of the pages, please call Debbie Roberts at (432) 685-8125.

PLEASE DELIVER UPON RECEIPT.

RE: BRINNINSTOOL PROSPECT
Lea County, New Mexico
WORKING INTEREST UNIT PROPOSAL
 W½ Section 29, E½ Section 30, E½ Section 31 and W½ Section 32
 T-23-S, R-33-E, N.M.P.M.
 Pogo Lease No 2367

10/27/2003 12:29 FAX 432 685 8151

Pogo Prod Co - Land Dept

@001

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO 3855
CONNECTION TEL 18324862674
SUBADDRESS
CONNECTION ID
ST. TIME 10/27 12:28
USAGE T 00 52
PGS. SENT 5
RESULT OK



POGO PRODUCING COMPANY

FACSIMILE COVER LETTER

Please deliver the following page(s) to:

NAME: Linda H. Hicks
COMPANY: ConocoPhillips Company
FAX No: (832) 486-2674
FROM: R. Scott McDaniel
PAGES: 5 (Including Cover Letter)
DATE: October 27, 2003

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RE: BRUNNSTOOL PROSPECT
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Pogo Lease No 2367

10/27/2003 12:27 FAX 432 685 8151

Pogo Prod Co - Land Dept

@001

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO 3854
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CONNECTION ID
ST. TIME 10/27 12:28
USAGE T 01 38
PGS. SENT 5
RESULT OK



POGO PRODUCING COMPANY

FACSIMILE COVER LETTER

Please deliver the following page(s) to:

NAME: Brent Robertson
COMPANY: Tom Brown, Inc.
FAX No: 682-5034
PHONE No: 688-9640
FROM: R. Scott McDaniel
PHONE No: (432) 685-8121
PAGES: 5 (Including Cover Letter)
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