

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF POGO PRODUCING COMPANY
TO RE-OPEN CASE NO. 13319 FOR
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

2004 AUG 24 PM 3 16

Case No. 13319

APPLICATION

Pogo Producing Company applies to re-open Case No. 13319 for an order pooling all mineral interests from the top of the Cherry Canyon formation to the base of the Morrow formation underlying the E½ of Section 30, Township 23 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 30, and has the right to drill a well thereon.

2. Applicant originally proposed to drill its Foxglove 30 Fed. Well No. 1 at an orthodox location in the NE¼SE¼ of the section. Applicant now proposes to drill its Foxglove 30 Fed. Well No. 1, at an orthodox location in the SE¼NE¼ of the section, to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) the SE¼NE¼ of Section 30 to form a standard 40 acre oil well unit for all pools or formations developed on 40-acre spacing within that vertical extent, including the Undesignated West Brinninstool-Wolfcamp Pool;

(b) the NE¼ of Section 30 to form a standard 160 acre gas well unit for all pools or formations developed on 160-acre spacing within that vertical extent; and

(c) the E½ of Section 30 to form a standard 320 acre gas well unit for all pools or formations developed on 320-acre spacing

within that vertical extent.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 30 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 30, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 30, as described above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 30, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

IN THE ABSENCE OF OBJECTION APPLICANT REQUESTS THAT THIS MATTER BE TAKEN UNDER ADVISEMENT.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
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Attorney for Pogo Producing
Company

PROPOSED ADVERTISEMENT

Case 13319 (Reopened): Application of Pogo Producing Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Cherry Canyon formation to the base of the Morrow formation underlying the following described acreage in Section 30, Township 23 South, Range 33 East, NMPM, and in the following manner: The E½ to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent; the NE¼ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the SE¼NE¼ to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the West Brinninstool-Wolfcamp Pool. The units are to be dedicated to the Foxglove 30 Fed. Well No. 1, to be drilled at an orthodox location in the NE¼SE¼ of Section 30. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 20½ miles south-southeast of the intersection of State Highway 176 and U.S. Highway 62/180. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

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