

JAMES BRUCE
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September 27, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Pogo Producing Company ("Pogo") applies for administrative approval of an unorthodox oil well location for the following well:

Red Tank "33" Fed. Well No. 1
10 feet FNL & 10 feet FEL
NE~~1~~NE~~4~~ (Unit A) S33, Township 22 South, Range 32 East, NMPM
Lea County, New Mexico

Attached as Exhibit A is an APD (BLM Form 3160-3) and a Form C-102 for the well. The well will be drilled to a depth sufficient to test the Bone Spring formation (Undesignated Red Tank-Bone Spring Pool), although the Delaware formation (Undesignated West Red Tank-Delaware Pool) is the primary zone of interest. Pogo requests unorthodox location approval for both zones. Both pools are governed by statewide rules, with 40 acre spacing and wells to be no closer than 330 feet to a quarter-quarter section line.

The proposed location is based upon geologic reasons. Attached as Exhibit B is a structure map of the Delaware Brushy Canyon "BC-4" reservoir, which is based on well control. The proposed well should penetrate the reservoir in a favorable structural position, and will be located on the edge of the known area of commercial production. This location will assist in optimal reservoir development, and will provide the best chance of encountering potential Brushy Canyon "BC-4" pay. Thus, it will reduce the risk involved in drilling the well, and prevent waste.

Submitted as Exhibit C is a land plat of the subject area, with the location of the proposed well marked thereon. Leasehold ownership

is as follows:

1. Section 33 (except the NW $\frac{1}{4}$ NW $\frac{1}{4}$) and Section 34 (except the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SE $\frac{1}{4}$) are subject to federal lease NM 77060. Exxon Corporation has the right (on a well-by-well basis) to elect to (a) participate with a 25% working interest, or (b) retain its currently reserved 7.5% overriding royalty interest. (Exxon has retained its overriding royalty in the two wells in the NW $\frac{1}{4}$ of Section 34.) Pogo is the operator of the lease.

2. The W $\frac{1}{2}$ of Section 27 is subject to federal lease NM 69376, and the E $\frac{1}{2}$ of Section 28 is subject to federal lease NM 69377. Pogo owns 100% of the working interest in each lease, and is the operator of both leases. CNG Producing Company owns an overriding royalty interest in each lease, equal to the difference between 20% and the federal royalty interest.

A copy of the notice letter sent to the overriding royalty interest owners is attached as Exhibit D.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,



James Bruce

Attorney for Pogo Producing Company

cc: Terry Gant

(July 1992)

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

(Other instructor on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK DRILL <input checked="" type="checkbox"/> SEP - 7 1999 DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-77060	
B. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> MIDLAND SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----	
2. NAME OF OPERATOR POGO PRODUCING COMPANY (RICHARD WRIGHT 915-685-8140)			7. UNIT AGREEMENT NAME -----	
3. ADDRESS AND TELEPHONE NO. P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 915-685-8100			8. FARM OR LEASE NAME WELL NO. RED TANK "33" FEDERAL # 1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 10' FNL & 10' FEL SEC. 33 T22S-R32E LEA CO. NM At proposed prod. zone SAME			9. AM WELL NO. -----	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 30 miles East of Carlsbad New Mexico			10. FIELD AND POOL, OR WILDCAT RED TANK BONE SPRING	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 10'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SEC. 33 T22S-R32E	
16. NO. OF ACRES IN LEASE 1160			12. COUNTY OR PARISH LEA CO.	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40			13. STATE NM	
18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1000'			19. PROPOSED DEPTH 8900'	
20. ROTARY OR CABLE TOOLS ROTARY			21. APPROX. DATE WORK WILL START* As soon as approved	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3606' GR.			22. APPROX. DATE WORK WILL START* As soon as approved	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	CONDUCTOR 20"	NA	40'	Cement to surface with Redi-mix
14 3/4"	H-40 10 3/4"	32.75	800'	840 Sx. Circulate cement to surface
9 7/8"	J-55 7 5/8"	24.6	4500'	1000 Sx. " " " "
6 3/4"	J-55, N-80 4 1/2"	11.6	8900'	1000 Sx. (DV tool @ 6400'± TOC 3000')

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix
2. Drill 14 3/4" hole to 800'. Run and set 800' of 10 3/4" H-40 32.75# ST&C casing. Cement with 840 Sx. of Class "C" cement + additives, circulate cement to surface.
3. Drill 9 7/8" hole to 4500'. Run and set 4500' of 7 5/8" J-55 24.6# ST&C casing. Cement with 1000 Sx. of cement + additives, circulate cement to surface.
4. Drill 6 3/4" hole to 8900'. Run and set 8900' of 4 1/2" casing as follows: 1400' of 4 1/2" N-80 11.6# ST&C casing, 5500' of 4 1/2" J-55 11.6# ST&C, 2000' of 4 1/2" N-80 11.6# LT&C. Cement in 2 stages, stage tool at 6400'±. Cement with 1000 Sx. of cement estimate top of cement 3000'.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Robert J. Francis TITLE Agent DATE 09/03/99
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to the same.
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

EXHIBIT

A

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. Box 2068, Santa Fe, NM 87504-2068

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	51683	RED TANK BONE SPRING
Property Code	Property Name	Well Number
17271	RED TANK "33" FEDERAL	1
OGRID No.	Operator Name	Elevation
17891	POGO PRODUCING COMPANY	3606

Surface Location

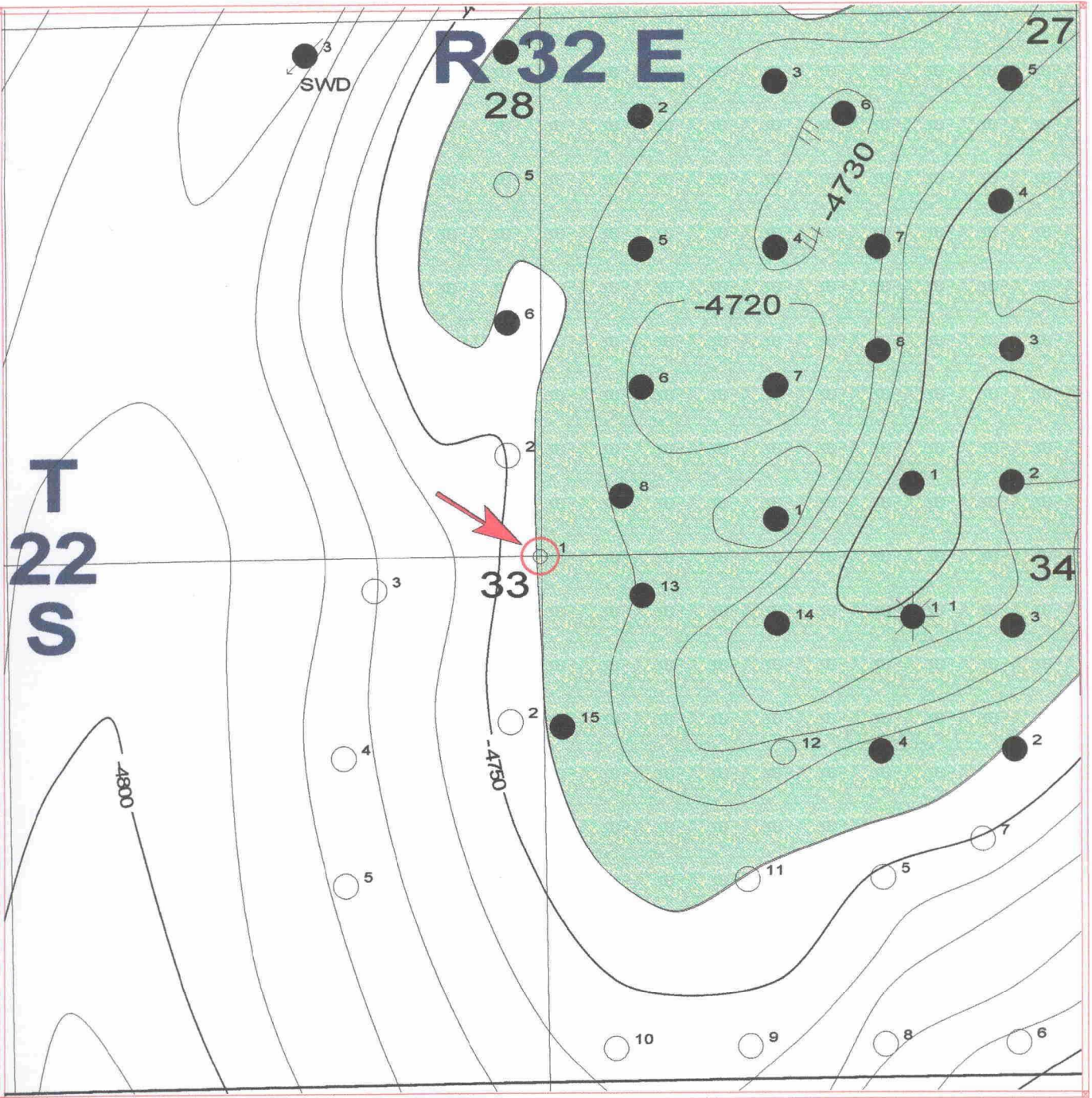
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	33	22 S	32 E		10	NORTH	10	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code		Order No.					
40									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div style="text-align: center; margin-bottom: 20px;"> <p>3604.3' — 3608.8'</p> <p>3607.9' — 3609.9'</p> <p style="text-align: center;">O — LOCATION</p> </div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center; margin: 0;">OPERATOR CERTIFICATION</p> <p style="font-size: small; margin: 5px 0;">I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p style="margin: 5px 0;"> </p> <p style="margin: 5px 0;"> <u>Joe T. Janica</u> Printed Name Agent </p> <p style="margin: 5px 0;"> <u>09/03/99</u> Title Date </p> </div> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center; margin: 0;">SURVEYOR CERTIFICATION</p> <p style="font-size: small; margin: 5px 0;">I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p style="text-align: center; margin: 10px 0; font-weight: bold;">SEPTEMBER 1, 1999</p> <p style="margin: 5px 0;"> <u>RONALD EIDSON</u> Signature </p> <p style="margin: 5px 0;"> Professional Surveyor </p> <p style="text-align: right; margin: 5px 0;">JLP</p> <p style="text-align: center; margin: 10px 0;"> </p> <p style="margin: 5px 0;"> <u>99-10705</u> P.O. Num. </p> <p style="margin: 5px 0;"> Certificate No. </p> <table style="width: 100%; font-size: x-small; margin: 5px 0;"> <tr> <td>RONALD EIDSON,</td> <td>3239</td> </tr> <tr> <td>GARY EIDSON,</td> <td>12841</td> </tr> <tr> <td>KEVIN McDONALD,</td> <td>12185</td> </tr> </table> </div>	RONALD EIDSON,	3239	GARY EIDSON,	12841	KEVIN McDONALD,	12185
RONALD EIDSON,	3239						
GARY EIDSON,	12841						
KEVIN McDONALD,	12185						



Known Commercial Oil Production
(-4740 Lowest)



Unorthodox Location
10' FNL & 10' FEL
Sec. 33, T 22 S, R 32 E

EXHIBIT "B"



POGO PRODUCING COMPANY

S.E. RED TANK PROSPECT
Lea County, New Mexico
Brushy Canyon 4 Structure Map

Geol: G. Dillman	C1: 10'	09/23/1999
Tech: T. Rodriguez	Scale 1:18000	bc_4a.pdf



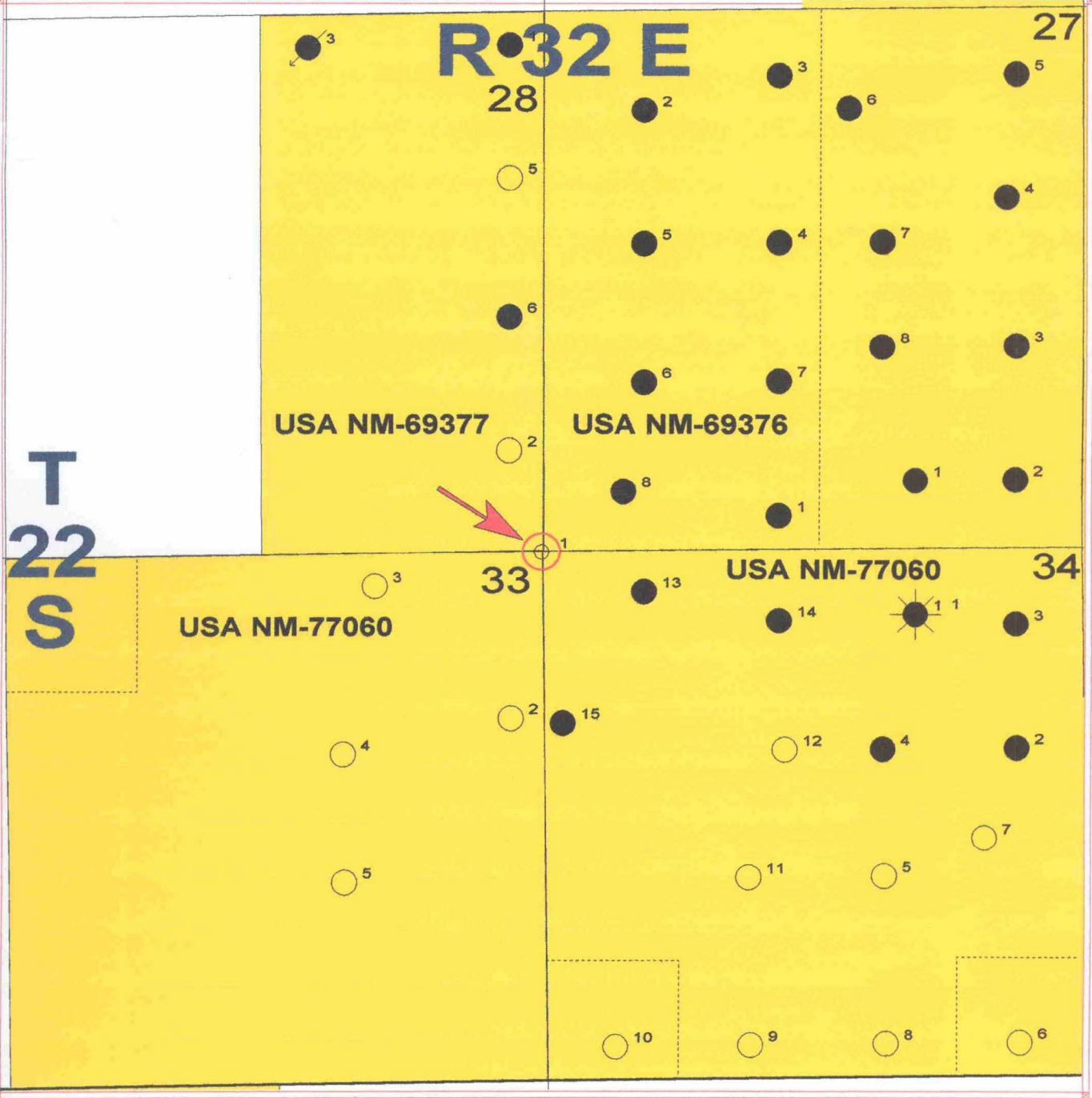




EXHIBIT "C"

 Pogo Operated Leasehold

 Unorthodox Location
10' FNL & 10' FEL
Sec. 33, T 22 S, R 32 E

 POGO PRODUCING COMPANY		
S.E. RED TANK PROSPECT Lea County, New Mexico		
LIDIAN T. GANT Tech: T. Rodriguez	Scale 1:10000	09/23/1999 br_dland.gpl



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September 27, 1999

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bob Matthew
Exxon Corporation
P.O. Box 4697
Houston, Texas 77210-4697

Loyd Martin
CNG Producing Company
Four Greenspoint Plaza
Suite 1750
16945 North Chase Drive
Houston, Texas 77060-2137

Gentlemen:

Enclosed is a copy of an administrative application for an unorthodox oil well location, filed with the New Mexico Oil Conservation Division by Pogo Producing Company, regarding a well in the NE~~1/4~~NE~~1/4~~ of Section 33, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico. If you object to the location, you must notify the Division in writing no later than Monday, October 18, 1999 (2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner)). Failure to object will preclude you from contesting the location at a later date.

Very truly yours,



James Bruce

Attorney for Pogo Producing Company

