

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF POGO PRODUCING
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Case No. 12568

AFFIDAVIT OF TERRY GANT

STATE OF TEXAS)
COUNTY OF MIDLAND)

Terry Gant, being duly sworn upon his oath, states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. I am a landman by profession, and I am employed by Pogo Producing Company ("Pogo").

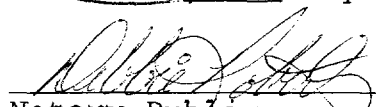
3. In late December 2000 I was advised by Pogo field reports that EOG Resources, Inc. ("EOG") had started building a well location for the proposed well in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 23, Township 22 South, Range 32 East, N.M.P.M., and that EOG was reported to be ready to commence the drilling of that well before the January 11, 2001 Division hearing. The Division hearing was to consider Pogo's and EOG's pooling cases involving Section 23, and the proper well location for the first well in that section.

4. On or about December 26, 2000 I had a telephone conversation with Mr. Larry Cunningham, a landman for EOG, about the wells proposed in Section 23. Mr. Cunningham informed me that EOG would be spudding the well in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 23 before the January 11, 2001 hearing, subject to rig availability, and that EOG's intent all during this process was to spud that well prior to any Division hearing.

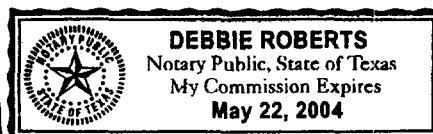
5. On January 2, 2001, Gary J. Hoose (of Pogo) and I met with Mr. John Simitz and Mr. Larry Bray of the Bureau of Land Management ("BLM") office in Roswell, New Mexico. The BLM personnel stated that the BLM would defer to the Division as to the proper well units (standup or laydown) in developing the Morrow formation in Section 23.


Terry Gant

SUBSCRIBED AND SWORN TO before me this 15th day of January, 2001 by Terry Gant.


Notary Public

My Commission Expires:



CASE 12568: De Novo

Application of Pogo Producing Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 23, Township 22 South, Range 32 East, 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, including the Undesignated East Red Tank-Cisco Canyon Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-Morrow Gas Pool. The unit is to be dedicated to the Red Tank "23" Fed. Com. Well No. 4, to be drilled at an orthodox location in the SE/4 NE/4 of Section 23. IN THE ALTERNATIVE, applicant requests that the E/2 of Section 23 be dedicated to a well located 1660 feet from the North line and 1980 feet from the East line (Unit G) of the section, for all pools or formations developed on 320-acre spacing within that vertical extent, including those described above. 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 or EOG Resources, Inc. as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 13 miles southeast of the intersection of State Highway 176 and U.S. Highway 62/180. Upon application of Pogo Producing Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12568
ORDER NO. R-11541**

**APPLICATION OF POGO PRODUCING COMPANY FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 11, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of March, 2001, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Pogo Producing Company ("Pogo"), seeks an order pooling all uncommitted mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 23, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any formations or pools developed on 320-acre spacing within this vertical extent, including the Undesignated East Red Tank-Cisco Canyon, Undesignated East Red Tank-Atoka, Undesignated East Red Tank-Morrow, and Undesignated Bootleg Ridge-Morrow Gas Pools. This unit is to be dedicated to Pogo's proposed Red Tank "23" Federal Com Well No. 4 to be drilled at a standard gas well location within the SE/4 NE/4 (Unit H) of Section 23.

(3) On January 9, 2001, EOG Resources, Inc. ("EOG"), an interest owner in the E/2 of Section 23 filed a Motion to Dismiss Case No. 12568 on the basis that:

- (a) on November 17, 2000 the United States Bureau of Land Management (BLM) approved EOG's Application for Permit to Drill its Red Tank "23-N" Federal Well No. 1 at a standard gas well location 1660 feet from the North line and 1980 feet from

the East line (Unit G) of Section 23 to test the Morrow formation. This well is dedicated to a standard 320-acre gas spacing and proration unit comprising the N/2 of Section 23;

- (b) the N/2 of Section 23 comprises a single federal lease, and the interest ownership within this proration unit has been voluntarily consolidated;
 - (c) at 7:00 a.m. on January 9, 2001, EOG commenced drilling the Red Tank "23-N" Federal Well No. 1; and
 - (d) the NE/4 of Section 23 is not available to be pooled into a Morrow proration unit comprising the E/2 of Section 23.
- (4) EOG's Motion to Dismiss Case No. 12568 is justified and should be approved.
- (5) Case No. 12568 should be dismissed.

IT IS THEREFORE ORDERED THAT:

- (1) Pursuant to EOG Resources, Inc's. Motion to Dismiss, Case No. 12568 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Lori Wrotenbery

LORI WROTENBERY
Director