

DATE IN 3-23-04	SUSPENSE 4-12-04	ENGINEER MS	LOGGED IN ms	TYPE NSL	APP NO. 408462921
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED

MAR 23 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce

Print or Type Name

James Bruce
Signature

Attorney for Applicant

Title

3/22/04
Date

jamesbruc@aol.com
e-mail Address

JAMES BRUCE
ATTORNEY AT LAW

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jamesbruc@aol.com

March 22, 2004

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

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

<u>Well:</u>	State W Well No. 7
<u>Location:</u>	780 feet FSL & 2400 feet FWL
<u>Well Unit:</u>	S½ of Section 3, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the Morrow formation (Undesignated South Carlsbad-Morrow Gas Pool). However, applicant requests unorthodox location approval for both the Morrow formation and the Strawn formation (Undesignated South Carlsbad-Strawn Gas Pool or Undesignated Frontier Hills-Strawn Gas Pool). A Form C-102 for the well has not yet been prepared.

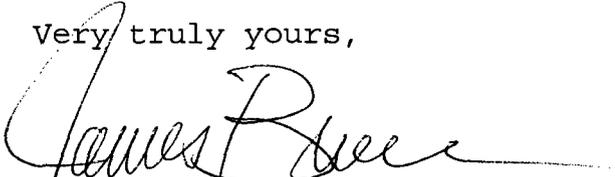
The application is based on geology in the Strawn formation. Attached as Exhibits A and B are a geological write-up and a structure map on top of the Strawn formation. The unorthodox location is required in order for the well to penetrate the crest of a small Strawn mound. The location will enable applicant to test both the Strawn and Morrow formations with a single wellbore.

The S½ of Section 3 is currently dedicated, in the Morrow formation, to the existing State W Well No. 2, located 660 feet FSL and FWL. Although not yet TA'd, this well has ceased producing from the Morrow formation. Thus, there will not be two producing Morrow wells in the SW¼ of Section 3. The proposed location also moves away from the existing well, to minimize drainage effects in the Morrow formation on the proposed location.

Attached as Exhibit C is a land plat. All of Section 3 is covered by State Lease K-2857. Leasehold ownership in the S½ of Section 3 is uniform, and the well is only unorthodox to the interior of the lease. Thus no interest owners will be adversely affected by the unorthodox location. As a result, notice of the application has not been given to anyone.

Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and has a long, sweeping horizontal tail that extends to the right.

James Bruce

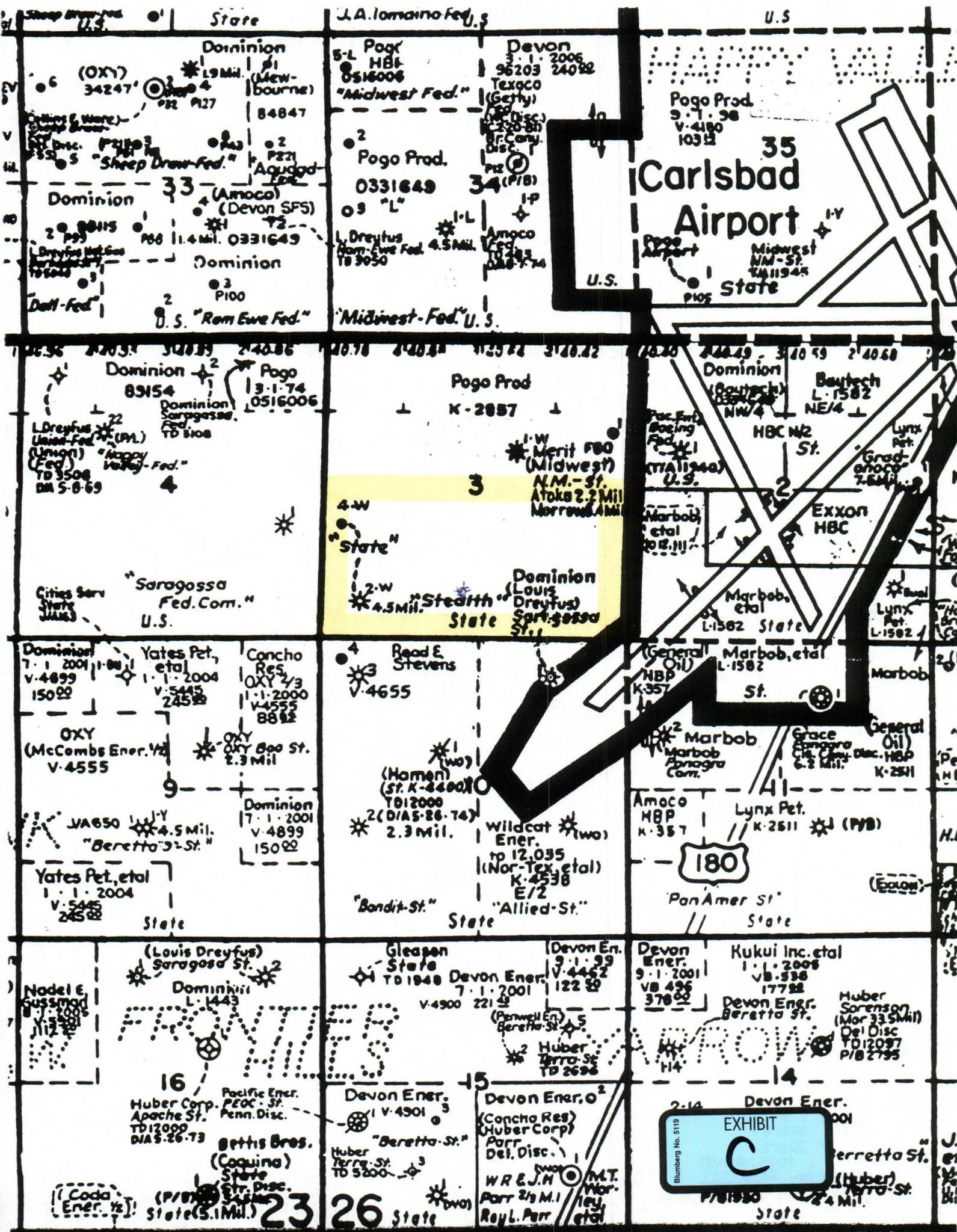
Attorney for Pogo Producing Company

Pogo Producing Company
State "W" #7

Application for Unorthodox Location due to Geologic Reasons

1. Pogo requests approval for the proposed State "W" #7 well at an unorthodox location due to geological considerations.
2. The proposed well has a planned total depth of 12,000', which will test prospective gas producing targets in the Morrow Sands and the Strawn Carbonate.
3. The proposed well is located at the crest of a small Strawn-aged mound, which was identified with a recently acquired 3D seismic survey (see attached exhibit).
4. Exhibit 1 shows the proposed well to be located on a southeast-trending structural nose, mapped on the Strawn marker horizon (gray contours). The colorfilled contours depict the overall thickness of the Strawn Formation. Abrupt thickening in the Strawn Formation is indicative of a mound. The proposed location is expected to encounter 440' of anomalously thick Strawn section.
5. Due to its small size, it is not possible to penetrate the crest of the Strawn mound at an orthodox location.
6. The proposed location allows Pogo to test the Morrow Sands, while also testing the Strawn mound with a single well bore.





Blumberg No. 5119
 EXHIBIT
C

J.A. Iomano Fed. U.S.
 5-L Pogr HBI 0516006 "Midwest Fed."
 2 Pogo Prod. 0331649 09 "L"
 L. Dreyfus (Horn-Ewe Fed. 18 3050)
 Devon 3.1. 2006 96203 24082 Texaco (Gerty) (P/Disc.) KC 220-811 P.R. Cony. Disc. 1 P22 (P/B) 1-P Amoco Fed. 10 243 028-7-74
 "Midwest-Fed." U.S.

U.S.
 Pogo Prod. 9-1. 98 V-4180 10312
35 Carlsbad Airport
 Pogo Airport
 Midwest N.M.-St. 7411945
 State

State
 Dominion
 (OXY) 34247
 1.9 Mil. (New-bourne) 84847
 2 P221 Agood
 33 (Amoco) (Devon SF5) 0331649
 1.4 Mil. Dominion
 2 P100 U.S. "Ram Ewe Fed."

U.S.
 Dominion 89154
 Pogo 13-1-74 0516006
 Dominion Saragossa Fed. TD 5108
 L. Dreyfus (Union) (Fed.) TD 3508 DM 5-8-69
 "Saragossa Fed. Com." U.S.
 Cities Serv State JAMES

Pogo Prod K-2857
 3
 4-W "State"
 2-W "Stealth State" 4.5 Mil.
 Dominion (Louis Dreyfus) Saragossa St.

U.S.
 Dominion (Bartech) L-1582
 Bartech L-1582
 NW/4 NE/4
 HBC N2 St.
 Lynx Pet. Grad. 2.6 Mil.
 Exxon HBC
 Marbob, etal L-1582 State
 Lynx Pet. L-1582

Dominion 7-1-2001 V-4899 15022
 Yates Pet, etal 1-1-2004 V-5445 24552
 Concho Res. OXY 1/3 1-1-2000 V-4555 8882
 OXY (McCombs Ener. 1/2) V-4555
 OXY Oxy Boo St. 2.3 Mil.
 9
 JABSO 4.5 Mil. "Beretta" St.
 Yates Pet, etal 1-1-2004 V-5445 24552 State

4 Read E Stevens V-4655
 (Horn) (St. K-4400) 2 (DIA-26-74) 2.3 Mil.
 Wildcat Ener. to 12,035 (Nor-Tex, etal) K-4538 E/2
 "Bandit-St." State "Allied-St."

(General Oil) HBP K-357
 Marbob, etal L-1582 St.
 Marbob, etal L-1582 State
 General Oil Grace Saragossa Ch. Cony. Disc. HBP 6-2 Mil. K-2511
 Lynx Pet. K-2511 (P/B)
 180
 Pan Amer St State

(Louis Dreyfus) Saragossa St. 2
 Nadel E. Gussman 1-1-2001 V-5381 11282
 Dominion L-1443
 16
 Huber Corp. PEOC St. Apache St. Penn. Disc. TD 12000 DIA-26-73
 Bettis Bros. (Coquina) State Str. Disc. (P/B) 5.1 Mil. State (S. 1 Mil.)
 23

Gleason State TD 1948
 Devon Ener. 7-1-2001 V-4900 2212
 Devon Ener. 9-1-99 V-4462 12282
 (Pennell En.) (Beretta St.) 5
 Huber Terra St. TD 2696
 15
 Devon Ener. 1 V-4901
 "Beretta-St." Huber Terra St. TD 5200
 WREJH M.T. Wor. Royl. Parr etal

Devon Ener. 9-1-2001 V-496 37082
 Kukui Inc. etal 1-1-2008 V-538 17722
 Devon Ener. Beretta St.
 Huber Sorenson (Mor 33.5 Mil) Del Disc TD 12097 P/B 2795
 14
 Devon Ener. 2-14 2001
 Beretta St. (Huber) Terra St. 2.4 Mil. State