

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Lost Tank 4 Feb. 8
 2490' ENL - 500' FEL
 H-4-225-31E

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

James Bruce
 Signature

Attorney for Applicant

Title

19
 2/18/04
 Date

Print or Type Name

jamesbruc@aol.com

e-mail Address

RECEIVED

FEB 19 2004

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

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)
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(505) 982-2151 (FAX)

jamesbruc@aol.com

February 19, 2004

Hand Delivered

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 ("Pogo") applies for administrative approval of unorthodox oil well locations for the following eight wells:

Well: Lost Tank "3" Federal Well No. 14
Location: 1450 feet FSL & 1710 feet FEL
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 20
Location: 2500 feet FSL & 2250 feet FEL
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 21
Location: 2500 feet FNL & 450 feet FWL
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 22
Location: 2500 feet FNL & 1850 feet FWL
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 8
Location: 2490 feet FNL & 500 feet FEL
Well Unit: SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 9
Location: 2610 feet FNL & 1850 feet FEL
Well Unit: SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 10
Location: 2610 feet FNL & 2310 feet FWL
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 11
Location: 2410 feet FNL & 990 feet FWL
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

The wells will be drilled to test the Delaware formation (Designated and Undesignated West Lost Tank-Delaware Pool), which is developed on statewide rules. Form C-102's for the eight wells are attached as Exhibit A.

In addition, simultaneous dedication approval is requested for the following wells:

Wells: Lost Tank "3" Federal Well Nos. 14 and 20
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3

Wells: Lost Tank "3" Federal Well Nos. 4 and 21
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3

Wells: Lost Tank "3" Federal Well Nos. 3 and 22
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3

Wells: Lost Tank "4" Federal Well Nos. 7 and 8
Well Unit: SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4

Wells: Lost Tank "4" Federal Well Nos. 6 and 9
Well Unit: SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4

Wells: Lost Tank "4" Federal Well Nos. 5 and 10
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4

The application is based on potash, geologic, and engineering reasons. Sections 3 and 4 are within the oil-potash area of southeastern New Mexico. Most of the existing wells in Sections 3 and 4 were drilled at unorthodox locations because they were the only locations which the Bureau of Land Management ("BLM") would approve at the time.

Pogo has now applied to the BLM for approval to drill the above wells. Due to the locations of the previously approved wells, the proposed locations are needed to place wells approximately equidistant from each other. In addition, the wells are located to

take advantage of favorable geology in the primary Delaware zones. Attached as Exhibit B is a geologic discussion, with appropriate plats, supporting the application. Finally, in the event of potential pressure maintenance operations, the locations will be appropriate to take advantage of injection operations.

Attached as Exhibit C is a land plat, highlighting the well locations. All of Sections 3 and 4 are covered by United States Oil and Gas Lease NM 0417696, which has common royalty, overriding royalty, and working interest ownership. Because all of the locations are interior to the lease, there are no offset operators to notify. As a result, applicant requests that the 20 day notice period be waived.

Please call me if you need any further information on this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Pogo Producing Company

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

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

APPLICATION FOR PERMIT TO DRILL OR DEEPE

RECEIVED NOV 18 2003

1A. TYPE OF WORK DRILL [X] DEEPEN []
1B. TYPE OF WELL OIL WELL [X] GAS WELL [] OTHER []
SINGLE ZONE [X] MIDLAND

2. NAME OF OPERATOR POGO PRODUCING COMPANY (RICHARD WRIGHT 432-685-8140)

3. ADDRESS AND TELEPHONE NO. P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 (432-685-8100)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2490' FNL & 500' FEL SECTION 4 T22S-R31E EDDY CO. NM At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 35 miles East of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 500

16. NO. OF ACRES IN LEASE 640

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1150'

19. PROPOSED DEPTH 8250'

20. ROTARY OR CASLR TOOLS ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3457' GR.

22. APPROX. DATE WORK WILL START* WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 25" hole to 40', 17 1/2" hole to 800', 11" hole to 4200', and 7 7/8" hole to 8250'.

- 1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 800'. Run and set 800' of 13 3/8" 48# H-40 ST&C casing. Cement with 950 Sx. of Class "C" cement + 2% CaCl, + 1/2# Flocele/Sx. Circulate cement to surface.
3. Drill 11" hole to 4200'. Run and set 4200' of 8 5/8" 32# J-55 ST&C casing. Cement with 1500 Sx. of Class "C" cement + 2% CaCl, + 1/2# Flocele/Sx. Circulate cement to surface.
4. Drill 7 7/8" hole to 8250'. Run and set 8250' of 5 1/2" casing as follows: 2250' of 5 1/2" 17# J-55 LT&C, 5000' of 5 1/2" 15.5# J-55 LT&C, 1000' of 5 1/2" 17# J-55 LT&C. Cement in 3 stages with DV Tools at 6100' & 3700'±. Cement 1st stage with 650 Sx. of Class "H" cement + additives, 2nd stage cement with 600 Sx. of Class "C" cement + additives, cement 3rd stage with 400 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface.

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.

24. SIGNED [Signature] TITLE Agent DATE 11/17/03

(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 conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY: APPROVED BY TITLE DATE

Exhibit "A"

*See Instructions On Reverse Side

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 96582	Pool Name LOST TANK DELAWARE-WEST
Property Code	Property Name LOST TANK "4" FEDERAL	Well Number 8
OGRID No. 17891	Operator Name POGO PRODUCING COMPANY	Elevation 3457'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	4	22-S	31-E		2490'	NORTH	500'	EAST	EDDY

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 40	Joint or Infill	Consolidation Code	Order No.
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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

<p>LOT 4 39.97 AC</p>	<p>LOT 3 39.85 AC</p>	<p>LOT 2 39.75 AC</p>	<p>LOT 1 39.63 AC</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joe T. Janica</i> Signature</p> <p>Joe T. Janica Printed Name</p> <p>Agent Title</p> <p>11/17/03 Date</p>
<p>GEODETTIC COORDINATES NAD 27 NME Y = 517268.7 N X = 672162.9 E LAT. 32°25'15.06"N LONG. 103°46'31.44"W</p>				
<p>DETAIL</p> <p>3457.9' 3464.7' 3457.1' 3462.9'</p> <p>SEE DETAIL</p>				<p>SURVEYOR CERTIFICATION</p> <p>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>October 27, 2003</p> <p>Date Surveyed Signature & Seal of Professional Surveyor <i>Gary Edson</i> 03.11.1184</p> <p>Certificate No. GARY EDSON 12641</p>
<p>SEE DETAIL</p>				

Pogo Producing Company
Application for Unorthodox Locations
Lost Tank West Delaware Field
Eddy County, New Mexico

Proposed Unorthodox locations in section 3:

Lost Tank "3" Federal #14 (1450' fsl, 1710' fel, section 3, T22S, R31E)
Lost Tank "3" Federal #20 (2500' fsl, 2250' fel, section 3, T22S, R31E)
Lost Tank "3" Federal #21 (2500' fsl, 450' fwl, section 3, T22S, R31E)
Lost Tank "3" Federal #22 (2500' fsl, 1850' fwl, section 3, T22S, R31E)

Proposed Unorthodox locations in section 4:

Lost Tank "4" Federal #8 (2490' fsl, 500' fel, section 4, T22S, R31E)
Lost Tank "4" Federal #9 (2610' fsl, 1850' fel, section 4, T22S, R31E)
Lost Tank "4" Federal #10 (2610' fsl, 2310' fwl, section 4, T22S, R31E)
Lost Tank "4" Federal #11 (2410' fsl, 990' fwl, section 4, T22S, R31E)

Summary

Pogo Producing Company is requesting permission to drill 8 Delaware Formation tests at unorthodox locations in its Lost Tank West Field. Granting of these locations will allow Pogo to develop its remaining acreage in section 3 and section 4 with optimal spacing between the proposed locations and existing locations.

Discussion

The unusual spacing of the existing wells in Pogo's acreage in the north half of section 3 and the north half of section 4 is a result of its proximity to potential potash reserves. Discussions between Pogo Producing Company and the BLM have resulted in Pogo being granted permission to continue developing the south halves of sections 3 and 4. In order to optimize well spacing in the remaining undeveloped portions of these sections, it is necessary to drill 8 of the remaining 21 development wells at unorthodox locations.

The Lost Tank West Delaware Field produces from several of the Delaware Sands. Two of the more prolific sands in this field are the Lower Brushy "A" Sand, and the Middle Brushy "F" Sand. The proposed unorthodox locations will optimize well spacing, thus providing an opportunity for better oil and gas recovery from these two productive sands.

Brushy "A" Geology

Exhibit 1 shows the structural elevation on the top of the Brushy "A" zone (gray contours). Structure dips regionally to the southeast at an average rate of 100' per mile. The color-filled contours show the net sand thickness of main pay sand within the Brushy "A" zone (BC4 Sand). This Brushy "A" interval is interpreted as a submarine sand channel that trends in a northeast-southwest direction through sections 3 and 4, with net pay thickness ranging from 15' to 85'. The 8 proposed unorthodox locations are highlighted with green arrows.

Brushy "F" Geology

Exhibit 2 shows the structural elevation on the top of the Brushy "F" zone (gray contours). Structure dips regionally to the southeast at an average rate of 80' per mile. The color-filled contours show the net sand thickness of the main pay sand within the Brushy "F" zone. The Brushy "F" sand consists of a series of northeast-southwest-trending over-bank splays that originate from a large channel located 2 ½ miles east of section 3. Pogo expects to encounter up to 30 feet of productive net sand in the eastern locations, with pay thickness diminishing in locations toward the west.



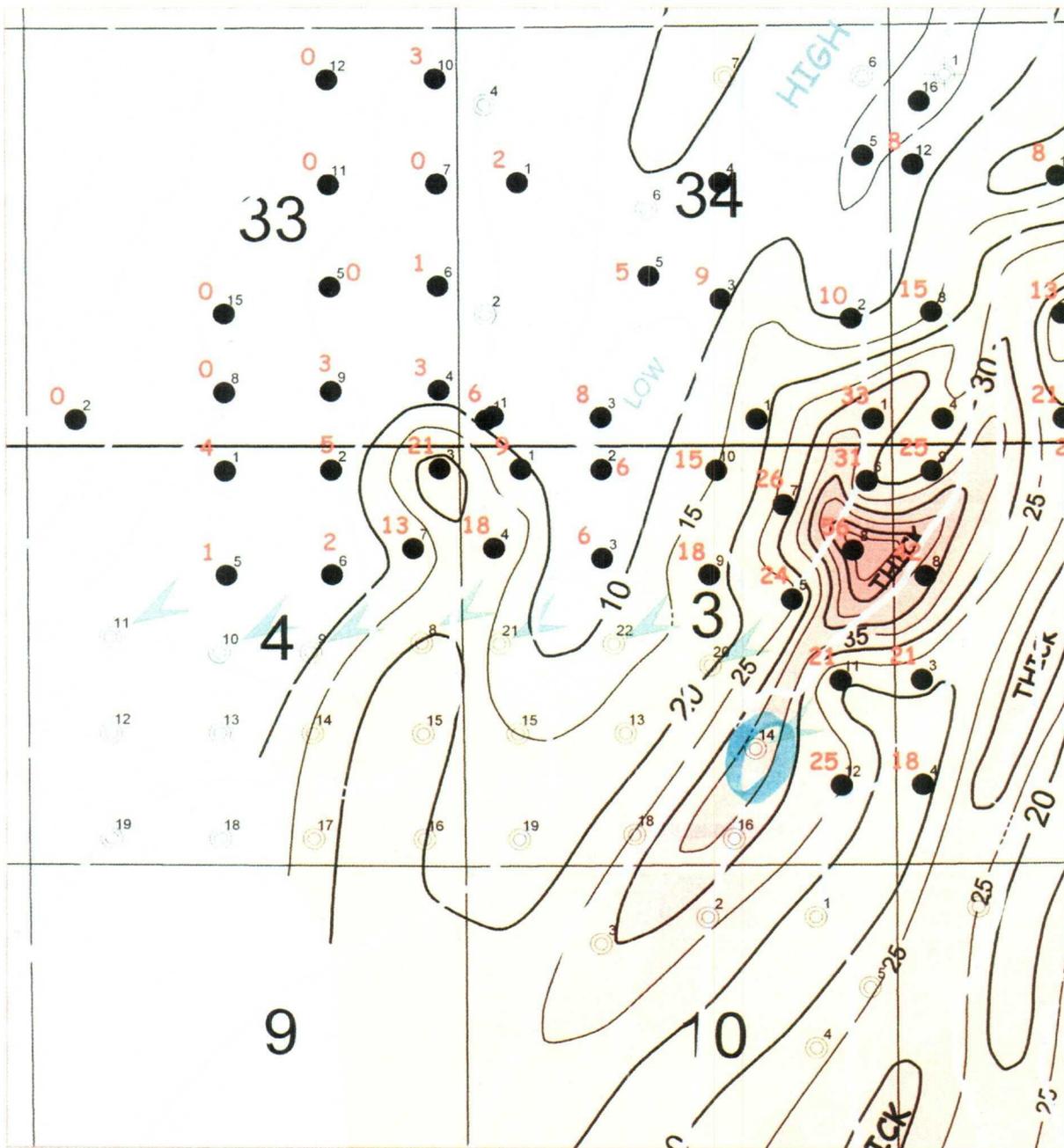


Exhibit 2

 PDCO PRODUCING COMPANY Western Division Midland, Texas		
Lost Tank West Field Structure Top Brushy "F" Zone Isopach Brushy "F" Net Porosity Eddy County, New Mexico		
WEH		ft_bcf_ood.grp
1/15/04	Project: Livingston Ridge Sand Dunes	

