



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 20, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Pogo Producing Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-5057

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated April 30, 2004 (*administrative application reference No. pSEM0-412430264*) on behalf of the operator Pogo Producing Company ("Pogo"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Pogo's request for an unorthodox Wolfcamp gas well location for its proposed Paladin "18" Federal Well No. 1 to be drilled 660 feet from the North line and 2500 feet from the West line (Unit C) of Section 18, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 18 is to be dedicated to this well in order to form a standard 320.84-acre stand-up gas spacing unit for either the Undesignated Brushy Draw-Wolfcamp Gas Pool (72897) or Undesignated Southwest Ross Draw-Wolfcamp Gas Pool (97078).

The subject application has been duly filed under the applicable provisions of the rules governing this pool and the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Wolfcamp formation than a well drilled at a location considered to be standard.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Wolfcamp gas well location within the W/2 equivalent of Section 18 is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad