



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Pogo Producing Company

c/o **James Bruce**

P. O. Box 1056

Santa Fe, New Mexico 87504

June 15, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order NSL-5076

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-414630880*) dated May 19, 2004 on behalf of the operator Pogo Producing Company ("Pogo"); (ii) my e-mail Wednesday afternoon, May 26, 2004 for additional information to support Pogo's request; (iii) our subsequent e-mail correspondence of Wednesday evening, May 26th and Monday afternoon, June 7th; (iv) your reply by letter dated June 11, 2004 with the necessary data attached to complete this application; and (v) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Pogo's request to drill its Triple "X" State "6" Well No. 1 at an unorthodox Delaware oil well location 330 feet from the North line and 1310 feet from the West line (Lot 3/Unit C) of Section 6, Township 24 South, Range 33 East, NMPM, Lea County, New Mexico. Lot 3 (the NE/4 NW/4 equivalent) of Section 6 is to be dedicated to this well in order to form a standard 39.94-acre oil spacing and proration unit in the Undesignated Triple "X"-Delaware Pool (59920).

This application has been duly filed under 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.

It is the Division's understanding that all of Section 6 is a single state lease issued by the New Mexico State Land Office (State Lease No. V-04854) in which Pogo is the leasehold operator and all mineral interests are common.

It is further understood that Pogo is seeking this location exception based on 3-D seismic survey of the area, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within the Bell Canyon-aged Ramsey Sand interval of the Delaware formation underlying the extreme northwestern corner of the Triple "X" state lease, thereby increasing the likelihood of encountering commercial production from the oil-bearing Ramsey Sand.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location within the Undesignated Triple "X"-Delaware Pool is hereby approved.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe