

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

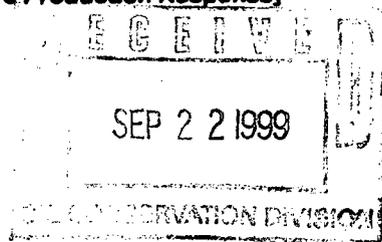
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [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 - Directional Drilling [X] NSL [] NSP [] DD [] 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



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [X] 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 [E] [] For all of the above, Proof of Notification or Publication is Attached, and/or, [F] [] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE P.O. BOX 1056 SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce Signature

Attorney for Applicant Title

9/22/99 Date

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

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

September 21, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

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

Covington "A" Fed. Well No. 38
1650 feet FNL & 2620 feet FEL
SW $\frac{1}{4}$ NE $\frac{1}{4}$ (Unit G) §26, Township 22 South, Range 32 East, NMPM
Lea County, New Mexico

Attached as Exhibit A is an APD (BLM Form 3160-3) and a Form C-102 for the well. The well will be drilled to a depth sufficient to test the Bone Spring formation (~~Red Tank-Bone Spring Pool~~), although the ~~Delaware formation~~ (West Red Tank-Delaware Pool) is the primary zone of interest. Pogo requests unorthodox location approval for both zones. Both pools are governed by statewide rules, with 40 acre spacing and wells to be no closer than 330 feet to a quarter-quarter section line.

The proposed location is based upon geologic reasons. Attached as Exhibit B is a structure map of the Brushy Canyon "C" sand, which is based on well control. The proposed well should penetrate the reservoir in a favorable structural position, and be located in the productive "fairway." This location will assist in optimal reservoir development, and will provide the best chance of encountering potential Brushy Canyon "C" sand pay. Thus, it will reduce the risk involved in drilling the well, and prevent waste.

Submitted as Exhibit C is a land plat of the subject area, with the location of the proposed well marked thereon. The E $\frac{1}{2}$ of Section 26 is subject to federal lease NM 2379. The working interest in that

lease is owned by Pogo (88.58332%), Burlington Resources Oil & Gas Company (10.49710%), and Yates Petroleum Corporation (0.91958%). The W $\frac{1}{2}$ of Section 26 is subject to federal lease NM 86149, in which Pogo owns 100% of the working interest. Pogo is the operator of all of Section 26. There are no overriding royalty interest owners in either lease, and royalty interest ownership is common (both leases provide for a 1/8 royalty).

Since the only affected offset interest owner is Pogo, notice of the application has not been given to anyone. **Therefore, Pogo requests that the 20 day waiting period be waived.**

This application is submitted in duplicate. 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 black ink and is positioned above the typed name.

James Bruce

Attorney for Pogo
Producing Company

cc: Terry Gant

UNITED STATES
DEPARTMENT OF THE INTERIOR
RECEIVED BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. TYPE OF WORK
 DRILL DEEPEN
 MIDLAND

2. NAME OF OPERATOR
 POGO PRODUCING COMPANY (RICHARD WRIGHT 915-685-8140)

3. ADDRESS AND TELEPHONE NO.
 P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 915-685-8100

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface
 1650' FNL & 2620' FEL SEC. 26 T22S-R32E LEA CO. NM
 At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 30 miles East of Carlsbad New Mexico.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
 1650'

16. NO. OF ACRES IN LEASE
 1280

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.
 800'

19. PROPOSED DEPTH
 9100'

20. ROTARY OR CABLE TOOLS
 ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3720' GR.

22. APPROX. DATE WORK WILL START*
 As soon as approved

5. LEASE DESIGNATION AND SERIAL NO.
 NM-2379

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME WELL NO.
 COVINGTON "A" FEDERAL # 38

9. AP WELL NO.

10. FIELD AND POOL, OR WILDCAT
 RED TANK BONE SPRING

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 SEC. 26 T22S-R32E

12. COUNTY OR PARISH
 LEA CO.

13. STATE
 NM

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	CONDUCTOR 20"	NA	40'	Cement to surface with Redi-mix
14 3/4"	H-40 10 3/4"	32.75	800'	840 Sx. circulate cement to surface
9 7/8"	J-55 7 5/8"	24.6	4700'	1075 Sx. " " " "
6 3/4"	J-55, N-80 4 1/2"	11.6	9100	1050 Sx. (DV Tool @ 6675'±) TOC 300

1. Drill 25" hole to 40'. Set 40' of 20" conductor and cement to surface with Redi-mix.
2. Drill 14 3/4" hole to 800'. Run and set 800' of 10 3/4" H-40 32.75# ST&C casing. Cement with 840 Sx. of cement, circulate cement to surface.
3. Drill 9 7/8" hole to 4700'. Run and set 4700' of 7 5/8" J-55 24.6# ST&C casing. Cement with 1075 Sx. of cement, circulate cement to surface.
4. Drill 6 3/4" hole to 9100'. Run and set 9100' of casing as follows: 1600' of 4 1/2" 11.6# N-80 ST&C, 5500' of 4 1/2" J-55 11.6# ST&C, 2000' of 4 1/2" N-80 11.6# LT&C casing. Cement in two stages, DV tool at 6675'±. Cement with 1050 Sx. of cement estimate top of cement 3000'.

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.

SIGNED Joe T. Jones TITLE Agent DATE 09/03/99

(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 are the subject of this permit. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____



*See Instructions On Reverse Side

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

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

DISTRICT III
1000 Rio Brazos Ed., Artesia, NM 87410

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		51683	RED TANK BONE SPRING
Property Code	Property Name		Well Number
009316	COVINGTON "A" FEDERAL		38
OGRD No.	Operator Name		Elevation
17819	POGO PRODUCING COMPANY		3720

Surface Location

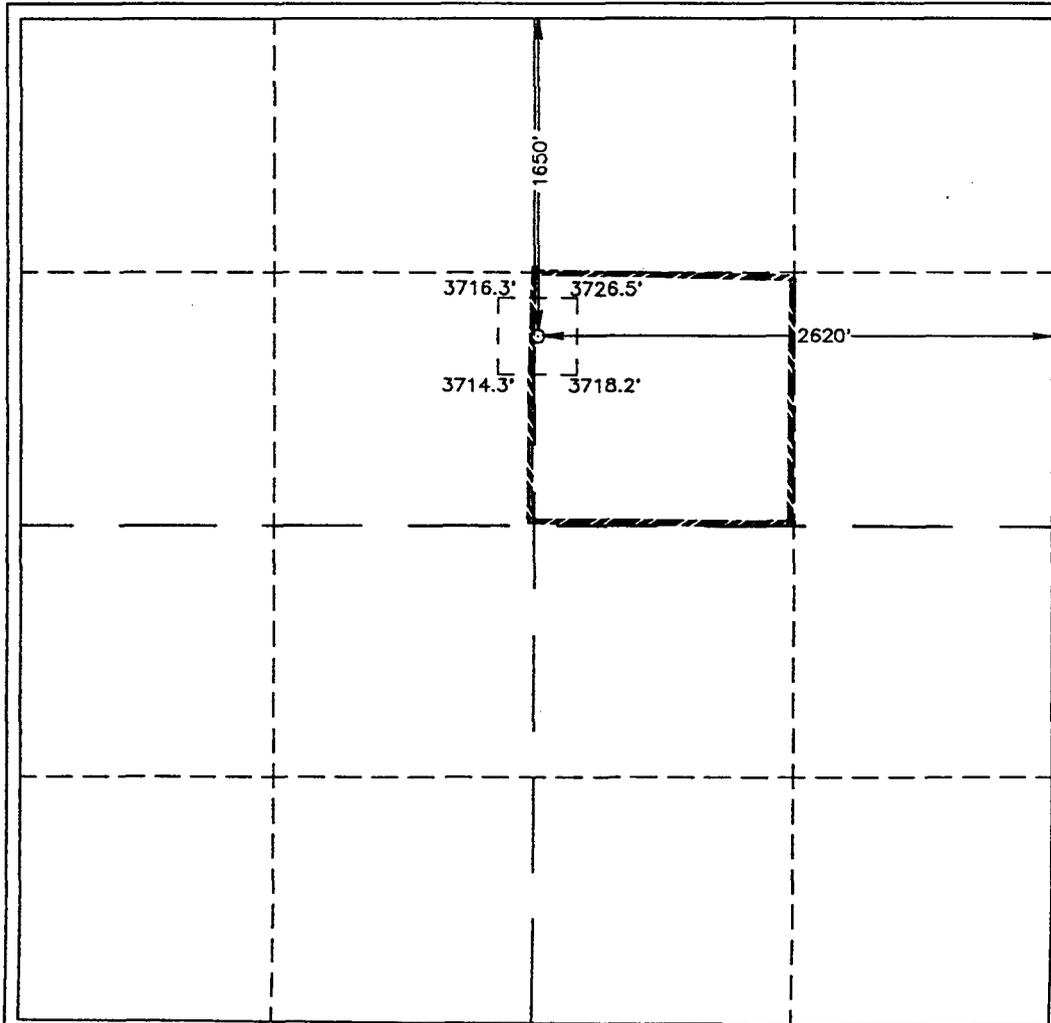
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	26	22 S	32 E		1650	NORTH	2620	EAST	LEA

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Joe T. Janica
Signature

Joe T. Janica
Printed Name

Agent
Title

09/03/99
Date

SURVEYOR CERTIFICATION

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.

SEPTEMBER 1, 1999
Date Surveyed

G. EIDSON JLP
Signature & Seal of Professional Surveyor

NEW MEXICO
12641
Num. 99-115704

Certified by: RONALD EIDSON, 3239
EDSON, 12641
MASON McDONALD, 12185

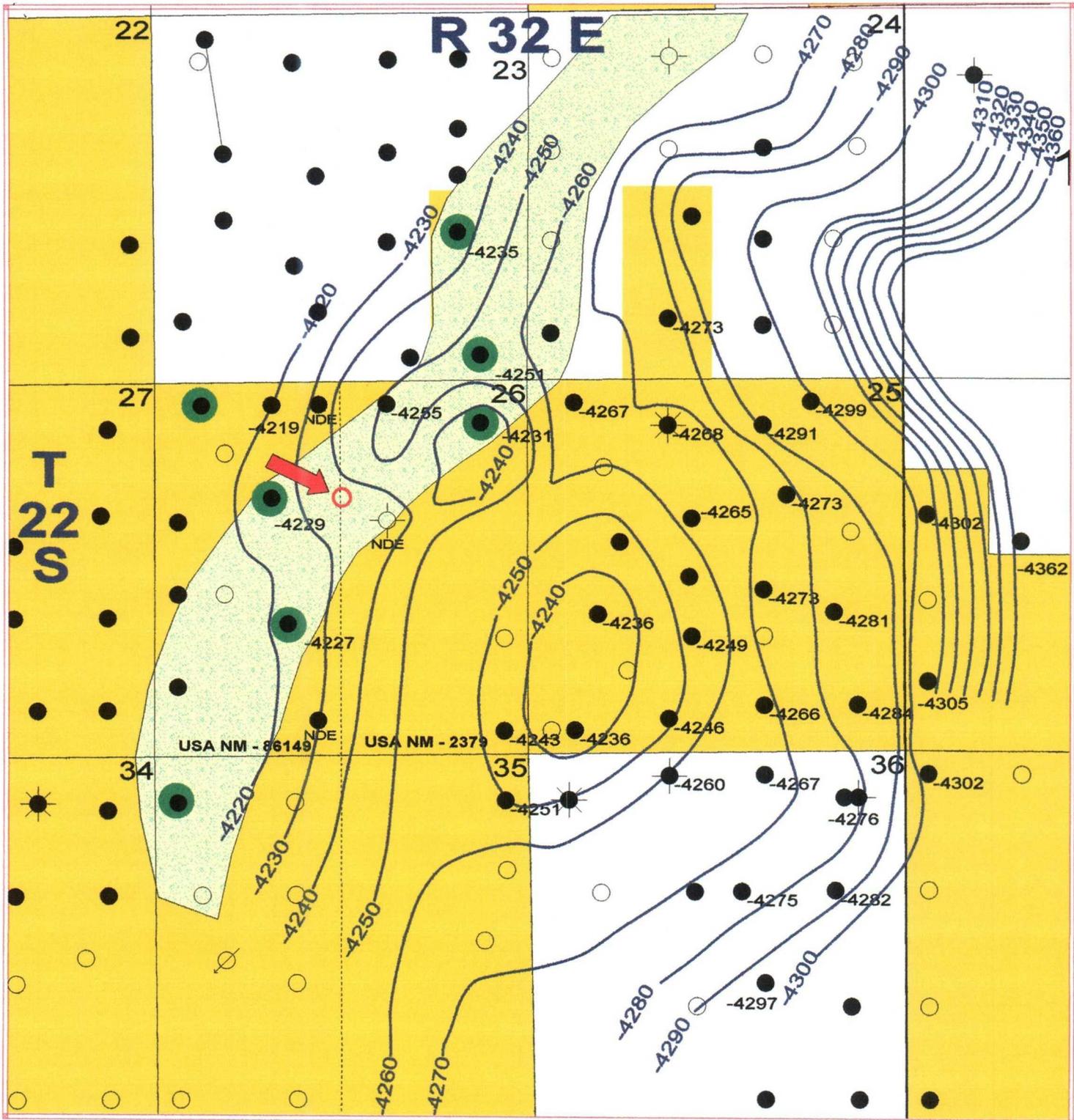


EXHIBIT "B"

-  Pogo Operated Leasehold
-  Proposed Unorthodox Location
-  "C" Sand Fairway

 **POGO PRODUCING COMPANY**

SE RED TANK PROSPECT
 Lea County, New Mexico
Brushy Canyon "C" Sand Structure Map

GEOL: G. Dillman	9/13/99
TECH: T. Rodriguez	Scale 1:24000. loc.gpf



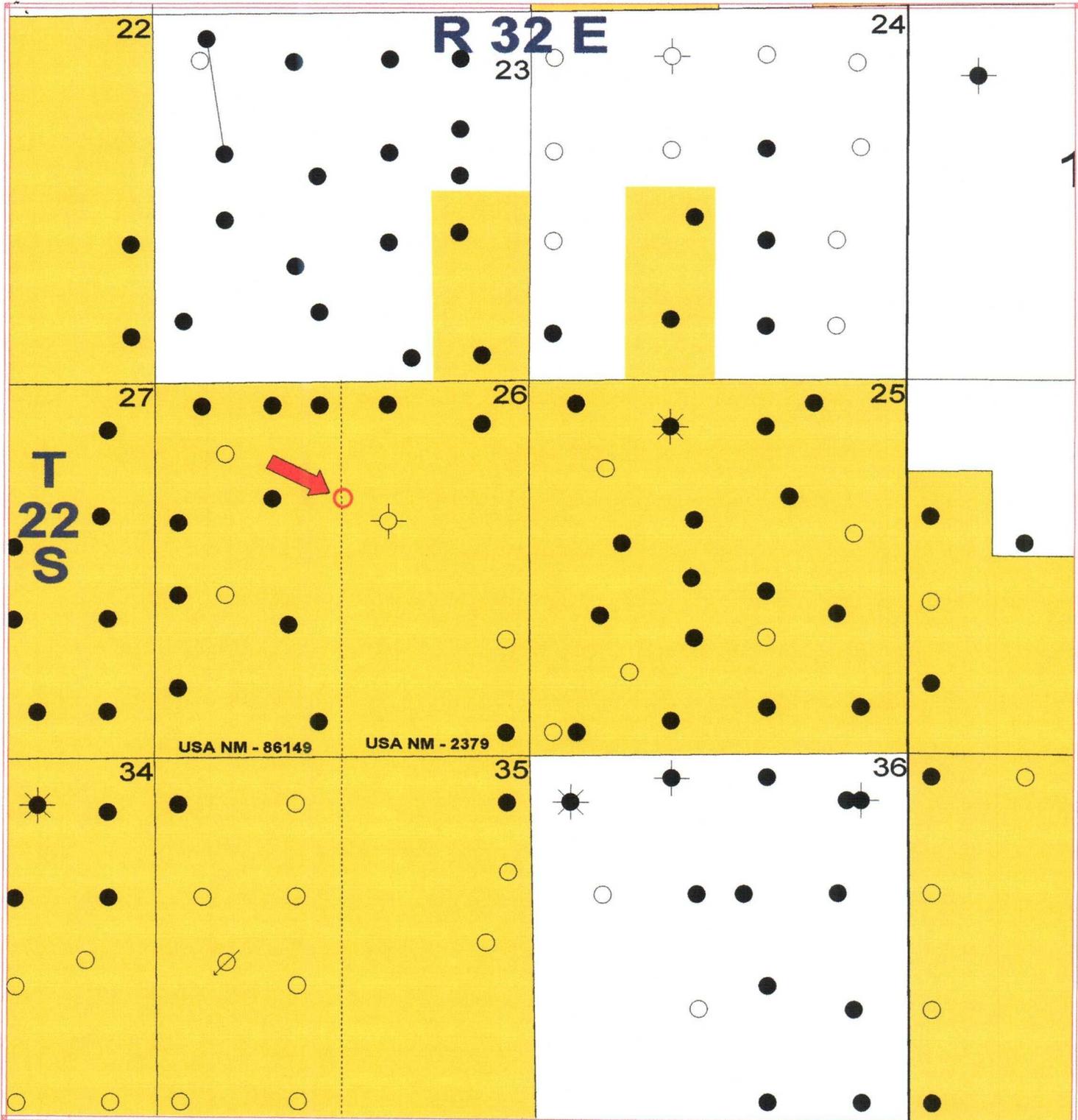


EXHIBIT "C"

 Pogo Operated Leasehold

 Proposed Unorthodox Location

 **POGO PRODUCING COMPANY**

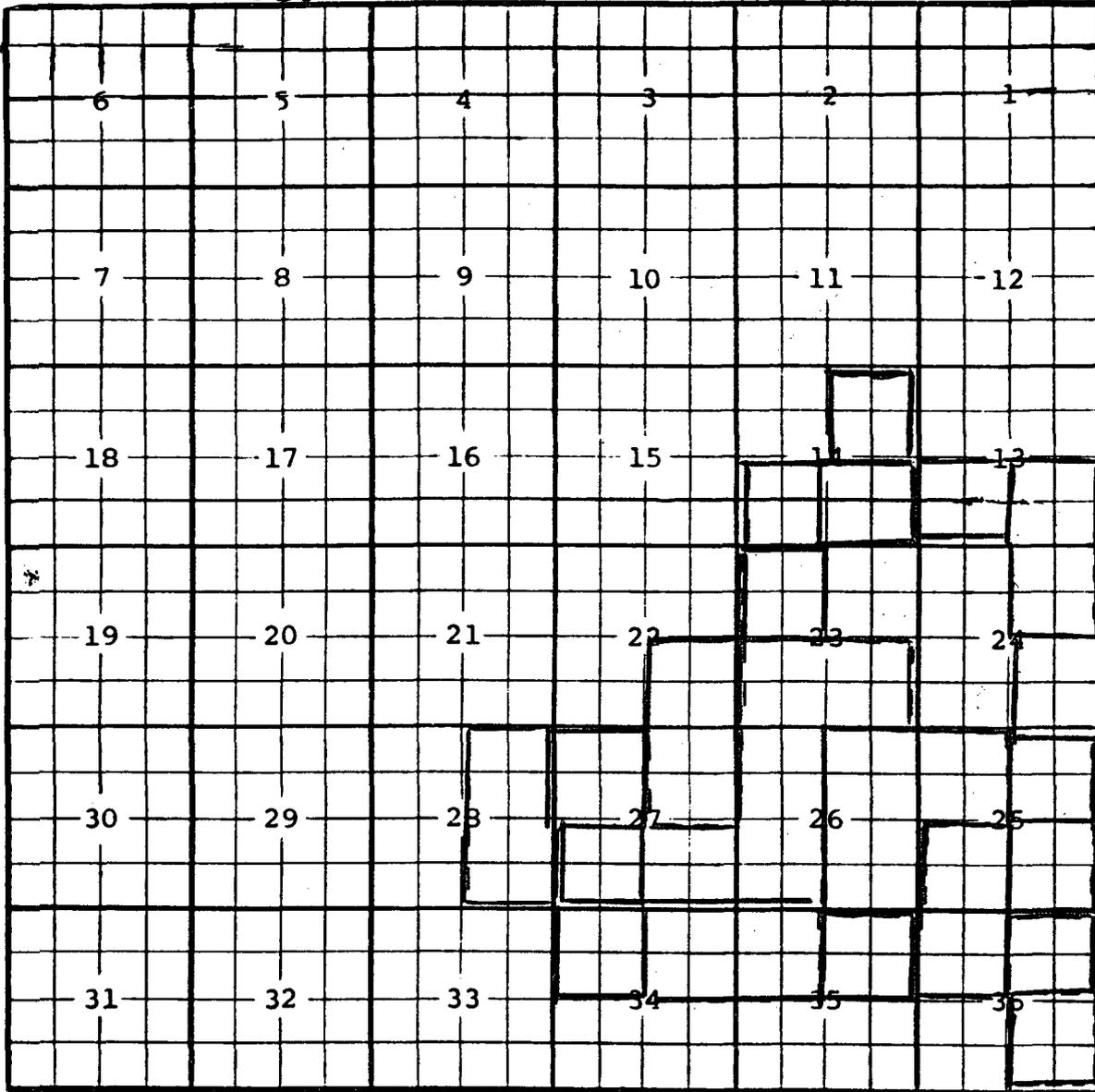
SE RED TANK PROSPECT
Lea County, New Mexico

LNDMN: T. GANT		9/13/99
TECH: T. Rodriguez	Scale 1:24000.	LAND_LOC.gpf

EXHIBIT
C

County Lea pool West Red Tank-DeLaware

TOWNSHIP 22 South Range 32 East NMPM



Description: SW/4 Sec. 27 (R-9792, 12-3-92)

Ext: 5/2 Sec. 23, W/2 Sec. 26, SE/4 Sec. 27, E/2 Sec. 28 (R-9937, 8-17-93)

Ext: NW/4 Sec. 23 (R-10091, 3-28-94)

Ext: SW/4 Sec. 14, SE/4 Sec. 22, NE/4 Sec. 27, NE/4 Sec. 34, NW/4 Sec. 35 (R-10177, 8-30-94)

Ext: SE/4 Sec. 14, NW/4 Sec. 34 (R-10303, 1-23-95) Ext: NE/4 Sec. 14 (R-10342, 4-24-95)

Ext: NE/4 Sec. 35 (R-10419, 7-12-95) Ext: SW/4 Sec. 25, NW/4 Sec. 36 (R-10495, 10-24-95)

Ext: NW/4 Sec. 25, E/2 Sec. 26 (R-10641, 8-19-96)

Ext: SW/4 Sec. 13, NW/4 Sec. 27, NE/4 Sec. 36 (R-10776, 2-28-97)

Ext: SE/4 Sec. 36 (R-10795, 4-28-97) Ext: SE/4 Sec. 13, NE/4 Sec. 24 (R-10910, 10-31-97)

Ext: SE/4 Sec. 25 (R-10972, 4-13-98)

Ext: NE/4 Sec. 23, W/2 Sec. 24, NE/4 Sec. 25 (R-11116, 1-7-99)

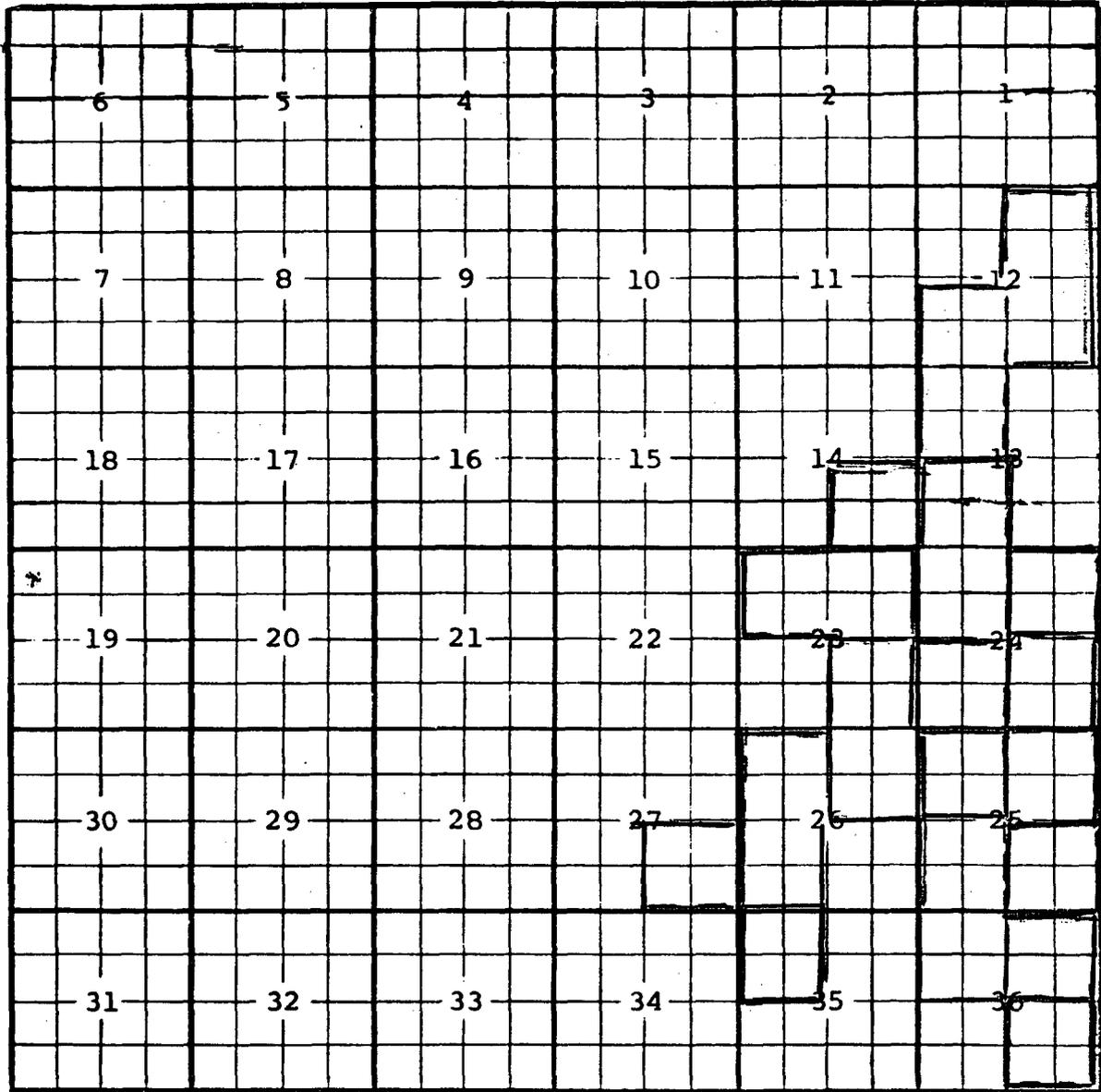
County LEA

Pool RED TANK - BONE SPRING

TOWNSHIP 22 SOUTH

Range 32 EAST

NMPM



DEsc: NW/4 Sec. 25 (R-9447, 3-1-91) Ext: SE/4 Sec. 23, NE/4 Sec. 26 (R-9843, 2-8-93)

Ext: SW/4 Sec. 25, W/2 Sec. 26, NW/4 Sec. 36 (R-9937, 8-17-93)

Ext: SE/4 Sec. 27, NW/4 Sec. 35 (R-10094, 3-28-94)

Ext: N/2 Sec. 23 (R-10177, 8-30-94) Ext: SW/4 Sec. 24 (R-10342, 4-24-95)

Ext: NE/4 Sec. 36 (R-10419, 7-17-95) Ext: SW/4 Sec. 13, NW/4 Sec. 24, SE/4 Sec. 25 (R-10488, 10-13-95)

Ext: SE/4 Sec. 36 (R-10556, 3-11-96) Ext: NE/4 Sec. 25 (R-10641, 8-19-96)

Ext: NE/4 Sec. 24 (R-10972, 4-13-98) Ext: SE/4 Sec. 14, SE/4 Sec. 24 (R-11116, 1-2-99)

Ext: E/2 and SW/4 Sec. 12, NW/4 Sec. 13 (R-11243, 4-15-99)