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Received 6-27-2005

Susp: NA

PMESD - 519434863

June 27, 2005

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 applies for approval of two unorthodox gas well locations, as follows:

<u>Well:</u>	Lost Tank "3" Federal (Deep) Well No. 23
<u>Location:</u>	1330 feet FNL & 630 feet FWL
<u>Well unit:</u>	Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$ (the W $\frac{1}{2}$) of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico (319.43 acres)

see PMESD - 517935652

<u>Well:</u>	Lost Tank "4" Federal (Deep) Well No. 20
<u>Location:</u>	1330 feet FNL & 510 feet FWL ^{FNL}
<u>Well unit:</u>	Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, and SE $\frac{1}{4}$ (the E $\frac{1}{2}$) of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico (319.38 acres)

The wells will be drilled to a depth sufficient to test the Wolfcamp formation (wildcat Wolfcamp). It is anticipated that the wells will be gas wells, spaced on 320 acres, with wells to be located no closer than 660 feet to a quarter section line nor closer than 330 feet to a quarter-quarter section line. Notices of Staking for the wells are attached as Exhibits A and B.

The acreage is in the oil-potash area, and the Bureau of Land Management has "requested" that the proposed wells be located within 150 feet of existing wells (the Lost Tank 3 Federal Well

No. 4, located 1330 feet FNL and 480 feet FWL of Section 3; and the Lost Tank 4 Federal Well No. 7, located 1330 feet FNL and 660 feet FEL of Section 4).

All of Sections 3 and 4 (except Lot 4 of Section 4) are subject to U.S. Lease NM 0417696. See Exhibit C. Leasehold ownership is common throughout the lease. Therefore, there is no adversely affected interest owner, and notice of this application has not been given to anyone.

Please contact me if you need any further information on this application.

Very truly yours,


James Bruce
Attorney for Pogo Producing Company

APR-30-2005 11:45 AM TIERRA EXPLORATION

3918603

P. 06

NOTICE OF STAKING

(NOT TO BE USED IN PLACE OF
Application of Permit to Drill Form 3160-3)1. Oil Well ☒ Gas Well ☐ Other (Specify)

6. Lease Number

NM-0417696

7. If Indian, Alctee or
Tribe Name2. Name of Operator
POGO PRODUCING COMPANY 432-685-8100
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340

8. Unit Agreement Name

3. Name of Specific Contact Person:
TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
Joe T. Janica (505-391-8503)

9. Farm or Lease Name

LOST TANK "3" FEDERAL (DEEP)

4. Address & Phone No. of Operator or Agent
POGO PRODUCING COMPANY
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340
RICHARD WRIGHT 432-685-8140

10. Well No.

23

5. Surface Location of Well

1330' FNL & 630' FWL SECTION 3 T22S-R31E

11. Field or Wildcat Name

LOST TANK-WOLFCAMP WILDCAT

12. Sec., T., R., M., Elk
and Survey or Area

SECTION 3 T22S-R31E

15. Formation Objective (s)

WOLFCAMP

17. Estimated Well Depth

12,900'

13. County, Parish

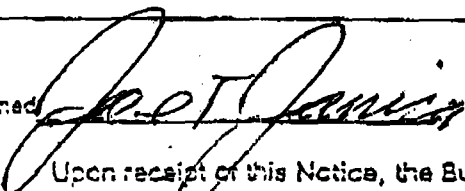
EDDY CO.

14. State

NEW MEXICO

17. Additional Information (as appropriate; shall include surface owner's name,
address and, if known, telephone number Surface and minerals are owned by The U.S. Depart-
ment of Interior and is administered by The Bureau of Land Management. Surface is
used for livestock grazing and oil and gas production.

18. Signed



Title

Agent

Date

04/30/05

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule
the date of the onsite predrill inspection and notify you accordingly. The
location must be staked and access road must be flagged prior to the onsite.

Operators must consider the following prior to the onsite:

1) H₂S Potential

2) Cultural Resources (Archaeology)

3) Federal Right of Way or Special Use Permit



APR-30-2005 11:44 AM TIERRA EXPLORATION
NOTICE OF STAKING

3918803

a. Lease Number

NM-0417696

(NOT TO BE USED IN PLACE OF
Application of Permit to Drill Form 318C-3)

1. Oil Well ☒ Gas Well ☐ Other
(Specify)

7. If Indian, Alottee or
Tribe Name

2. Name of Operator
POGO PRODUCING COMPANY 432-685-8100
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340

8. Unit Agreement Name

3. Name of Specific Contact Person:
TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
Joe T. Janice (505-391-8503)

9. Farm or Lease Name

LOST TANK "4" FEDERAL (DEEP)

4. Address & Phone No. of Operator or Agent
POGO PRODUCING COMPANY
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340
RICHARD WRIGHT 432-685-8140

10. Well No.

20

11. Field or Wildcat Name

LOST TANK-WOLFCAMP (WILDCAT)

5. Surface Location of Well

1330' FNL & 510' FWL SECTION 4 T22S-R31E

12. Sec., T., R., M., S1/4
and Survey or Area

SECTION 4 T22S-R31E

15. Formation Objective (s)

WOLFCAMP

17. Estimated Well Depth

12,900'

13. County, Parish

EDDY CO.

14. State

NEW MEXICO

17. Additional Information (as appropriate; shall include surface owner's name, address and, if known, telephone number. Surface and minerals are owned by The U.S. Department of Interior and is administered by The Bureau of Land Management. Surface is used for livestock grazing and oil and gas production.

18. Signed

Joe T. Janice

Title

Agent

Date

04/30/05

Note:

Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

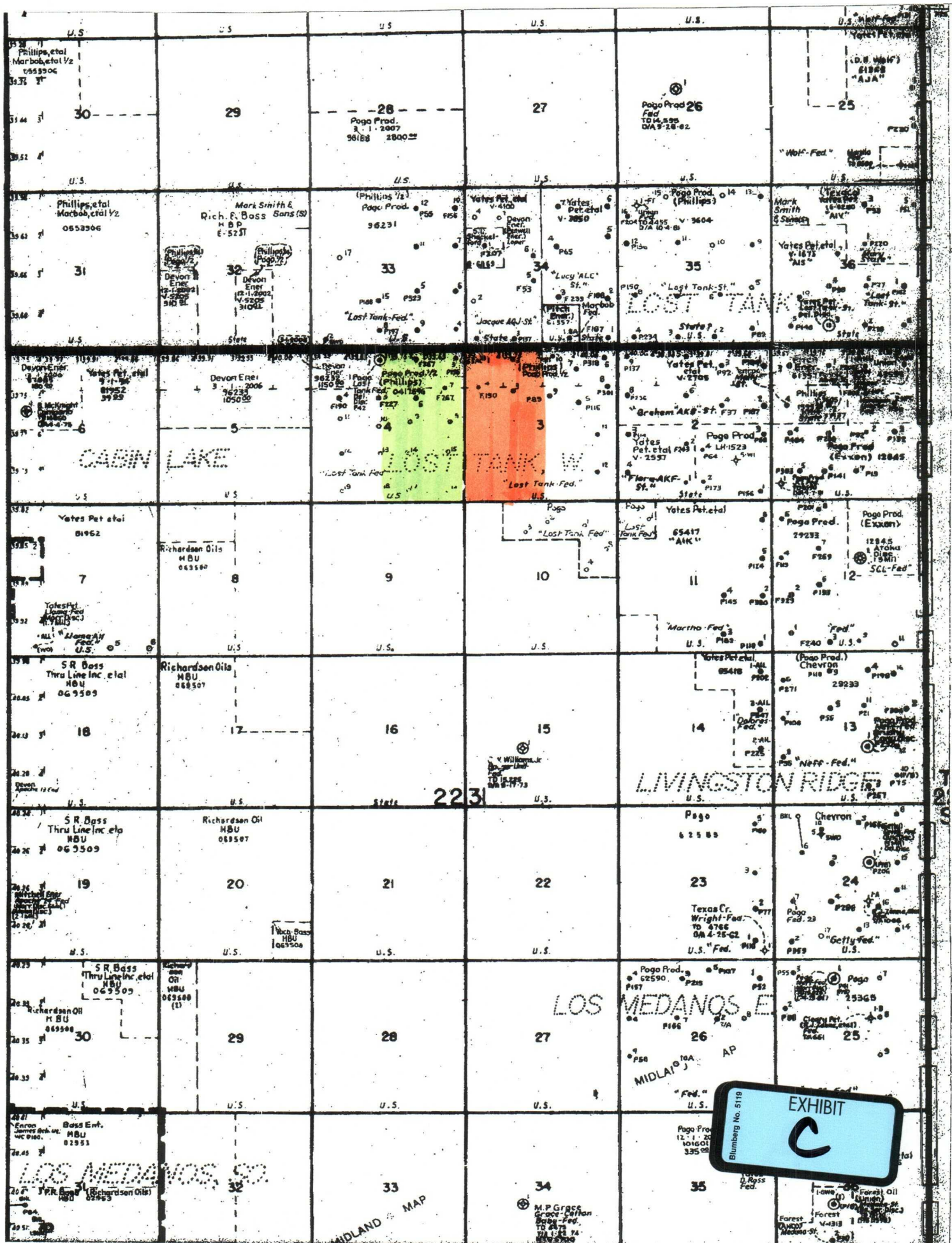
Operators must consider the following prior to the onsite:

- 1) H₂S Potential
- 2) Cultural Resources (Archaeology)
- 3) Federal Right of Way or Special Use Permit

Blumberg No. 5119

EXHIBIT

B



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

Sec : 04 Twp : 22S Rng : 31E Section Type : NORMAL

07/13/05 09:11:19
OGOMES -TQNJ
PAGE NO: 1

4 39.97 Federal owned R C	3 39.85 Federal owned R A	2 39.75 Federal owned R A	1 39.63 Federal owned R A
E 40.00 Federal owned R A	F 40.00 Federal owned R A	G 40.00 Federal owned R A	H 40.00 Federal owned R A
L 40.00 Federal owned R	K 40.00 Federal owned R	J 40.00 Federal owned R	I 40.00 Federal owned R
M 40.00 Federal owned R	N 40.00 Federal owned R	O 40.00 Federal owned R	P 40.00 Federal owned R

319.38