



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

September 2, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Administrative Order NSL-4944

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Pogo Producing Company ("Pogo"), submitted to the New Mexico Oil Conservation Division ("Division") on August 26, 2003 (*administrative application reference No. pMES0-323935568*); and (iii) the Division's records in Santa Fe: all concerning Pogo's request for an exception to the well location provisions of Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, limited to only those formations within the Pennsylvanian system, for its proposed McMillan "4" Federal Com. Well No. 1 to be drilled at an unorthodox deep gas well location 660 feet from the North line and 2550 feet from the West line (Lot 3/Unit C) of Section 4, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico.

Pursuant to Division Rule 104.C (2), this well is to be dedicated to Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 4, being a standard 324.40-acre lay-down gas spacing unit for any and all formations and/or pools from the base of the Wolfcamp formation to the base of the Morrow formation, which presently include but are not necessarily limited to the Undesignated Angell-Atoka/Morrow Gas Pool (70310) and Undesignated North McMillan-Morrow Gas Pool (81280).

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

The geological 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 Cisco dolomite, which is the primary zone of interest, then a well drilled at a location considered to be standard within the N/2 equivalent of Section 4.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox deep gas well location, limited to the above-described vertical extent, within this 324.40-acre unit comprising the N/2 equivalent of Section 4 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery
Director

LW/mes

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