

NSL 4/15/97

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

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

March 26, 1997



Hand Delivered

Michael E. Stogner
New Mexico 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") hereby applies for administrative approval of an unorthodox oil well location for the following well:

Cedar Canyon "21" Fed. Well No. 3
1650 feet FNL & 1300 feet FWL
SW $\frac{1}{4}$ NW $\frac{1}{4}$ S21, Township 24 South, Range 29 East, NMPM
Eddy County, New Mexico

Attached as Exhibit A is an APD (Form 3160-3) for the well, which has been submitted to the Bureau of Land Management ("BLM"). The well will be drilled to a depth sufficient to test the upper Bone Spring formation (Corral Draw-Bone Spring Pool). In addition, Pogo requests approval of an unorthodox location for the Delaware formation (Cedar Canyon-Delaware Pool). Well spacing is 40 acres for both formations.

The proposed location is based upon geological reasons. Attached as Exhibit B is a structure map on top of the Brushy Canyon G-3 pay sand. The proposed location is based on well control. The proposed location is interpreted to be the structurally highest point within the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 21. This location provides the best chance to successfully encounter potential Brushy Canyon pay. The further east the well is located in the spacing unit, the higher the chance it will be a commercially viable well. Thus, placing the well at its proposed location substantially reduces the risk involved in drilling the well.

Submitted as Exhibit C is a land plat of the subject area, with the location of the proposed well marked thereon. The NW $\frac{1}{4}$ of Section

21 is subject to federal lease NM 86550, covering the E $\frac{1}{2}$ NW $\frac{1}{4}$, and federal lease NM 85893, covering the W $\frac{1}{2}$ NW $\frac{1}{4}$. Pogo operates the entire NW $\frac{1}{4}$ of Section 21, from the surface to the base of the Bone Spring formation. In addition, based upon title examinations of the records of the BLM and Eddy County, working interest ownership is common throughout the NW $\frac{1}{4}$, as follows: Phillips Petroleum Company (50%), Pogo (37.5%), and Louis Dreyfus Natural Gas Corporation (12.5%). Since working interest ownership is common in the proposed well unit and in offsetting acreage, notice is not required to be given to any offset. As a result, 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, reading "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Pogo
Producing Company

cc: T. Gant

pogoaag.uol

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL ☒ DEEPEN ☐		5. LEASE DESIGNATION AND SERIAL NO. NM-85893
b. TYPE OF WELL OIL WELL ☒ GAS WELL ☐ OTHER ☐		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Pogo Producing Company		7. UNIT AGREEMENT NAME
3. ADDRESS AND TELEPHONE NO. P.O.Box 10340, Midland, Texas 79702		8. FARM OR LEASE NAME, WELL NO. Cedar Canyon "21" Federal
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1650' FNL & 1300' FWL of Section 21 At proposed prod. zone Same		9. API WELL NO. 3
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 5 miles east southeast of Loving, N.M.		10. FIELD AND POOL, OR WILDCAT Corral Draw (Bone Springs)
10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any)	1300'	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 21, T-24S, R-29E
16. NO. OF ACRES IN LEASE	160	12. COUNTY OR PARISH
17. NO. OF ACRES ASSIGNED TO THIS WELL	40	13. STATE Eddy Co. N.M.
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	900'	19. PROPOSED DEPTH 6,700' - 5,500'
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* Upon Approval
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 2937' Ground Level		

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4"	10-3/4"	32.75# H-40	500'	450 sx (circ)
9-7/8"	7-5/8"	26.40# J-55	2900'	750 sx (circ)
6-3/4"	4-1/2"	11.60# J-55	6900'	950 sx (1900'±)

The operator proposes to drill to a depth sufficient to test the Delaware and the Bone Springs formation for oil & gas. Specific programs are outlined in the following attachments:

DRILLING PROGRAM

SURFACE USE AND OPERATING PLAN

EXHIBIT A - ROAD MAP

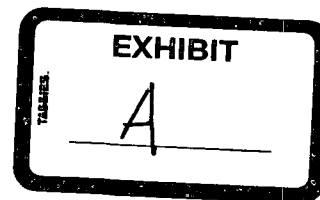
EXHIBIT B - EXISTING WELL MAP

EXHIBIT C - LOCATION AND ACREAGE DEDICATION PLAT

EXHIBIT C-1 TOPO MAP

EXHIBIT D - DRILLING AND RIG LAYOUT

EXHIBIT E - 3M BOP EQUIPMENT



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.

24.

SIGNED

TITLE

Agent

DATE

03/08/97

(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 would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

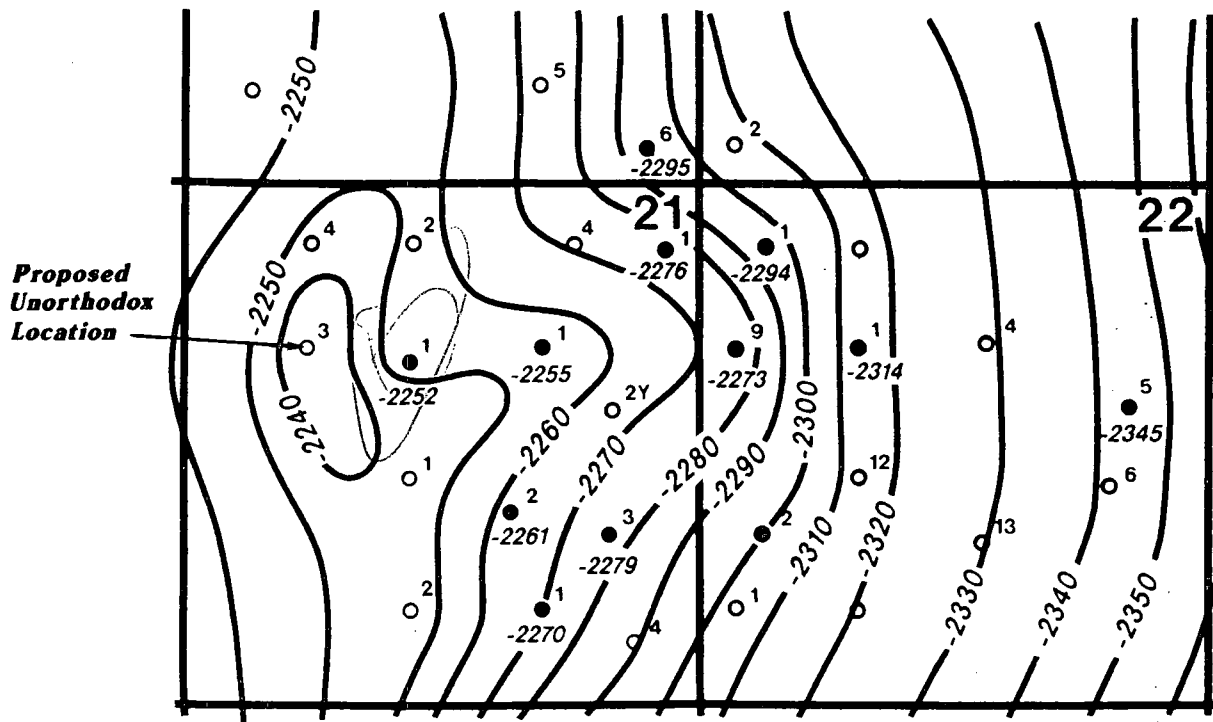
APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

R 29 E



T
24
S

EXHIBIT

B


POGO PRODUCING COMPANY
WESTERN DIVISION
Midland, Texas

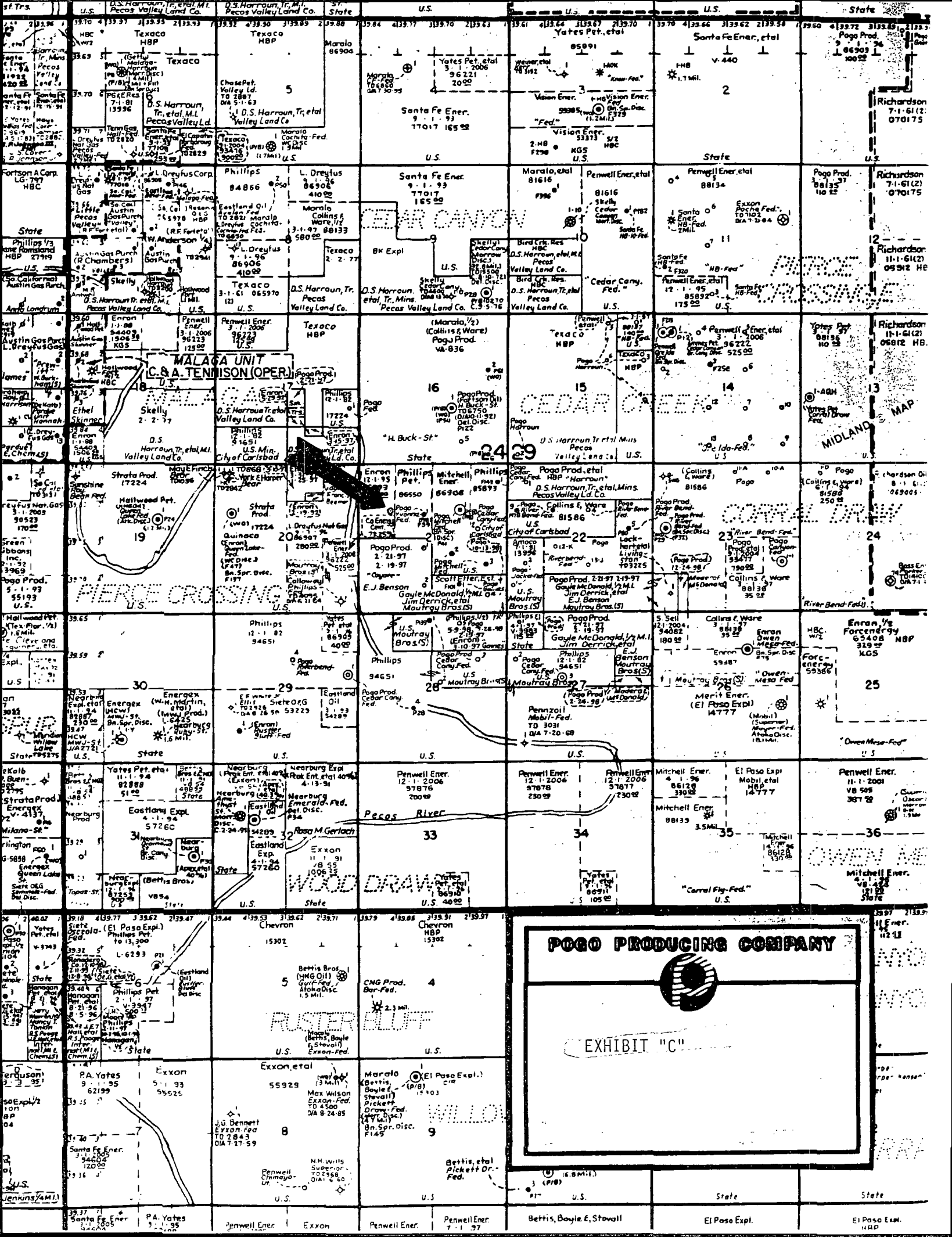
CEDAR CANYON AREA
Eddy County, New Mexico

TOP BRUSHY CANYON 63 PAY

C.I. = 10'

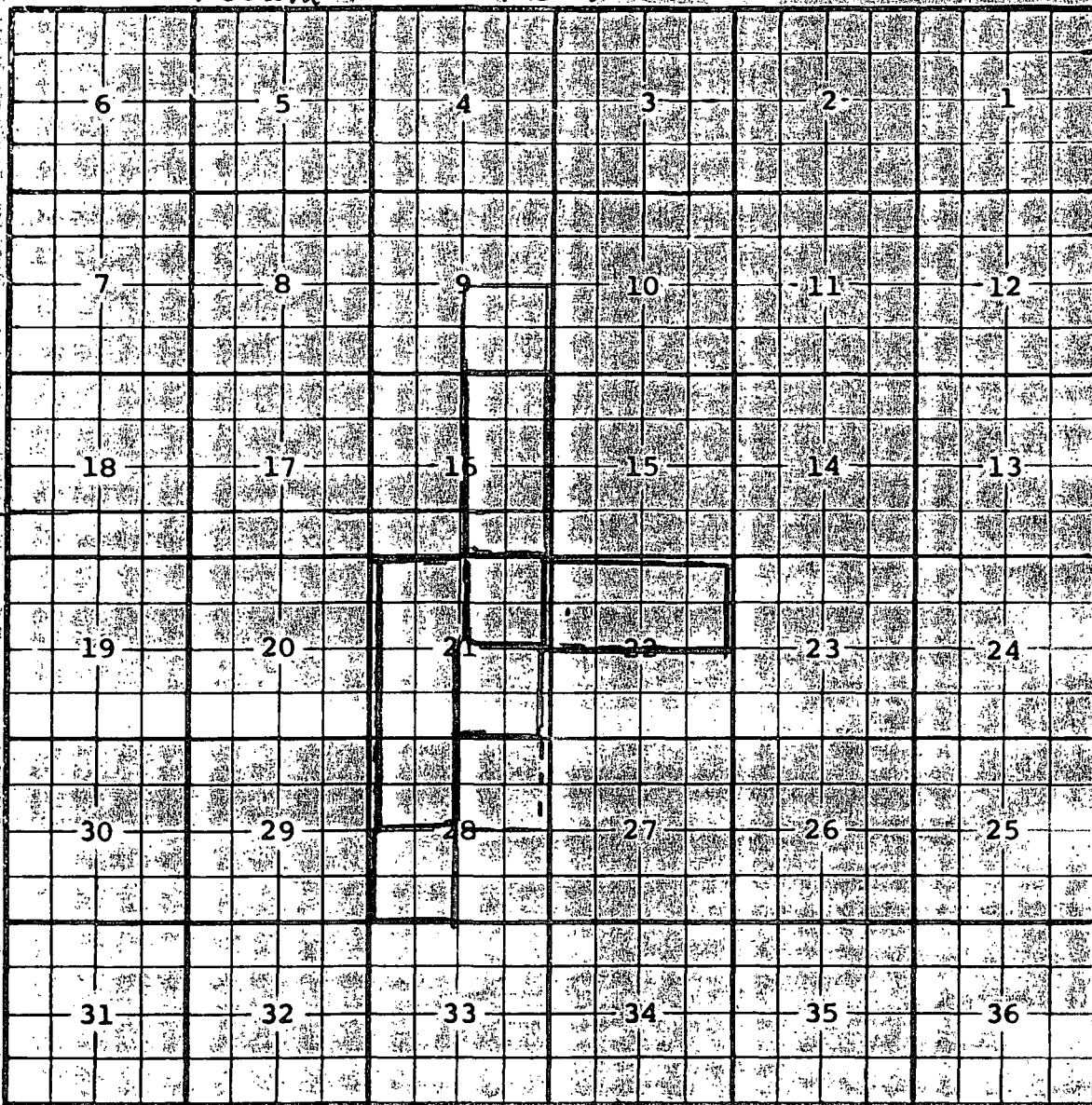
SCALE: 1"=2000'

3/7/97



COUNTY EddyPOOL Cedar Canyon - DelawareTOWNSHIP 24 SouthRANGE 29 East

NMFM



Description: SE 1/4 Sec 9 (R-5334, 12-1-76)

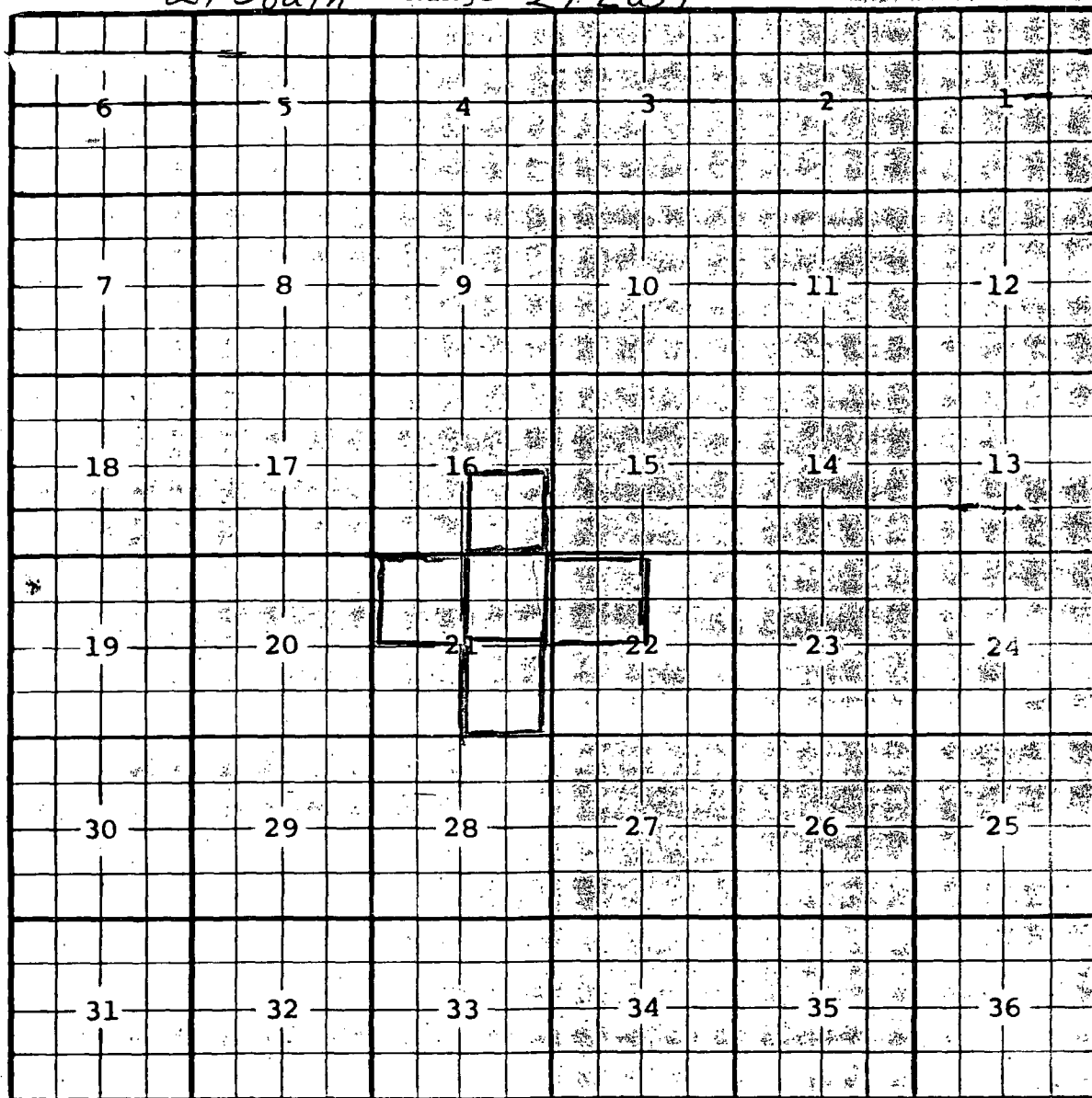
Ext: E 1/2 Sec. 16 (R-10187, 9-6-94) Ext: NE 1/4 Sec. 21 (R-10377, 6-2-95)

Ext: W 1/2 Sec. 21, NW 1/4 Sec. 28 (R-10568, 4-1-96) Ext: SE 1/4 Sec. 21 (R-10591, 5-8-96)

Ext: N 1/2 Sec. 22 (R-10664, 9-16-96) Ext: SW 1/4 Sec. 28 (R-10724, 1-8-97)

County Eddy Pool Corral Draw-Bone Spring

TOWNSHIP 24 South Range 29 East NMPM



Description: $\frac{SE}{4}$ Sec. 16 (A-10159, 7-26-94)
Ext: $\frac{NE}{4}$ Sec. 21 (A-10518, 11-20-95) Ext: $\frac{SE}{4}$ Sec. 21 (A-10568, 4-1-96)
Ext: $\frac{NW}{4}$ Sec. 21, $\frac{NW}{4}$ Sec. 22 (A-10664, 9-16-96)

CMD : ONGARD 04/01/97 08:21:32
OG6TLOG WELL COMPLETION/RECOMPLETION TUBING LOG OGOMES -EMEI

OGRID Identifier : 17891 POGO PRODUCING CO
Pool Identifier : 11540 CEDAR CANYON;DELAWARE
Prop Identifier : 18661 YVONNE 21 FEDERAL
API Well No : 30 15 28850 Well No : 1

WC Status(T/A/P/S/D) : A WC Status Date: 11-01-1996

B.H. Locn - UL : F Sec : 21 Twp: 24S Range : 29E Lot Idn :
Date ready to prod: 11-01-1996
Prod Interval Top : 6480 feet
Prod Interval Bot : 6538 feet
DH Commingle (Y/N): N DHC Date : Order No :
Tubing Siz (O.D) : 2.375 Tubing Depth : 6414 Packer Depth :
INJ/SWD Order No : Tbg excp No :

Date of last Pkr Leakage test : Mult Comp (S/M/C) : S

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 COMMENT	PF10 NEXTTBG	PF11	PF12