

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

☒ NSL ☐ NSP ☐ DD ☐ SD

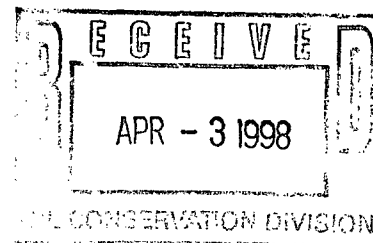
Check One Only for [B] or [C]

[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 ☒ 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

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[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

Print or Type Name

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

Signature

Title

Date

James Bruce *Attorney for Applicant* 4/3/98

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)

April 3, 1998

Hand Delivered

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

Dear Mike:

Enclosed are an original and one copy of an administrative application for approval of an unorthodox location, filed on behalf of Pogo Producing Company. **There are no offsets to notify, and Pogo has a rig available. Thus, Pogo requests that the 20 day waiting period be waived.** Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Pogo
Producing Company

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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April 3, 1998

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 gas well location for the following well:

Merit State "33" Well No. 1
990 feet FNL & 990 feet FEL ³³
E½ S33, Township 24¹⁶ South, Range 29 East, NMPM
~~Eddy~~ Lea County, New Mexico

The well will be drilled to test the Devonian formation, at an approximate depth of 15,250 feet. The well will be a wildcat Devonian gas well,¹ with spacing of 320 acres, and wells to be located no closer than 1650 feet from the end line of the well unit. Pogo requests unorthodox location approval for all formations or pools spaced on 320 acres. A C-102 for the well is attached as Exhibit A.

The proposed location is based upon geological reasons. Attached as Exhibit B is a structure map on top of the Siluro-Devonian formation, derived from a 3-D seismic survey. The proposed location is at the highest structural position on a small four-way closed structure. The upper portion of the Siluro-Devonian is usually non-porous, and thus it is necessary to locate the well at the highest structural position. The unorthodox location substantially increases the chance of encountering commercial quantities of hydrocarbons.

¹The nearest Siluro-Devonian production is in the Anderson Ranch-Devonian Pool, about 7 miles northwest of the proposed location.

Attached as Exhibit C is a land plat of the area. The working interest owners in the proposed well unit are Pogo and Marathon Oil Company ("Marathon"). The working interest owners in the offsetting affected acreage are as follows:

E½ §28

Pogo and Marathon

W½ §27

Pogo

Altura Energy Ltd. is an overriding royalty interest owner in the E½ §28, and it has waived objection to the location. See Exhibit D. In addition, the well unit and all offsetting acreage is state minerals, and thus there is no effect on royalty owners. As a result, there are no offset interest owners to notify of this application, and Pogo requests that the usual 20 day waiting period be **waived**.

This application is submitted in duplicate. Please call me if you need anything further regarding this matter.

Very truly yours,



James Bruce

Attorney for Pogo
Producing Company

cc: Terry Gant

aap.ugl

DISTRICT I

P.O. Box 1080, Hobbs, NM 88241-1080

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

DISTRICT II

P.O. Drawer 80, Artesia, NM 88211-0710

DISTRICT III

1980 Rio Grande Rd., Artesia, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV

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

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code	Pool Name
Property Code	Property Name MERIT STATE "33"	Well Number 1
OCED No.	Operator Name POGO PRODUCING COMPANY	Elevation 4207

Surface Location

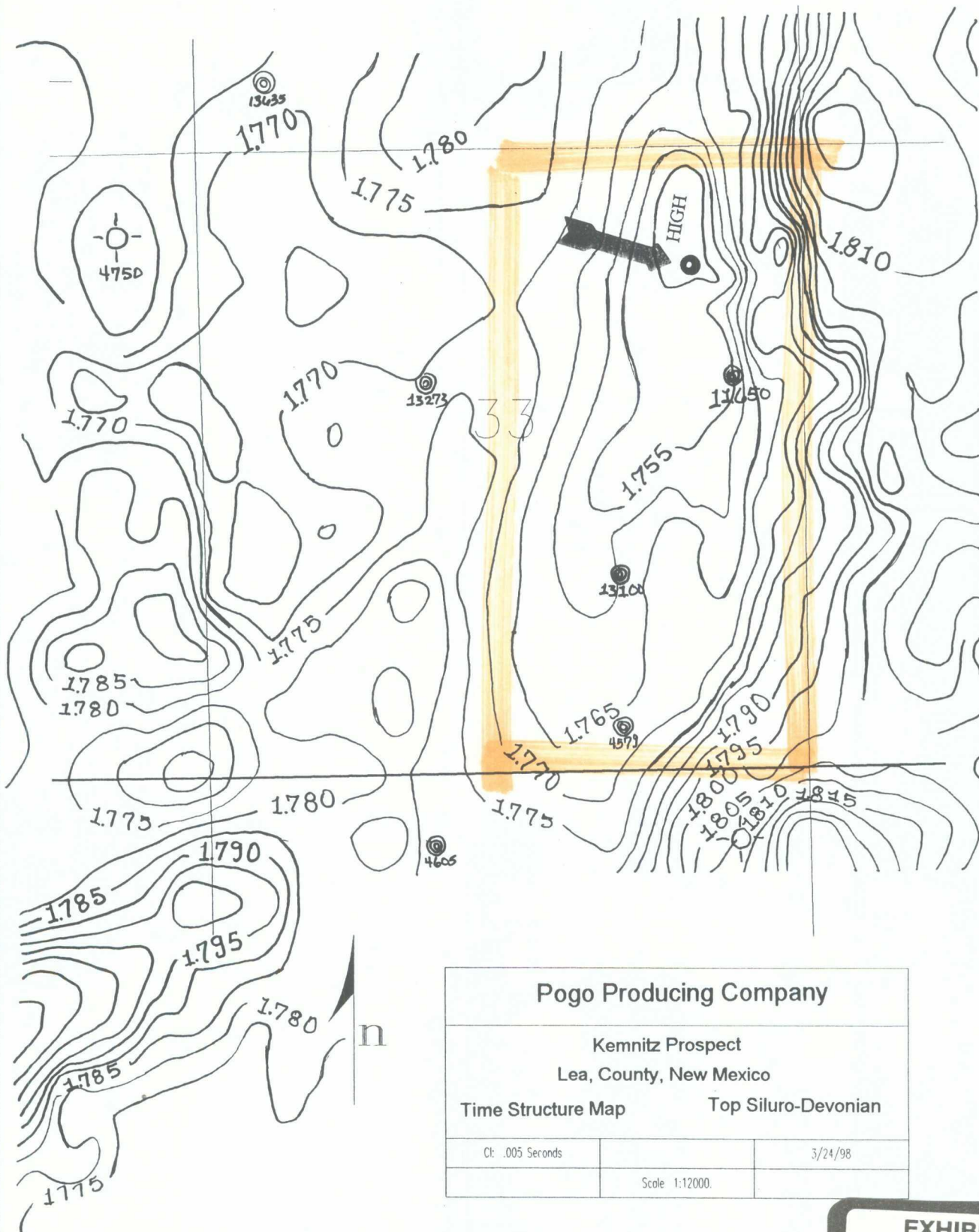
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	33	16 S	33 E		990	NORTH	990	EAST	LEA

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.						

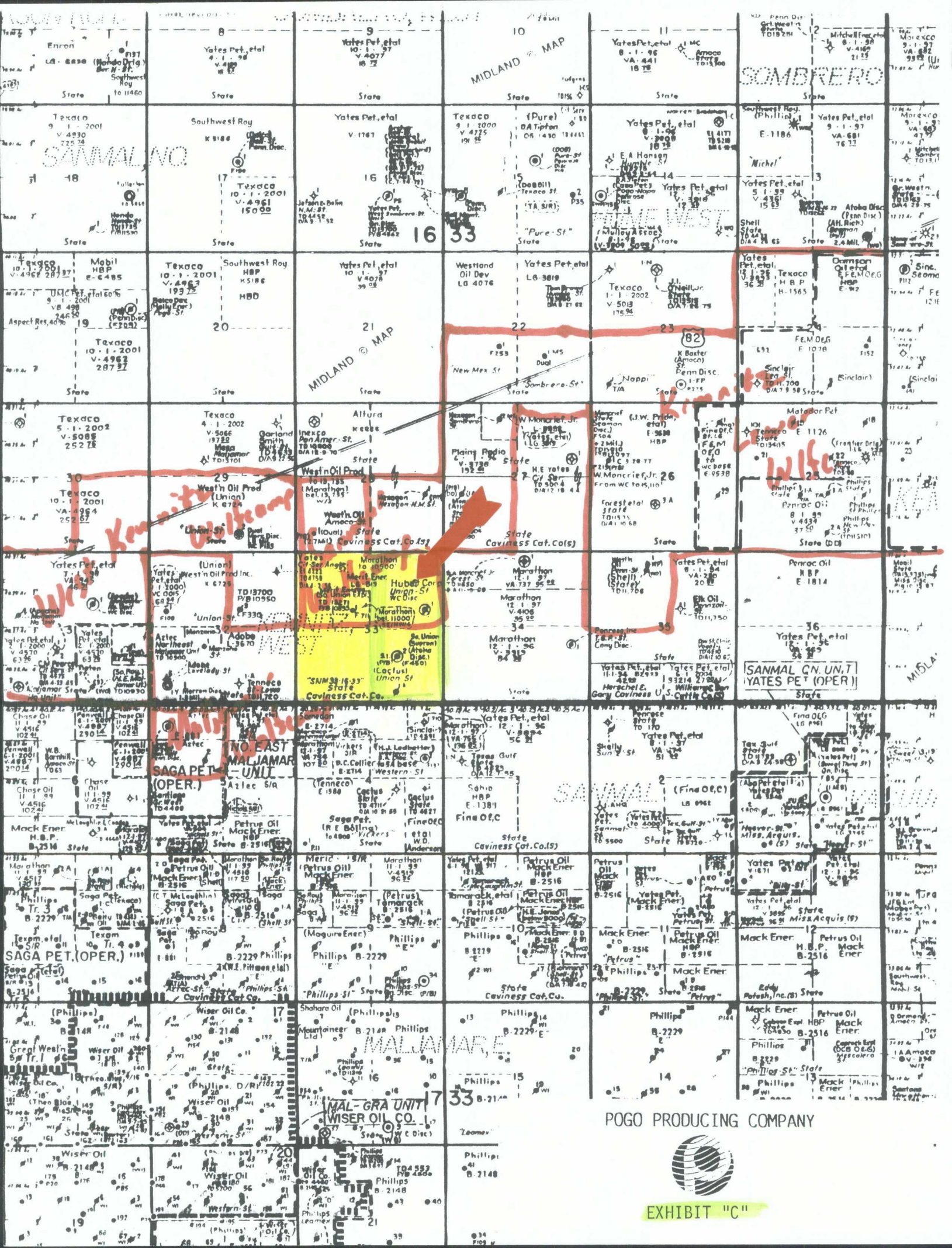
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature _____ Printed Name _____ Title _____ 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. Date Surveyed _____ Signature of Seal of Professional Surveyor _____ W.O. # 12041 Certificate No. RONALD J. EIDSON, 3239 GARY G. EIDSON, 12041 MACON McDONALD, 12165
	EXHIBIT A
	W.O. # 12041



Pogo Producing Company		
Kemnitz Prospect		
Lea, County, New Mexico		
Time Structure Map		Top Siluro-Devonian
Ct: .005 Seconds		3/24/98
	Scale 1:12000.	

EXHIBIT
B



POGO PRODUCING COMPANY



EXHIBIT "C"

**POGO PRODUCING COMPANY****VIA FAX (281-552-1622) / MAIL**

March 25, 1998

Altura Energy Ltd.
P. O. Box 4294
Houston, Texas 77210-4294
Attention: Mr. Alan J. Schwartz

Re: Kemnitz Prospect NM-631
Lea County, New Mexico
Waiver Request for Unorthodox Location
Merit State "33" No. 1 Well

Gentlemen:

Reference is made to the recent telephone conversations between Mr. Schwartz and the undersigned regarding Pogo's and Marathon's desire to drill a 15,250' Devonian Test Well 990' FNL and 990' FEL of Section 33, T-16-S, R-33-E, N.M.P.M., Lea County, New Mexico, being at an unorthodox location for a gas well, with such well being a due south offset to Section 28, T-16-S, R-33-E, N.M.P.M., Lea County, New Mexico, which Altura has granted Marathon a Term Assignment covering same.

As you are aware, Marathon has assigned fifty percent (50%) of its interest in said Section 28 to Pogo.

Due to rig availability, Pogo/Marathon desire to drill the subject Devonian Test Well in the very near future and therefore respectfully requests Altura's waiver to such unorthodox gas well location.

If Altura is agreeable to granting Pogo/Marathon the herein requested waiver, please date and execute both copies of this letter and return one copy to Pogo at your earliest convenience.

EXHIBIT**D**

Altura Energy Ltd.
March 25, 1998
Page 2

If you have any questions and/or need any additional information, please contact the undersigned.

Very truly yours,

POGO PRODUCING COMPANY



Terry Gant
Division Landman

c:\nm631\altura.ltr

Altura Energy Ltd., successor in title to Amoco Production Company, hereby grants a waiver to the drilling of the Merit State "33" No. 1 well located 990' FNL and 990' FEL of Section 33, T-16-S, R-33-E, N.M.P.M., Lea County, New Mexico, with such location being an unorthodox location for a gas well.

ALTURA ENERGY LTD.

By: Philip Weatherill
Name: PHILIP M. WEATHERILL
Title: GEOLOGIST
Date: 4/2/98

cc: Marathon Oil Company
P. O. Box 552
Midland, Texas 79702-0552
Attention: Mr. Joe Rusnak

County Lea Pool Maljamat-Cisco

County Lea Pool Maljamat-Cisco

TOWNSHIP 16 South Range 33 East

TOWNSHIP 16 South Range 33 East

TOWNSHIP 16 South Range 33 East NMPM

The image shows a 36x36 grid of squares, numbered 1 to 36 in a 6x6 pattern. The grid is divided into four 18x18 quadrants by a central vertical and horizontal line. The numbers 1 through 36 are placed in the top-left quadrant, with 1 at the top-right and 36 at the bottom-left. The grid is used for a mathematical puzzle involving the sum of numbers in specific rows and columns.

Description: $\frac{w}{2}$ Sec 32 (R-5754, 7-1-78)

[The page contains faint horizontal lines and some illegible markings.]

POOL Maljamat - Cisco

Range 33 East

NMP M

[illegible]

Description: NW/4 Sec 5 (R-5754, 7-1-78)

County Lea

Pool South Kemnitz - Cisco

TOWNSHIP 16 South

Range 33 East

NMP M

A 36x36 grid with numbers 1 through 36 at the top and bottom. A 6x6 subgrid is highlighted in the bottom right corner, spanning from column 31 to 36 and row 31 to 36. The highlighted area is a square with a thick border.

Description: $\frac{w}{2}$ Sec 26, $\frac{s}{2}$ Sec 27 (R-5511, 9-1-77)

EXT: SE/4 Sec. 22, NE/4 Sec. 27 (R-6449, 9-1-80)

EXT: NE 1/4 SEC 26 (R-8626 4/1/88)

County Lea

Pool Sanna - Pennsylvanian

TOWNSHIP 17 South

Range 33 East

NMP M

A 36x36 grid with numbers 1-36 in the top row and 1-36 in the bottom row, with a diagonal line from the top-left to the bottom-right. The grid is divided into four quadrants by a vertical line between columns 18 and 19. The top-left quadrant (columns 1-18, rows 1-18) contains numbers 1-18 in the top row and 19-36 in the bottom row. The top-right quadrant (columns 19-36, rows 1-18) contains numbers 1-18 in the top row and 19-36 in the bottom row. The bottom-left quadrant (columns 1-18, rows 19-36) contains numbers 1-18 in the top row and 19-36 in the bottom row. The bottom-right quadrant (columns 19-36, rows 19-36) contains numbers 1-18 in the top row and 19-36 in the bottom row. The diagonal line runs from the top-left corner to the bottom-right corner.

Ext. NW/4 Sec 2, NE/4 Sec 3 (R-5511, 9-1-77)

Lea

Sanma/-Pennsylvanian

16-South

RANGE

33- East

NM PM

A 36x36 grid with numbers 1-36 in the top row and 1-36 in the left column. The grid is composed of small squares, with the numbers 1 through 36 placed in the top row and the numbers 1 through 36 placed in the left column. The numbers are arranged in a standard 6x6 pattern, with 6 numbers per row and 6 numbers per column. The numbers are 1, 2, 3, 4, 5, 6 in the first row; 7, 8, 9, 10, 11, 12 in the second row; 13, 14, 15, 16, 17, 18 in the third row; 19, 20, 21, 22, 23, 24 in the fourth row; 25, 26, 27, 28, 29, 30 in the fifth row; and 31, 32, 33, 34, 35, 36 in the sixth row. The numbers are placed in the top row and the left column of the grid.

Description: ^{SE} 1/4 Sec. 34, (R-1118, 1-28-58).

Ext: SE₄ Sec 33, SW₄ Sec 34 (R-5754, 7-1-78)

POOL

Maljamar-Wolfcamp

TOWNSHIP 17 South

RANGE. 33 East

NMPM

A 36x36 grid with a dark, textured background. The grid is composed of 36 columns and 36 rows. The first row contains numbers 1 through 36, and the first column contains numbers 1 through 36. The numbers are arranged in a standard grid pattern, with the first row starting with 1 on the right and 36 on the left, and the first column starting with 1 at the top and 36 at the bottom. The numbers are in a white, sans-serif font. The grid lines are thin and light gray.

Description: NW 1/4 Sec 5 (R-2062, 10-1-61)

POOL

Sammal-Wolfcamp

TOWNSHIP

RANGE 33 East

NMFM

A 36x36 grid with numbers 1-36 in the first row and 7-12 in the second row, with a large blank area in the bottom right.

Description: NE $\frac{1}{4}$ Sec 33 (R-2938, S-1-65)

Description: ^{NE}4 Sec 33 (R-2938, 8-1-65)
Ext: ^{NW}4 Sec 33 (R-5667, 4-1-78) Ext: ^{SW}4 Sec 28 (A-9685, 6-30-92)

Ext. NW/4 Sec 33 (R-5667, 4-1-78) Ext. SW/4 Sec. 28 (A-9685, 6-30-92)

COUNTY

Lea

POOL

West Kemnitz -

Wolfcamp

TOWNSHIP

16 South

RANGE

33 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: $NE\frac{1}{4}$, $E\frac{1}{2}$, $NW\frac{1}{4}$, $NE\frac{1}{4}$ $SW\frac{1}{4}$ & $N\frac{1}{4}$ $SE\frac{1}{4}$ Sec. 31 (R-4559, 9-4-63)

Vertical limits: 10,675' to 10,820' on log of the Apache Corporation

Maljamar ^{North} State Unit Well #1, G-31-165-33E

Ext: $W\frac{1}{2}$ $NW\frac{1}{4}$ Sec. 31 (R-2879, 4-1-65) - $S\frac{1}{2}$ $S\frac{1}{2}$ $E\frac{1}{2}$ $NW\frac{1}{4}$ $SW\frac{1}{4}$ Sec. 31 (R-2967, 10-1-65)

Ext: $\frac{3}{2}$ Sec 29, $SE\frac{1}{4}$ Sec 30 (R-5626, 2-1-78). Ext: $NE\frac{1}{4}$ Sec 32 (R-5729, 6-1-78)

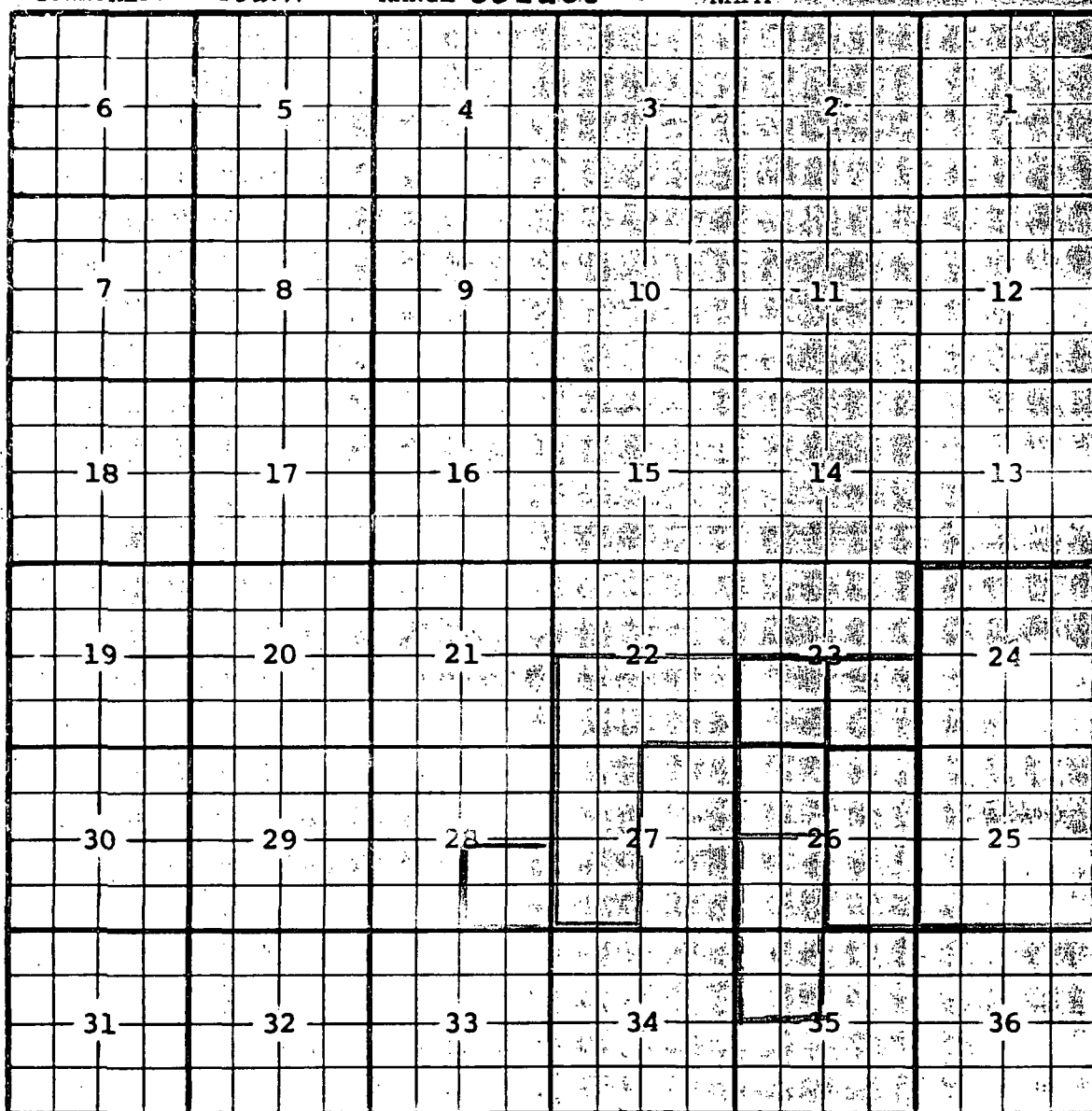
Extend vertical limits to include upper Wolfcamp formation and redesignate as West Kemnitz-Wolfcamp Pool (R-8041, 10-3-85).

COUNTY Lea

POOL

Kennitz - Lower WolfcampTOWNSHIP 16 SouthRANGE 33 East

NMPM



Description: All Secs 24 & 25 (R-1011, 5-16-57)

Ext: $\frac{E}{2}$ Sec. 26 (R-1710, 6-26-58) Contract Vertical Limits;

Special vertical limits: Top pool - Shale break @ 10,816'. Bottom

Pool - Top PE @ 11,220'. Type log: Pennzoil Gulf St #1 P-31-16-34

Redesignate Kennitz - Wolfcamp as Kennitz - Lower Wolfcamp (R-3043, 3-1-66)

Ext: $\frac{SE}{4}$ Sec. 23 (R-3237, 6-1-67) - $\frac{SW}{4}$ Sec. 23 (R-3932, 4-1-70)

Ext: $\frac{NW}{4}$ Sec. 26, $\frac{W}{2}$ Sec. 27, $\frac{S}{2}$ Sec. 22 (R-5609, 1-1-78)

EXT: $\frac{SW}{4}$ SEC. 26, $\frac{NW}{4}$ SEC. 35 (R-8584, 11/1/88) EXT: $\frac{SE}{4}$ sec 23 (R-9194, 6-1-90)

County Lea

Pool Maljamat - Atoka Gas

TOWNSHIP 16 South

Range 33 East

NMP M

A 36x36 grid with numbered squares 1 through 36, arranged in a 6x6 pattern. The grid is divided into four quadrants by a vertical line between columns 18 and 19, and a horizontal line between rows 18 and 19. The top-left quadrant contains squares 1-18, the top-right 19-36, the bottom-left 1-18, and the bottom-right 19-36. The numbers are placed in the center of each square.

Description: $\frac{w}{2}$ Sec 28 (R-5754, 7-1-78)

EXT: E/2 sec 28 (R-7009, 6-19-82)