



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 7, 1998

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

Administrative Order NSL-4086

Dear Mr. Bruce:

Reference is made to your application dated June 9, 1998, as supplemented on July 6, 1998, on behalf of the operator, Pogo Producing Company, for a non-standard oil well location for the proposed Coyote "21" Well No. 3 to be drilled 330 feet from the South line and 1300 feet from the West line (Unit M) of Section 21, Township 24 South, Range 29 East, NMPM, Cedar Canyon-Delaware Pool, Eddy County, New Mexico.

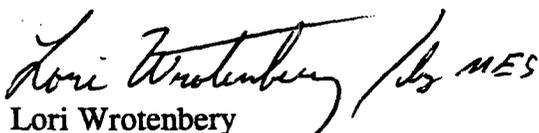
The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Cedar Canyon-Delaware Pool than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of Section 21.

Further, all mineral interests within the SW/4 of Section 21 appears to be common throughout and Pogo Producing Company is the operator; therefore, there are no affected offsets to the subject 40-acre tract other than Pogo Producing Company.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia