



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 15, 2002

Lori Wrotenberg
Director
Oil Conservation Division

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

Telefax No. (505) 982-2151

Administrative Order NSL-4204-A (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*application reference No. pKRV0-201445314*) dated January 3, 2002 on behalf of the operator Pogo Producing Company ("Pogo"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order NSL-4204: all concerning Pogo's request for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 3, Township 22 South, Range 31 East, NMPM, West Lost Tank-Delaware Pool (96582), Eddy County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 40-acre unit is currently dedicated to Pogo's Lost Tank "3" Federal Well No. 5 (API No. 30-015-30586) located at an unorthodox oil well location (approved by Division Administrative Order NSL-4204, dated February 8, 1999) 1950 feet from the North line and 1300 feet from the East line of Section 3.

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 SE/4 NE/4 of Section 3, will serve to drain additional reserves within the productive interval that might not otherwise be produced, and to provide for a more efficient production pattern within the West Lost Tank-Delaware Pool.

It is further understood that all of Section 3 and Lots 1, 2, and 3, the S/2 N/2, and the S/2 of Section 4, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico is a single Federal lease (U. S. Government Lease No. NM-0417696) in which Pogo is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than Pogo.

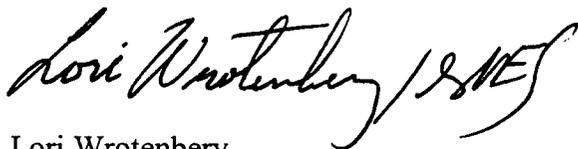
By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox "infill" oil well location within the SE/4 NE/4 (Unit H) of Section 3 is hereby approved:

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**Lost Tank "3" Federal Well No. 8
1330' FNL & 550' FEL.**

Further, both the existing Lost Tank "3" Federal Well No. 5 and the proposed Lost Tank "3" Federal Well No. 8 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrottenberg" followed by a stylized set of initials.

Lori Wrottenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-4204