February 22, 1999

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

Telefax No. (505) 982-2151

Administrative Order NSL-4217(SD)

Dear Mr. Bruce:

Reference is made to your application dated February 2, 1999 on behalf of the operator, Pogo Producing Company ("Pogo"), for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 (Unit P) of Section 20, Township 23 South, Range 31 East, NMPM, West Sand Dunes-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 SE/4 SE/4 of Section 20, 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 Sand Dunes-Delaware Pool.

The application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").
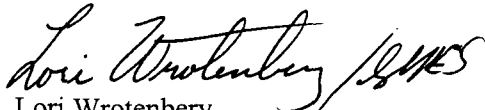
This 40-acre unit is currently dedicated to Pogo's Pure Gold "B" Federal Well No. 4 (**API No. 30-015-27238**) located at a standard oil well location 660 feet from the South and East lines of Section 20.

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 SE/4 (Unit P) of Section 20 is hereby approved:

Pure Gold "B" Federal Well No. 20
1260' FSL & 250' FEL

Further, both the existing Pure Gold "B" Federal Well No. 4 and the proposed Pure Gold "B" Federal Well No. 20 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,

Lori Wrotenbery
Director

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