

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP 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

[D] Other: Specify _____

[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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce

Print or Type Name

James Bruce
 Signature

Attorney for Applicant

Title

2/19/04
 Date

jamesbruc@aol.com
 e-mail Address

RECEIVED

FEB 19 2004

Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (PHONE)
(505) 660-6612 (CELL)
(505) 982-2151 (FAX)

jamesbruc@aol.com

February 19, 2004

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Pogo Producing Company ("Pogo") applies for administrative approval of unorthodox oil well locations for the following eight wells:

Well: Lost Tank "3" Federal Well No. 14
Location: 1450 feet FSL & 1710 feet FEL
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 20
Location: 2500 feet FSL & 2250 feet FEL
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 21
Location: 2500 feet FNL & 450 feet FWL
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 22
Location: 2500 feet FNL & 1850 feet FWL
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 8
Location: 2490 feet FNL & 500 feet FEL
Well Unit: SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 9
Location: 2610 feet FNL & 1850 feet FEL
Well Unit: SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 10
Location: 2610 feet FNL & 2310 feet FWL
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 11
Location: 2410 feet FNL & 990 feet FWL
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

The wells will be drilled to test the Delaware formation (Designated and Undesignated West Lost Tank-Delaware Pool), which is developed on statewide rules. Form C-102's for the eight wells are attached as Exhibit A.

In addition, simultaneous dedication approval is requested for the following wells:

Wells: Lost Tank "3" Federal Well Nos. 14 and 20
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3

Wells: Lost Tank "3" Federal Well Nos. 4 and 21
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3

Wells: Lost Tank "3" Federal Well Nos. 3 and 22
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3

Wells: Lost Tank "4" Federal Well Nos. 7 and 8
Well Unit: SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4

Wells: Lost Tank "4" Federal Well Nos. 6 and 9
Well Unit: SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4

Wells: Lost Tank "4" Federal Well Nos. 5 and 10
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4

The application is based on potash, geologic, and engineering reasons. Sections 3 and 4 are within the oil-potash area of southeastern New Mexico. Most of the existing wells in Sections 3 and 4 were drilled at unorthodox locations because they were the only locations which the Bureau of Land Management ("BLM") would approve at the time.

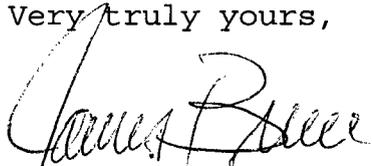
Pogo has now applied to the BLM for approval to drill the above wells. Due to the locations of the previously approved wells, the proposed locations are needed to place wells approximately equidistant from each other. In addition, the wells are located to

take advantage of favorable geology in the primary Delaware zones. Attached as Exhibit B is a geologic discussion, with appropriate plats, supporting the application. Finally, in the event of potential pressure maintenance operations, the locations will be appropriate to take advantage of injection operations.

Attached as Exhibit C is a land plat, highlighting the well locations. All of Sections 3 and 4 are covered by United States Oil and Gas Lease NM 0417696, which has common royalty, overriding royalty, and working interest ownership. Because all of the locations are interior to the lease, there are no offset operators to notify. **As a result, applicant requests that the 20 day notice period be waived.**

Please call me if you need any further information on this matter.

Very truly yours,



James Bruce

Attorney for Pogo Producing Company

PLEASE EXPEDITE
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

RECEIVED

NOV 29 2003

SUBMIT IN TRIPLICATE - Other instructions on reverse side

MIDLAND

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 POGO PRODUCING COMPANY (RICHARD WRIGHT 432-685-8140)

3a. Address
 P.O. BOX 10340 MIDLAND, TEXAS 79702

3b. Phone No. (include area code)
 432-685-8100

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 1450' FSL & 1710' FEL SEC. 3 T22S-R31E EDDY CO. NM

5. Lease Serial No.
 NM-0147696

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
 LOST TANK "3" FEDERAL # 14

9. API Well No.

10. Field and Pool, or Exploratory Area
 LOST TANK DELAWARE WEST

11. County or Parish, State
 EDDY CO. NEW MEXICO

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input type="checkbox"/> Other MOVE

LOCATION

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

- Pogo Producing Company requests the approval to move the location of their LOST TANK "3" FEDERAL # 14 from 1880' FSL & 1850' FEL to 1450' FSL & 1710' FEL SEC. 3 T22S-R31E.
- The reason for thithis move is to develop a more efficient drainage pattern resulting in additional oil recovery.



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Joe T. Janica Title Agent

Signature *Joe T. Janica* Date 10/27/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice 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.

Office _____

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 96582	Pool Name LOST TANK DELAWARE WEST
Property Code 20943	Property Name LOST TANK "3" FEDERAL	Well Number 14
OGRID No. 17891	Operator Name POGO PRODUCING COMPANY	Elevation 3491'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	3	22-S	31-E		1450'	SOUTH	1710'	EAST	EDDY

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.
40			

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

LOT 4 39.65 AC	LOT 3 39.78 AC	LOT 2 39.92 AC	LOT 1 40.05 AC	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joe T. Janica</i> Signature</p> <p>Joe T. Janica Printed Name</p> <p>Agent Title</p> <p>10/27/03 Date</p>
<p>GEODETTIC COORDINATES NAD 27 NME Y = 515948.2 N X = 676237.3 E LAT. 32°25'01.78"N LONG. 103°45'43.99"W</p>				
				<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>October 17, 2003 Date Surveyed</p> <p>A.W.B. Signature & Seal of Professional Surveyor</p> <p><i>Gary Edson</i> 10/24/03 03.11.109</p> <p>Certificate No. GARY EDSON 12641</p>

Pogo Producing Company
Application for Unorthodox Locations
Lost Tank West Delaware Field
Eddy County, New Mexico

Proposed Unorthodox locations in section 3:

Lost Tank "3" Federal #14 (1450' fsl, 1710' fel, section 3, T22S, R31E)
Lost Tank "3" Federal #20 (2500' fsl, 2250' fel, section 3, T22S, R31E)
Lost Tank "3" Federal #21 (2500' fml, 450' fwl, section 3, T22S, R31E)
Lost Tank "3" Federal #22 (2500' fml, 1850' fwl, section 3, T22S, R31E)

Proposed Unorthodox locations in section 4:

Lost Tank "4" Federal #8 (2490' fml, 500' fel, section 4, T22S, R31E)
Lost Tank "4" Federal #9 (2610' fml, 1850' fel, section 4, T22S, R31E)
Lost Tank "4" Federal #10 (2610' fml, 2310' fwl, section 4, T22S, R31E)
Lost Tank "4" Federal #11 (2410' fml, 990' fwl, section 4, T22S, R31E)

Summary

Pogo Producing Company is requesting permission to drill 8 Delaware Formation tests at unorthodox locations in its Lost Tank West Field. Granting of these locations will allow Pogo to develop its remaining acreage in section 3 and section 4 with optimal spacing between the proposed locations and existing locations.

Discussion

The unusual spacing of the existing wells in Pogo's acreage in the north half of section 3 and the north half of section 4 is a result of its proximity to potential potash reserves. Discussions between Pogo Producing Company and the BLM have resulted in Pogo being granted permission to continue developing the south halves of sections 3 and 4. In order to optimize well spacing in the remaining undeveloped portions of these sections, it is necessary to drill 8 of the remaining 21 development wells at unorthodox locations.

The Lost Tank West Delaware Field produces from several of the Delaware Sands. Two of the more prolific sands in this field are the Lower Brushy "A" Sand, and the Middle Brushy "F" Sand. The proposed unorthodox locations will optimize well spacing, thus providing an opportunity for better oil and gas recovery from these two productive sands.

Brushy "A" Geology

Exhibit 1 shows the structural elevation on the top of the Brushy "A" zone (gray contours). Structure dips regionally to the southeast at an average rate of 100' per mile. The colorfilled contours show the net sand thickness of main pay sand within the Brushy "A" zone (BC4 Sand). This Brushy "A" interval is interpreted as a submarine sand channel that trends in a northeast-southwest direction through sections 3 and 4, with net pay thickness ranging from 15' to 85'. The 8 proposed unorthodox locations are highlighted with green arrows.

Brushy "F" Geology

Exhibit 2 shows the structural elevation on the top of the Brushy "F" zone (gray contours). Structure dips regionally to the southeast at an average rate of 80' per mile. The color-filled contours show the net sand thickness of the main pay sand within the Brushy "F" zone. The Brushy "F" sand consists of a series of northeast-southwest-trending over-bank splays that originate from a large channel located 2 ½ miles east of section 3. Pogo expects to encounter up to 30 feet of productive net sand in the eastern locations, with pay thickness diminishing in locations toward the west.



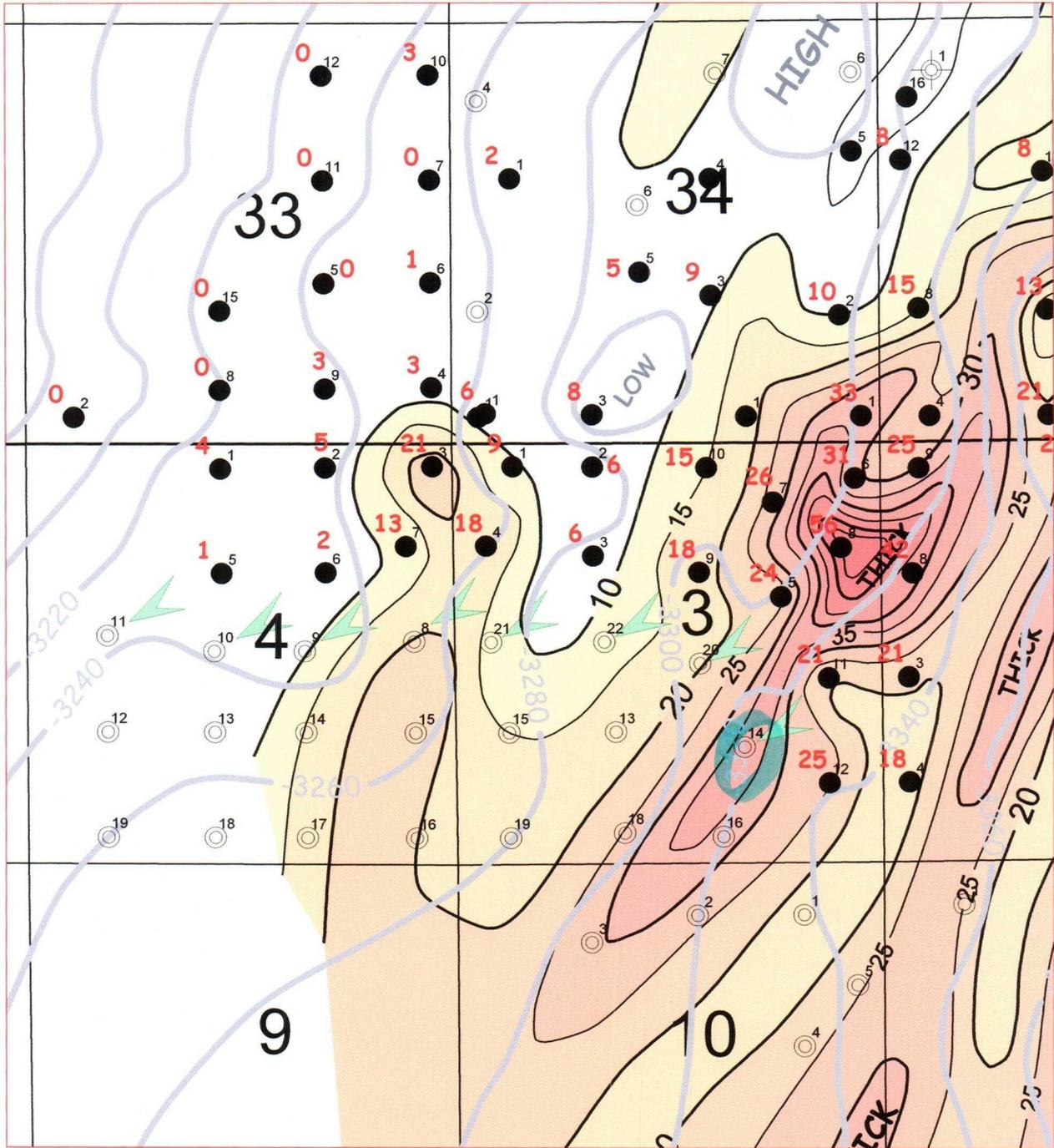


Exhibit 2

POGO PRODUCING COMPANY
Western Division Midland, Texas

Lost Tank West Field
Structure Top Brushy "F" Zone
Isopach Brushy "F" Net Porosity
Eddy County, New Mexico

WEH		ft_bcf_ood.gmp
1/15/04	Project: Livingston Ridge Sand Dunes	

Mark Smith & Bass Sons (S)
 B P
 523T
 (Phillips) (Pogo 1/2)
 32
 Devon Ener.
 12-1-2002
 V-5205
 3109L
 State (3-1-2006)

(Phillips 1/2)
 Pogo Prod. 12 P55 10 F156
 96231
 17
 33
 P188 15 P523
 "Lost Tank-Fed."
 P197
 U.S.
 State

Yates Pet. et al
 4 v. 4100
 Devon Ener. (Benwell Ener.) Loper
 Shackel-Ford
 P207
 2-6259
 34
 "Lucy ALC" St."
 F233 F188
 Marbob Fed.
 (Pitch Ener.) G1357
 U.S. State

7 Yates Pet. et al
 V-3850
 4 P65
 5
 6
 "Lucy ALC" St."
 F233 F188
 Marbob Fed.
 (Pitch Ener.) G1357
 U.S. State

Pogo Pro (Phillip)
 Union Fed.
 P204 TO 2455
 D/A 10-4-81
 V-360
 11
 12 P150
 "Lost Tank"
 P150
 State U.S.

3199.95 2140.00
 on Ener.
 2006
 96235
 0500
 5
 well No. 4
 never drilled
 U.S.

Devon Ener. 96232 1150 00
 Pogo Lost Tank Fed. 0417696
 Del Disc P42
 F227
 F267
 P196
 (Phillips)
 Pogo Prod. 1/2
 "Lost Tank Fed."
 U.S.

39.92
 2140.08
 (Phillips)
 Pogo Prod. 1/2
 F190
 P89
 P21
 P22
 P20
 P115
 "Lost Tank Fed."
 U.S.

40.06
 2139.85
 Yates Pet. et al
 V-2705
 P137
 P236
 "Graham AKB-S"
 Yates Pet. et al F243
 V-2597
 "Flora AKF-St."
 State

8
 U.S.

9
 U.S.

Pogo
 "Lost Tank Fed"
 10
 U.S.

Pogo
 "Lost Tank Fed"
 Yates Pet. et al
 65417
 "AIK"
 11
 U.S.

Gulf
 7-1-84
 21770
 17
 U.S.

16
 State
 2231

V. Williams, Jr
 Gouger Unit
 Fed.
 TD 15,225
 D/A 5-17-73
 15
 U.S.

14
 U.S.



