



POGO PRODUCING COMPANY

March 25, 1995

New Mexico Oil Conservation Division
District II Office
324 West Main Street
Artesia, New Mexico 88221

Attention: Mr. Tim Gum

Re: S. Cabin Lake Prospect NM-560
Eddy County, New Mexico
State "2" No. 2 Well
660' FSL & 2310' FEL of Section 2,
T-22-S, R-31-E, N.M.P.M.
State Lease LH-1523
Pogo Lease NM-4365

Gentlemen:

In accordance with our telephone conversation, please find enclosed the following regarding Pogo's desire to drill the captioned well at the above location:

- (1) Notice of Intention to Drill (Form C-101), in sextuplicate.
- (2) Well Location and Acreage Dedication Plat (Form C-102), in sextuplicate.
- (3) Copy of letter dated March 15, 1995 from Pogo to New Mexico Potash Corporation, along with copy of delivery notice.
- (4) Copy of letter dated March 23, 1995 from Pogo to New Mexico Potash Corporation, that was hand delivered on such date by the undersigned to Mr. Walter E. Case.
- (5) Copy of letter dated March 23, 1995 from Pogo to New Mexico Potash Corporation that was hand delivered on such date by the undersigned to Mr. Walter E. Case.

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- (6) Copy of letter dated March 23, 1995 from New Mexico Potash Corporation to NMOCD, that was given to the undersigned on such date, that indicates New Mexico Potash Corporation's consent to the drilling of the subject well at the above location.
- (7) Copy of letter dated March 25, 1995 from Pogo to New Mexico Potash Corporation, whereby a copy of the subject well's Notice of Intention to Drill (Form C-101) and Well Location and Acreage Dedication Plat (Form C-102) was sent to such office.
- (8) Plat of area where the well is located (within one (1) mile radius denoted thereon), along with copies of two (2) Potash Leasehold Take-Offs prepared by Federal Abstract Company covering said Section 2 and lands within one (1) mile thereof attached to such plat, showing potash lessee ownership of such lands.

As discussed, please note the following:

- (1) The subject well's location is on State of New Mexico lands.
- (2) New Mexico Potash Corporation is the only potash lessee within one (1) mile of the subject well's location.
- (3) Reference is made to Article G. Designation of Drillable Location for Wells:(3) of New Mexico Oil Conservation Division Order No. R-111-P, which states "Any Application to Drill in the LMR Area, including buffer zones, may be approved only by mutual agreement of lessor and lessees of both potash and oil and gas interests". It is the undersigned's understanding that the subject well's location is within a LMR. **New Mexico Potash Corporation has agreed to the drilling of the subject well at the herein described location.**
- (4) Pogo desires to commence operations on the subject well as soon as possible due to (a) rig availability and (b) offset producing well.

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In connection with the above, it is our belief that you have in your possession all the materials and advisements necessary to approve our permit to drill the subject well. Your prompt attention to this matter is greatly appreciated.

If you should need any other information and/or have any questions regarding this matter, please contact the undersigned.

Very truly yours,

POGO PRODUCING COMPANY



Terry Gant
Senior Landman

TG:lf/c:NMOCD.560-4365

Enclosures

cc: New Mexico Oil Conservation Division (w/copies of attachments)

2040 South Pacheco
Santa Fe, New Mexico 87505
Attention: Mr. Mike Stogner

New Mexico State Land Office (w/copies of attachments)

310 Old Santa Fe Trail
Santa Fe, New Mexico 87501
Attention: Mr. Ray Powell

Bureau of Land Management (w/copies of attachments)

Carlsbad District Office
620 East Greene
Carlsbad, New Mexico 88220
Attention: Mr. Richard Manus