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## HAND-DELIVERED

April 13, 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. 4 Well

1780' 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 recent 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 April 13, 1995 from Pogo to New Mexico Potash Corporation that was hand-delivered on such date to Mr. Walter E. Case, 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 delivered to such office.
- (4) Copy of letter dated April 12, 1995 from New Mexico Potash Corporation to the NMOCD, that was hand-delivered on April 13, 1995 to Pogo, that indicates New Mexico Potash Corporation's consent to the drilling of the subject well at the above location.

(5) 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 the 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.

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

Enclosures

New Mexico Oil Conservation Division April 13, 1995 Page Three

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. Joe Mraz

Bureau of Land Management (w/copies of attachments)

Carlsbad District Office

620 East Greene

Carlsbad, New Mexico 88220 Attention: Mr. Craig Cranston

TG:mjl/c:NMOCDcab.let