



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

May 2, 2006

Mark E. Fesmire, P.E.

Director

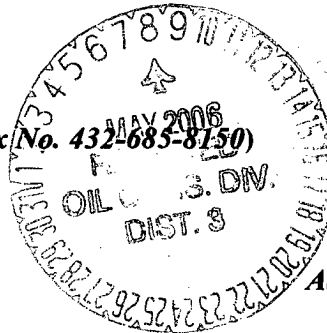
Oil Conservation Division

Pogo Producing Company

Attention: Ms. Leslyn Wallace (telefax No. 432-685-8150)

P. O. Box 10340

Midland, Texas 79702-7340



Administrative Order NSL-5375

Dear Ms. Wallace:

Reference is made to the following: (i) your application dated January 19, 2006 that was not submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico until March 8, 2006 (*administrative application reference No. pTDS0-606831494*); (ii) the Division's initial response by letter dated March 10, 2006 from Mr. Michael E. Stogner, Engineer, requesting additional data and comments concerning this application; (iii) Ms. Becky Heath's, Ellis & Associates, Inc. of Farmington, New Mexico, telephone conversations with Mr. Stogner on Monday, May 1, 2006; (iv) Mr. Stogner's telefax to Ms. Heath Monday afternoon, May 1st; (v) Ms. Heath's response by telefax Monday evening, May 1st with the necessary information and supplemental data to complete your application; and (vi) the Division's records in Aztec and Santa Fe: all concerning Pogo Producing Company's request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended [Rule 7 (a) (1)], for a non-standard infill gas well location within an existing 322.92-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (**71629**) comprising Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

Your application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," and (ii) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

This unit is currently dedicated to Pogo's Golden Bear Well No. 5 (*API No. 30-045-30765*), located at a standard coal gas well location 1420 feet from the North line and 1850 feet from the East line (Unit G) of Section 2.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described unorthodox infill coal gas well location to be drilled within the above-described 322.92-acre gas spacing unit is hereby approved:

**Golden Bear Well No. 5-T
490' FNL & 1015' FWL (Lot 4/Unit D).**

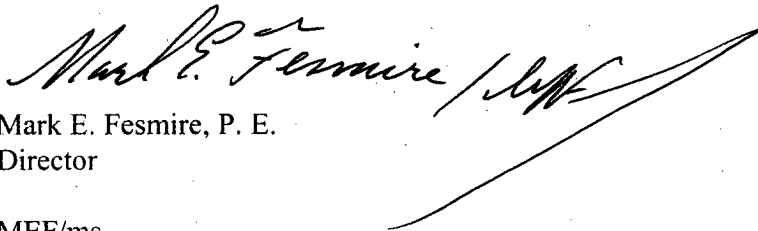
Pogo Producing Company
May 2, 2006
Page 2

Division Administrative Order NSL-5375

Further, Pogo is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from both the above-described Golden Bear Wells No. 5 and 5-T.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, reading "Mark E. Fesmire", followed by a long, sweeping horizontal line that extends to the right.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
New Mexico State Land Office – Santa Fe
Ms. Becky Heath, Ellis & Associates, Inc. (*telefax No. 505-327-3974*) – Farmington