

DATE IN 3-23-04	SUSPENSE 4-12-04	ENGINEER MS	LOGGED IN MS	TYPE NSL	APP NO. 408462921
-----------------	------------------	-------------	--------------	----------	-------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED

MAR 23 2004

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

Signature

Attorney for Applicant

Title

Date

jamesbruc@aol.com

e-mail Address

3/22/04

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

March 22, 2004

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 applies for administrative approval of an unorthodox gas well location for the following well:

<u>Well:</u>	State W Well No. 7
<u>Location:</u>	780 feet FSL & 2400 feet FWL
<u>Well Unit:</u>	S½ of Section 3, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the Morrow formation (Undesignated South Carlsbad-Morrow Gas Pool). However, applicant requests unorthodox location approval for both the Morrow formation and the Strawn formation (Undesignated South Carlsbad-Strawn Gas Pool or Undesignated Frontier Hills-Strawn Gas Pool). A Form C-102 for the well has not yet been prepared.

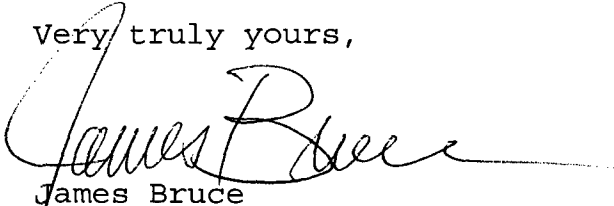
The application is based on geology in the Strawn formation. Attached as Exhibits A and B are a geological write-up and a structure map on top of the Strawn formation. The unorthodox location is required in order for the well to penetrate the crest of a small Strawn mound. The location will enable applicant to test both the Strawn and Morrow formations with a single wellbore.

The S½ of Section 3 is currently dedicated, in the Morrow formation, to the existing State W Well No. 2, located 660 feet FSL and FWL. Although not yet TA'd, this well has ceased producing from the Morrow formation. Thus, there will not be two producing Morrow wells in the SW¼ of Section 3. The proposed location also moves away from the existing well, to minimize drainage effects in the Morrow formation on the proposed location.

Attached as Exhibit C is a land plat. All of Section 3 is covered by State Lease K-2857. Leasehold ownership in the S½ of Section 3 is uniform, and the well is only unorthodox to the interior of the lease. Thus no interest owners will be adversely affected by the unorthodox location. As a result, notice of the application has not been given to anyone.

Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce", with a long horizontal flourish extending to the right.

James Bruce

Attorney for Pogo Producing Company

Pogo Producing Company
State "W" #7

Application for Unorthodox Location due to Geologic Reasons

1. Pogo requests approval for the proposed State "W" #7 well at an unorthodox location due to geological considerations.
2. The proposed well has a planned total depth of 12,000', which will test prospective gas producing targets in the Morrow Sands and the Strawn Carbonate.
3. The proposed well is located at the crest of a small Strawn-aged mound, which was identified with a recently acquired 3D seismic survey (**see attached exhibit**).
4. Exhibit 1 shows the proposed well to be located on a southeast-trending structural nose, mapped on the Strawn marker horizon (gray contours). The colorfilled contours depict the overall thickness of the Strawn Formation. Abrupt thickening in the Strawn Formation is indicative of a mound. The proposed location is expected to encounter 440' of anomalously thick Strawn section.
5. Due to its small size, it is not possible to penetrate the crest of the Strawn mound at an orthodox location.
6. The proposed location allows Pogo to test the Morrow Sands, while also testing the Strawn mound with a single well bore.



