



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 10, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Pogo Production Company
P. O. Box 10340
Midland, Texas 79702-7340

Attention: Leslyn M. Wallace

Re: *Administrative application (Division administrative application reference No. pTDS0-606831494) for an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool (71629) for Pogo Producing Company's ("Pogo") proposed Golden Bear Well No. 5-T to be drilled as a infill coal gas well at an unorthodox location 490 feet from the North line and 1015 feet from the West line (Lot 4/Unit D) of Section 2, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, within the existing 322.92-acre standard lay-down gas spacing unit comprising Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 2, which 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.*

Dear Ms. Wallace:

This letter acknowledges receipt of the subject administrative application on March 8, 2006.

I have reviewed your request and the Division's public records and have determined additional information is needed to complete this application. I understand that the N/2 NW/4 of Section 2 is State owned; however, the S/2 NW/4 is fee acreage and is therefore not under the New Mexico State Land Office's jurisdiction. Does the San Juan Collage own and control all of the NW/4 of Section 2? If not, why then can this well not be drilled at a standard location within the southern part of this quarter section? Please submit maps, aerial photos, and/or surface plats to support your response.

Also, from the statement within the cover letter of your application, "...the S/2 of Section 35, T-30-N, R-13-W, which is also owned and operated by Pogo." To assure that correlative rights of all affected mineral interest owners are adequately protected under Division Rule 1210.A (2) (b) and Section 70-2-11 NMSA 1978, please clarify that Pogo does indeed own 100% of the Blanco-Fruitland coal gas working interests within the S/2 of Section 35.

Since the submitted application is insufficient, the application remains incomplete as of March 10, 2006. Please submit the above stated information by Wednesday, March 22, 2006.

POGO PRODUCTION COMPANY

Division Administrative Application Reference No. pTDS0-606831494

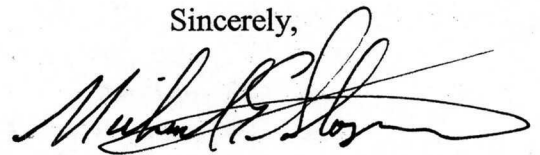
March 10, 2006

Page 2

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3462, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043. Thank you.

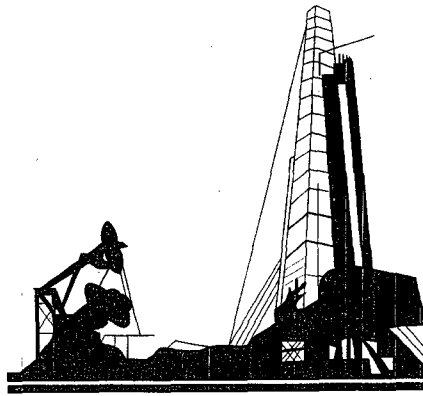
Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a stylized flourish at the end.

Michael E. Stogner
Engineer

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office – Santa Fe
James Bruce, Legal Counsel for Edge Petroleum Operating Company, Inc. – Santa Fe

505-327-3974



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO: Ms. Becky Heath

FROM: Michael E. Stager

DATE: 5-1-2006

PAGES: 3

SUBJECT: Please telephone conversation this afternoon. Attached is
a copy of my letter to Mrs. Evelyn Wallace in Midland at
March 10, 2006.

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE
NUMBER ABOVE.

* Talked w/ Ms. Heath again on Monday, May 1st
(~ 2:00 pm). She is submitting the required
information later this evening. *mt. Stager*



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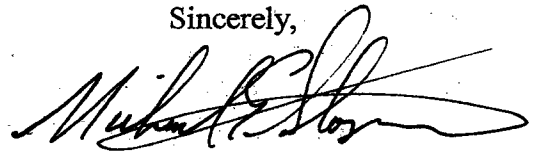
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Michael E. Stogner
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cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe
James Bruce, Legal Counsel for Edge Petroleum Operating Company, Inc. - Santa Fe

TRANSACTION REPORT

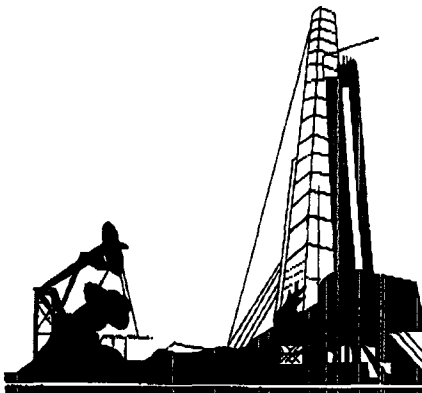
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505-327-3974

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