



NSL-5235

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary

Pogo Producing Company
c/o **James Bruce**
P. O. Box 1056
Santa Fe, New Mexico 87504

June 2, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

AMENDED Division Administrative Order NSL-5235

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated and filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 24, 2006 (*administrative application reference No. pTDS0-614459507*) on behalf of the operator Pogo Producing Company ("Pogo"); and (ii) the Division's records in Santa Fe and Artesia, including the files on Division Administrative Orders NSL-4121 and NSL-5235: all concerning Pogo's request to amend Division Administrative Order NSL-5235, dated July 13, 2005, which order granted Pogo's request to drill its proposed Lost Tank "4" Federal (Deep) Well No. 20 as a deep Wolfcamp gas well at an unorthodox location within Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 4, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, being a standard 319.38-acre stand-up gas spacing unit for deep wildcat Wolfcamp gas production, 1330 feet from the North line and 510 feet from the East line (Unit H) of Section 4.

It is the Division's understanding that Pogo is requesting to include provisions for an unorthodox oil well location should Wolfcamp production from this well be classified as "oil."

Pursuant to Division Rule 104.B (1), the SE/4 NE/4 (Unit H) of Section 4 is to be dedicated to this well in order to form a standard 40 oil spacing and proration unit for wildcat Wolfcamp oil production.

Your application to amend Division Administrative Order NSL-5235 has been duly filed under the provisions of 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].

It is further understood that that all of Section 3 and all of Section 4, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, with the exception of Lot 4 (Unit D) of Section 4, is a single Federal lease (United States Government lease No. NM-0417696) in which leasehold ownership is common; therefore, there are no effected offsets to the subject unorthodox oil well location.

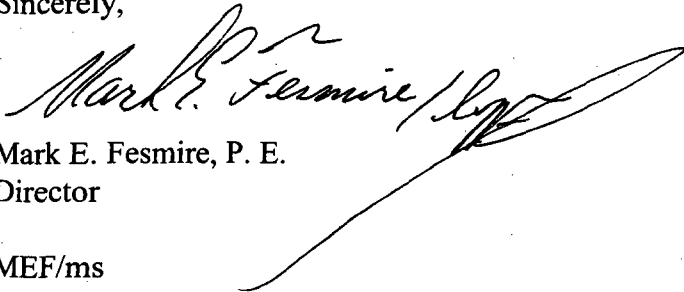
By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox Wolfcamp oil or gas well location for Pogo's proposed Lost Tank "4" Federal (Deep) Well No. 20 is hereby approved. Further, Division Administrative Order NSL-5235 shall remain in full force and effect until further notice.

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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, appearing to read "Mark E. Fesmire". The signature is written in dark ink and is positioned above the typed name and title.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
File: Division Administrative Order NSL-5235
