



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

April 1, 1997

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

Administrative Order NSL-3781

Dear Mr. Bruce:

Reference is made to your application dated March 26, 1997 on behalf of the operator, Pogo Producing Company, for a non-standard oil well location for both the Cedar Canyon-Delaware and the Corral Draw-Bone Spring Pools for the proposed Cedar Canyon "21" Federal Well No. 3 to be drilled 1650 feet from the North line and 1300 feet from the West line (Unit E) of Section 21, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. The SW/4 NW/4 of said Section 21 is to be dedicated to the well thereby forming a standard 40-acre oil spacing and proration unit for both intervals.

It is our understanding that the subject well is to be drilled to a total depth sufficient to test the Bone Spring formation, however, the shallower Delaware formation, down at approximately 6,500 feet, is the primary zone of interest. The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Cedar-Canyon-Delaware Pool than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

Further, all mineral interests within the NW/4 of said Section 21 appears to be common throughout and Pogo Producing Company is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than Pogo Producing Company.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location for both the Cedar Canyon-Delaware and the Corral Draw-Bone Spring Pools is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad