

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [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 - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ 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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
 P.O. BOX 1056
 SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

Print or Type Name

Signature

Title

Date

James Bruce *Officer to Applicant* 9/25/98

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

September 25, 1998

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Pogo Producing Company ("Pogo") applies for administrative approval of an unorthodox oil well location for the following well:

Lost Tank "3" Fed. Well No. 5
1950 feet FNL & 1300 feet FEL
SE $\frac{1}{4}$ NE $\frac{1}{4}$ (Unit H) S3
Township 22 South, Range 31 East, NMPM,
Eddy County, New Mexico

The well will be drilled to test the Delaware formation (West Lost Tank-Delaware Pool). The pool is governed by statewide rules, with 40 acre spacing and wells to be located no closer than 330 feet to a quarter-quarter section line.

The subject acreage is in the oil-potash area of southeast New Mexico, and the proposed location is non-standard due to potash reasons. During extensive conversations between Scott McDaniel of Pogo and Craig Cranston of the Bureau of Land Management ("BLM"), Pogo was advised that, based on the BLM's current information, a small window exists where drilling operations can occur without impairing potential potash reserves. All locations within this window, including the proposed location, are unorthodox. Copies of the APD (Form 3160-3) and Form C-102 submitted to the BLM for the unorthodox location are attached as Exhibit A.

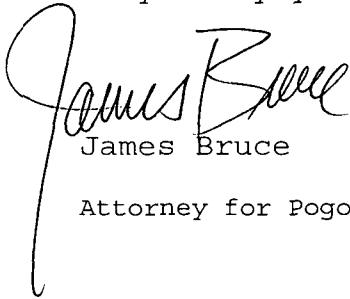
Submitted as Exhibit B is a land plat of the subject area. All of Section 3 and all of Section 4 except the NW $\frac{1}{4}$ NW $\frac{1}{4}$ is comprised of federal lease NM 0417696, which is owned 50-50 by Pogo and Phillips Petroleum Company. Pogo operates the lease. In addition, royalty

6a

and overriding royalty ownership is common throughout the lease. Thus, no interest owner is adversely affected by the unorthodox location, and notice is not required to be given to anyone.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned to the left of the printed name.

James Bruce

Attorney for Pogo Producing Company

Form 3160-3
(July 1992)SUBMIT IN 3 LOCATE*
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK

DRILL ☒DEEPEN ☐

B. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONES ☐

2. NAME OF OPERATOR

POGO PRODUCING COMPANY (RICHARD WRIGHT) 915-685-8140

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 915-685-8140

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1950' FNL & 1300' FEL SEC. 3 T22S-R31E EDDY CO. NM.

At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 30 miles East of Carlsbad New Mexico.

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drg. unit line, if any)

1300'

16. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

2600'

18. NO. OF ACRES IN LEASE

320

19. PROPOSED DEPTH

8150'

17. NO. OF ACRES ASSIGNED

40

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

22. APPROX. DATE WORK WILL START*

WHEN APPROVED

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor	NA	40±	Cement to surface with redi-mix
14 3/4"	H-40 10 3/4"	32.75	650'	500 Sx. circulate to surface
9 7/8"	J-55 7 5/8"	26.40	3850'	1000 Sx. circulate to surface.
6 3/4"	N-80, J-55 4 1/2"	11.60	8150'	1300 Sx. circulate to surface.

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with redi-mix.
2. Drill 14 3/4" hole to 650'. Run and set 650' of 10 3/4" H-40 32.75# ST&C casing. Cement with 500 Sx. of Class "C" cement. Circulate cement to surface.
3. Drill 9 7/8" hole to 3850'. Run and set 3850' of 7 5/8" J-55 26.4# ST&C casing. Cement with 1000 Sx. of Class "C" cement. Circulate cement to surface.
4. Drill 6 3/4" hole to 8150'. Run and set 8150' of 4 1/2" casing as follows: 1100' of 4 1/2" N-80 11.6# LT&C casing, 6000' of 4 1/2" J-55 11.6# LT&C casing, 1000' of 4 1/2" N-80 11.6# LT&C casing. Run stage tools at 5800'± & 3800'±, cement with 1300 Sx. of Class "H" cement. Circulate cement to surface.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

24.

SIGNED

(This space for Federal or State office use)

TITLE AGENT

DATE 09/08/98

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL IF ANY:

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

EXHIBIT

A

DISTRICT I

P.O. Box 1880, Hobbs, NM 88241-1880

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

P.O. Drawer 99, Lordsburg, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV

P.O. Box 2088, Santa Fe, N.M. 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96582	Pool Name LOST TANK DELAWARE WEST
Property Code 20943	Property Name LOST TANK 3 FEDERAL	Well Number 5
UGRD No. 17891	Operator Name POGO PRODUCING CO.	Elevation 3493'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	3	22 S	31 E		1950	NORTH	1300	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4 39.65 ACRES	LOT 3 39.78 ACRES	LOT 2 39.92 ACRES	LOT 1 40.05 ACRES

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Joe T. Janica
Signature

Joe T. Janica
Printed Name

Agent

Title

09/08/98
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

AUGUST 31, 1998

Date Surveyed

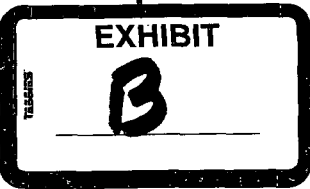
Signature & Seal
Professional Surveyor

Sanford E. Eidson
Sanford E. Eidson

98-11-138

Certificate No. 3239
12641

EXHIBIT "A"



County Eddy Pool Lost Tank- Delaware

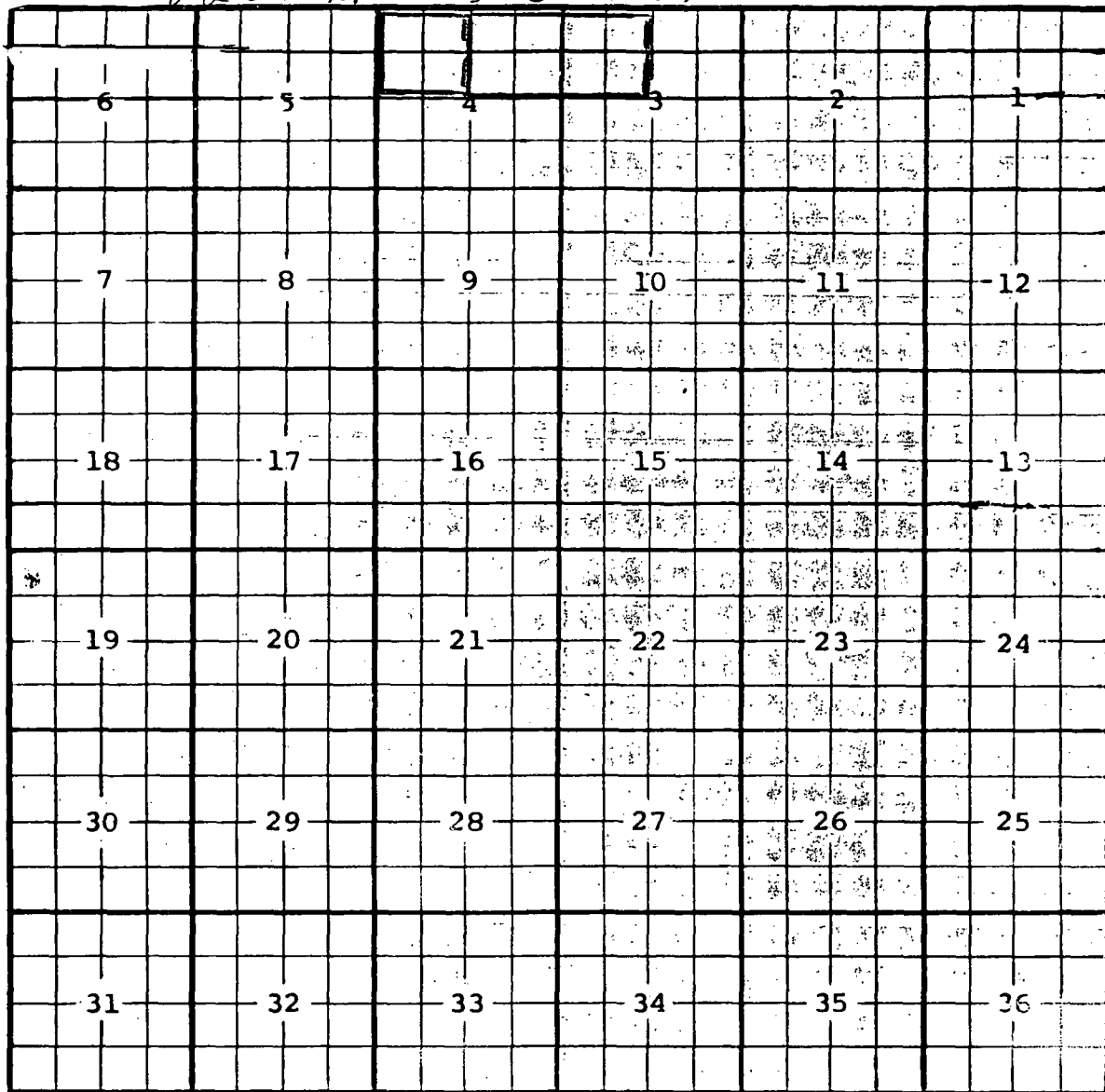
TOWNSHIP 22 South Range 31 East NMPM

A 36x36 grid with numbers 1-36 in the top row and 1-36 in the left column. The grid is divided into four 18x18 quadrants by a thick cross. The top-right and bottom-left quadrants are shaded gray. The top-left and bottom-right quadrants are white.

Description: ^{NE}/₄ Sec. 1 (R-9545, 7-1-91) Ext: ^W/₂ and ^{SE}/₄ Sec. 1, ^{SE}/₄ Sec. 2 (R-9668, 5-6-92) Ext: ^{NE}/₄ Sec. 2 (R-9709, 8-25-92) Ext: ^{SW}/₄ Sec. 2 (R-10343, 4-24-95)

County Eddy Pool West Lost Tank-Delaware

TOWNSHIP 22 South Range 31 East NMPM



Description: NW 1/4 Sec. 4 (R-10787, 4-9-97)

Ext: NW 1/4 Sec. 3, NE 1/4 Sec. 4 (R-10951, 2-4-98)

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/09/98 14:42:59
OGOIV -EMDZ
PAGE NO: 1

Sec : 03 Twp : 22S Rng : 31E Section Type : NORMAL

4 39.65 Federal owned R A	3 39.78 Federal owned R A	2 39.92 Federal owned R	1 40.05 Federal owned R
E 40.00 Federal owned R A	F 40.00 Federal owned R A	G 40.00 Federal owned R	H 40.00 Federal owned R

M0002: This is the first page

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/09/98 14:44:20
OGOIV -EMDZ
PAGE NO: 2

Sec : 03 Twp : 22S Rng : 31E Section Type : NORMAL

L 40.00 Federal owned R	K 40.00 Federal owned R	J 40.00 Federal owned R	I 40.00 Federal owned R
M 40.00 Federal owned R	N 40.00 Federal owned R	O 40.00 Federal owned R	P 40.00 Federal owned R

PF01 HELP
PF07 BKWD

PF02
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JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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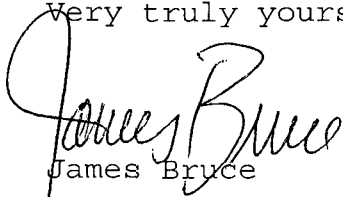
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Submitted as Exhibit B is a land plat of the subject area. All of Section 3 and all of Section 4 except the NW $\frac{1}{4}$ NW $\frac{1}{4}$ is comprised of federal lease NM 0417696, which is owned 50-50 by Pogo and Phillips Petroleum Company. Pogo operates the lease. In addition, royalty

and overriding royalty ownership is common throughout the lease. Thus, no interest owner is adversely affected by the unorthodox location, and notice is not required to be given to anyone.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

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James Bruce

Attorney for Pogo Producing Company

Form 3160-3
(July 1992)SUBMIT IN 7 LOCATE*
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

POGO PRODUCING COMPANY (RICHARD WRIGHT) 915-685-8140

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 915-685-8140

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

AT SURFACE

1950' FNL & 1300' FEL SEC. 3 T22S-R31E EDDY CO. NM.
At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 30 miles East of Carlsbad New Mexico.

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drg. unit line, if any)

1300'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL DRILLING COMPLETED
OR APPLIED FOR, ON THIS LEASE, FT.

2600'

19. PROPOSED DEPTH

8150'

20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DV, RT, GR, etc.)

22. APPROX. DATE WORK WILL START*

WHEN APPROVED

23.

PROPOSED CASING AND CEMENTING PROGRAM

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25"	Conductor	NA	40±	Cement to surface with redi-mix
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24.

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(This space for Federal or State office use)

TITLE AGENT

DATE 09/08/98

PERMIT NO.

APPROVAL DATE

Application approved does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would enable the applicants to conduct operations thereon.

CONDITIONS OF APPROVAL IF ANY:

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

EXHIBIT

A

DISTRICT I

P.O. Box 1000, Hobbs, NM 88241-1000

DISTRICT II

P.O. Drawer 22, Lordsburg, NM 88021-0710

DISTRICT III

1000 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1984

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	96582	LOST TANK DELAWARE WEST
Property Code	Property Name	Well Number
20943	LOST TANK 3 FEDERAL	5
OGSD No.	Operator Name	Elevation
17891	POGO PRODUCING CO.	3493'

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	3	22 S	31 E		1950	NORTH	1300	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
40									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

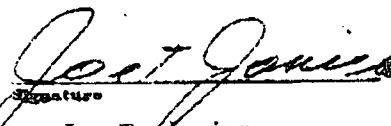
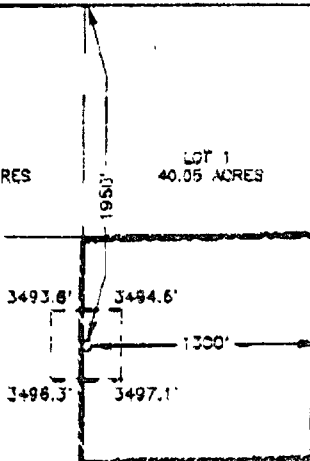
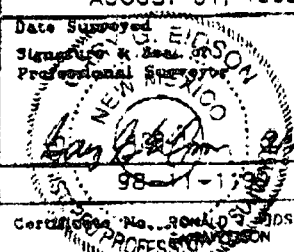
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SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. AUGUST 31, 1998 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. 3239 12641				CDS 98-1-1735

EXHIBIT "A"





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 9, 1998

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

Re: Administrative application on behalf of Pogo Producing Company to drill its Lost Tank "3" Federal Well No. 5 at an unorthodox oil well location in either the Undesignated Lost Tank-Delaware Pool or Undesignated West Lost Tank-Delaware Pool 1950 feet from the North line and 1300 feet from the East line (Unit H) of Section 3, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bruce:

In order to complete the subject application pursuant to Division General Rule 104.F(3), please provide the Division with additional information concerning the existence of a "small window where drilling operations can occur without impairing potential potash reserves", see copy of application attached.

How was this window discovered, what criteria was used in determining its limits, who were the participants that formulated its existence, is this window mapped anywhere?

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: New Mexico Oil Conservation Division - Artesia
Craig Cranston - U.S. Bureau of Land Management, Carlsbad
Gary Bowers, Field Office Manager - U. S. Bureau of Land Management, Carlsbad
H. L. Salzman, U.S. Bureau of Land Management - Santa Fe
Lori Wrotenbery, Director - NMOCD, Santa Fe

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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The well will be drilled to test the Delaware formation (West Lost Tank-Delaware Pool). The pool is governed by statewide rules, with 40 acre spacing and wells to be located no closer than 330 feet to a quarter-quarter section line.

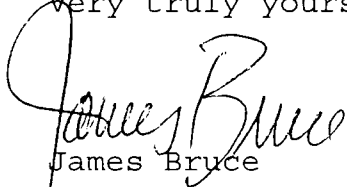
The subject acreage is in the oil-potash area of southeast New Mexico, and the proposed location is non-standard due to potash reasons. During extensive conversations between Scott McDaniel of Pogo and Craig Cranston of the Bureau of Land Management ("BLM"), Pogo was advised that, based on the BLM's current information, a small window exists where drilling operations can occur without impairing potential potash reserves. All locations within this window, including the proposed location, are unorthodox. Copies of the APD (Form 3160-3) and Form C-102 submitted to the BLM for the unorthodox location are attached as Exhibit A.

Submitted as Exhibit B is a land plat of the subject area. All of Section 3 and all of Section 4 except the NW $\frac{1}{4}$ NW $\frac{1}{4}$ is comprised of federal lease NM 0417696, which is owned 50-50 by Pogo and Phillips Petroleum Company. Pogo operates the lease. In addition, royalty

and overriding royalty ownership is common throughout the lease. Thus, no interest owner is adversely affected by the unorthodox location, and notice is not required to be given to anyone.

This application is submitted in duplicate. 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". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Pogo Producing Company

Form 3160-3
(July 1992)SUMMIT IN 1 LOCATE*
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK

DRILL ☒DEEPEN ☐

B. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

C. NAME OF OPERATOR

POGO PRODUCING COMPANY (RICHARD WRIGHT) 915-685-8140

D. ADDRESS AND TELEPHONE NO.

P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 915-685-8140

E. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

AT SURFACE

1950' ENL & 1300' FEL SEC. 3 T22S-R31E EDDY CO. NM.

At proposed Prod. zone SAME

F. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 30 miles East of Carlsbad New Mexico.

G. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Aim to nearest drg. unit line, if any)

1300'

H. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL DRILLING COMPLETED.

OR APPLIED FOR, ON THIS LEASE, FT.

2600'

I. ELEVATIONS (Show whether DV, RT, GR, etc.)

J.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor	NA	40±	Cement to surface with redi-mix
14 3/4"	H-40 10 3/4"	32.75	650'	500 Sx. circulate to surface
9 7/8"	J-55 7 5/8"	26.40	3850'	1000 Sx. circulate to surface.
6 3/4"	N-80, J-55 4 1/2"	11.60	8150'	1300 Sx. circulate to surface.

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with redi-mix.
2. Drill 14 3/4" hole to 650'. Run and set 650' of 10 3/4" H-40 32.75# ST&C casing. Cement with 500 Sx. of Class "C" cement. Circulate cement to surface.
3. Drill 9 7/8" hole to 3850'. Run and set 3850' of 7 5/8" J-55 26.4# ST&C casing. Cement with 1000 Sx. of Class "C" cement. Circulate cement to surface.
4. Drill 6 3/4" hole to 8150'. Run and set 8150' of 4 1/2" casing as follows: 1100' of 4 1/2" N-80 11.6# LT&C casing, 6000' of 4 1/2" J-55 11.6# LT&C casing, 1000' of 4 1/2" N-80 11.6# LT&C casing. Run stage tools at 5800'± & 3800'±, cement with 1300 Sx. of Class "H" cement. Circulate cement to surface.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

25.

SIGNED

(This space for Federal or State office use)

TITLE Agent

DATE 09/08/98

PERMIT NO.

APPROVAL DATE

Application approved does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would enable the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL IF ANY:

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

EXHIBIT

A

Pos Locals - 3 Counties

P.O. BOX 3088, SANTA FE, N.M. 87504-0088

□ AMENDED REPORT

EXHIBIT "A"



JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

October 13, 1998

OCT 14 1998

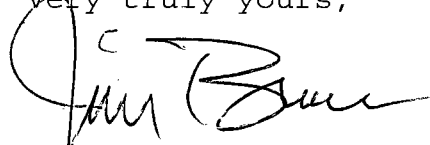
Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Pogo Producing Company
Lost Tank "3" Fed. Well No. 5
1950 feet FNL & 1300 feet FEL
SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 3, Township 22 South, Range 31 East, NMPM,
Eddy County, New Mexico

Dear Mr. Stogner:

Regarding your letter of October 9, 1998, enclosed is a hand-drawn map of Section 3, indicating the triangular drilling window described in my last letter.

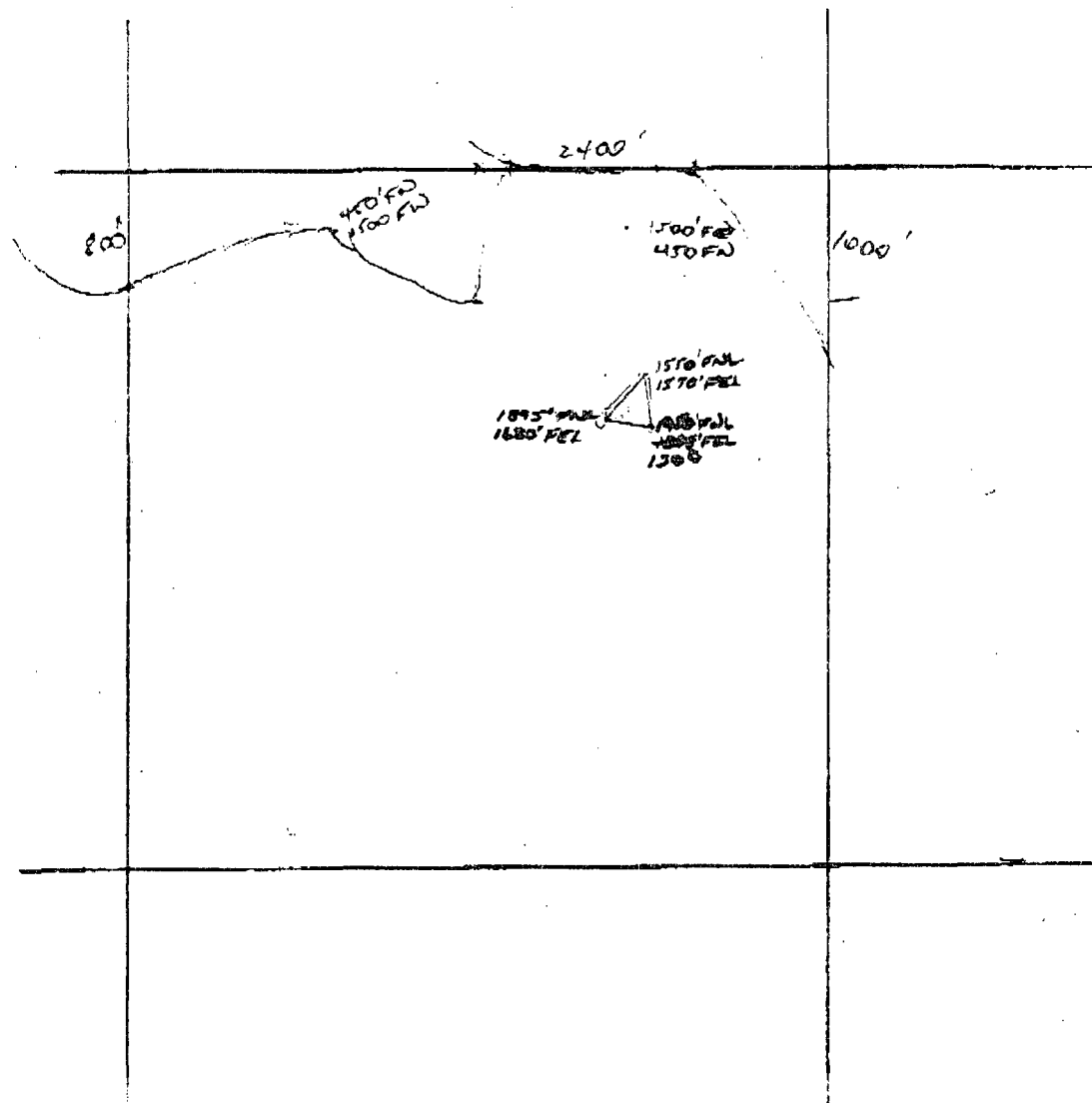
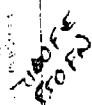
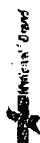
Very truly yours,



James Bruce

Attorney for Pogo Producing Company

§3-228-31C



JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

OCT 14 1998

September 23, 1998

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Pogo Producing Company
Lost Tank "3" Fed. Well No. 5
1950 feet FNL & 1300 feet FEL
SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 3, Township 22 South, Range 31 East, NMPM,
Eddy County, New Mexico

Dear Mr. Stogner:

I received your letter of October 9, 1998 (copy enclosed). I have spoken again with Scott McDaniel, Pogo's landman, about the requested location. He informed me that drilling locations in the S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 3 are restricted because the BLM requires that wells be at least one-quarter mile from either an LMR or an area with sufficient potential ore as set forth on the BLM's composite ore maps. Apparently the LMR affects locations in the northern part of the S $\frac{1}{2}$ NE $\frac{1}{4}$, and the composite ore map affects locations in the southern part of the S $\frac{1}{2}$ NE $\frac{1}{4}$. These maps are not available to Pogo, but Mr. McDaniel's telephone notes indicate that there is a triangular drilling window, approximately 400-450 feet on each side, straddling the quarter-quarter section line between the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$. The triangle is located more in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ than in the NE $\frac{1}{4}$ NE $\frac{1}{4}$. As a result, every available location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ is unorthodox. Mr. Cranston at the BLM is the person who has more detailed knowledge of the factors necessitating the unorthodox location. I am copying Mr. Cranston with this letter. Please call me if I can provide you with further information.

Very truly yours,


James Bruce

Attorney for Pogo Producing Company



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 9, 1998

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

Re: Administrative application on behalf of Pogo Producing Company to drill its Lost Tank "3" Federal Well No. 5 at an unorthodox oil well location in either the Undesignated Lost Tank-Delaware Pool or Undesignated West Lost Tank-Delaware Pool 1950 feet from the North line and 1300 feet from the East line (Unit H) of Section 3, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bruce:

In order to complete the subject application pursuant to Division General Rule 104.F(3), please provide the Division with additional information concerning the existence of a "small window where drilling operations can occur without impairing potential potash reserves", see copy of application attached.

How was this window discovered, what criteria was used in determining its limits, who were the participants that formulated its existence, is this window mapped anywhere?

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185. Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: New Mexico Oil Conservation Division - Artesia
Craig Cranston - U.S. Bureau of Land Management, Carlsbad
Gary Bowers, Field Office Manager - U. S. Bureau of Land Management, Carlsbad
H. L. Salzman, U.S. Bureau of Land Management - Santa Fe
Lori Wrotenbery, Director - NMOCD, Santa Fe