

DATE IN 2-19-04	SUSPENSE 03-10-04	ENGINEER MS	LOGGED IN ms	TYPE NSL	P.M.E.S.D. APP NO. 407753144
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



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 or 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

RECEIVED
 FEB 19 2004
 Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

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

February 19, 2004

Hand Delivered

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 ("Pogo") applies for administrative approval of unorthodox oil well locations for the following eight wells:

Well: Lost Tank "3" Federal Well No. 14
Location: 1450 feet FSL & 1710 feet FEL
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 20
Location: 2500 feet FSL & 2250 feet FEL
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 21
Location: 2500 feet FNL & 450 feet FWL
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "3" Federal Well No. 22
Location: 2500 feet FNL & 1850 feet FWL
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 8
Location: 2490 feet FNL & 500 feet FEL
Well Unit: SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 9
Location: 2610 feet FNL & 1850 feet FEL
Well Unit: SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

Well: Lost Tank "4" Federal Well No. 10
Location: 2610 feet FNL & 2310 feet FWL
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

~~Well: *2610* Lost Tank "4" Federal Well No. 11
Location: ~~2410~~ feet FNL & 990 feet FWL
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico~~

The wells will be drilled to test the Delaware formation (Designated and Undesignated West Lost Tank-Delaware Pool), which is developed on statewide rules. Form C-102's for the eight wells are attached as Exhibit A.

In addition, simultaneous dedication approval is requested for the following wells:

Wells: Lost Tank "3" Federal Well Nos. 14 and 20
Well Unit: NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3

Wells: Lost Tank "3" Federal Well Nos. 4 and 21
Well Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3

Wells: Lost Tank "3" Federal Well Nos. 3 and 22
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 3

Wells: Lost Tank "4" Federal Well Nos. 7 and 8
Well Unit: SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4

Wells: Lost Tank "4" Federal Well Nos. 6 and 9
Well Unit: SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4

Wells: Lost Tank "4" Federal Well Nos. 5 and 10
Well Unit: SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 4

The application is based on potash, geologic, and engineering reasons. Sections 3 and 4 are within the oil-potash area of southeastern New Mexico. Most of the existing wells in Sections 3 and 4 were drilled at unorthodox locations because they were the only locations which the Bureau of Land Management ("BLM") would approve at the time.

Pogo has now applied to the BLM for approval to drill the above wells. Due to the locations of the previously approved wells, the proposed locations are needed to place wells approximately equidistant from each other. In addition, the wells are located to

take advantage of favorable geology in the primary Delaware zones. Attached as Exhibit B is a geologic discussion, with appropriate plats, supporting the application. Finally, in the event of potential pressure maintenance operations, the locations will be appropriate to take advantage of injection operations.

Attached as Exhibit C is a land plat, highlighting the well locations. All of Sections 3 and 4 are covered by United States Oil and Gas Lease NM 0417696, which has common royalty, overriding royalty, and working interest ownership. Because all of the locations are interior to the lease, there are no offset operators to notify. **As a result, applicant requests that the 20 day notice period be waived.**

Please call me if you need any further information on this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Pogo Producing Company

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPE

1A. TYPE OF WORK

DRILL ☒

DEEPE ☐

NOV 18 2003

B. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

SINGLE ZONE ☒

MULTIPLE ☐

2. NAME OF OPERATOR

POGO PRODUCING COMPANY (RICHARD WRIGHT 432-685-8140)

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 (432-685-8100)

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

At surface

2360' FNL & 990' FWL SECTION 4 T22S-R31E EDDY CO. NM

At proposed prod. zone SAME

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

Approximately 35 miles East of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any) 990'

16. NO. OF ACRES IN LEASE

640

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.

800'

19. PROPOSED DEPTH

8250'

20. ROTARY OR CABLE TOOLS

ROTARY

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

3422' GR.

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 20"	NA	40'	Cement to surface with Redi-mix
17½"	H-40 13 3/8"	48	800'	950 Sx. circulate to surface
11"	J-55 8 5/8"	32	4200'	1500 Sx. " " "
7 7/8"	J-55 5½"	17 & 15.5	8250'	1650 Sx. 3 Stage TOC surface.

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½" hole to 800'. Run and set 800' of 13 3/8" 48# H-40 ST&C casing. Cement with 950 Sx. of Class "C" cement + 2% CaCl, + ½# Flocele/Sx. Circulate cement to surface.
3. Drill 11" hole to 4200'. Run and set 4200' of 8 5/8" 32# J-55 ST&C casing. Cement with 1500 Sx. of Class "C" cement + 2% CaCl, + ½# Flocele/Sx. Circulate cement to surface.
4. Drill 7 7/8" hole to 8250'. Run and set 8250' of 5½" casing as follows: 2250' of 5½" 17# J-55 LT&C, 5000' of 5½" 15.5# J-55 LT&C, 1000' of 5½" 17# J-55 LT&C. Cement in 3 stages with DV Tools at 6100' & 3700'±. Cement 1st stage with 650 Sx. of Class "H" cement + additives, 2nd stage cement with 600 Sx. of Class "C" cement + additives, cement 3rd stage with 400 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface.

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 open directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Joe T. Janice

TITLE Agent

DATE 11/17/03

(This space for Federal or State office use)

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:

Exh. 2.2 "A"

APPROVED BY _____

TITLE _____

DATE _____

*See Instructions On Reverse Side

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.

P.O. Box 1980, Hobbs, NM 88241-1980

P.O. Drawer DD, Artesia, NM 88211-0719

1000 Rio Brazos Rd., Aztec, NM 87410

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department.

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1984

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96582	Pool Name LOST TANK DELAWARE-WEST
Property Code	Property Name LOST TANK "4" FEDERAL	Well Number 11
OGRID No. 17891	Operator Name POGO PRODUCING COMPANY	Elevation 3422'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	4	22-S	31-E		2360'	NORTH	990'	WEST	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	LOT 3	LOT 2	LOT 1
<u>GEODETIC COORDINATES</u> NAD 27 NME Y = 517382.1 N X = 668364.1 E LAT. 32°25'16.38"N LONG. 103°47'15.75"W			
<p>39.97 AC 39.85 AC 39.75 AC 39.63 AC</p> <p>Well Location Dimensions: North: 3420.6' West: 990' South: 600' East: 3424.3'</p>			
<div style="float: right; width: 30%;"> <h3>OPERATOR CERTIFICATION</h3> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p style="font-size: 1.2em;"><i>[Signature]</i></p> <hr/> <p>Joe T. Janica</p> <hr/> <p>Agent</p> <hr/> <p>Title</p> <hr/> <p>Date</p> </div>			
<div style="float: right; width: 30%;"> <h3>SURVEYOR CERTIFICATION</h3> <p>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.</p> <p style="text-align: center;">October 27, 2003</p> <hr/> <p>Date Surveyed _____ A.W.B</p> <p>Signature & Seal of Professional Surveyor</p> <div style="border: 1px solid black; border-radius: 50%; padding: 10px; margin: 10px auto; width: 150px; text-align: center;"> GARY EDSON NEW MEXICO PROFESSIONAL SURVEYOR 03.11.1187 </div> <hr/> <p>Certificate No. GARY EDSON 12641</p> </div>			

EXHIBIT "A"

Pogo Producing Company
Application for Unorthodox Locations
Lost Tank West Delaware Field
Eddy County, New Mexico

Proposed Unorthodox locations in section 3:

Lost Tank "3" Federal #14 (1450' fsl, 1710' fel, section 3, T22S, R31E)
Lost Tank "3" Federal #20 (2500' fsl, 2250' fel, section 3, T22S, R31E)
Lost Tank "3" Federal #21 (2500' fml, 450' fwl, section 3, T22S, R31E)
Lost Tank "3" Federal #22 (2500' fml, 1850' fwl, section 3, T22S, R31E)

Proposed Unorthodox locations in section 4:

Lost Tank "4" Federal #8 (2490' fml, 500' fel, section 4, T22S, R31E)
Lost Tank "4" Federal #9 (2610' fml, 1850' fel, section 4, T22S, R31E)
Lost Tank "4" Federal #10 (2610' fml, 2310' fwl, section 4, T22S, R31E)
~~Lost Tank "4" Federal #11 (2410' fml, 990' fwl, section 4, T22S, R31E)~~

Summary

Pogo Producing Company is requesting permission to drill 8 Delaware Formation tests at unorthodox locations in its Lost Tank West Field. Granting of these locations will allow Pogo to develop its remaining acreage in section 3 and section 4 with optimal spacing between the proposed locations and existing locations.

Discussion

The unusual spacing of the existing wells in Pogo's acreage in the north half of section 3 and the north half of section 4 is a result of its proximity to potential potash reserves. Discussions between Pogo Producing Company and the BLM have resulted in Pogo being granted permission to continue developing the south halves of sections 3 and 4. In order to optimize well spacing in the remaining undeveloped portions of these sections, it is necessary to drill 8 of the remaining 21 development wells at unorthodox locations.

The Lost Tank West Delaware Field produces from several of the Delaware Sands. Two of the more prolific sands in this field are the Lower Brushy "A" Sand, and the Middle Brushy "F" Sand. The proposed unorthodox locations will optimize well spacing, thus providing an opportunity for better oil and gas recovery from these two productive sands.

Brushy "A" Geology

Exhibit 1 shows the structural elevation on the top of the Brushy "A" zone (gray contours). Structure dips regionally to the southeast at an average rate of 100' per mile. The colorfilled contours show the net sand thickness of main pay sand within the Brushy "A" zone (BC4 Sand). This Brushy "A" interval is interpreted as a submarine sand channel that trends in a northeast-southwest direction through sections 3 and 4, with net pay thickness ranging from 15' to 85'. The 8 proposed unorthodox locations are highlighted with green arrows.

Brushy "F" Geology

Exhibit 2 shows the structural elevation on the top of the Brushy "F" zone (gray contours). Structure dips regionally to the southeast at an average rate of 80' per mile. The color-filled contours show the net sand thickness of the main pay sand within the Brushy "F" zone. The Brushy "F" sand consists of a series of northeast-southwest-trending over-bank splays that originate from a large channel located 2 ½ miles east of section 3. Pogo expects to encounter up to 30 feet of productive net sand in the eastern locations, with pay thickness diminishing in locations toward the west.



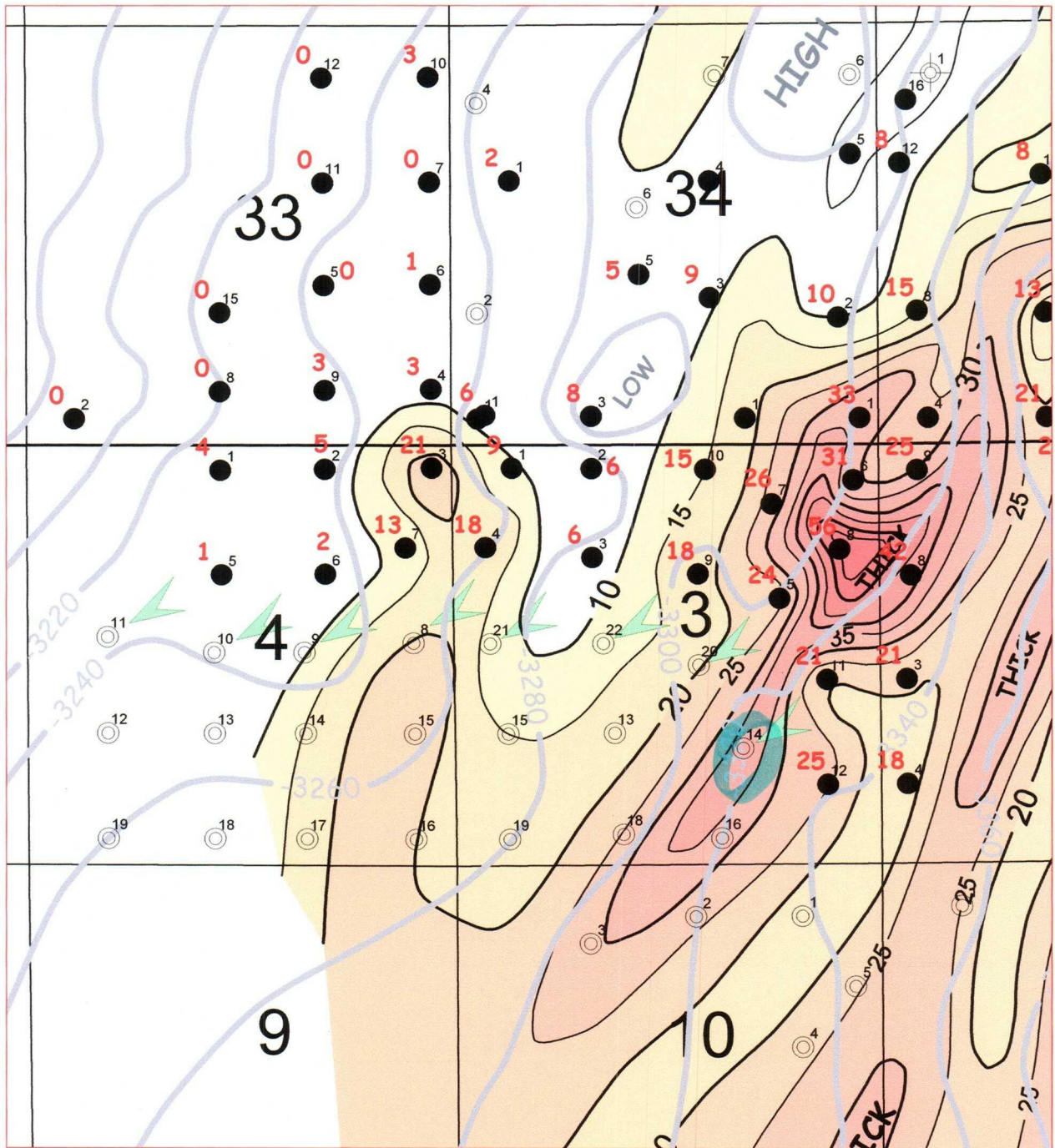


Exhibit 2

POGO PRODUCING COMPANY
Western Division Midland, Texas

Lost Tank West Field

Structure Top Brushy "F" Zone

Isopach Brushy "F" Net Porosity

Eddy County, New Mexico

WBH

lt_bcf_ood.gmp

1/15/04

Project: Livingston Ridge Sand Dunes

$1'' = 2000'$

Mark Smith &
F. Bass Sons (S)
B P
52 ST

(Phillips 1/2)
Pogo Prod.
96231

Yates Pet. et al
V. 4100
Devon Ener.
Shackel-
Ford
P207
1-6469

Yates Pet. et al
V. 3050
P65

Pogo Pro
(Phillips)
Union
F204
D/A 10-4-81
V. 360

32
Devon Ener.
12-1-2002
V. 5205
31091

33
"Lost Tank Fed."
P188 15 P523
P197
U.S.

34
"Jacque AQU-St."
State P137

"Lucy ALC"
St."
F233 F188
(Pitch Ener.)
G1357
U.S. State

35
"Lost Tan"
P150
P234
State U.S.

Devon Ener.
1-2006
96233
05000

Devon Ener.
96232
115000
Pogo Prod. 1/2
(Phillips)
Lost Tank Fed. 0417696
F227
F267
F190
P42
P196

(Phillips)
Pogo Prod. 1/2
F190
P89
P301
P115
P318

Yates Pet. et al
V. 2705
P236
"Graham AKS-S"
P114
Yates Pet. et al
F243
V. 2597
"Flora AKF-St."
State

5
well No. 4
never drilled

"Lost Tank Fed."
U.S.

"Lost Tank Fed."
U.S.

State

8
U.S.

9
U.S.

Pogo
"Lost Tank Fed"
10
U.S.

Pogo
"Lost Tank Fed"
Yates Pet. et al
65417
"AIK"
11
U.S.

Gulf
7-1-84
21770
17

16
State

15
V. Williams Jr.
Bouyer Unit
Fed.
TD 15,225
D/A 9-17-73
2231
U.S.

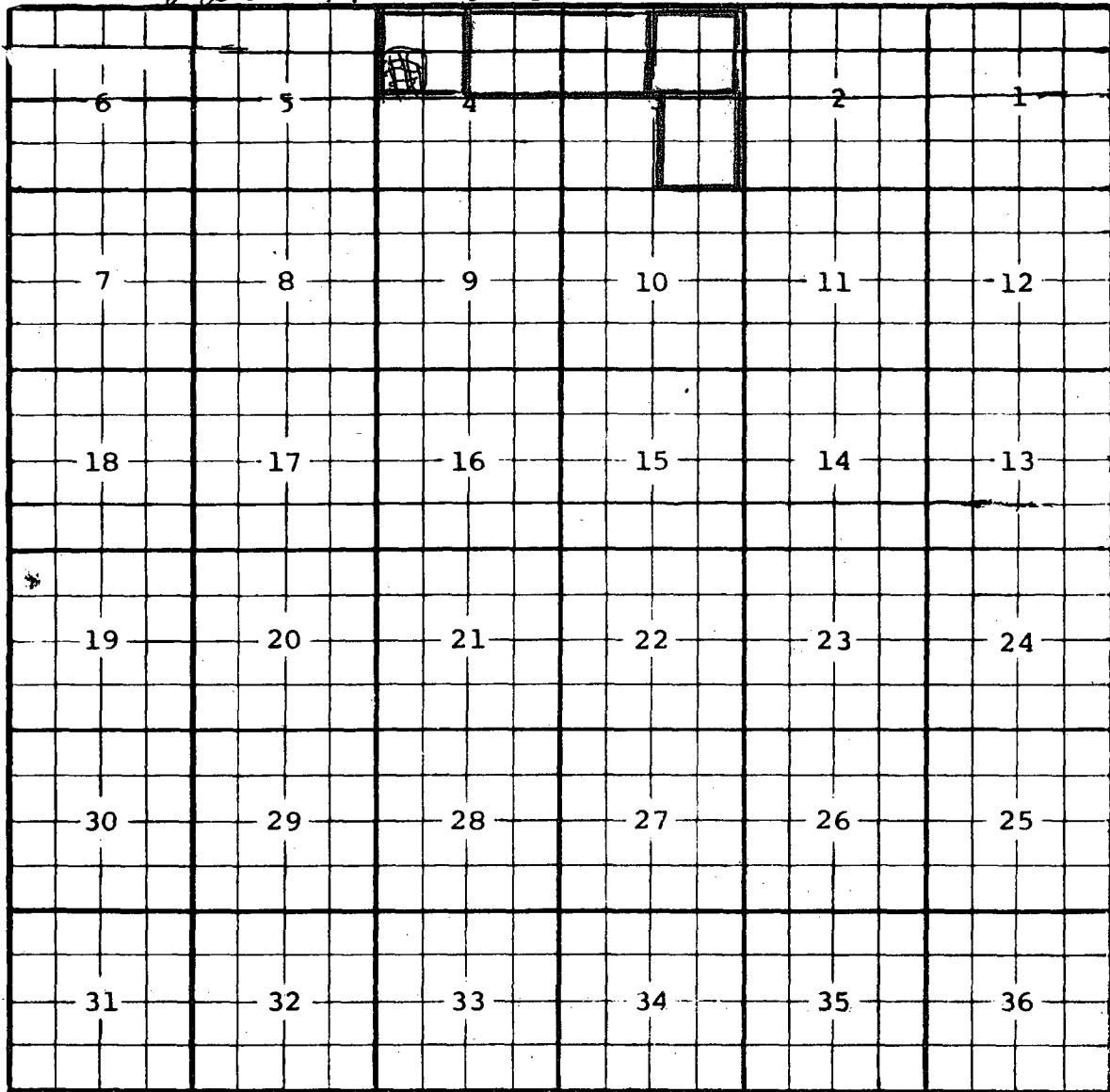
14
"Martha F"
U.S.



LIVIN
U.S.

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) Ext: NE 1/4 Sec. 3 (A-11384, 5-25-00)

Ext: SE 1/4 Sec. 3 (A-12003, 8-11-03)

CMD : ONGARD 03/17/04 14:07:05
 OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TQBS

OGRID Idn : 17891 API Well No: 30 15 29742 APD Status(A/C/P) : A
 Opr Name, Addr: POGO PRODUCING CO Aprvl/Cncl Date : 07-10-1997
 PO BOX 10340

MIDLAND, TX 79702-7340

Prop Idn: 17955 LOST TANK 4 FEDERAL Well No: 4

U/L	Sec	Township	Range	Lot Idn	North/South	East/West
Surface Locn	: E	4	22S	31E	FTG 1650 F N	FTG 990 F W
OCD U/L	: E	API County : 15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C) : O Cable/Rotary (C/R) : R
 Lease typ(F/S/P/N/J/U/I) : F Ground Level Elevation : 3426

State Lease No: Multiple Comp (S/M/C) : N
 Prpsd Depth : 8150 Prpsd Frmtn : DELAWARE

E0009: Enter data to modify record
 PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
 PF07 PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12

Stogner, Michael

From: Stogner, Michael
Sent: Wednesday, March 17, 2004 2:18 PM
To: Jim Bruce (E-mail)
Cc: Arrant, Bryan
Subject: Pogo's proposed Lost Tank "4" Federal Well No. 11

In your recent application for Pogo, you have the proposed Lost Tank "4" Federal Well No. 11 within the 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Sec. 4-T22S-R31E, West Lost Tank-Delaware Pool (96582), Eddy County, NM being drilled 2410' FNL & 990' FWL. The federal APD and corresponding NMOCD Form C-102 filed by Pogo shows this well being 2360' FNL & 990' FWL of Section 4.

Which is correct? If your application is wrong, your response will be sufficient documentation for me to continue processing this request; however, if Pogo is wrong I will need an amended APD and C-102.

Thanks.

Stogner, Michael

From: JamesBruc@aol.com

Sent: Friday, March 19, 2004 11:16 AM

To: mstogner@state.nm.us

Subject: Pogo Producing Company/Lost Tank 4 Well No. 11/Unit E §4-22S-31E

Mike: The correct well location is the C-102 location: 2360' FNL & 990'FWL.

Sorry for the confusion.

Jim Bruce

3/19/2004