



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 12, 2000

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 982-2151

Administrative Order NSL-4532

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Pogo Producing Company ("Pogo") dated November 21, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Pogo's request for authorization to drill its Red Tank "33" Federal Well No. 1, to test both the shallower Undesignated West Red Tank-Delaware Pool and the Undesignated Red Tank-Bone Spring Pool, at an unorthodox oil well location 330 feet from the North line and 10 feet from the East line (Unit A) of Section 33, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. The NE/4 NE/4 of Section 33 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for both intervals.

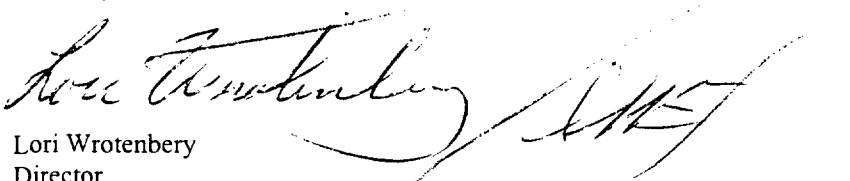
It is our understanding that the subject well is to be drilled to a total depth of approximately 9,000 feet in order to test down to the Bone Spring formation. The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Basal Brushy Canyon "BC-4" pay interval of the shallower Delaware formation than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is further understood that within Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, all of Section 33 (except the NW/4 NW/4) and all of Section 34 (except the SW/4 SW/4 and the SE/4 SE/4) is a single federal lease issued by the U. S. Bureau of Land Management (United States Government Lease No. NM-077060) in which Pogo is the leasehold operator.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad