



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 15, 2002

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

Telefax No. (505) 982-2151

Administrative Order NSL-4687

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*application reference No. pKRV0-201445470*) dated January 5, 2002 on behalf of the operator Pogo Producing Company ("Pogo"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Pogo's request to drill its Lost Tank "3" Federal Well No. 7 at an unorthodox Delaware oil well location 760 feet from the North line and 1390 feet from the East line (Lot 2/Unit B) of Section 3, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico.

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.

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 West Lost Tank-Delaware Pool (96582) than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising Lot 2 (NW/4 NE/4 equivalent) of Section 3.

It is further understood that all of Section 3 is a single federal lease (U. S. Government Lease No. NM-0417696) in which Pogo is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract other than Pogo.

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 - Artesia
U. S. Bureau of Land Management - Carlsbad