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January 27, 2003

Hand Delivered

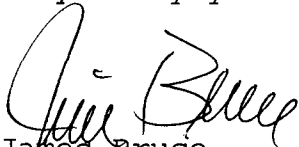
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Pogo Producing Company. Please set this matter for the February 19, 2004 Examiner hearing.

The advertisement is also on the enclosed disk.

Very truly yours,

  
James Bruce

Attorney for Pogo Producing Company

**RECEIVED**

JAN 28 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Case 13216

PARTIES BEING POOLED

Harvey E. Yates Company  
P.O. Box 1933  
Roswell, New Mexico 88202

Yates Energy Corporation  
P.O. Box 2323  
Roswell, New Mexico 88202

EOG Resources, Inc.  
P.O. Box 2267  
Midland, Texas 79702

Nortex Corporation  
Suite 3100  
1415 Louisiana Street  
Houston, Texas 77002

Robert Kent  
Suite 3100  
1415 Louisiana Street  
Houston, Texas 77002

Cibola Energy Corporation  
P.O. Box 1608  
Albuquerque, New Mexico 87103

Jalapeno Corporation  
P.O. Box 1608  
Albuquerque, New Mexico 87103

Sacramento Partners Limited Partnership  
105 South Fourth Street  
Artesia, New Mexico 88210

Estate of Lillie M. Yates  
105 South Fourth Street  
Artesia, New Mexico 88210

Read & Stevens Inc.  
P.O. Box 1518  
Roswell, New Mexico 88202

Aston Partnership  
P.O. Box 1090  
Roswell, New Mexico 88202

CALCO, LLC  
P.O. Box 1090  
Roswell, New Mexico 88202

VALKO, LLC  
P.O. Box 1090  
Roswell, New Mexico 88202

EAKO, LLC  
P.O. Box 1090  
Roswell, New Mexico 88202

Sharbro Oil Ltd. Co.  
P.O. Box 1344  
Artesia, New Mexico 88211

Bank of America, Trustee of  
the Tom P. Stephens Trust  
U/T/A dated 10/30/95  
P.O. Box 2546  
Fort Worth, Texas 76113

Grant M. Smith  
1112 Rancho Road  
Rio Rancho, New Mexico 88203

Luca Properties, LLC  
c/o REDW Trust Company  
P.O. Box 93656  
Albuquerque, New Mexico 87119

Glen David Miller  
P.O. Box 2412  
Roswell, New Mexico 88202

Mary Ann Morrison  
P.O. Box 5581  
Rio Rancho, New Mexico 88202

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF POGO PRODUCING  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

Case No. 13216

JAN 2 1957  
Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

APPLICATION

Pogo Producing Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1-4 and the S $\frac{1}{2}$ N $\frac{1}{2}$  (the N $\frac{1}{2}$  equivalent) of Section 4, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$  of Section 4, and has the right to drill a well thereon.

2. Applicant proposes to drill its McMillan "4" Fed. Com. Well No. 1, at an unorthodox location 660 feet from the north line and 2550 feet from the west line (Unit C) of Section 4, and seeks to dedicate the N $\frac{1}{2}$  of Section 4 to the well to form a standard 324.40 acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated North McMillan-Morrow Gas Pool. The unorthodox location was approved by Division Administrative Order NSL-4944.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$  of Section 4 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in

dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 4, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 4 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the N½ of Section 4, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Pogo Producing  
Company

PROPOSED ADVERTISEMENT

Case 13216: Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1-4 and the S $\frac{1}{2}$ N $\frac{1}{2}$  (the N $\frac{1}{2}$  equivalent) of Section 4, Township 20 South, Range 27 East, NMPM, to form a standard 324.40-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North McMillan-Morrow Gas Pool. The unit is to be dedicated to the McMillan "4" Fed. Com. Well No. 1, to be drilled at a previously approved unorthodox location in Lot 3 of Section 4. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 5 $\frac{1}{2}$  miles southeast of Lakewood, New Mexico.

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JAN 27 2004

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Santa Fe, NM 87505