



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 28, 1996

Pogo Producing Company
c/o Hinkle, Cox, Eaton, Coffield & Hensley
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

Case 11611

RE: *Request by Pogo Producing Company for administrative approval to drill the Amax "24" Federal Well No. 13 in Unit "M" of Section 24, Township 23 South, Range 31 East, NMPM, Ingle Wells-Delaware Pool, Eddy County, New Mexico, without the salt protection casing string required by Division Order No. R-111-P within the "Oil-Potash Area" in southeast New Mexico.*

Dear Mr. Bruce:

Per your letter dated July 15, 1996 concerning the subject application, it is the Division's policy at this time to set all such casing exception requests to hearing. This matter will therefore be set for hearing before a duly appointed hearing officer on the docket set for September 19, 1996.

Should you have any questions concerning this matter, please contact me at (505) 827-5811.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad

Mike Stogner

From: Mike Stogner
To: William Lemay; Tim Gum; Jerry Sexton; Rand Carroll
Cc: David Catanach; Ben Stone
Subject: Salt String Exceptions
Date: Friday, August 09, 1996 8:37AM

Clarification/Verification: Division policy for exceptions to the salt protection casing string requirements contained within Division Order No. R-111-P in the "Potash Area". Part C(4) of the decretory portion of said Order No. R-111-P authorizes the District supervisor to waive such required casing string. The last waiver sought by an operator was back in April through the hearing process (see Order No. R-10598 issued to Pennwell in Case 11505) . Is this policy still in effect or what is the current policy? If we still require a hearing should we be thinking about changing or modifying our position to better serve industry?

Pennwell Energy, Inc. and Pogo Production Company have both approached the Division for such exceptions.

All to be set for hearing

*11323 STEVENS + Tull
11505 - Pennwell April 74*