

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

APPLICATION

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(a) The SE $\frac{1}{4}$ of Section 23 for all pools or formations developed on 160-acre spacing within that vertical extent; and

(b) The S½ of Section 23 for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated East Red Tank-Cisco Canyon Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-Morrow Gas Pool.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Section 23 for the purposes set forth herein.

5. 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 Section 23, as described herein, pursuant to NMSA 1978 §70-2-17.

6. The pooling of all mineral interests underlying the E½ of Section 23, or in the alternative the S½ of Section 23, 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 above described acreage in Section 23, from the surface to the base of the Morrow formation;

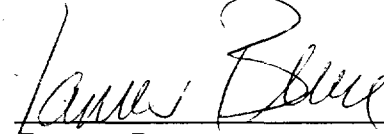
B. Designating applicant as operator of the well;

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 penalty 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,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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Attorney for Pogo Producing Company