

October 8, 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-4790

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated October 3, 2002 (*application reference No. pKRV0-228037528*) on behalf of the operator Pogo Producing Company ("Pogo"); (ii) Ms. Leslyn Wallace's two voice mail messages for Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the New Mexico Oil Conservation Division ("Division") in Santa Fe on Friday morning, October 4, 2002; (iii) Ms. Wallace's telephone conversation with Mr. Stogner on Monday afternoon, October 7, 2002; (iv) Mr. Stogner's voice mail message for you on late Monday afternoon, October 7, 2002; and (v) the Division's records: all concerning Pogo's request for an unorthodox Morrow gas well location for its proposed State "V-492" Well No. 1 to be drilled 800 feet from the North line and 2300 feet from the West line (Unit C) of Section 27, Township 24 South, Range 28 East, NMPM, Undesignated Malaga-Morrow Gas Pool (80920), Eddy County, New Mexico.

The N/2 of Section 27 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing unit for the Undesignated Malaga-Morrow Gas Pool.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The subject application has been duly filed under the applicable provisions of the rules governing this pool and 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.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within the Undesignated Malaga-Morrow Gas Pool is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Artesia
New Mexico State Land Office - Santa Fe