

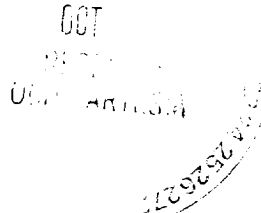


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 8, 1998

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



Administrative Order NSL-4141

Dear Mr. Bruce:

Reference is made to your application dated September 28, 1998 on behalf of the operator, Pogo Producing Company, for a non-standard oil well location for both the Poker Lake-Delaware Pool and the Bone Spring formation for the proposed Patton "17" Federal Well No. 10 (API No. 30-015-30156) to be drilled 1800 feet from the North line and 1300 feet from the East line (Unit H) of Section 17, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. The SE/4 NE/4 of Section 17 is to be dedicated to the well thereby forming a standard 40-acre oil spacing and proration unit for both intervals.

It is our understanding that the subject well is to be drilled to a total depth sufficient to test the Bone Spring formation, however, the shallower Brushy Canyon formation of the Delaware Mountain Group is the primary zone of interest. 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 Poker Lake-Delaware Pool than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

Further, all mineral interests within all of Section 17 appears to be common throughout and Pogo Producing Company is the operator; therefore, there are no affected offsets to the subject 40-acre tract other than Pogo Producing Company.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location for both the Poker Lake-Delaware Pool and the Bone Spring formation is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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