

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

IN THE MATTER OF:

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

**CASE NO. 12568 *DE NOVO*
ORDER NO. R-11575**

ORDER OF THE COMMISSION

BY THE COMMISSION:

THIS MATTER having come before the Oil Conservation Commission (hereinafter referred to as "the Commission") on motion of EOG Resources, Inc. (hereinafter referred to as "EOG") to dismiss the above-referenced application of Pogo Producing Company (hereinafter referred to as "Pogo"), and the Commission having heard argument on the motion on March 30, 2001 and carefully considered the matter,

FINDS:

- (1) Due public notice has been given of this proceeding and the Commission has jurisdiction of this case and its subject matter.
- (2) Pogo seeks an order pooling all uncommitted mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 23, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any formations or pools developed on 320-acre spacing within this vertical extent, including the Undesignated East Red Tank-Cisco Canyon, Undesignated East Red Tank-Atoka, Undesignated East Red Tank-Morrow, and Undesignated Bootleg Ridge-Morrow Gas Pools. This unit is to be dedicated to Pogo's proposed Red Tank "23" Federal Com Well No. 4 to be drilled at a standard gas well location within the SE/4 NE/4 (Unit H) of Section 23.
- (3) EOG has previously obtained approval of a unit comprising portions of the same property. On November 17, 2000, EOG obtained approval from the Bureau of Land Management, United States Department of the Interior (hereinafter referred to as "BLM") to drill its Red Tank "23-N" Federal Well No. 1 on a standard 320-acre spacing unit in the North/2 of Section 23. The well in question was commenced on January 9, 2001.

(4) The property comprising Section 23, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, is owned by the United States and administered by BLM.

(5) EOG is the leaseholder of the entire working interest in the N/2 of Section 23, while EOG and Pogo are respective leaseholders of the entire working interest in the S/2 of Section 23.

(6) Approval of EOG's application by the BLM on November 17, 2000 is dispositive of Pogo's application in this matter.

(7) Regulations at 43 CFR 3105.2-2 discourage communitization of multiple federal leases such as Pogo proposes here where a single lease can be fully developed and still conform to an optional pattern established by State Order. BLM's policy in this regard was recognized by the Oil Conservation Division in Order No. R-11413.

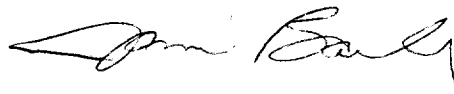
(8) Creation of the N/2 spacing unit means that the acreage comprising the NE/4 of Section 23 is not available for Pogo's proposed E/2 spacing unit.

IT IS THEREFORE ORDERED, AS FOLLOWS:

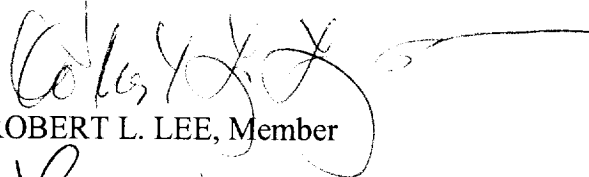
The Motion to Dismiss of EOG shall be and hereby is granted; the application of Pogo shall be and hereby is dismissed.

DONE at Santa Fe, New Mexico, this 27th day of April, 2001.

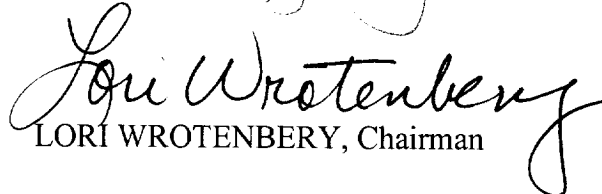
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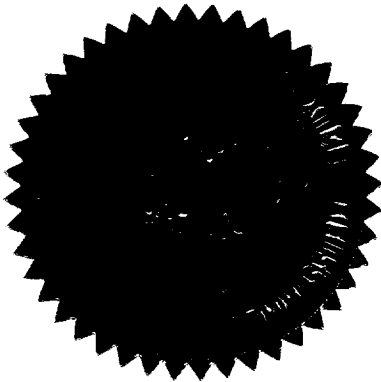
JAMI BAILEY, Member



ROBERT L. LEE, Member



LORI WROTENBERY, Chairman



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