



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

September 27, 1999

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

Telefax No. (505) 982-2151

Administrative Order NSL-4362

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Pogo Producing Company ("Pogo") dated September 21, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Pogo's request for authorization to drill its Covington "A" Federal Well No. 38, to test both the shallower West Red Tank-Delaware Pool and the Red Tank-Bone Spring Pool, at an unorthodox oil well location for both intervals 1650 feet from the North line and 2620 feet from the East line (Unit G) of Section 26, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. The SW/4 NE/4 of Section 26 is to be dedicated to this well in order to form 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 of approximately 9,100 feet in order to test down to the Bone Spring formation. 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 Brushy Canyon "C" sand pay interval of the shallower West Red Tank-Delaware Pool than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

This application has been duly filed under 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 oil well location is hereby approved.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery".

Lori Wrotenbery
Director

LW/MES/kv

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