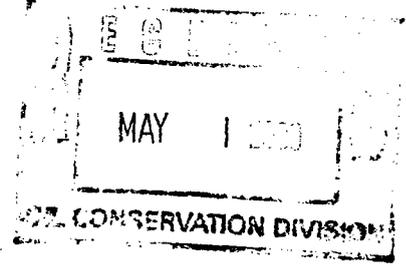


DHC 5/22/00



POGO PRODUCING COMPANY



0744

CERTIFIED MAIL RETURN RECEIPT REQUESTED

April 24, 2000

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
Attention: Mr. David R. Catanach

RE: Southeast Red Tank Prospect
Lea County, New Mexico
**Application for Administrative Approval
for Downhole Commingling
Shell State #1 and #3 Wells**
W/2 Section 36, T-22-S, R-32-E, N.M.P.M.
State Lease V-2512
Pogo Lease L1396

Gentlemen:

Pogo Producing Company respectfully submits herewith its application for Administrative Approval for Downhole Commingling of the captioned wells. Enclosed please find a Form C-107-A with appropriate attachments for each such well.

Please note that Pogo Producing Company recently acquired Strata Production Company et al's interest in the Shell State #1, 2, and 3 wells and the captioned Lands/lease. After reviewing Strata's (prior Operator) files and the Shell State #1 and 3 wells, it came to our attention that such wells were downhole commingled but lacked the necessary NMOCD approval; we therefore are making application for such approval.

If you have any questions, please give Mr. Ron Gasser or myself a call.

Sincerely,

POGO PRODUCING COMPANY

Terry Gant
Division Landman

Enclosures

Cc: New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240
Attn: District Supervisor
(w/copy of enclosure)

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
(w/copy of enclosure)

Strata Production Company
200 West First Street, Suite 700
Roswell, New Mexico 88201
Attention: Ms. Jo McInerny

F:\jl\land\redtank\24 #2.ocd

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

811 South First St., Artesia, NM 88210-2835

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Administrative Hearing

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE.

YES NO

Pogo Producing Company P.O. Box 10340 Midland, TX 79702-7340
 Operator Address
 Shell State 3 F, Sec 36, T-22-S, R-32-E Lea
 Lease Well No. Unit Ltr. - Sec - Twp - Rge County
 OGRID NO. 017891 Property Code 25014 API NO. 30-025-33246 Spacing Unit Lease Types: (check 1 or more)
 Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	RED TANK: DELAWARE WEST 51689		RED TANK: BONE SPRING 51683
2. Top and Bottom of Pay Section (Perforations)	7226' - 8073'		8840' - 8882'
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT		ARTIFICIAL LIFT
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 670 psi Producing (estimated)		a. 670 psi Producing (estimated)
	b. (Original) 3218 psi SI	b.	b. 3637 psi SI
6. Oil Gravity (API) or Gas BTU Content	39.6		42.0°
7. Producing or Shut-In? Production Marginal? (yes or no) * If Shut-In, give date and oil/gas/ water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	PRODUCING NO		Producing NO
	Date: 10/31/96 Rates: 74, 138, 137	Date: Rates:	Date: 8/6/96 Rates: 46, 17, 145
	Date: 3/28/00 Rates: 24, 78, 70	Date: Rates:	Date: 3/28/00 Rates: 24, 78, 70
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 62% Gas: 48%	Oil: % Gas: %	Oil: 38% Gas: 52%
	SEE ATTACHMENT FOR SUPPORT		SEE ATTACHMENT FOR SUPPORT

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No

11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? Yes No

13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)

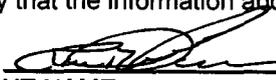
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: Div. Petr. Engr. Mgr. DATE: 4-20-00
TYPE OR PRINT NAME: Ron D. Gasser TELEPHONE NO. (915) 685-8100

Production Estimate and Supporting Data for Form C-107-A Application For Downhole Commingling Shell State # 3

During initial completion operations in 1996 the Bone Springs interval was tested as reported below. The well was commingled and tested as reported below:

DATE	BOPD	BWPD	MCFPD	REMARKS
8/6/96	46	17	400 psig FTP	Bone Springs Perforations
10/31/96	120	155	282	Both Zones Together

From this data the Delaware oil and water rates were calculated. From the Delaware oil rate and average Gas to Oil ratio of 1,850 SCF/STB, a Delaware Gas rate is calculated. By subtracting the Delaware gas rate from the total gas rate, the Bone Springs gas rate is calculated as listed below:

DATE	BOPD	BWPD	MCFPD	REMARKS
8/6/96	46	17	145	Bone Springs Perforations
	74	138	137	Delaware Perforations
10/31/96	120	155	282	Both Zones Together

From this data, the fixed percentage allocation as reported in item No. 8 is calculated.

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33246	² Pool Code 51689	³ Pool Name Red Tank Delaware West
⁴ Property Code 25014	⁵ Property Name Shell State	⁶ Well Number 3
⁷ OGRID No. 017891	⁸ Operator Name Pogo Producing Company	⁹ Elevation 3731' GR

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
F	36	22S	32E		1980	North	2310	West	Lea

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
¹² Dedicated Acres 40		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>	
	<i>Cathy Tomberlin</i> Signature Cathy Tomberlin Printed Name Operation Tech Title 04/03/00 Date	
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>	
	Date of Survey Signature and Seal of Professional Surveyer: Certificate Number	

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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State of New Mexico
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Santa Fe, NM 87505

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-33246	2 Pool Code 51683	3 Pool Name Red Tank Bone Spring
4 Property Code 25014	5 Property Name Shell State	6 Well Number 3
7 OGRID No. 017891	8 Operator Name Pogo Producing Company	9 Elevation 3731' GR

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
F	36	22S	32E		1980	North	2310	West	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>	
	<p align="right"><i>Cathy Tomberlin</i> Signature Cathy Tomberlin Printed Name Operation Tech Title 04/03/00 Date</p>	
	18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>	
	<p>Date of Survey Signature and Seal of Professional Surveyer:</p> <p align="right">Certificate Number</p>	