



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

October 9, 1997

**Pogo Producing Company**  
**c/o Hinkle, Cox, Eaton, Coffield & Hensley, L.L.P.**  
**Attention: James Bruce**  
**P.O. Box 2068**  
**Santa Fe, New Mexico 87504-2068**

*Administrative Order NSL-3883*

Dear Mr. Bruce:

Reference is made to your application on behalf of the operator, Pogo Producing Company ("Pogo"), dated August 27, 1997, for an unorthodox Delaware oil well location for its proposed Lost Tank "3" Federal Well No. 3 (API No. 30-015-29859), to be drilled 1450 feet from the North line and 1650 feet from the West line (Unit F) of Section 3, Township 22 South, Range 31 East, NMPM, Undesignated Lost Tank-Delaware Pool or Undesignated West Lost Tank-Delaware Pool, Eddy County, New Mexico. The SE/4 NW/4 of said Section 3 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit.

It is our understanding the proposed Lost Tank "3" Federal Well No. 3 is within the Oil/Potash "R-111-P" area, and is therefore subject to all applicable restrictions and rules therein. Further, it is our understanding the original location proposed by Pogo for this well, which was to be at a standard oil well location 1650 feet from the North and West lines of said Section 3, was unacceptable to the U.S. Bureau of Land Management based on "potash concerns" and requested Pogo move to an acceptable alternate location 200 feet to the north.

Also, all of said Section 3 and Lots 1, 2, and 3, the S/2 N/2, and the S/2 of Section 4, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico is a single Federal lease in which Pogo is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than Pogo.

The subject 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 either the Undesignated Lost Tank-Delaware Pool

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Pogo Producing Company

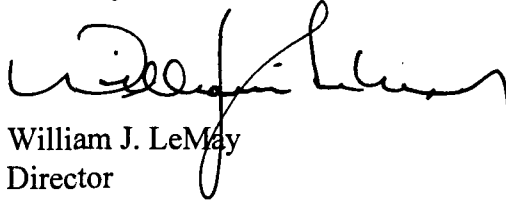
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or Undesignated West Lost Tank-Delaware Pool is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long, sweeping horizontal stroke extending to the right.

William J. LeMay  
Director

WJL/MES/kv

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