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June 17, 2003

Via Fax and Hand Delivery

Case 13102

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Pogo Producing Company. Please set this matter for the July 10, 2003 Examiner hearing.

The advertisement is also being e-mailed to you.

Very truly yours,


James Bruce

Attorney for Pogo Producing Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF POGO PRODUCING
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

No. 13102

APPLICATION

Pogo Producing Company applies for an order pooling all mineral interests from the surface to the base of the Cisco formation underlying Lots 1, 2, E $\frac{1}{2}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ (the S $\frac{1}{4}$ equivalent) of Section 19, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{4}$ of Section 19, and has the right to drill a well thereon.

2. Applicant proposes to drill its State "19" Com. Well No. 2, at an orthodox location in Lot 3 (Unit L) of the section, to test the Cisco formation (at approximately 9000 feet subsurface), and seeks to dedicate the following acreage to the well:

(a) Lot 3 of Section 19 to form a standard 40.02 acre oil well unit for all pools or formations developed on 40-acre spacing within that vertical extent, including the Undesignated Southwest McMillan-Wolfcamp Pool;

(b) Lots 3, 4, and the E $\frac{1}{2}$ SW $\frac{1}{4}$ (the SW $\frac{1}{4}$ equivalent) of Section 19 to form a standard 160.15 acre gas well unit for all pools or formations developed on 160-acre spacing within that vertical extent; and

(c) The S $\frac{1}{4}$ of Section 19 to form a standard 320.15 acre gas well unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the

Undesignated McMillan-Wolfcamp Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 19 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 19, pursuant to NMSA 1978 §70-2-17.

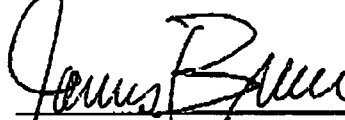
5. The pooling of all mineral interests underlying the S½ of Section 19 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 19, from the surface to the base of the Cisco formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and

E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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(505) 982-2043

Attorney for Pogo Producing Company

Proposed Advertisement

Case 13102: Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco formation underlying the following described acreage in Section 19, Township 20 South, Range 27 East, N.M.P.M., and in the following manner: Lots 1, 2, E/2SW/4, and the SE/4 (the S/2) to form a standard 320.15-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated McMillan-Wolfcamp Gas Pool; Lots 1, 2, and the E/2SW/4 (the SW/4) to form a standard 160.15-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and Lot 3 to form a standard 40.02-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Southwest McMillan-Wolfcamp Pool. The units are to be dedicated to applicant's State 19 Well Com. No. 2, to be drilled at an orthodox location in Lot 3 of Section 19. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 6-1/2 miles southeast of Seven Rivers, New Mexico.