

Fulfer Oil and Cattle Co. LLC

J. C. Johnson # 3

Unit H, 1980' FNL 660 FEL

Section 20, T23S R37E

Lea, New Mexico

March 8, 2007

The Johnson #3 was drilled to a total depth of 6957' on January 11, 1946 and found to be non-productive. The well was temporarily abandoned after plugging back to 3440' with cement and with mud laden fluid from 3440' up to 50', and a cement plug from 50' to surface. A string of 8-5/8" casing set a 1066' and a string of 7" casing set a 3591 was left in the well.

Langlie-Mattix Completion

The Johnson #3 was re-entered in November 1, 1954 and drilled out to 3700'. The well was perforated from 3378-84, 3393-3411, 3418-25 and fractured with 10,000 gallons. The initial rate was 13 BOPD and 385 MCFGD on 12/1/1954.

Added Pay in Grayburg

The Johnson #3 was deepened to 3952', a 5" liner was set from 3274 to 3952' and cemented. The well was perforated from 3592'-3798' and fracture stimulated with 40,000#. The well was returned to production on 1/29/74 pumping 3 BOPD, 210 BWPD and 61 MCFGD. Additional perfs were added from 3555'-3563' and acidized w/ 900 gallons. Well was returned to production on July 23, 1975 pumping 2 BOPD, 168 BWPD. The well was shut in in May 1979 after producing a cumulative 744 BO and 4657 MCFG from the Langlie-Mattix Field.

Jalmat Recompletion

Fulfer Oil and Cattle Co. LLC purchased the well on September 14, 2002. Fulfer made an application to plug back to Jalmat T_Y_7R Field on January 28, 2004 (Exhibit 18). The proposed program was to set a CIBP at 3,000' and perforate from 2565' to 2890' with 36 holes, acidize w/1000 gal 15% NEFE, and frac w/40,000# sand. Without subsequent notice, gas production commenced in July 2003. After 24 years of no production, Fulfer began reporting high volumes of gas. The production history of the well is provided in as an Exhibit 19. One can only conclude that the increased gas production reported as Langlie-Mattix gas comes from the interval from 2565'-2890' which lies within the Jalmat T_Y_7R Field interval. See cross Section B-B' (Exhibit 16). The Johnson # 3 has produced 131,228 MCFG from July, 2003 through November 2006. I concluded that Fulfer was competitively producing Jalmat gas from a well immediately adjacent to Pogo Producing Company's Resler B lease. **If my conclusion is correct then Fulfer Oil and Cattle Company, LLC was producing Jalmat Gas at the same time objecting to Pogo Producing Company's application to complete our Resler B # 1 in the Jalmat.**

Glenn Curry
Senior Geologist
Pogo Producing Company

Oil Conservation Commission

Case No. 13274

Exhibit No. 17

Pogo