

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE COMPLIANCE AND ENFORCEMENT MANAGER, FOR A COMPLIANCE ORDER AGAINST POGO PRODUCING COMPANY FINDING THAT IT KNOWINGLY AND WILFULLY VIOLATED 19.15.3.104 NMAC, ORDER R-12366, 19.15.13.1115 NMAC, AND NMSA 1978, SECTION 70-2-31(B)(2) and (D), IMPOSING PENALTIES, REQUIRING THE OPERATOR TO FILE CORRECTED REPORTS, AND REQUIRING OPERATOR TO PLUG AND ABANDON THE WELL; LEA COUNTY, NEW MEXICO.**

**CASE NO. 13990**

**AMENDED**  
**ENTRY OF APPEARANCE AND**  
**PRE-HEARING STATEMENT**

The Oil Conservation Division submits this amended entry of appearance and pre-hearing statement pursuant to OCD Rule 1211 [19.15.14.1211 NMAC] to identify additional witnesses, and revise the statement of the case to reflect newly-obtained information.

**APPEARANCES**

**APPLICANT**

Oil Conservation Division

**APPLICANT'S ATTORNEY**

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Energy, Minerals and Natural  
Resources Department  
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**RESPONDENT**

Pogo Producing Company

James Bruce  
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Attorney for Pogo Producing Company

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**STATEMENT OF THE CASE**

The Oil Conservation Division (OCD) seeks a compliance order against Pogo Producing Company (Pogo).

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Arch is the operator of record for the Resler B #001 well. The previous operator of record was Arch Petroleum, Inc. (Arch), a subsidiary of Pogo.

27 C 09 01 11 103  
Arch obtained an APD to drill the Resler B #001 well as an oil well in the Jalmat-Tansil-Yates-Seven Rivers Pool. Arch applied for approval of a 160-acre non-standard gas spacing and proration unit for the Resler B #001 well in the Jalmat Gas Pool. The OCD denied the application after hearing. Arch filed for de novo review.

After the denial, and prior to the de novo hearing, Arch completed the well as a gas well and produced it as a gas well. According to Arch, it attempted to file various OCD-required reports but the OCD did not accept those reports because the reports indicated that the well was completed and producing from the Jalmat Gas Pool and Arch was not authorized to produce from the Jalmat Gas Pool.

Pogo became operator of record for the Resler B #001 effective January 1, 2006, when all of the Arch wells were placed under the Pogo name and OGRID.

On April 19, 2007 Pogo presented the de novo case as Arch's successor in interest. The Pogo geologist, who had been the geologist for Arch, testified that Arch completed the Resler B #001 well in the Jalmat Gas Pool to preserve its term assignment. Pogo presented a Monthly Allocation Summary for the Resler B #001 well showing production from July 2005 through December 2005, and March 2006 through January 2007.

After the de novo hearing, Pogo filed C-115s showing production for the Resler B #001 well for July 2005 through December 2005 showing the pool as the Jalmat-Tansil-Yates-Seven Rivers Pool – an oil pool.

The OCD seeks an order determining that Pogo knowingly and willfully violated:

1. Rule 19.15.3.104 NMAC by operating the Resler B #001 well as a gas well without obtaining approval for a non-standard location;
2. Order R-12366 by operating the Resler B #001 well as a gas well after the application for non-standard location had been denied;
3. Rule 1115.A by failing to file timely production reports for the Resler B #001;
4. NMSA 1978, Section 70-2-31(D) by aiding and abetting Arch in violating Rule 104, Order R-12366, and Rule 1115.A and NMSA 1978, Section 70-2-31(B).

It is the OCD's position that Pogo violated Rule 104 and Order R-12366 by operating the Resler B #001, and that Pogo violated Rule 1115.A and Section 70-2-31(B) by failing to file production reports for the Resler B #001 as soon as it became operator of the well. In addition, Pogo remains responsible for filing missing production reports. It is the OCD's position that Pogo is also responsible for Arch's violation of these rules and Order R-12366 while Arch was operator of record, either because Arch was a subsidiary of Pogo or because Pogo aided and abetted Arch in the violations.

The OCD seeks civil penalties for the violations, and an order requiring Pogo to file corrected production reports for the Resler B #001 by a date certain. Finally, the OCD requests that the order require Pogo to plug and abandon the Resler B #001 by a date certain.

### APPLICANT'S PROPOSED EVIDENCE

#### WITNESS:

#### ESTIMATED TIME:

Daniel Sanchez, Enforcement and Compliance  
Manager

1 hour

Chris Williams, Supervisor, District I

½ hour

Donna Mull, District I

½ hour

Jane Prouty, Automation and Records Bureau

½ hour

Dorothy Phillips, Financial Assurance Administrator

by affidavit

### PROCEDURAL MATTERS

There are no procedural matters at this time.

Respectfully submitted  
this 13<sup>th</sup> day of November 2007 by

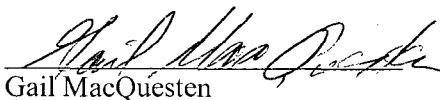


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Attorney for the Oil Conservation Division

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was e-mailed to James Bruce, attorney for Pogo Producing Company, this 13<sup>th</sup> day of November 2007.

  
Gail MacQuesten