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December 26, 2000

Via Fax and U.S. Mail

William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
P.O. Box 2208
Santa Fe, New Mexico

Re: Pogo Producing Company/EOG Resources, Inc.
Section 23, Township 22 South, Range 32 East, N.M.P.M.
Lea County, New Mexico

Case Nos. 12552 and _____

Dear Mr. Carr:

As you know, Pogo has proposed a Morrow well in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 23 to EOG, with an E $\frac{1}{2}$ well unit, and has forwarded an AFE to EOG for its execution. EOG has proposed a Morrow well in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 23 to Pogo, with a S $\frac{1}{2}$ well unit, and has forwarded an AFE to Pogo for its execution. Compulsory pooling applications on these two proposals are set for the January 11, 2001 Oil Conservation Division docket.

Pogo is aware that EOG is building a location in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 23, and has plans to commence drilling a well at that location before the January 11th hearing. Pogo can only assume that EOG is attempting to short-circuit the pooling proceedings before the Division by drilling the subject well and dedicating thereto the N $\frac{1}{2}$ of Section 23. The pooling cases were to be heard on December 21, 2000, but EOG asked that they be continued to January 11th. I now believe that EOG asked for the continuance with full knowledge that it would seek to commence the well before the Division hears the pooling cases. I also note that both of EOG's proposed locations are in the E $\frac{1}{2}$ of Section 23, which gives the appearance that EOG agrees with Pogo that a standup E $\frac{1}{2}$ well unit is the proper way to develop Section 23.

Pogo believes that the orientation of the well unit, and the initial well's location, should be decided before the Division, and

requests confirmation by Noon on December 28, 2000 that EOG will not commence the above well before this matter is resolved in the pooling cases now before the Division. If such confirmation is not received, Pogo will take such steps as it deems necessary to preserve the status quo pending a decision by the Division.

Very truly yours,

A handwritten signature in cursive script, reading "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Pogo Producing Company

cc: David Catanach (via fax)
Terry Gant (via fax)