



POGO PRODUCING COMPANY

CERTIFIED MAIL RETURN RECEIPT REQUESTED

April 24, 2000

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
Attention: Mr. David R. Catanach

RE: Southeast Red Tank Prospect
Lea County, New Mexico
Application for Administrative Approval
for Downhole Commingling
Shell State #1 and #3 Wells
W/2 Section 36, T-22-S, R-32-E, N.M.P.M.
State Lease V-2512
Pogo Lease L1396

Gentlemen:

Pogo Producing Company respectfully submits herewith its application for Administrative Approval for Downhole Commingling of the captioned wells. Enclosed please find a Form C-107-A with appropriate attachments for each such well.

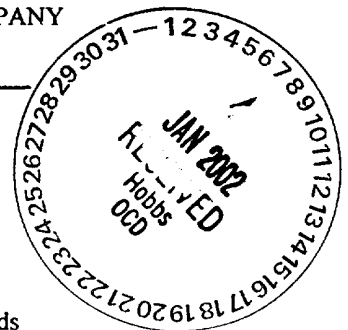
Please note that Pogo Producing Company recently acquired Strata Production Company et al's interest in the Shell State #1, 2, and 3 wells and the captioned Lands/lease. After reviewing Strata's (prior Operator) files and the Shell State #1 and 3 wells, it came to our attention that such wells were downhole commingled but lacked the necessary NMOCD approval; we therefore are making application for such approval.

If you have any questions, please give Mr. Ron Gasser or myself a call.

Sincerely,

POGO PRODUCING COMPANY

Terry Gant
Division Landman



Enclosures

Cc: New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240
Attn: District Supervisor
(w/copy of enclosure)

Strata Production Company
200 West First Street, Suite 700
Roswell, New Mexico 88201
Attention: Ms. Jo McNerny

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
(w/copy of enclosure)

bcc: w/copy of enclosure
RG
RLW
BS
GJH
GJD

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1893

State of New Mexico
Energy, Minerals and Natural Resources DepartmentForm C-107-
New 3-12-9

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-8429

APPROVAL PROCES

☒ Administrative Hearing

EXISTING WELLBORI

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Pogo Producing Company

P.O. Box 10340

Midland, TX 79702-7340

Operator

Shell State

Address

3

F, Sec 36, T-22-S, R-32-E

Lea

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 017891

Property Code 25014

API NO. 30-025-33246

Spacing Unit Lease Types: (check 1 or more)
Federal ☐ State ☒ (and/or) Fee

The following facts are submitted in support of downhole commingling	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	RED TANK: DELAWARE WEST 51689		RED TANK: BONE SPRING 51683
2. Top and Bottom of Pay Section (Perforations)	7226' - 8073'		8840' - 8882'
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT		ARTIFICIAL LIFT
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 670 psi Producing (estimated) b. (Original) 3218 psi SI	b.	a. 670 psi Producing (estimated) b. 3637 psi SI
6. Oil Gravity (API) or Gas BTU Content	39.6		42.0
7. Producing or Shut-In?	PRODUCING		Producing
Production Marginal? (yes or no) * If Shut-In, give date and oil/gas/ water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	NO		NO
	Date: 10/31/96 Rates: 74, 138, 137	Date: Rates:	Date: 8/6/96 Rates: 46, 17, 145
	Date: 3/28/00 Rates: 24, 78, 70	Date: Rates:	Date: 3/28/00 Rates: 24, 78, 70
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 62% Gas: 48%	Oil: % Gas: %	Oil: 38% Gas: 52%
	SEE ATTACHMENT FOR SUPPORT		SEE ATTACHMENT FOR SUPPORT

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☐ Yes ☒ No11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Ron D. Gasser TITLE: Div. Petr. Engr. Mgr. DATE: 4-20-00
TYPE OR PRINT NAME: Ron D. Gasser TELEPHONE NO. (915) 685-8100