



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 1, 1998

Pogo Producing Company
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-4084(SD)

Dear Mr. Bruce:

Reference is made to your application dated June 26, 1998 on behalf of the operator, Pogo Producing Company ("Pogo"), for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NE/4 SW/4 (Unit K) of Section 25, Township 22 South, Range 32 East, NMPM, Red Tank-Bone Spring Pool, Lea County, New Mexico.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

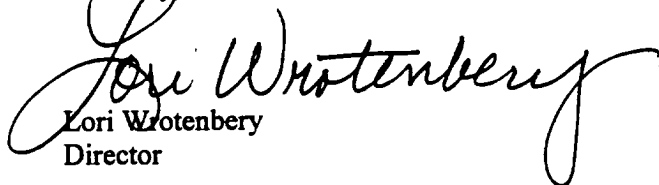
This 40-acre unit is currently dedicated to Pogo's Covington "A" Federal Well No. 5 (API No. 30-025-32446) located at a standard oil well location 1650 feet from the South line and 2310 feet from the West line of Section 25. Further, all of Section 25 is a single Federal lease (U. S. Government Lease No. NM-2379) in which Pogo is the operator; therefore, there are no affected offsets to the subject 40-acre tract other than Pogo.

By the authority granted me under the provisions of Division General Rule 104.F(2), the following described well to be drilled at an unorthodox "infill" oil well location within the NE/4 SW/4 (Unit K) of Section 25 is hereby approved:

**Covington "A" Federal Well No. 36
2500' FSL - 2275' FWL**

Further, both the Covington "A" Federal Well No. 5 and the proposed Covington "A" Federal Well No. 36 are to be simultaneously dedicated to the subject 40-acre tract.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad