

THE APPLICATION OF POGO PRODUCING COMPANY, LLC TO CONSOLIDATE THE LOS MOGOTES (7400) FIELD, LOS MOGOTES (8120) FIELD AND LOS MOGOTES (9150) FIELDS AND TRANSFER VARIOUS WELLS INTO THE (PROPOSED) LOS MOGOTES (WILCOX CONS.) FIELD AND TO CONSIDER FIELD RULES FOR THE (PROPOSED) LOS MOGOTES (WILCOX CONS.) FIELD, ZAPATA COUNTY, TEXAS

Heard by: Andres J, Trevino, P.E. on October 10, 2008

Appearances:

George C. Neale
Bob Tierney
Chris Crowson
Nash Bell

Representing:

Pogo Producing Company, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pogo Producing Company, LLC requests that the Los Mogotes (7400) Field, Los Mogotes (8120) Field and the Los Mogotes (9150) Field be consolidated into a new field to be known as the Los Mogotes (Wilcox Cons.) Field. The fields proposed for consolidation are as follows:

Los Mogotes (7400) Field	54976 790
Los Mogotes (8120) Field	54976 800
Los Mogotes (9150) Field	54976 900

Pogo requests that the following rules be adopted for the consolidated field:

1. Designated interval from 8,720 feet to 10,605 feet as shown on the log of the North Central Oil Corp.'s L. Haynes, Well No. 83;
2. Well spacing a minimum of 467 feet from lease lines with no between-well spacing limitation;
3. Standard 40 acre drilling units;
4. Allocation based 5% per well and 95% deliverability and allocation formula to remain suspended;

Pogo requests a list of wells as identified on Attachment A that are producing within the designated interval be consolidated into the proposed field. This application was

unprotested and the examiner recommends approval of Pogo's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

The three fields which are the subject of this hearing were discovered beginning in 1983. The fields include Wilcox sands which are in various stages of depletion. All three fields are non-associated gas fields and all operate under Statewide Rules.

There will be a total of 165 wells that will be consolidated into the proposed Los Mogotes (Wilcox Cons.) Field. Pogo believes there are additional reserves of gas remaining and have been identified through 3-D seismic. Pogo plans to drill additional wells in the field and produce all productive intervals simultaneously.

The cross section provided by Pogo of the Los Mogotes (Wilcox Cons.) Field demonstrates that wells completed in the Charco (9900) Field and the Los Mogotes (9150) Field are completed in the same Wilcox sand, the Lower Asche sand. Pogo wishes to minimize confusion over field names and drilling permit restrictions by consolidating the fields.

As part of the 165 wells in the proposed Los Mogotes (Wilcox Cons.) Field, Pogo requests that 46 wells, operated by Pogo be transferred into the proposed Los Mogotes (Wilcox Cons.) Field. These wells are located in the immediate area and are completed within the proposed correlative interval.

Pogo requests that the consolidated field be designated as the interval from 8,720 feet to 10,605 feet as shown on the log of the North Central Oil Corp.'s L. Haynes, Well No. 83. The base of the interval will be the base of the Lower Asche sand. Consolidation of the various sands into a single field will result in the recovery of additional reserves, which would otherwise be uneconomic, by producing multiple reservoirs simultaneously.

Pogo will drill additional wells within the reservoirs targeting the various sands within the consolidated interval that have not been drained yet. Pogo believes many stratigraphic and structural traps still exist that have not been drained. Eliminating the between-well spacing requirement will provide opportunities for infill drilling to target reserves identified by 3-D seismic without the need for Rule 37 exceptions. Pogo requests the density remain under statewide 40 acre density.

The proposed consolidated field will consist of numerous sands. A two factor allocation formula based on 95% deliverability and 5% per well is requested for the consolidated field to meet statutory requirements.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The subject fields proposed for consolidation were discovered beginning in 1983. All of the fields are non-associated gas fields and there are 119 producing wells in the fields at this time with an additional 46 wells to be transferred.
3. The three fields produce from Wilcox sands which are of low permeability and in various stages of depletion.
4. All of the fields operate under Statewide Rules.
5. Consolidation of the fields will not harm any of the reservoirs because of the similar reservoir and fluid properties. Many of the zones are currently being commingled.
6. Consolidation of the fields will result in the recovery of additional reserves from the various fields as a result of a lower combined economic limit.
7. The Los Mogotes (Wilcox Cons.) Field should be designated as the correlative interval from 8,720 feet to 10,605 feet as shown on the log of the North Central Oil Corp.'s L. Haynes, Well No. 83.
8. All 46 wells proposed to be transferred into the Los Mogotes (Wilcox Cons.) Field are located in the immediate area and are completed within the proposed correlative interval.
9. The proposed 467'/0' well spacing rule for the consolidated field will provide flexibility in drilling infill wells for completion in the various undrained, Wilcox sands without the need for Rule 37 exceptions.
10. Well density shall remain under Statewide rules, 40 acre drilling units.
11. Allocation based 5% per well and 95% on deliverability will protect correlative rights and satisfy statutory requirements.
12. All fields are currently producing at 100% AOF.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad

Commission jurisdiction in this matter.

3. Consolidation of the fields as proposed by Pogo Producing Company, LLC is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the four subject fields and the listed wells on Attachment "A" be consolidated into a new field to be known as the Los Mogotes (Wilcox Cons.) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Hearings Examiner

Attachment "A"