FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
SEC Accession No. 0000230463-95-000003

(HTML Version on secdatabase.com)

FILER

POGO PRODUCING CO

CIK:**230463**| IRS No.: **741659398** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-07792** | Film No.: **95536144**
SIC: **1311** Crude petroleum & natural gas

Mailing Address
5 GREENWAY PLAZA SUITE 2700
P O BOX 2504
HOUSTON TX 77046-0504

Business Address
5 GREENWAY PLAZA STE 2700
P O BOX 2504
HOUSTON TX 77046-0504
7132975017

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE OF 1934 FOR THE QUARTERLY PERIOD ENDED March 31, 1995 OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERION FROM ______ TO _____

Commission file number 1-7792

Pogo Producing Company
(Exact name of registrant as specified in its charter)

Delaware	74-1659398
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5 Greenway Plaza, Suite 2700 Houston, Texas	77046-0504
(Address of principal executive offices)	(Zip Code)

(713) 297-5000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days: Yes X No

Registrant's number of common shares outstanding as of March 31, 1995: 32,813,886

Part I. Financial Information

Item 1. Financial Statements

Pogo Producing Company and Subsidiaries

Consolidated Statements of Income (Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended March 31, 1995	1994
	(Expressed in thousands, except per share amounts)	
<S>	<C>	<C>
Revenues:		
Oil and gas	$ 41,710	$ 37,840
Gains on sales	100	52
Total	41,810	37,892

Operating Costs and Expenses:		
Lease operating	8,487	6,656
General and administrative	4,341	3,819
Exploration	1,375	733
Dry hole and impairment	1,428	1,390
Depreciation, depletion and amortization	18,457	11,758
Total	34,088	24,356
Operating Income	7,722	13,536
Interest:		
Charges	(2,791)	(2,517)
Income	41	15
Capitalized	143	147
Income Before Income Taxes	5,115	11,181
Income Tax Expense	(1,684)	(3,903)
Net Income	$ 3,431	$ 7,278
Primary and Fully Diluted Earnings Per Common Share	$ 0.10	$ 0.22
Dividends Per Common Share	$ 0.03	$ -
Weighted Average Number of Common Stock and Common Stock Equivalent Shares Outstanding	33,357	33,253

</TABLE>

See accompanying notes to consolidated financial statements.

Pogo Producing Company and Subsidiaries

Consolidated Balance Sheets

<TABLE>
<CAPTION>

(Expressed in thousands, except share amounts)

<S>	<C> March 31, 1995 (Unaudited)	<C> December 31, 1994
Assets		
Current Assets:		
Cash and cash investments	$ 3,966	$ 2,922
Accounts receivable	20,155	28,915
Other receivables	18,541	14,717
Inventories	3,692	2,422
Other	329	745
Total current assets	46,683	49,721
Property and Equipment:		
Oil and gas, on the basis of successful efforts accounting		
Proved properties being amortized	929,187	913,865
Unproved properties and properties under development, not being amortized	6,242	6,890
Other, at cost	8,291	8,268
	943,720	929,023
Less--accumulated depreciation, depletion and amortization, including $5,198 and $5,040, respectively, applicable to other property	709,538	691,110
	234,182	237,913
Other	10,714	11,192

	$ 291,579	$ 298,826

Liabilities and Shareholders' Equity

Current Liabilities:		
Accounts payable	$ 7,309	$ 8,065
Other payables	8,642	26,497
Current portion of long-term debt	911	1,282
Accrued interest payable	1,200	1,583
Accrued payroll and related benefits	1,303	1,237
Other	25	40
Total current liabilities	19,390	38,704
Long-Term Debt	158,249	149,249
Deferred Federal Income Tax	38,299	36,487
Deferred Credits	9,119	10,349
Total liabilities	225,057	234,789
Shareholders' Equity:		
Preferred stock, $1 par; 2,000,000 shares authorized	-	-
Common stock, $1 par; 43,333,333 shares authorized, 32,829,461 and 32,825,836 shares issued, respectively	32,830	32,826
Additional capital	130,709	130,675
Retained earnings (deficit)	(96,693)	(99,140)
Treasury stock, at cost	(324)	(324)
Total shareholders' equity	66,522	64,037
	$ 291,579	$ 298,826

</TABLE>

See accompanying notes to consolidated financial statements.

Pogo Producing Company and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	1995	1994
	(Expressed in thousands)	
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Cash received from customers	$ 49,981	$ 31,717
Operating, exploration, and general and administrative expenses paid	(14,959)	(10,565)
Interest paid	(3,174)	(1,267)
Settlement of natural gas transportation and exchange imbalance	-	(2,168)
Other	427	340
Net cash provided by operating activities	32,275	18,057
Cash Flows from Investing Activities:		
Capital expenditures	(30,618)	(22,685)
Purchase of proved reserves	(4,171)	-
Proceeds from the sales of properties	100	52
Net cash used in investing activities	(34,689)	(22,633)
Cash Flows from Financing Activities:		
Proceeds from issuance of new debt	-	86,250
Net borrowings (payments) under revolving credit agreement	7,000	(67,000)
Net borrowings under uncommitted lines of credit with banks	2,000	-
Interest bearing loan to a joint venture partner	(4,171)	-
Payment of debt issue expenses	-	(2,156)
Payment of cash dividend on common stock	(984)	-

Purchase of 8% debentures due 2005	(410)	-
Proceeds from exercise of stock options	23	1,222
Net cash provided by financing activities	3,458	18,316
Net Increase in Cash and Cash Investments	1,044	13,740
Cash and Cash Investments at the Beginning of the Year	2,922	6,713
Cash and Cash Investments at the End of the Period	$ 3,966	$ 20,453
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Net income	$ 3,431	$ 7,278
Adjustments to reconcile net income to net cash provided by operating activities -		
Gains from the sales of properties	(100)	(52)
Depreciation, depletion and amortization	18,457	11,758
Dry hole and impairment	1,428	1,390
Interest capitalized	(143)	(147)
Deferred federal income taxes	1,827	3,468
Change in operating assets and liabilities	7,375	(5,638)
Net cash provided by operating activities	$ 32,275	18,057

</TABLE>

See accompanying notes to consolidated financial statements.

Pogo Producing Company and Subsidiaries

Consolidated Statements of Shareholders' Equity (Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended March 31,			
	1995		1994	
	Shares	Amount	Shares	Amount
	(Expressed in thousands, except share amounts)			
<S>	<C>	<C>	<C>	<C>
Common Stock:				
$1.00 par - 43,333,333 shares authorized				
Balance at beginning of year	32,825,836	$ 32,826	32,449,197	$ 32,449
Stock options exercised	3,625	4	110,330	111
Issued at end of period	32,829,461	32,830	32,559,527	32,560
Additional Capital:				
Balance at beginning of year		130,675		125,919
Stock options exercised		34		1,417
Balance at end of period		130,709		127,336
Retained Earnings (Deficit):				
Balance at beginning of year		(99,140)		(124,241)
Net income		3,431		7,278
Dividends ($0.03 per common share)		(984)		-
Balance at end of period		(96,693)		(116,963)
Treasury Stock:				
Balance at beginning of year	(15,575)	(324)	(15,575)	(324)
Activity during period	-	-	-	-
Balance at end of period	(15,575)	(324)	(15,575)	(324)
Common stock outstanding, at the end of the period	32,813,886		32,543,952	

Total Shareholders' Equity	$ 66,522	$ 42,609

</TABLE>

See accompanying notes to consolidated financial statements.

Pogo Producing Company and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

(1) General Information -

The consolidated financial statements included herein have been prepared by Pogo Producing Company (the "Company") without audit and include all adjustments (of a normal and recurring nature) which are, in the opinion of management, necessary for the fair presentation of interim results which are not necessarily indicative of results for the entire year. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's latest annual report.

(2) Long-Term Debt -

Long-term debt and the amount due within one year at March 31, 1995 and December 31, 1994, consists of the following:
<TABLE>
<CAPTION>

<S>	<C> March 31, 1995	<C> December 31, 1994
	(Expressed in thousands)	
Senior debt --		
Bank revolving credit agreement		
LIBO Rate based loans, borrowings at March 31, 1995 and December 31, 1994 at average interest rate of 7.63%	$ 19,000	$ 14,000
Prime rate based loan, borrowing at March 31, 1995 at an interest rate of 9%	2,000	--
Uncommitted credit lines with banks, borrowings at March 31, 1995 and December 31, 1994 at average interest rates of 6.98% and 7.21%, respectively	9,000	7,000
Total senior debt	30,000	21,000
Subordinated debt --		
5 1/2% Convertible subordinated notes due 2004	86,250	86,250
8% Convertible subordinated debentures due 2005	42,910	43,281
Total subordinated debt	129,160	129,531
Total debt	159,160	150,531
Amount due within one year consisting of the sinking fund requirement on the 8% Debentures	(911)	(1,282)
Long-term debt	$ 158,249	$ 149,249

</TABLE>

On March 16, 1994, the Company issued $86,250,000 of 5 1/2% Convertible Subordinated Notes due 2004 (the "5 1/2% Notes"). The 5 1/2% Notes are convertible into common stock of the Company at a price of $22.188 per share. The proceeds from the issuance of the 5 1/2% Notes were used to retire the remaining balance of the Company's 10.25% Convertible Subordinated Notes due 1999 (the "10.25% Notes") and to reduce the amount outstanding under the Company's bank revolving credit agreement. Refer to Note 3 of the Notes to Consolidated Financial Statements included in the Company's latest annual report for a further discussion of the bank revolving credit agreement and the 8% Convertible Subordinated Debentures due 2005 (the "8% Debentures").

Notes to Consolidated Financial Statements (Unaudited)

(3) Earnings per Share -

Earnings per common and common equivalent share (primary earnings per share) are based on the weighted average number of shares of common stock and common equivalent shares outstanding during the periods. The dilutive effect of stock options was considered in the earnings per share reported for the periods. The 8% Debentures are common stock equivalents and were anti-dilutive in all periods. Earnings per common and common equivalent share assuming full dilution (fully diluted earnings per share) considered the 10.25% Notes (retired on April 18, 1994) which were anti-dilutive in all periods in which they were outstanding and the 5 1/2% Notes (issued on March 16, 1994) which were dilutive in the 1994 period but anti-dilutive in the 1995 period. Earnings per share are based on the following:

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	1995	1994
	(Expressed in thousands)	
<S>	<C>	<C>
Earnings applicable to common stock:		
Primary	$ 3,431	$ 7,278
Fully diluted	$ 3,431	$ 7,413
Weighted average number of common stock and common equivalent shares outstanding:		
Primary	33,357	33,253
Fully diluted	33,420	33,944

</TABLE>

Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's annual report on Form 10-K for the year ended December 31, 1994.

Results of Operations -

The Company reported net income for the first quarter of 1995 of $3,431,000 or $0.10 per share (on both a primary and fully diluted basis) compared to net income for the first quarter of 1994 of $7,278,000 or $0.22 per share (primary and fully diluted). Primary earnings per share are based on the weighted average number of shares of common and common equivalent shares outstanding for the first quarter of 1995 of 33,357,000, compared to 33,253,000 for the first quarter of 1994. The increase in the weighted average number of common and common equivalent shares outstanding for the first quarter of 1995, compared to the first quarter of 1994, resulted largely from the issuance of shares of common stock upon the exercise of stock options pursuant to the Company's stock option plans.

The Company's total revenues for the first quarter of 1995 were $41,810,000, an increase of approximately 10% from total revenues of $37,892,000 for the first quarter of 1994. The increase in the Company's total revenues for the first quarter of 1995, compared to the first quarter of

1994, resulted primarily from increased natural gas and liquid hydrocarbon (including crude oil, condensate and natural gas liquids ("NGL")) production, together with increased average prices that the Company received for its crude oil and condensate production which was partially offset by substantial declines in the average price that the Company received for its natural gas production volumes.

The following table reflects an analysis of differences in the Company's oil and gas revenues (expressed in thousands of dollars) between the first quarter of 1995 and the first quarter of 1994:

	1st Qtr '95 Compared to 1st Qtr '94
Increase (decrease) in oil and gas revenues resulting from differences in :	
Natural gas --	
Price	$ (6,377)
Production	4,468
	(1,909)
Crude oil and condensate --	
Price	3,536
Production	1,706
	5,242
NGL and other, net	537
Increase in oil and gas revenues	$ 3,870

The average price per thousand cubic feet ("Mcf") that the Company received for its natural gas production substantially decreased during the first quarter of 1995, compared to the first quarter of 1994, averaging $1.58 per Mcf for the first quarter of 1995, compared to $2.20 per Mcf for the first quarter of 1994, a decrease of approximately 28%. The Company believes that the decrease in the average price that it received for its natural gas production during the first quarter of 1995, compared to the first quarter of 1994, was primarily related to substantially milder weather this winter compared to last year and increased availability of supplies of natural gas in the United States. The Company's natural gas production during the first quarter of 1995 averaged 145.2 million cubic feet ("MMcf") per day, an increase of approximately 28% from an average of 113.7 MMcf per day that the Company produced during the first quarter of 1994. The increase in the Company's natural gas production during the first quarter of 1995, compared to the first quarter of 1994, resulted primarily from natural gas production from the Company's Eugene Island 295 "B" platform which did not commence production until late February 1994, and the continued success of the Company's ongoing active offshore and onshore drilling and workover programs, which was partially offset by a natural decline in deliverability from some of the Company's more mature properties.

As of May 1, 1995, the Company had entered into forward sales contracts with various parties on a portion of its daily natural gas production through September 30, 1995 (with contracts totaling approximately 25 MMcf per day in April and decreasing on a quarterly basis to approximately 15 MMcf per day) at varying monthly contract prices ranging from approximatley $1.89 per Mcf to $1.83 per Mcf.

The average price received by the Company for its crude oil and condensate production during the first quarter of 1995 was $17.52 per barrel, an increase of approximately 26% from the average price of $13.90 per barrel that the Company received for its crude oil and condensate production during the first quarter of 1994. The Company's crude oil and condensate production during the first quarter of 1995 averaged 11,942 barrels per day, an increase of approximately 10% from an average of 10,860 barrels per day during the first quarter of 1994. The increase in the Company's crude oil and condensate production during the first quarter of 1995, compared to the first quarter of 1994, resulted primarily from an increased interest in, and development drilling on, certain offshore Gulf of Mexico Main Pass area blocks. As of May 1, 1995, the Company was not a party to any crude oil swap agreements.

The Company's NGL and other, net revenues for the first quarter of 1995 increased $537,000 from the first quarter of 1994. The increase in the Company's NGL revenues for the first quarter of 1995, compared to the first quarter of 1994, resulted primarily from increased NGL production from the Company's New Mexico properties which was partially offset by a decrease in various miscellaneous net revenue items.

The Company's average liquid hydrocarbons (including crude oil, condensate and NGL) production during the first quarter of 1995 was 14,227 barrels per day, an increase of approximately 14% from an average liquid hydrocarbons production of 12,502 barrels per day during the first quarter of 1994.

Lease operating expenses for the first quarter of 1995 were $8,487,000, an increase of approximately 28% from lease operating expenses of $6,656,000 for the first quarter of 1994. The increase in lease operating expenses for the first quarter of 1995, compared to the first quarter of 1994, resulted primarily from the Company's increased operating activity generally, coupled with its increased ownership interest in certain of its properties as a result of the acquistion of such interests since the first quarter of 1994 and, to a lesser extent, increased maintenance costs on existing properties. These increases were partially offset by decreased company labor costs and decreased salt water disposal costs on the Company's New Mexico properties.

General and administrative expenses for the first quarter of 1995 were $4,341,000, an increase of approximately 14% from general and administrative expenses of $3,819,000 for the first quarter of 1994. The increase in general and administrative expenses for the first quarter of 1995, compared to the first quarter of 1994, was related to, among other things, an increase in the Company's work force resulting from increased activity, normal salary and concomitant benefit expense adjustments and increased insurance premiums resulting from the Company's increased drilling and operating activity.

Exploration expenses consist primarily of delay rentals and geological and geophysical costs which are expensed as incurred. Exploration expenses for the first quarter of 1995 were $1,375,000, an increase of approximately 88% from exploration expenses of $733,000 for the first quarter of 1994. The increase in exploration expenses for the first quarter of 1995, compared to the first quarter of 1994, resulted primarily from increased geophysical activity by the Company, including the costs of conducting and processing certain proprietary 3-D seismic surveys on Company leases in South Texas and West Texas, for which there were no comparable first quarter 1994 expenses. However, the increase in exploration expenses for the first quarter of 1995, compared to the first quarter of 1994, was partially offset by a decrease in exploration expenses attributable to the Company's oil and gas concession in the Kingdom of Thailand.

Dry hole and impairment expenses relate to costs of unsuccessful wells drilled, along with impairments to the associated unproved property costs and impairments to previously proved property costs as a result of decreases in expected reserves. The Company's dry hole and impairment expenses for the first quarter of 1995 were $1,428,000, an increase of approximately 3% from dry hole and impairment expenses of $1,390,000 for the first quarter of 1994.

The Company accounts for its oil and gas activities using the successful efforts method of accounting. Under the successful efforts method, lease acquisition costs and all development costs are capitalized. Unproved properties are reviewed quarterly to determine if there has been impairment of the carrying value, with any such impairment charged to expense in the period. Exploratory drilling costs are capitalized until the results are determined. If proved reserves are not discovered, the exploratory drilling costs are expensed. Other exploratory costs are expensed as incurred.

The provision for depreciation, depletion and amortization ("DD&A") is based on the capitalized costs mentioned in the preceding paragraph plus future costs to abandon offshore wells and platforms and is determined on a field-by-field basis using the units of production method. The Company's DD&A expense for the first quarter of 1995 was $18,457,000, an increase of approximately 57% from DD&A expense of $11,758,000 for the first quarter of 1994. The increase in DD&A expense for the first quarter of 1995, compared to the first quarter of 1994, resulted primarily from an increase in the Company's composite DD&A rate and, to a lesser extent, increased production of oil and gas from the Company's properties. The composite DD&A rate for all of the Company's producing fields for the first quarter of 1995 was $0.88 per equivalent Mcf ($5.29 per equivalent barrel), an increase of approximately 29% from a composite DD&A rate of $0.68 per equivalent Mcf ($4.11 per equivalent barrel) for the first quarter of 1994. The increase in the composite DD&A rate for all of the Company's producing fields for the first quarter of 1995, compared with the first quarter of 1994, resulted primarily from the increased percentage of the Company's production that is attributable to certain on the Company's newer fields that have higher DD&A rates than the Company's historical composite DD&A rate.
The Company produced 20,749,000 equivalent Mcf (3,458,000 equivalent barrels) during the first quarter of 1995, an increase of approximately 22% from the 16,986,000 equivalent Mcf (2,831,000 equivalent barrels) produced by the Company during the first quarter of 1994.

During the first quarter of 1995, the Company adopted Financial Accounting Standard No. 121 (Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of("SFAS 121")). SFAS 121 requires the Company to review its oil and gas properties whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amount of any of the Company's oil and gas properties (determined on a field by field basis) is greater than its fair market value, an impairment loss is recognized. Adoption of SFAS 121 did not have a material effect on the Company's financial statements for the quarter ended March 31, 1995.

Interest charges for the first quarter of 1995 were $2,791,000, an increase of approximately 11% from interest charges of $2,517,000 for the first quarter of 1994. The increase in interest charges for the first quarter of 1995, compared to the first quarter of 1994, resulted primarily from increased levels of debt outstanding, increased debt issue amortization expenses and increased commitment fees resulting from increased availability under the Company's revolving credit facility, which was partially offset by lower average interest rate levels on the debt outstanding.

As of April 1, 1995, the Company was a party to an interest rate swap agreement. The swap agreement, which terminates on March 10, 1998, effectively changes the interest rate paid by the Company on $5,000,000 of debt from a market based variable rate to a fixed rate of 7.2%.

Income tax expense for the first quarter of 1995 was $1,684,000, a decrease of approximately 57% from income tax expense of $3,903,000 for the first quarter of 1994. The decrease in income tax expense for the first quarter of 1995, compared to the first quarter of 1994, resulted primarily from decreased pre-tax income.

Liquidity and Capital Resources -

The Company's Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 1995 reflects net cash provided by operating activities of $32,275,000. In addition to net cash provided by operating activities, the Company received $100,000 from the sale of certain non-strategic properties and $23,000 from the exercise of stock options. The Company also had net borrowings of $9,000,000 under its revolving credit facility and uncommitted lines of credit with banks. During the first three months of 1995, the Company invested $30,618,000 of such cash flow in capital projects, purchased certain proved reserves for $4,171,000, made a short term interest bearing loan to a joint venture partner of $4,171,000 that was subsequently repaid, expended $410,000 on the repurchase of certain of its 8% Debentures in open market transactions, and paid a $0.03 per share dividend to holders of the Company's common stock. Of the $30,618,000 invested in capital projects, $23,259,000 was applicable to 1994 capital projects and $7,359,000 was applicable to 1995 capital projects. As of March 31, 1995, the Company's cash and cash investments were $3,966,000 and its long-term debt stood at $158,249,000.

The Company's capital and exploration budget for 1995, which does not include any amounts which may be expended for the purchase of proved reserves or any interest which may be capitalized resulting from projects in progress, was established by the Company's Board of Directors in January 1995, at $100,000,000. In addition to anticipated capital and exploration expenses, other material 1995 cash requirements that the Company currently anticipates include ongoing operating, general and administrative, income tax, and interest expense, a $3,000,000 sinking fund payment on the 8% Debentures (for which the Company may tender all or a portion of the $2,089,000 face amount of 8% Debentures that it currently holds) and payments of dividends on its common stock, including a $.03 per share dividend on its common stock to be paid on May 31, 1995 to stockholders of record as of May 8, 1995. The Company currently anticipates that cash provided by operating activities and funds available under its revolving credit facility and uncommitted lines of credit with banks will be sufficient to fund the Company's ongoing expenses, its 1995 capital and exploration budget, any currently anticipated costs associated with the Company's Tantawan project in Thailand during 1995 and anticipated future dividend payments. In this regard, the Company reinstated the practice of declaring a quarterly cash dividend in the third quarter of 1994. However, the declaration and payment of future dividends will depend upon, among other things, the Company's future earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate and other factors deemed relevant by the Company's Board of Directors.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

3(a) -- Restated Certificate of Incorporation of Pogo Producing Company.

(B) Reports on Form 8-K

A report on Form 8-K was filed on February 24, 1995 setting forth under Item 5 thereof, certain information regarding the time and location of the registrant's annual meeting of stockholders.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pogo Producing Company
(Registrant)

/s/ THOMAS E. HART
Thomas E. Hart
Vice President and Controller

/s/ D. STEPHEN SLACK
D. Stephen Slack
Senior Vice President, Chief
Financial Officer and Treasurer

Date: May 10, 1995

INDEX TO EXHIBITS

EXHIBIT NO.	
3(a)	-- Restated Certificate of Incorporation of Pogo Producing Company.

RESTATED CERTIFICATE OF INCORPORATION

OF

POGO PRODUCING COMPANY

Pogo Producing Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, Does Hereby Certify:

FIRST: The name of the corporation is Pogo Producing Company.

SECOND: The name under which the corporation was originally incorporated is Pennzoil Offshore Company. The date of filing of its original certificate of incorporation with the Secretary of State of the State of Delaware was February 19, 1970.

THIRD: This Restated Certificate of Incorporation was duly adopted by the Board of Directors of the corporation in accordance with Section 245 of the General Corporation Law of the State of Delaware.

FOURTH: This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the corporation's certificate of incorporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

FIFTH: The text of the Certificate of Incorporation of the corporation as heretofore amended or supplemented is hereby restated to read as herein set forth in full:

ARTICLE I

The name of the corporation is Pogo Producing Company.

ARTICLE II

The address of its registered office in the State of Delaware is located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted by the corporation is to engage in any lawful business, act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

A. The total number of shares of all classes of stock which the corporation shall have authority to issue is 102,000,000 shares, divided into 100,000,000 shares of Common Stock of the par value of $1 per share (Common Stock) and 2,000,000 shares of Preferred Stock of the par value of $1 per share (Preferred Stock). (Amended 4/25/95)

The Preferred Stock may be issued in one or more series and the Preferred Stock of each such series shall have such designations, preferences and relative, participating, optional, redemption, conversion, exchange and other special rights, and qualifications, limitations or restrictions thereof, as may be fixed by the Board of Directors pursuant to the authority so to do which is hereby expressly vested in it and stated and expressed in a resolution or resolutions adopted by the Board of Directors providing for the issuance of Preferred Stock of such series.

Except as otherwise provided in any resolution of the Board of Directors providing for the issuance of any particular series of Preferred Stock, Preferred Stock redeemed or otherwise acquired by the corporation shall assume the status of authorized but unissued Preferred Stock and may thereafter, subject to the provisions of this Article IV and of any restrictions contained in any resolution of the Board of Directors providing for the issuance of any particular series of Preferred Stock, be reissued in the same manner as other authorized but unissued Preferred Stock.

Except as otherwise specifically required by law or as specifically provided herein or in any resolution of the Board of Directors providing for the issuance of any particular series of Preferred Stock, the exclusive voting power of the corporation shall be vested in the Common Stock of the corporation. Each share of Common Stock shall entitle the holder thereof to one vote at all meetings of the stockholders of the corporation.

B. Except as otherwise provided in this Article IV, the affirmative vote of the holders of not less than 80% of the outstanding shares of Common Stock and of not less than 80% of the outstanding shares of Preferred Stock outstanding and entitled to vote, such Common Stock and Preferred Stock voting separately and not as one class, shall be required:

(i) for a merger or consolidation of the corporation with or into any other corporation, or

(ii) for any sale or lease of all or any substantial part of the assets of the corporation to any other corporation, person or other entity, or

(iii) any sale or lease to the corporation or any subsidiary thereof of any assets (except assets having an aggregate fair market value of less than $5,000,000) in exchange for voting stock (or securities convertible into or exchangeable for voting stock or options, warrants, or rights to purchase voting stock or securities convertible into voting stock) of the corporation or any subsidiary of the corporation by any other corporation, person or entity,

if as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon, or as of the time the Board of Directors shall have approved a memorandum of understanding, or the corporation shall have entered into any agreement, with respect to any such transaction for which the vote or consent of the holders of no class or series of stock of the corporation is otherwise required by law, the Certificate of Incorporation or any other contract or agreement, such other corporation, person or entity which is party to such a transaction is the beneficial owner, directly or indirectly, of 5% or more of the outstanding shares of any class or series of voting stock of the corporation. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of any class or series of stock of the corporation otherwise required by law or the Certificate of Incorporation or the resolution or resolutions providing for the issuance of such class or series which have been adopted by the Board of Directors or any agreement between the corporation and any national securities exchange.

For purposes of this Article IV any corporation, person or other entity shall be deemed to be the beneficial owner of any shares of stock of the corporation:

(i) which it owns directly, whether or not of record, or

(ii) which it has the right to acquire pursuant to any agreement or understanding or upon exercise of conversion rights, exchange rights, warrants or options or otherwise, or

(iii) which are beneficially owned, directly or indirectly (including shares deemed to be owned through application of clause (ii) above), by any "affiliate" or "associate" as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on June 1, 1977, or

(iv) which are beneficially owned, directly or indirectly (including shares deemed owned through application of clause (ii) above), by any other corporation, person or entity with which it or its "affiliate" or "associate" has any agreement or arrangement or understanding for the purpose of acquiring, holding, voting, or disposing of stock of the corporation.

For the purposes of this Article IV, the outstanding shares of any class or series of stock of the corporation shall include shares deemed owned through the application of clauses (ii), (iii) and (iv) above, but shall not include any other shares which may be issuable pursuant to any agreement or upon exercise of conversion or exchange rights, warrants, options or otherwise. As used in this Article IV, the term "subsidiary" shall mean a corporation, at least 40% of the voting power of the capital stock (that is, voting power entitled to be exercised in the election of directors, but excluding voting power entitled so to be exercised only upon the happening of some contingency unless such contingency shall have occurred and is continuing) of which, shall be owned by this corporation or by one or more subsidiaries or by this corporation and one or more subsidiaries.

The Board of Directors shall have the power and duty to determine for the purposes of this Article IV on the basis of information known to this corporation whether

(i) such other corporation, person or other entity beneficially owns more than 5% of the outstanding shares of any class or series of voting stock of the corporation,

(ii) a corporation, person or entity is an "affiliate" or "associate" (as defined herein) of another,

(iii) the assets being acquired by the corporation, or any subsidiary thereof, have an aggregate fair market value of less than $5,000,000, and

(iv) the memorandum of understanding referred to in Paragraph (4) below is substantially consistent with the transaction covered thereby.

Any such determination shall be conclusive and binding for all purposes of this Article IV.

The provisions of this Article IV otherwise requiring an 80% vote of the holders of Common Stock and Preferred Stock shall not apply to:

(i) any merger or consolidation of this corporation with, or any sale or lease to this corporation or any subsidiary thereof of any assets of, or any sale or lease by this corporation or any subsidiary thereof of any of its assets to, any corporation, person or entity if the Board of Directors of this corporation has approved a memorandum of understanding with such other corporation, person or entity with respect to such transaction prior to the time that such other corporation, person or entity shall have become a beneficial owner of more than 5% of the outstanding shares of any class or series of voting stock of this corporation, or

(ii) any merger or consolidation of this corporation with, or any sale or lease to this corporation or any subsidiary thereof of any assets of, or any sale or lease by this corporation or any subsidiary thereof of any of its assets to any subsidiary of this corporation.

ARTICLE V

[The provision of the original Certificate of Incorporation naming the incorporator is omitted pursuant to Section 245(c) of the General Corporation Law of the State of Delaware.]

ARTICLE VI

In furtherance of, and not in limitation of, the powers conferred by statute, the Board of Directors is expressly authorized to make, alter or repeal the by-laws of the corporation.

ARTICLE VII

No contract or other transaction between the corporation and any other corporation and no other act of the corporation with relation to any other corporation shall, in the absence of fraud, in any way be invalidated or otherwise affected by the fact that any one or more of the directors of the corporation are pecuniarily or otherwise interested in, or are directors or officers of, such other corporation. Any director of the corporation individually, or any firm or association of which any director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the corporation, provided that the fact that he individually or as a member of such firm or association is such a party or so interested shall be disclosed or shall have been known to the Board of Directors or a majority of such members thereof as shall be present at any meeting of the Board of Directors at which action upon any such contract or transaction shall be taken; any director of the corporation who is also a director or officer of such other corporation or who is such a party or so interested may be counted in determining the existence of a quorum at any meeting of the Board of Directors which shall authorize any such contract or transaction, and may vote thereat to authorize any such contract or transaction, with like force and effect as if he were not such director of officer of such other corporation or not so interested. Any director of the corporation may vote upon any contract or other transaction between the corporation and any subsidiary or affiliated corporation without regard to the fact that he is also a director of such subsidiary or affiliated corporation.

ARTICLE VIII

The Corporation reserves the right, subject to any express provisions or restrictions contained in the Certificate of Incorporation or Bylaws of the Corporation, to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed herein or by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; provided that the provisions set forth in Articles IV (Section B only), IX, X and in this Article VIII may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than 80% of the outstanding shares of Common Stock and of not less than 80% of the outstanding shares of Preferred Stock, voting separately and not as one single class.

ARTICLE IX

The number of directors which shall constitute the whole Board of Directors of the Corporation shall be not less than three (3) nor more than thirteen (13) as specified from time to time in the Bylaws of the Corporation, except in the case of an increase in the number of directors by reason of any default provisions with respect to any outstanding series of Preferred Stock. The Board is divided into three classes, being Class I, Class II and Class III. The number of directors in each class shall be the whole number contained in the quotient arrived at by dividing the authorized number of directors by three and if a fraction is also contained in such quotient, then if such fraction is one-third (1/3) the extra director shall be a member of Class III and if the fraction is two-thirds (2/3) one of the directors shall be a member of Class III and the other shall be a member of Class II. Each director shall serve for a term ending on the third annual meeting following the annual meeting at which such director was elected; provided, however, that the directors first elected to Class I shall serve for a term ending on the annual meeting next ensuing, the directors first elected to Class II shall serve for a term ending on the second annual meeting following the meeting at which such directors were first elected, and the directors first elected to Class III shall serve a full term as hereinabove provided. The foregoing notwithstanding, each director shall serve until his successor shall have been qualified, or until he shall be disabled or shall otherwise be removed.

For purposes of the preceding paragraph, reference to the first election of directors shall signify the first election of directors concurrent with the approval by stockholders of this Article IX. At each annual election held thereafter, the directors chosen to succeed those whose terms then expire shall be identified as being of the same class as the directors they succeed. If for any reason the number of directors in the various classes shall not conform with the formula set forth in the preceding paragraph, the Board of Directors may redesignate any director into a different class in order that the balance of directors in such classes shall conform thereto.

The greater of (a) four directors, or (b) a majority of the directors at anytime in office, shall constitute a quorum for the transaction of business, and if at any meeting of the Board of Directors there shall be less than such a quorum, a majority of those present may adjourn the meeting from time to time. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number be required by law or by this Certificate of Incorporation.

No director of the Corporation shall be removed from his office as a director by vote or other action of stockholders or otherwise except for cause.

A director need not be a stockholder. The election of Directors need not be by ballot unless the Bylaws should so require.

ARTICLE X

No action required to be taken or which may be taken at any annual or special meeting of stockholders of this corporation may be taken without a meeting, and the powers of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied."

ARTICLE XI (Added by Amendment dated 10/8/86)

No director of the Corporation shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director involving any act or omission of any such director occurring on or after September 30, 1986; provided, however, that the foregoing provision shall not eliminate or limit the liability of a director (i) for any breach of such director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Title 8, Section 174 of the General Corporation Law of the State of Delaware or (iv) for any transaction from which such director derived an improper personal benefit. Any repeal or modification of this Article by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

IN WITNESS WHEREOF, said Pogo Producing Company has caused this certificate to be executed in its corporate name by William E. Gipson, its President, and its corporate seal to be hereunto affixed and attested by Hunter L. Martin, Jr., its Secretary, this 3rd day of October, 1977.

POGO PRODUCING COMPANY

By /s/ William E. Gipson
William E. Gipson
President

ATTEST: /s/ Hunter L. Martin, Jr.
Hunter L. Martin, Jr.
Secretary

[Seal]

CORPORATE SEAL

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This Financial Data Schedule contains summary financial information extracted
from the Consolidated Financial Statements (Unaudited) of Pogo Producing
Company, including the Consolidated Balance Sheets as of March 31, 1995
and the Consolidated Statements of Income for the three months
ended March 31, 1995, and is qualified in its entirety by reference
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<F1>This amount is not disclosed on the face of the Consolidated Financial Statements due to lack of materiality, but is included as a contra-asset in Accounts Receivable.
<F2>Does not include Gains on Sales.
<F3>Includes Lease Operating Expense, but excludes General and Administrative, Exploration, Dry Hole and Impairment and Depreciation, Depletion and Amortization Expenses.
<F4>Includes General and Administrative, Exploration, Dry Hole and Impairment and Depreciation, Depletion and Amortization Expenses.
<F5>This amount is not disclosed on the face of the Consolidated Financial Statements due to lack of materiality, but is included in Oil and Gas Revenues.
</FN>

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