

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1601 W. Grand Avenue
Albuquerque, NM 88210

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK
DRILL ☒ 0821 DEEPEN ☐

B. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
POGO PRODUCING COMPANY (RICHARD WRIGHT 432-685-8140)

3. ADDRESS AND TELEPHONE NO.
P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 (432-685-8100)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 660' FNL & 330' FEL SECTION 14 T26S-R29E EDDY CO. NM
At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
Approximately 17 miles Southeast of Malaga New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)
330'

16. NO. OF ACRES IN LEASE
1280

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
2800'

19. PROPOSED DEPTH
5500'

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
2970' GR.

22. APPROX. DATE WORK WILL START WHEN APPROVED

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------------|-----------------|---------------|-------------------------------|
| 26" | Conductor | NA | 40' | Cement to surface W/Redi-mix |
| 12 1/2" | J-55 8 5/8" | 32# | 600' | 655 Sx. circulate cement TS |
| 7 7/8" | J-55 5 1/2" | 15.5# | 5500' | 1350 Sx. 2 Stage Circulate TS |

CARLSBAD CONTROLLED WATER BASIN

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 12 1/2" hole to 600'. Run and set 600' of 8 5/8" 32# J-55 ST&C casing. Cement with 655 Sx. of Class "C" cement + 2% CaCl₂ + 1/2# Flocele/Sx., circulate cement to surface.
3. Drill 7 7/8" hole to 5500'. Run and set 5500' of 5 1/2" 15.5# J-55 ST&C casing. Cement in two stages with DV Tool at 2800'±. Cement 1st stage with 750 Sx. of Class "C" cement + additives, cement 2nd stage with 600 Sx. of Class "C" cement + additives, circulate cement to surface.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and to be added to productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Joe T. Janicea TITLE Agent DATE 06/16/05
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
CONDITIONS OF APPROVAL, IF ANY:

/s/ Joe G. Lara

ACTING

FIELD MANAGER

JUL 21 2005

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

DISTRICT II
11 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------|-----------------------------------------|-----------------------------------|
| API Number | Pool Code 8080 | Pool Name BRUSHY DRAW-DELAWARE |
| Property Code | Property Name PITA "14" FEDERAL | Well Number 2 |
| OGRID No. 17891 | Operator Name POGO PRODUCING COMPANY | Elevation 2970' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A | 14 | 26 S | 29 E | | 660 | NORTH | 330 | EAST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-----------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | Order No. |
|-----------------------|-----------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|-------------------------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Lot.: N32°02'50.9"</p> <p>Long.: W103°56'47.9"</p> | | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joe T. Janica</i></p> <p>Signature</p> <p>Joe T. Janica</p> <p>Printed Name</p> <p>Agent</p> <p>Title</p> <p>06/16/05</p> <p>Date</p> |
| | | <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MAY 31, 2005</p> <p>Date Surveyed</p> <p>L. JONES</p> <p>Signature & Seal of Professional Surveyor</p> <p>W.O. No. 5458</p> <p>Certificate No. Gary Jones 7977</p> <p>BASIN SURVEYS</p> |
| | | <p>EXHIBIT "A"</p> |
| | | |

SECTION 14, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY,

NEW MEXICO.

2-TRACK ROAD

2960.0'

600'

2976.4'

517'

Prop. Lease Rd. 212'

150' NORTH
OFF SET
2970.9'

POGO PRODUCING COMPANY
PITA "14" FEDERAL #2
ELEV. - 2970'

Lat.-N 32°02'50.9"
Long-W 103°56'47.9"

150' WEST
OFF SET
2967.8'

150' EAST
OFF SET
2972.2'

150' SOUTH
OFF SET
2967.1'

2956.0'

600'

2960.8'

DRAW

100 0 100 200 FEET

SCALE: 1" = 100'

POGO PRODUCING CO.

REF: PITA "14" FEDERAL #2 / Well Pad Topo

THE PITA "14" FEDERAL No. 2 LOCATED 660' FROM
THE NORTH LINE AND 330' FROM THE EAST LINE OF
SECTION 14, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 5458

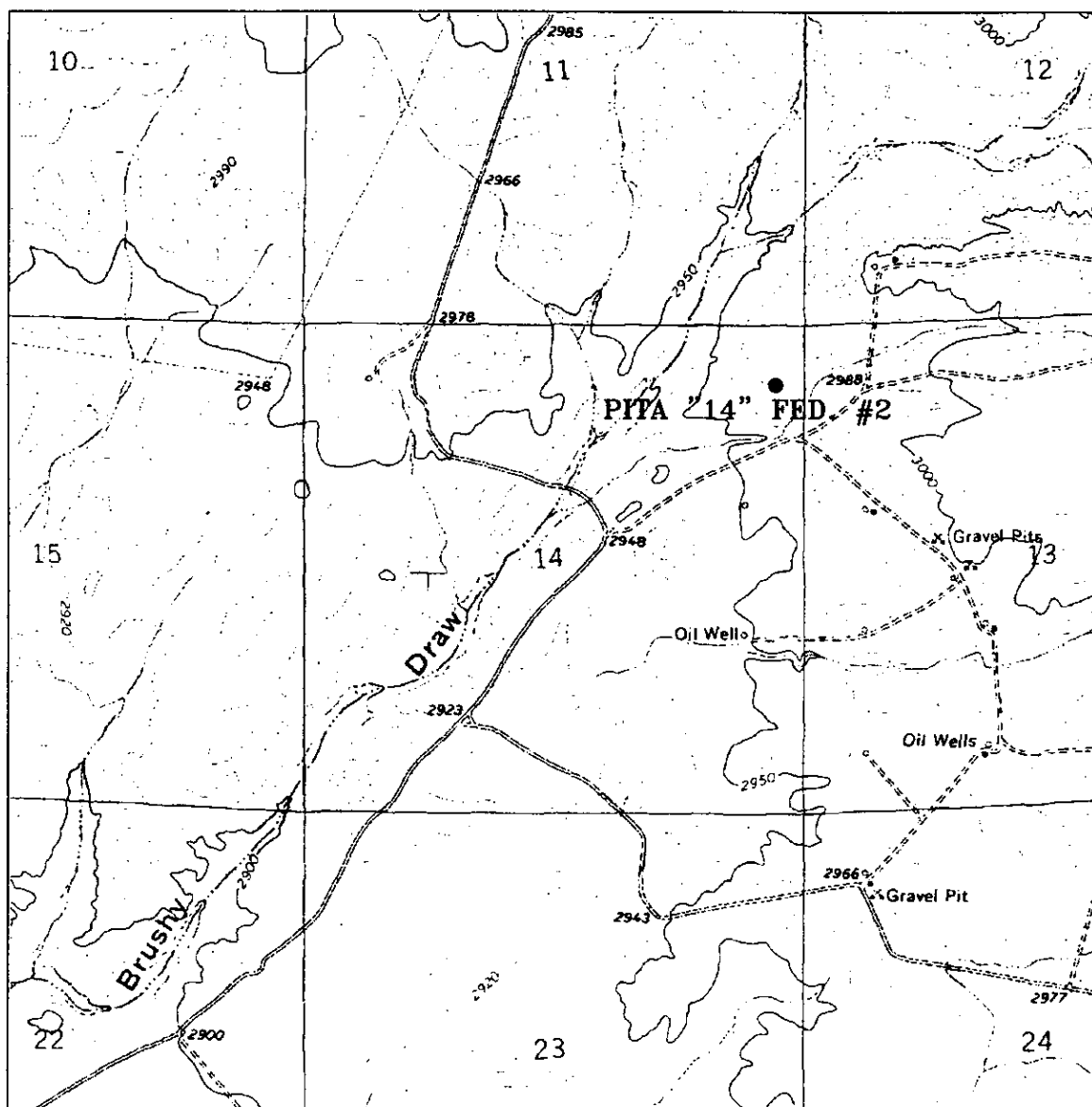
Drawn By: K. GOAD

Date: 06-03-2005

Disk: KJG CD#1 - 5458A.DWG

Survey Date: 05-31-2005

Sheet 1 of 1 Sheets



PITA "14" FEDERAL #2

Located at 660' FNL and 330' FEL
 Section 14, Township 26 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys

focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 5458AA - KJG CD#1

Survey Date: 05-31-2005

Scale: 1" = 2000'

Date: 06-03-2005

POGO
PRODUCING
COMPANY

APPLICATION TO DRILL

POGO PRODUCING COMPANY
PITA "14" FEDERAL # 2
UNIT "A" SECTION 14
T26S-R29E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

1. Location of well: 660' FNL & 330' FEL SECTION 14 T26S-R29E EDDY CO. NM
2. Ground Elevation above Sea Level: 2970' GR.
3. Geological age of surface formation: Quaternary Deposits:
4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.
5. Proposed drilling depth: 5500'

6. Estimated tops of geological markers:

| | | | |
|-----------------|-------|---------------|-------|
| Basal Anhydrite | 2776' | Cherry Canyon | 3914' |
| Delaware Lime | 2979' | Brushy Canyon | 5176' |
| Bell Canyon | 3080' | Bone Spring | 6900' |

7. Possible mineral bearing formations:

| | |
|---------------|-----|
| Brushy Canyon | Oil |
|---------------|-----|

8. Casing Program:

| Hole Size | Interval | OD of Casing | Weight | Threa | Collar | Grade |
|-----------|----------|--------------|--------|-------|--------|-----------|
| 26" | 0-40' | 20" | NA | NA | NA | Conductor |
| 12½" | 0-600' | 8 5/8" | 32# | 8-R | ST&C | J-55 |
| 7 7/8" | 0-5500' | 5½" | 15.5# | 8-R | ST&C | J-55 |

APPLICATION TO DRILL

POGO PRODUCING COMPANY
PITA "14" FEDERAL # 2
UNIT "A" SECTION 14
T26S-R29E EDDY CO. NM

9. CEMENTING & CASING SETTING DEPTHS:

| | | |
|--------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20" | Conductor | Set 40' of 20" conductor pipe and cement to surface with Redi-mix. |
| 8 5/8" | Surface | Set 600' of 8 5/8" 32# J-55 ST&C casing. Cement with 655 Sx. of Class "C" cement + 2% CaCl ₂ + 1/4# Floccle/Sx. circulate cement to surface. |
| 5 1/2" | Production | Set 550' of 5 1/2" 15.5# J-55 ST&C casing. Cement in two stages with DV Tool at 2800'±. Cement 1st stage with 750 Sx. of Class "C" cement + additives, Cement 2nd stage with 600 Sx. of Class "C" cement + additives, circulate cement to surface. |

10. PRESSURE CONTROL EQUIPMENT:

Exhibit "E" shows a 2000 PSI working pressure B.O.P. consisting of a stripper head instead of an annular preventor, blind rams, and pipe rams. This B.O.P. stack is being used because of substructure height limitations of the drilling rig being used to drill this well. Pressures encountered during the drilling are not expected to exceed 1500 PSI at total depth. Pogo Producing Company requests the approval to have a Third party test the B.O.P. after nipping up on the 8 5/8" casing. This test will meet all API specifications. Exhibit "E-1" shows a manually operated choke manifold as no remote B.O.O. equipment will be necessary.

11. PROPOSED MUD CIRCULATING SYSTEM:

| DEPTH | MUD WT. | VISC. | FLUID LOSS | TYPE MUD |
|-----------|-----------|-------|------------|-----------------------------------------------------------------------------------|
| 40-600' | 8.4-8.7 | 29-34 | NC | Fresh water Spud Mud use paper to control seepage. |
| 600-5500' | 10.0-10.2 | 29-38 | NC* | Brine water use paper to control seepage and high viscosity sweeps to clean hole. |

* Water loss may have to be used in order to run open hole logs, DST's if run and casing. If this is needed go to a Polymer system to meet these needs.

Sufficient mud materials to maintain mud properties, meet lost circulation and weight increase requirements will be kept at the well site at all times. In order to run logs, casing, and/or DST's viscosity may have to be raised and the water loss lowered.

APPLICATION TO DRILL

POGO PRODUCING COMPANY
PITA "14" FEDERAL # 2
UNIT "A" SECTION 14
T26S-R29E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Dual Laterolog, LDT, CNL, MSFL, Gamma Ray and Caliper from TD back to the 8 5/8" casing shoe. Run GammaRay, Neutron from 8 5/8" casing shoe back to surface.
- B. Mud logger may be placed on hole any time during drilling this well.
- C. No cores or DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 1500± PSI, and Estimated BHT 140°±.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 15 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Brushy Draw formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blowie line (mud pit) and on derrick floor or doghouse.
3. Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
4. Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H₂S present in dangerous concentration. Only emergency personnel admitted to location.
5. Well control equipment
 - A. See exhibit "E" & "E-1"
6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If the location is near to a dwelling a closed DST will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

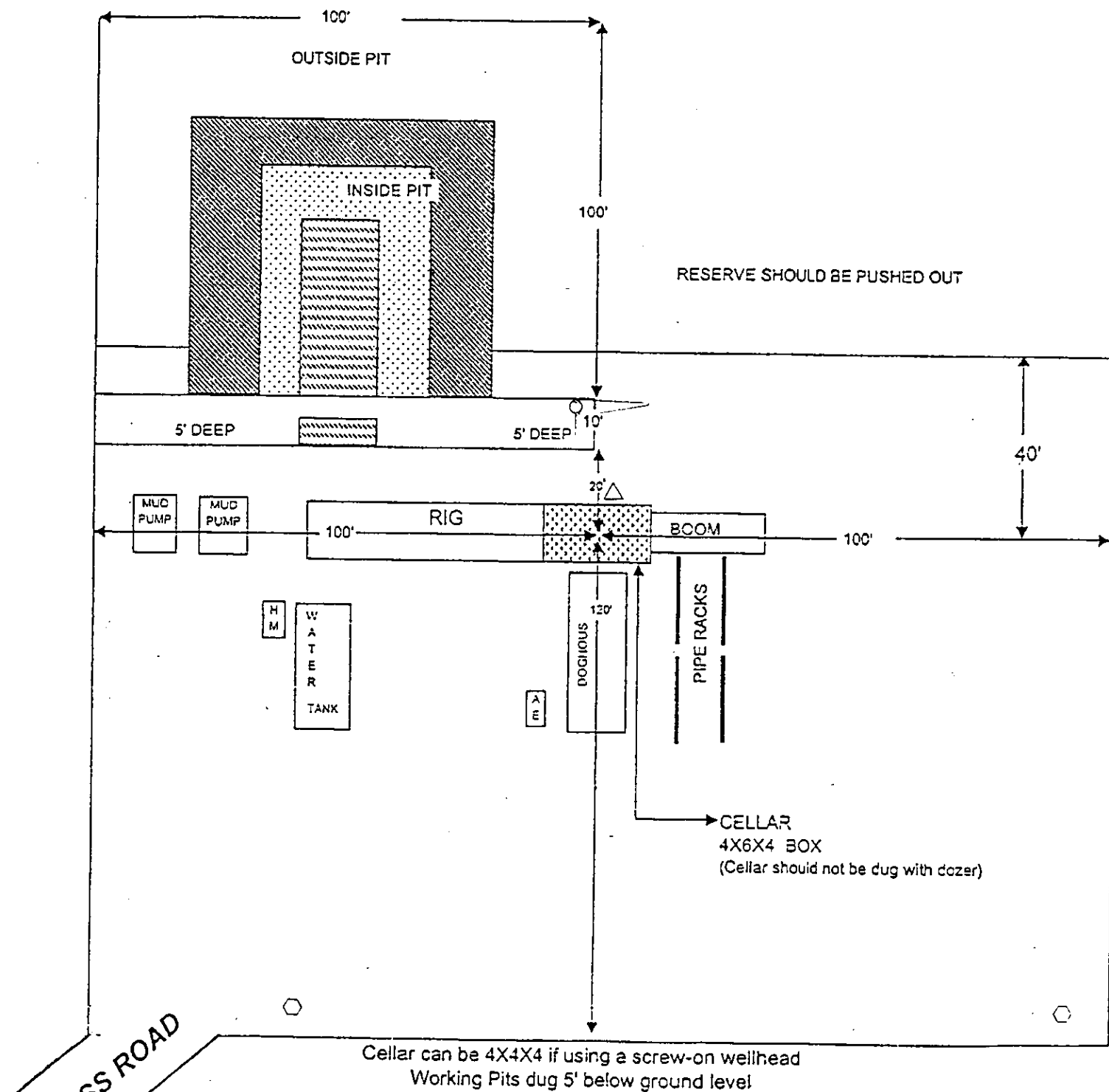
8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.
9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

POGO PRODUCING COMPANY
PITA "14" FEDERAL # 2
UNIT "A" SECTION 14
T26S-R29E EDDY CO. NM

1. EXISTING ROADS & PROPOSED ROADS: Area maps; Exhibit "B" is a reproduction of a County General Hi-way Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.
 - A. Exhibit "A" shows the proposed well site as staked.
 - B. From Malaga New Mexico take U.S. Hi-way 285 South for 12.6 miles to Co Road 725 (Whitehorn Road), turn Left follow road 4.2 mile bear Right follow Co Road 725 6± miles location is on the Left hand side of road, turn Left go approximately 1000' to location.
 - C. Shows approximate routes of Powerlines, flowlines, and gas sales line.
2. PLANNED ACCESS ROADS: Approximately 800' of new road will be constructed.
 - A. The access roads will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.
 - B. Gradient of all roads will be less than 5.00%.
 - C. If turn-outs are necessary they will be constructed.
 - D. If needed roads will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.
 - E. Center-line for new roads will be flagged. Earth-work will be will be done as field conditions require.
 - F. Culverts will be placed in the access road if they are necessary. The roads will be constructed to utilize low water crossings for drainage as required by topography.
3. LOCATIONS OF EXISTING WELLS IN A ONE MILE RADIUS. EXHIBIT "A-1"
 - A. Water wells - One approximately 2 miles Southwest of location.
 - B. Disposal wells - None known
 - C. Drilling wells - None known
 - D. Producing wells - As shown on Exhibit "A-1"
 - E. Abandoned wells - As shown on Exhibit "A-1"

LOCATION SPECIFICATIONS AND RIG LAYOUT FOR EARTH PITS



- Wind Direction Indicators (wind sock or streamers)
- H2S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

EXHIBIT "D" RIG LAY OUT PLAT

POGO PRODUCING COMPANY
PITA "14" FEDERAL # 2
UNIT "A" SECTION 14
T26S-R29E EDDY CO. NM

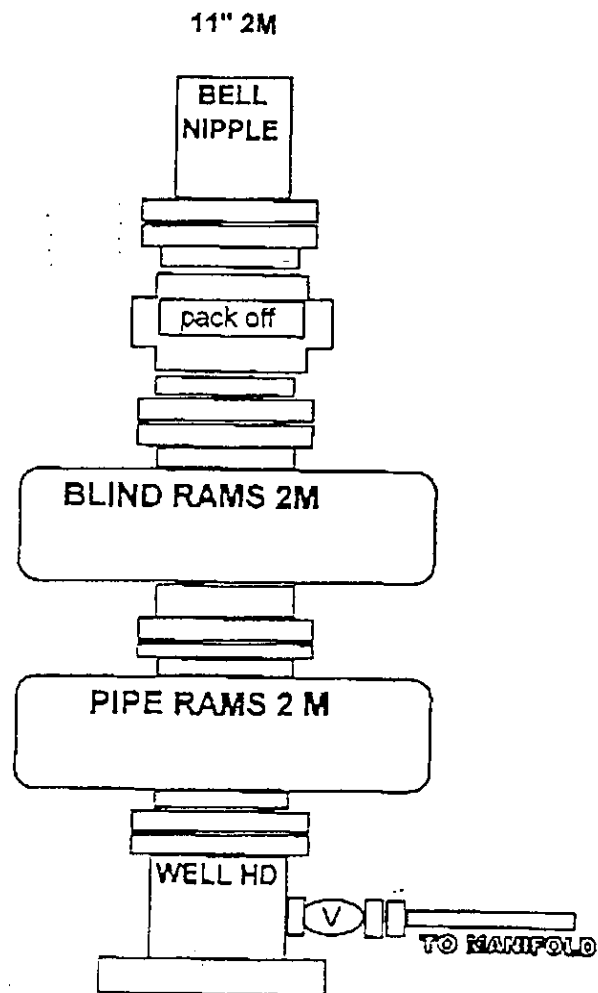


EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
PITA "14" FEDERAL # 2
UNIT "A" SECTION 14
T26S-R29E EDDY CO. NM

CHOKE MANIFOLD

3000 PSI WP

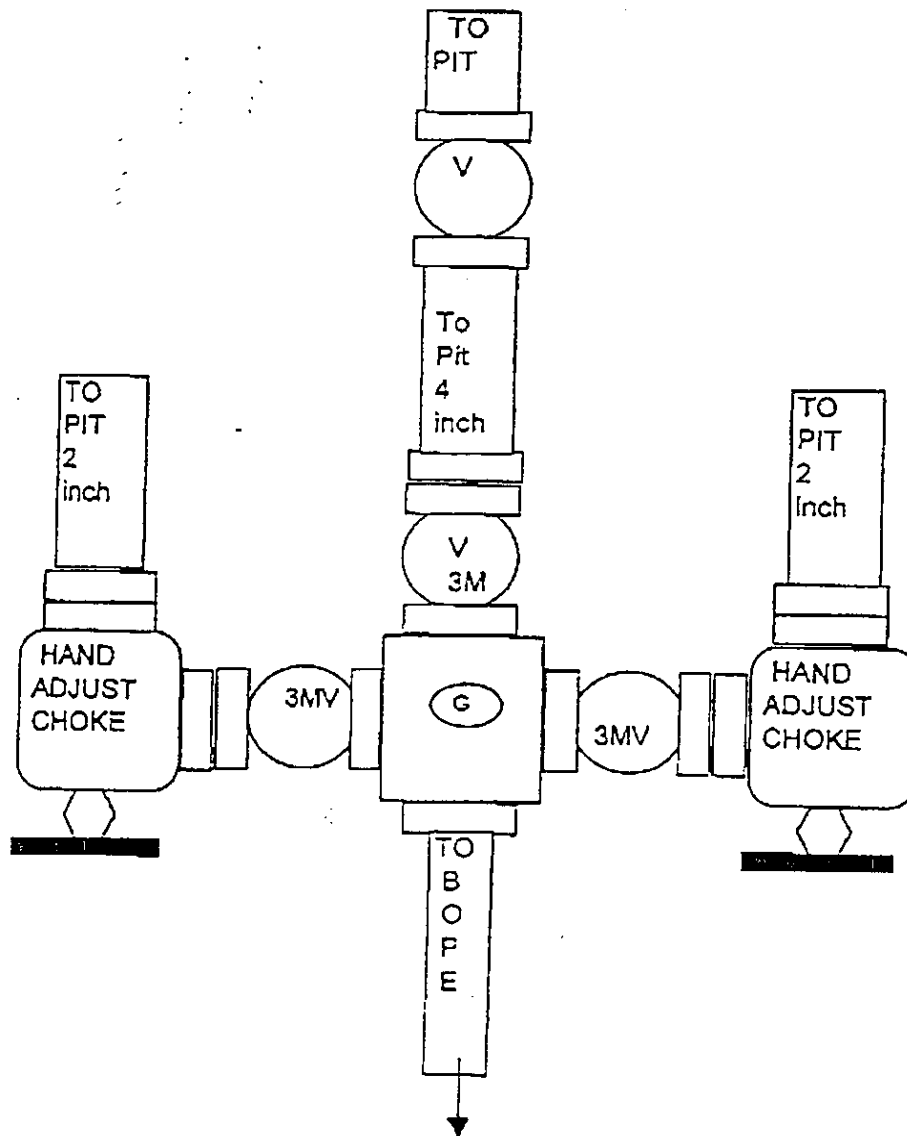


EXHIBIT "E-1"
MANUALLY OPERATED CHOKE MANIFOLD

POGO PRODUCING COMPANY
PETA "14" FEDERAL # 2
UNIT "A" SECTION 14
T26S-R29E EDDY CO. NM

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 2 - PITA 14 FEDERAL
Operator's Name: POGO PRODUCING COMPANY
Location: 660' FNL & 330' FEL - SEC 14 - T26S - R29E - EDDY COUNTY
Lease: NM-11038

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 8-5/8 inch 5-1/2 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan will be in effect although no H₂S has been reported in Sec 14, T26S, R29E.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 8-5/8 inch surface casing shall be set at 600 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval.**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.

(ORIG. SGD.) LES BABYAK