

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Alamosa, NM 88210

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
WILEY
DRILL ☒ 192 ft DEEPEN ☐

b. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ OTHER ☐ 8099 SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
POGO PRODUCING COMPANY (RICHARD WRIGHT 432-685-8140) 9330

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 480' FNL & 660' FWL SECTION 10 T23S-R28E EDDY CO. RECEIVED
At proposed prod. zone SAME

5. LEASE DESIGNATION AND SERIAL NO.
NM-15433

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
FEDERAL "10" # 4

9. AP WELL NO.
30-015-34650

10. FIELD AND POOL, OR WILDCAT
LOVING-Brushy Canyon, East

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
SECTION 10 T23S-R28E

12. COUNTY OR PARISH
EDDY CO.

13. STATE
NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 2.5 miles North of Loving New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
480'

16. NO. OF ACRES IN LEASE
360

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.
1000'

19. PROPOSED DEPTH
6250'

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3007' 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 20"	NA	40'	Cement to surface W/Redi-mix.
12 1/4"	J-55 8 5/8"	24#	900'	655 Sx. circulate cement
7 7/8"	J-55 5 1/2"	15.5#	6250'	2050 Sx. " "

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 12 1/4" hole to 900'. Run and set 900' of 8 5/8" 24# J-55 ST&C casing. Cement with 655 Sx. of Class "C" cement + 2% CaCl₂ + 1/4# Floccle/Sx. circulate cement to surface.
3. Drill 7 7/8" hole to 6250'. Run and set 6250' of 5 1/2" 15.5# J-55 ST&C casing. Cement in two stages with DV Tool at 3700'±. Cement 1st stage with 750 Sx. of Class "C" cement + 8# of Gilsonite/Sx, mixed at 14.1#/Gal, cement 2nd stage with 1200 Sx. of Class "C" Light Weight cement + additives, mixed at 12.8#/Gal, tail in with 100 Sx. of Class "C" neat mixed at 14.8#/Gal. circulate cement to surface.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

Controlled Water Depth

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new 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.

SIGNER Robert J. Stovall TITLE Agent DATE 11/27/05

(This space for Federal or State office use)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

PERMIT NO. _____ APPROVAL DATE _____
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the:
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ James Stovall ACTING FIELD MANAGER DATE FEB 23 2006

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

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

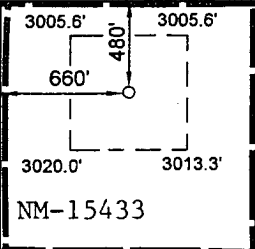
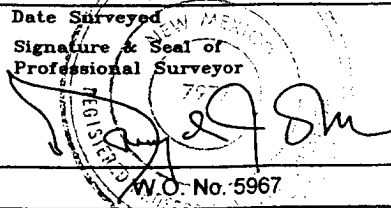
2040 South Pacheco
Santa Fe, New Mexico 87504-2088

API Number		Pool Code 40350	Pool Name LOVING ; Brushy Canyon, East	
Property Code	Property Name FEDERAL "10"		Well Number 4	
OGRID No. 17891	Operator Name POGO PRODUCING COMPANY		Elevation 3007'	

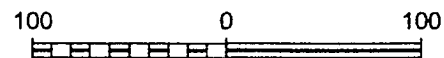
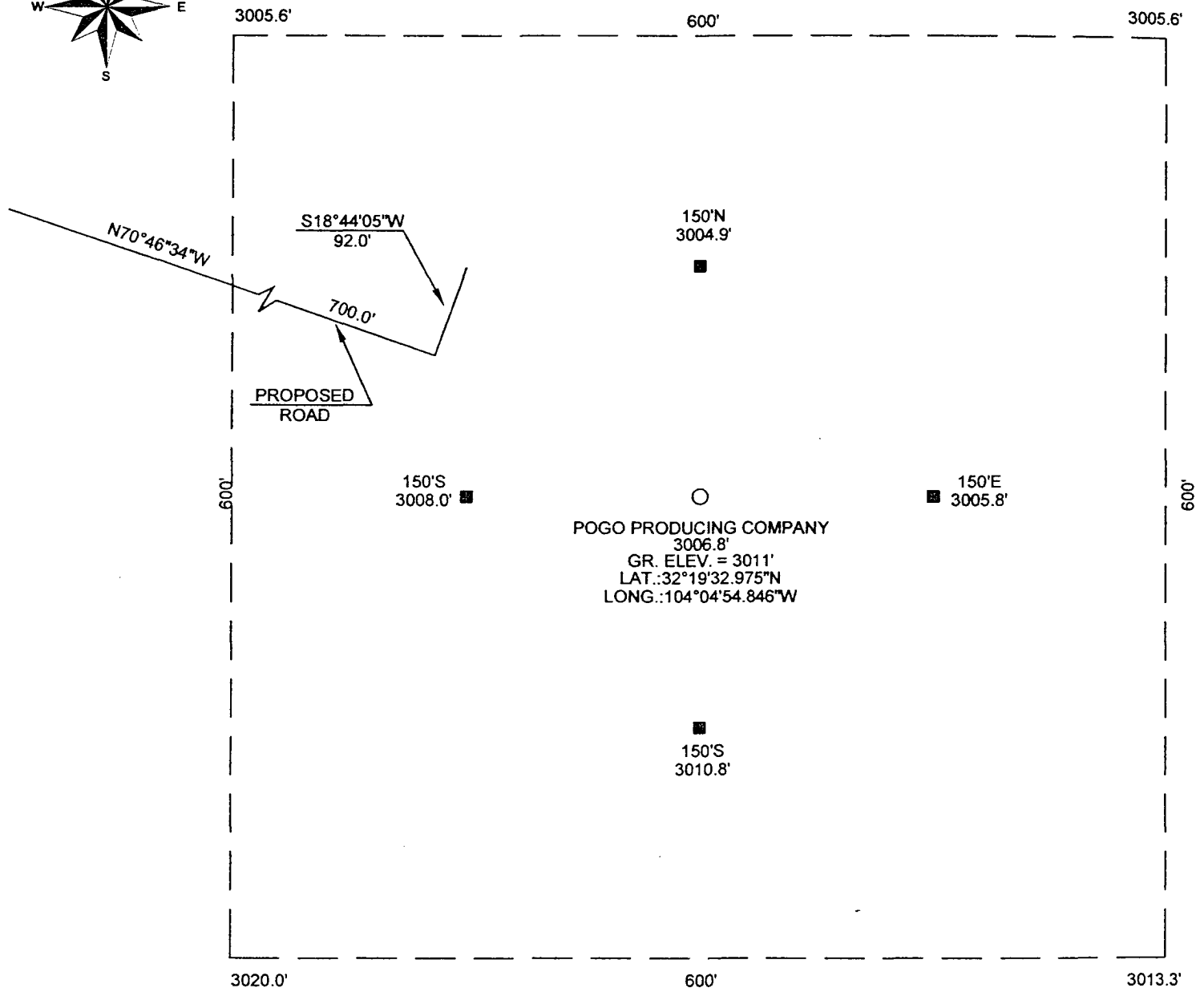
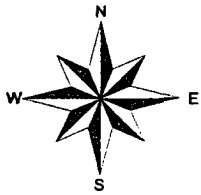
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	10	23-S	28-E		480	NORTH	660	WEST	EDDY

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

 <p>LAT. 32°19'32.975" N LONG. 104°04'54.846" W</p> <p>NM-15433</p>				<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Joe T. Janica</i> _____ Signature</p> <p>Joe T. Janica _____ Printed Name</p> <p>Agent _____ Title</p> <p>11/27/05 _____ Date</p>
				<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>NOVEMBER 10, 2005</p>
				<p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor  _____</p>
		<p>EXHIBIT "A"</p>		<p>W.O. No. 5967</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

SECTION 10, TOWNSHIP 23 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO



SCALE: 1" = 200'

DIRECTIONS TO LOCATION:

ON STATE ROAD No. 31 GO EAST 0.1 MILES OF MILE MARKER #2
TO A LEASE ROAD. TAKE LEASE ROAD NORTH 1.0 MILES TO
LOCATION 937, THEN EAST 700 FEET TO LOCATION

POGO PRODUCING COMPANY

FEDERAL "10" #4 WELL PAD TOPO

FEDERAL "10" #4
LOCATED 480' F.N.L. & 660' F.W.L., SECTION 10,
TOWNSHIP 23 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO

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

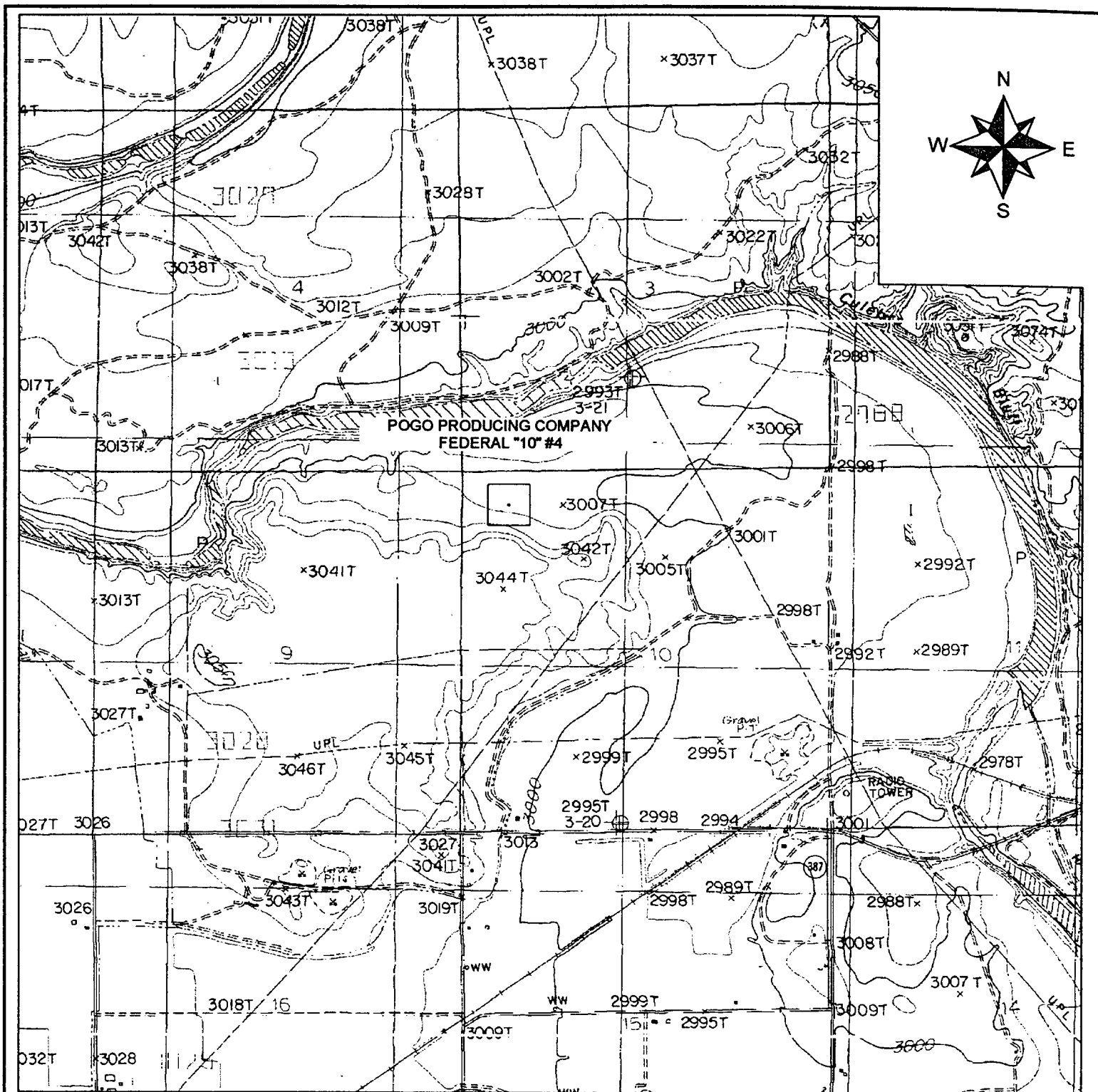
W.O. Number: 5967

Drawn By: S.STANFIELD

Date: 11-14-2005 Disk:C:\DRAWINGS\POGO\POGO5967-1

Survey Date: 11-10-2005

Sheet 1 of 1 Sheets



POGO PRODUCING COMPANY
FEDERAL "10" #4

SECTION 10, TOWNSHIP 23 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO



P.O. Box 1786
1120 West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-2206 - Fax
basinsurveys.com

W.O. Number: C:\DRAWINGS\POGO\
POGO5967-1
Survey Date: NOVEMBER 10, 2005
SCALE: 1"= 2000'
Date: NOVEMBER 14, 2005

POGO PRODUCING
COMPANY

APPLICATION TO DRILL

POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

In response to questions asked under Section II B of Bulletin NTL-6 the following information is provided for your consideration:

1. Location: 480' FNL & 660' FWL SECTION 10 T23S-R28E EDDY CO. NM
2. Elevation above sea level: 3007' GR.
3. Geologic name of surface formation:
4. Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
5. Proposed drilling depth: 6250'
6. Estimated tops of geological markers:

Rustler Anhydrite	1018'	Bell Canyon	2600'
Basal Anhydrite	2350'	Brushy Canyon	4650'
Base of Salt	2440'	Bone Spring	6100'
Delaware Lime	2550'	TD	6250'
7. Possible mineral bearing formation:

Brushy Canyon	Oil
Bone Spring	Oil

8. Casing program:

<u>Hole size</u>	<u>Interval</u>	<u>OD casing</u>	<u>Weight</u>	<u>Thread</u>	<u>Collar</u>	<u>Grade</u>
26"	0-40'	20"	NA	NA	NA	Conductor
12½"	0-900'	8 5/8"	24#	8-R	ST&C	J-55
7 7/8"	0-6250'	5½"	15.5#	8-R	ST&C	J-55

APPLICATION TO DRILL

POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E 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 900' of 8 5/8" 24# J-55 ST&C casing. Cement with 655 Sx. of Class "C" cement + 2% CaCl ₂ + 1/4# Flocele per Sx. circulate cement to surface.
5 1/2"	Production	Set 6250' of 5 1/2" 15.5# J-55 ST&C casing. Cement in 2 Stages with the DV Tool at 3700'±. Cement 1st stage with 750 Sx. of Class "C" Light Weight cement, + 8# of Gilsonite/Sx., mixed at 14.1#/Gal. Cement 2nd stage with 1200 Sx. of Class "C" Light Weight cement, mixed at 12.8#/Gal., tail in with 100 Sx. of Class "C" neat cement mixed at 14.8#/Gal. 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 drilling are not expected to exceed 2000 PSI at total depth. Pogo requests permission to 3rd party test of B.O.P. B.O.P. will be installed after setting the 8 5/8" surface casing. The B.O.P. will be tested according to API specifications. Exhibit "E-1" shows a manually operated choke manifold, as no remote B.O.P. equipment will be necessary.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD
40-900	8.4-8.7	29-34	NC	Fresh water Spud mud add paper to control seepage.
900-6250'	10.0-10.2	29-38	NC*	Brine water use paper to control seepage and High viscosity sweeps to clean hole. If water loss control is necessary go to a Polymer system.

* It may be necessary to reduce water loss if hole conditions cause a problem on trips and while logging open hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation and unexpected kicks. In order to run DST's, open hole logs and casing the viscosity and water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Dual Laterolog, MSFL, LDT, SNP, Gamma Ray, Caliper from TD back to 8 5/8" casing shoe. Run Gamma Ray Neutron from 8 5/8" casing shoe back to surface.
- B. No DST's or cores are planned at this time.
- C. A mud logger may be used at the Geologists suggestion.

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 3300 PSI, and Estimated BHT 165°.

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 20 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 Bone Spring 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 bloopie 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"
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 location is near any dwelling a closed D.S.T. 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
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

1. EXISTING AND PROPOSED ROADS: Area maps: Exhibit "B" is a reproduction of a County General Hi-way map showing access roads to the location. Exhibit "C" is a reproduction of a USGS Topographic map showing existing roads in close proximity to the location and the proposed access roads. All existing roads will be maintained in a condition equal to or better than their current conditions. All new roads will be constructed to BLM specifications.
 - A. Exhibit "A" shows the location of the proposed well site as staked.
 - B. From Loving New Mexico take CR. # 712 (Carter Road) go 1.5 miles North to State Road 31, turn Right (East) go 1 mile turn North on lease road and follow road .9 miles to well # 7 then turn Right (East) and go 700'± to location.
 - C. Exhibit "C" shows roads, flowlines, and powerlines that will be required to produce this lease.
2. PLANNED ACCESS ROADS: Approximately 700' of new road will be constructed.
 - A. The access road will be crowned and ditched to a 12' wide traveled surface with a 40' Right-Of-Way.
 - B. Gradient on all roads will be less than 5% if possible.
 - C. Turn-outs will be constructed where necessary.
 - D. If needed roads will be surfaced to the BLM requirements with material obtained from a local source.
 - E. Center line of new road will be flagged.
 - F. The new road will be constructed to utilize low water crossings where drainage currently exists, and culverts will be installed where necessary.
3. EXHIBIT "A-1" SHOWS THE BELOW LISTED TYPE WELLS WITHIN A 1 MILE RADIUS:
 - A. Water wells - None known in the immediate area
 - 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"

SURFACE USE PLAN

POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Exhibit "C" shows proposed routes of roads, flowlines and powerlines.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.
- D. Waste water from living quarters will be drained into holes with a minimum of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for further drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approved disposal site. Later pits will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

- A. No camps or air strips will be constructed on location.

SURFACE USE PLAN

POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the proposed well site layout.
- B. This Exhibit shows the location of reserve pit, sump pits, and living facilities.
- C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encountered during pit construction indicate that a plastic liner is required to contain lateral migration.
- D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.
- E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completion phases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out. If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any will be reshaped to the original configuration with provisions made to alleviate future erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

Should the well be a producer the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

11. OTHER INFORMATION:

- A. Topography is relatively flat with a slight dip toward the North drainage in shallow patterns into the Pecos River. Vegetation consists of Grease wood mesquite, and native grasses. Soil is a pale tan with clay and caliche nodules.
- B. Surface is owned by the U.S. Department of Interior and is administered by the Bureau of Land Management. The surface is leased to ranchers for grazing of live stock and the minerals are owned by the U.S. Government and used by oil companies for the production of oil and gas.
- C. An archaeological survey will be conducted and the results will be filed with The Bureau of Land Management Carlsbad Field office in Carlsbad NM.
- D. There are no domestic dwellings located near to the location.

12. OPERATORS REPRESENTATIVE:

Before construction:

TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PHONE 505-391-8503

During and after construction:

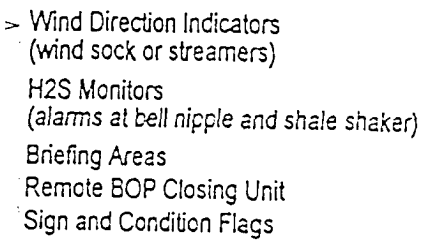
POGO PRODUCING COMPANY
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340
RICHARD WRIGHT
OFFICE PHONE 432-685-8140

13. CERTIFICATION: I hereby certify that I or persons under my direct supervision have inspected the proposed drill site and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by POGO PRODUCING COMPANY it's contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME : Joe T. Janica

DATE : 11/27/05

TITLE : Agent



POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

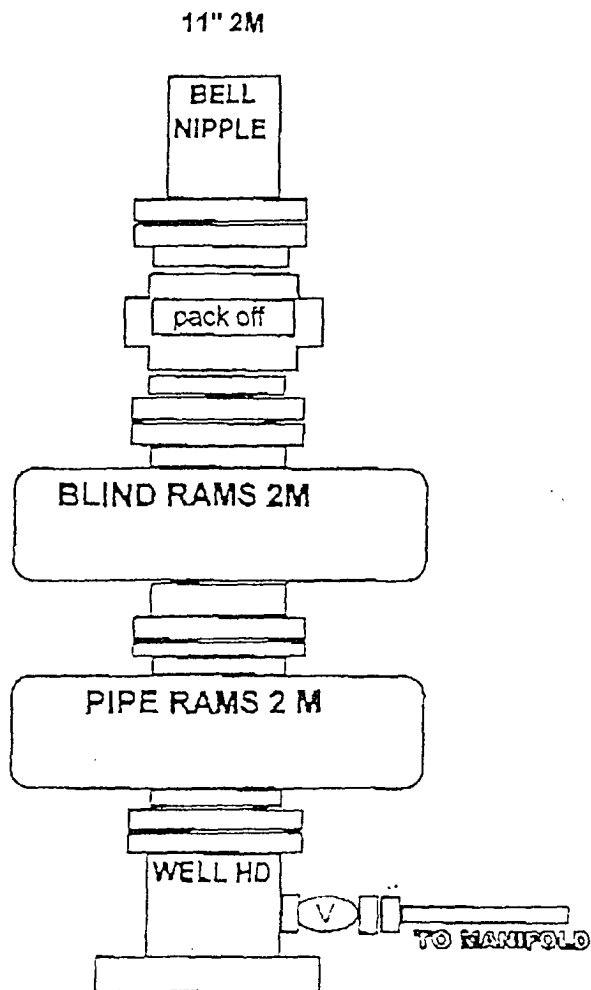


EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

CHOKE MANIFOLD

3000 PSI WP

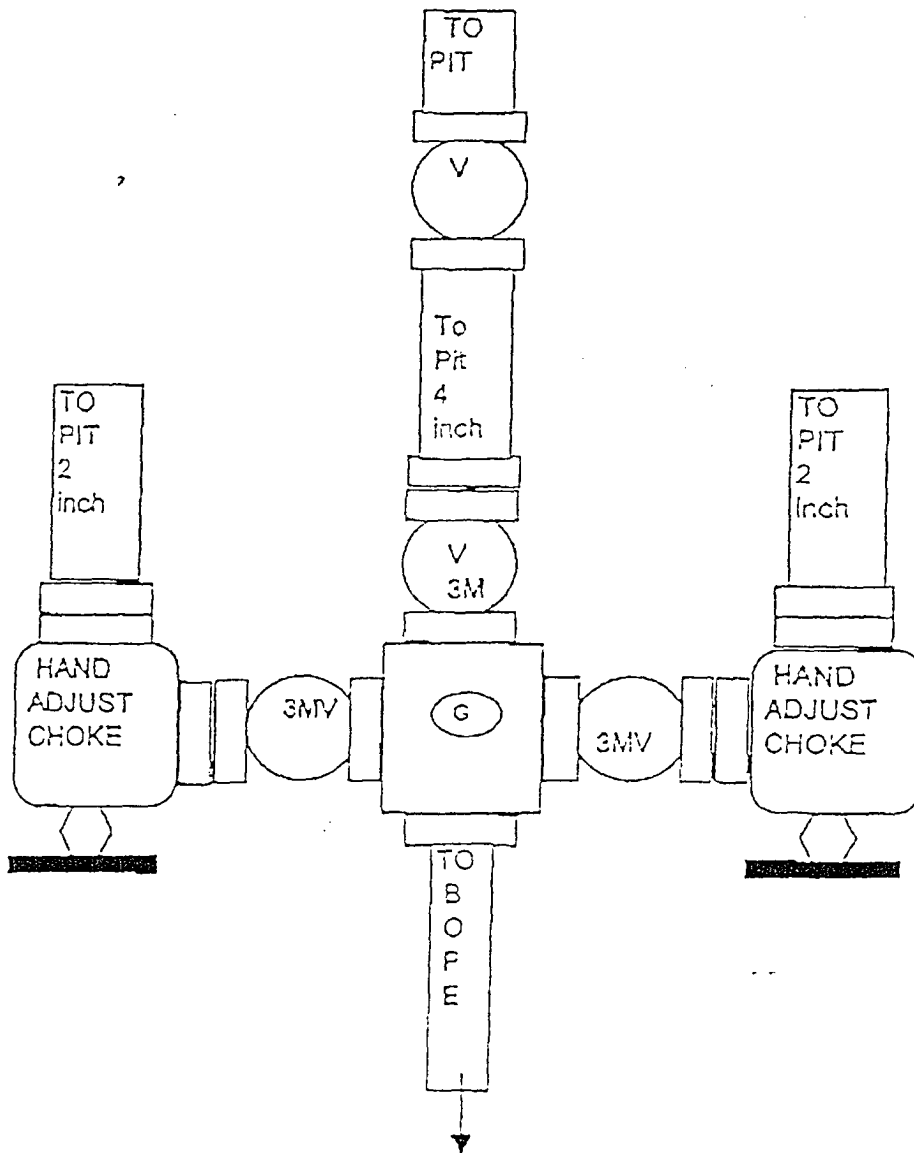


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

POGO PRODUCING COMPANY
FEDERAL "10" # 4
UNIT "D" SECTION 10
T23S-R28E EDDY CO. NM

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: POGO Producing Company
Well Name & No. Federal 10 #4
Location: 480' FNL, 660' FWL, Section 10, T.23 S., R. 28 E., Eddy County, New Mexico
Lease: NM-15433

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

A. Well spud

B. Cementing casing: 8-5/8 inch 5-1/2 inch

C. BOP tests

2. 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.

3. 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.

4. 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 approximately 900 feet 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 to reach at least 500 feet above the top of the uppermost hydrocarbon productive 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) shall be 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.