RESUBMITTAL E-06-06

OCD-ARTESIA

Form 3160-3
(July 1992)

0505

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

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

APPLICATI(DE :EPEN

1a. TYPE OF WORK
DRILL [x] DEEPEN [ ] R-111-POTASH

b. TYPE OF WELL
OIL WELL [x] GAS WELL [ ] OTHER SINGLE ZONE [ ] MULTIPLE ZONE [ ]

5. LEASE DESIGNATION AND SERIAL NO.
NM-104730

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
Sundance Federal #28

9. API WELL NO.
30-015-34786

2. NAME OF OPERATOR
Pogo Producing Company 17891 32327

3. ADDRESS AND TELEPHONE NO.
P.O. Box 10340, Midland, TX 79702-7340 (432)685-8100

10. FIELD AND POOL, OR WILDCAT
Sand Dunes Delaware West

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface 1980' FSL & 1980' FWL, Section 4
At proposed prod. zone same

53815

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APR 18 2006
OCD-ARTESIA

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Section 4, T24S, R31E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 30 miles East of Carlsbad New Mexico

12. COUNTY OR PARISH: Eddy County
13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1980'	600	40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS
1320'	8400'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3408' GR

22. APPROX. DATE WORK WILL START*
When Approved

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25	Conductor	NA	40'	Cmt to surface w/ Redi-mix
17-1/2	13-3/8 H-40	48	650'	800 sxs - circ to surface WITNESS
11	8-5/8 J-55	32	4250'	1500 sxs - circ to surface WITNESS
7-7/8	4-1/2 N-80, J-55	11.6	8400'	1800 sxs - 3 stages to surface

1. Drill 25" hole to 40'. Set 40' of 20" conductor & cmt to surface w/ Redi-mix
2. Drill 17-1/2" hole to 650'. Run & set 650' of 13-3/8" H-40 48# ST&C csg. Cmt w/ 800 sxs Cl "C" + 2% CaCl2 + ¼# Flocele/sx. Circ cmt to surface.
3. Drill 11" hole to 4250'. Run & set 4250' of 8-5/8" 32# J-55 ST&C csg. Cmt w/ 1500 sxs Cl "C" + additives. Circ cmt to surface.
4. Drill 7-7/8" hole to 8400'. Run & set 8400' of 4-1/2" csg as follows: 1400' 4-1/2" 11.6# N-80 LT&C, 6000' 4-1/2" 11.6# J-55 LT&C, 1000' 4-1/2" 11.6# N-80 LT&C. Cmt in 3 stages w/ DV tools @ 6200' & 3800'±. Cmt 1st stage w/ 550 sxs Cl "C" + additives. Cmt 2nd stage w/ 750 sxs Cl "C" + additives. Cmt 3rd stage w/ 500 sxs Cl "C" Lite cmt + additives. Circ cmt to surface.

DECLARED WATER BASIN R-111-P POTASH
CEMENT BEHIND THE 13 3/8" CEMENT BEHIND THE 8 5/8"
CASING MUST BE CIRCULATED CASING MUST BE CIRCULATED

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

IN ABOVE SPACE DESCRIBE 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.

24.
SIGNED Cathy Wright TITLE Sr Eng Tech DATE 2/1/06

(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:

APPROVED BY /s/ Linda S. C. Rundell TITLE STATE DIRECTOR DATE APR 12 2006

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

Form C-102
Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	53815	SAND DUNES DELAWARE-WEST

Property Code	Property Name	Well Number
	SUNDANCE FEDERAL	28

OGRID No.	Operator Name	Elevation
17891	POGO PRODUCING COMPANY	3408'

Surface Location

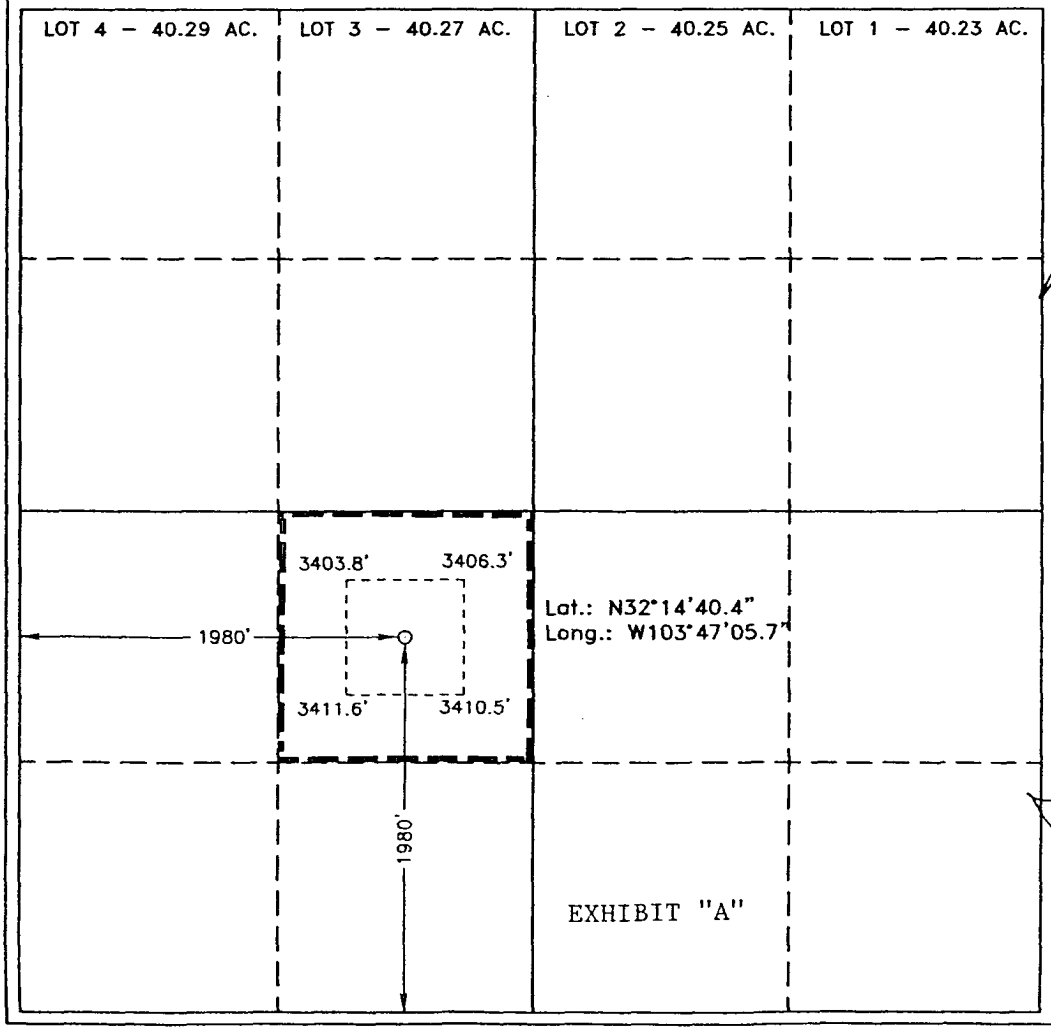
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	4	24 S	31 E		1980	SOUTH	1980	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
40			

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Joe T. Janica
Printed Name

Agent
Title

06/26/04
Date

SURVEYOR CERTIFICATION

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 supervison, and that the same is true and correct to the best of my belief.

JUNE 18, 2004
Date Surveyed

Signature & Seal of Professional Surveyor

W.O. No. 4372

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C
March 12,

For drilling and production facilities, subm
appropriate NMOCD District Office.
For downstream facilities, submit to Santa F
office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Pogo Producing Company Telephone: 432-685-8100 e-mail address: wrightc@pogoproducing.com
Address: P. O. Box 10340, Midland, TX 79702-7340
Facility or well name: Sundance Fed #28 API #: _____ U/L or Qtr/Qtr K Sec 4 T 24 R 31
County: Eddy Latitude 32 14 40.4N Longitude 103 47 05.7W NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian

Pit	**Below-grade tank**		
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume 16000 bbl	Volume: ____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not. _____		
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more X	(20 points) (10 points) (0 points)	0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No X	(20 points) (0 points)	0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more X	(20 points) (10 points) (0 points)	0
	Ranking Score (Total Points)		0

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OCD - ARTESIA

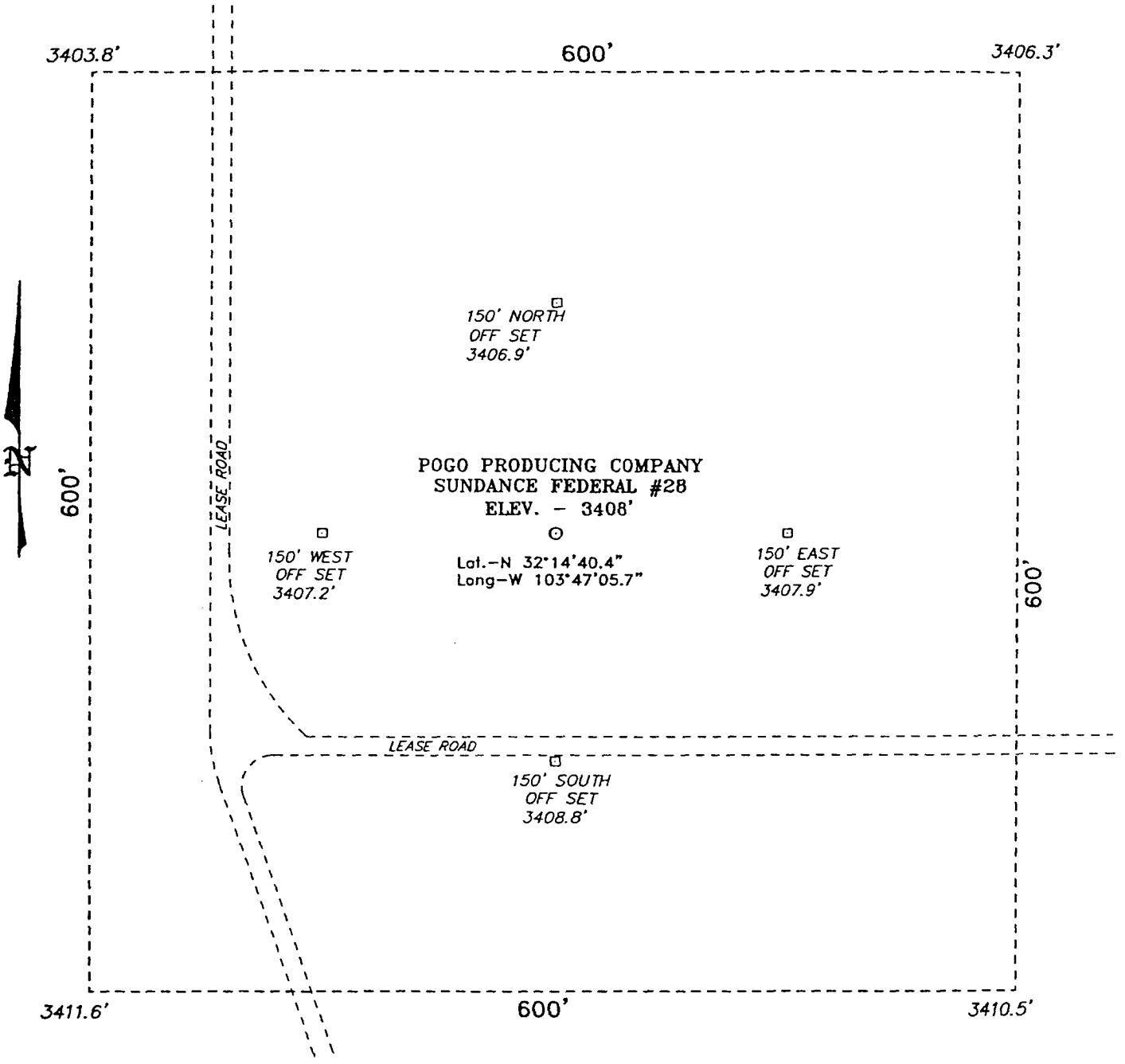
If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date an end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface_____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: 07/02/04
Printed Name/Title Cathy Wright, Sr Oper Tech Signature Cathy Wright

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Date: 7/9/04
Printed Name/Title Mike Bratcher / Compliance Officer Signature Mike Bratcher

SECTION 4, TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF STATE HWY 128 AND CO. RD. 787, GO SOUTHWEST ON HWY 128 FOR APPROX. 0.8 MILE TO LEASE ROAD; THENCE SOUTH ON LEASE ROAD FOR 2.5 MILES; THENCE EAST FOR APPROX. 0.25 MILE; THENCE SOUTH FOR APPROX. 0.1 MILE TO LOCATION.

POGO PRODUCING CO.

REF: SUNDANCE FED. #28 / Well Pad Topo

THE SUNDANCE FED. No. 28 LOCATED 1980' FROM THE SOUTH LINE AND 1980' FROM THE WEST LINE OF SECTION 4, TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 4372	Drawn By: K. GOAD		
Date: 06-23-2004	Disk: KJG CD#4 - 4372A.DWG	Survey Date: 06-18-2004	Sheet 1 of 1 Sheets

APPLICATION TO DRILL

POGO PRODUCING COMPANY
SUNDANCE FEDERAL # 28
UNIT "K" SECTION 4
T24S-R31E 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: 1980' FSL & 1980' FWL SECTION 4 T24S-R31E EDDY CO. NM

2. Elevation above Sea Level: 3408' GR.

3. Geologic name of surface formation: Quaternery Aeolian Deposits.

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.

5. Proposed drilling depth: 8400'

6. Estimated tops of geological markers:

Rustler Anhydrite	675'	Cherry Canyon	5200'
Basal Anhydrite	4055'	Brushy Canyon	6440'
Delaware Lime	4280'	Bone Spring	8140'
Bell Canyon	4315'	Upper Bone Spring Sd.	8200'

7. Possible mineral bearing formations:

Brushy Canyon	Oil
Bone Spring	Oil

8. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
25"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-650'	13 3/8"	48#	8-R	ST&C	H-40
11"	0-4250'	8 5/8"	32#	8-R	ST&C	J-55
7 7/8"	0-8400'	4½"	11.6#	8-R	LT&C	J-55 N-80

APPLICATION TO DRILL

POGO PRODUCING COMPANY
SUNDANCE FEDERAL # 28
UNIT "K" SECTION 4
T24S-R31E EDDY CO. NM

9. CEMENTING & CASING SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor and cement to surface with Redi-mix.
13 3/8"	Surface	Set 650' of 13 3/8" 48# H-40 ST&C casing. Cement with 800 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. circulate cement to surface.
8 5/8"	Intermediate	Set 4250' of 8 5/8" 32# J-55 ST&C casing. Cement with 1500 Sx. of Class "C" cement + additives, circulate cement to surface.
4½"	Production	Set 8400' of 4½" 11.6# casing as follows: 1400' of 4½" 11.6# N-80 LT&C, 6000' of 4½" 11.6# J-55 LT&C, 1000' of 4½" 11.6# N-80 LT&C. Cement in 3 stages,DV Tools at 6200'±, & 3800'±. Cement 1st stage with 550 Sx. of Class "C" + additives, Cement 2nd stage with 750 Sx. of Class "C" cement + additives, Cement 3rd stage with 500 Sx. of Class "C" Light circulate to surface.

10. PRESSURE CONTROL EQUIPMENT:

3000 See Exhibit E-1

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 limitaions of the drilling rig being used to drill this well. Pressures encountered while drilling are not expected to exceed 1700 PSI at total depth, Pogo requests permission to 3rd party test of the B.O.P. after setting the intermediate casing at 4250'. 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
40-650'	8.4-8.7	29-32	NC	Fresh water spud mud use paper to control seepage
650-4250'	10.0-10.2	29-38	NC	Brine water use paper to control seepage and high viscosity sweeps to clean hole.
4250-8400'	8.4-8.7	29-40	NC*	Fresh water mud use high viscosity sweeps to clean hole.

* Water loss may be required in order to run open hole logs, DST's and casing, if required go to a Polymer mud system.

Sufficient mud materials to maintain mud properties, lost circulation, increased weight requirements, will be kept at the well site at all times. In order to run logs, casing, and DST's the viscosity and water loss may have to be altered. These mud materials will be on location.

APPLICATION TO DRILL

POGO PRODUCING COMPANY
SUNDANCE FEDERAL # 28
UNIT "K" SECTION 4
T24S-R31E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: If two runs are necessary: run dual laterolog, SNP, LDT, Gamma Ray, Caliper from 4250' to 650', Gamma Ray-Neutron from 650' to surface. Run #2 Run dual Induction, SNP, LDT, Gamma Ray, Caliper from TD back to 8 5/8" casing shoe.

B. No cores or DST's are planned at this time, a mud logger may be placed on hole at 4250' and remain on hole to TD.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S 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 4250 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 28 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 Delaware formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie 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, H_2S 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.

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 seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

POGO PRODUCING COMPANY
SUNDANCE FEDERAL # 28
UNIT "K" SECTION 4
T24S-R31E EDDY CO. NM

1. EXISTING 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 location of the proposed well site as staked.

   B. From Hobbs New Mexico take U.S. Hi-way 62-180 West toward Carlsbad go 40± miles to the WIPP road. Turn Left go 13 miles South to CR 802, turn Right follow CR-802 4.2 miles to State Hi-way 128, turn Left go 3.4 miles, turn Right go 2.8 miles, turn Left (East) go .3 miles, bear Right go .25 miles to location on the East side of road.

   C. Flowlines and Powerlines will be constructed along lease roads or on existing R-O-W's, as shown on Exhibits "C" & "F".

2. PLANNED ACCESS ROADS: No new roads will be required.

   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 the roads will be surfaced to the BLM requirements with material obtained from from a local source.

   E. Center line for the new access road will be flagged.

   F. The road will be constructed to utilize low water crossings where drainage currently exist, and Culverts will be installed where necessary.

3. EXHIBIT "A-1" SHOWS WELLS AND DRY HOLES WITHIN A 1 MILE RAIDUS.

   A. Water wells - One located approximately .8 miles South 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"

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. Possible routes of pipelines, flowlines and powerlines are shown on Exhibit "F".

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 quaters will be drained into holes with a minium 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 furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips 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.

9. WELL SITE LAYOUT

A. Exhibit "D" shows the proposed well site layout.

B. This exhibit indicated proposed location of reserve and sump pits and living facilities.

C. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.

D. If needed, the reserve pit is to be lined with polyethelene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.

E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B 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 erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

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
SUNDANCE FEDERAL # 28
UNIT "K" SECTION 4
T24S-R31E EDDY CO. NM

11. OTHER INFORMATION:

A. Topography consists of sand dunes with a slight dip to the West. Deep sandy soil supports shinnery oak, native grasses, and an occasional mesquite tree.

B. Surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is used for grazing livestock and the production of oil and gas.

C. Archaeological survey has been completed and is on file in the Carlsbad Field Office.

D. There are no dwellings in the near vicinity of this location.

12. OPERATORS REPRESENTIVES:

Before construction:

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

During and after construction:

POGO PRODUCING COMPANY
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340
OFFICE Ph. 915-685-8100
Mr. RICHARD WRIGHT 915-685-8140

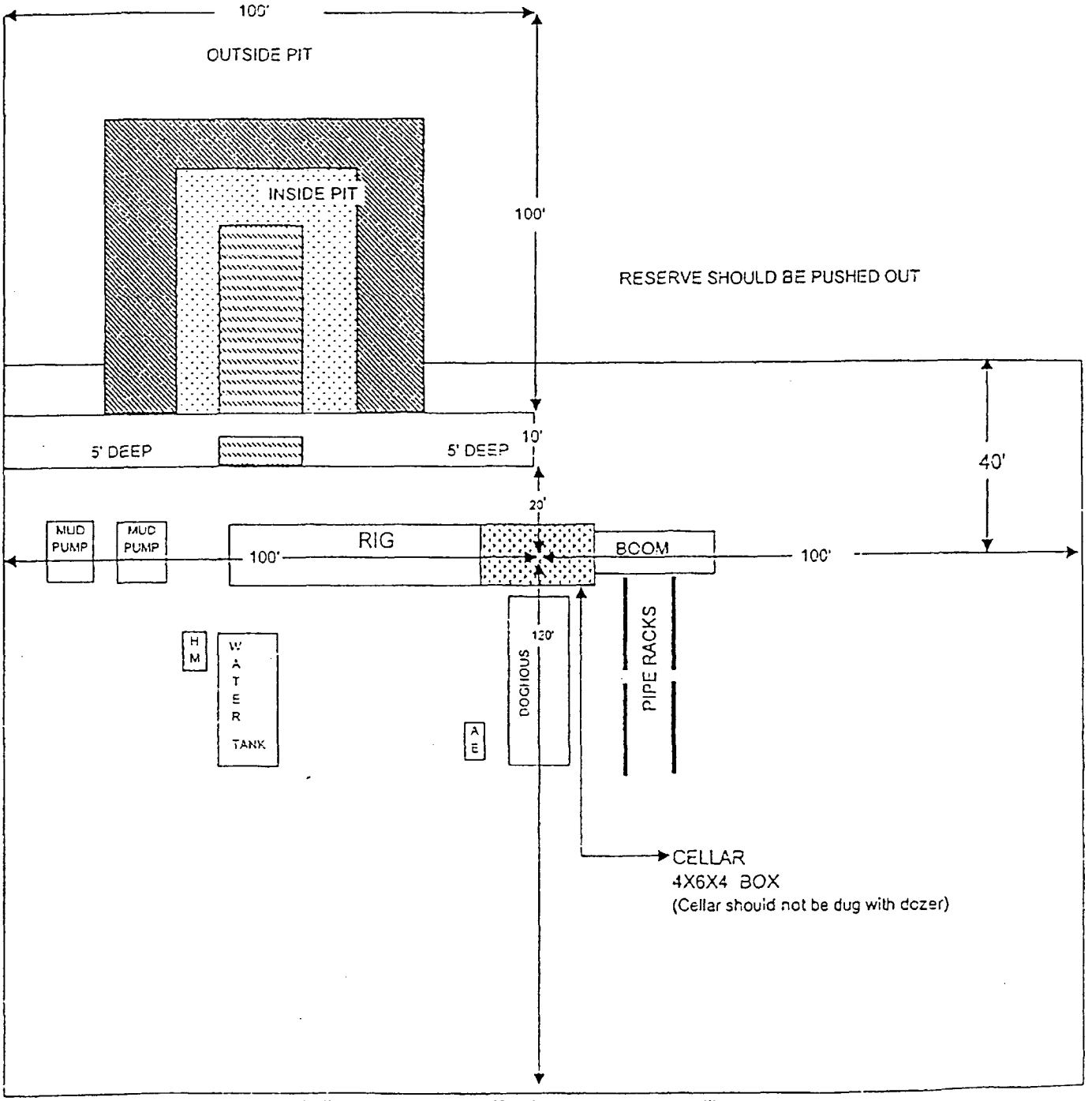
13. CERTIFICATION: I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access roads, and that I am fimiliar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge true and correct, and that the work associated with the operations proposed herein will be performed by POGO PRODUCING COMPANY it's contractors/subcontractors is in compformity 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 report.

NAME : Joe T. Janica Joe T. Janica

DATE : 06/26/04

TITLE : Agent

LOCATION SPECIFICATIONS AND RIG LAYOUT FOR EARTH PITS



Cellar can be 4X4X4 if using a screw-on wellhead
Working Pits dug 5' below ground level

EXHIBIT "D"
RIG LAY OUT PLAT

POGO PRODUCING COMPANY
SUNDANCE FEDERAL # 28
UNIT "K" SECTION 4
T24S-R31E EDDY CO. NM

Location Specs

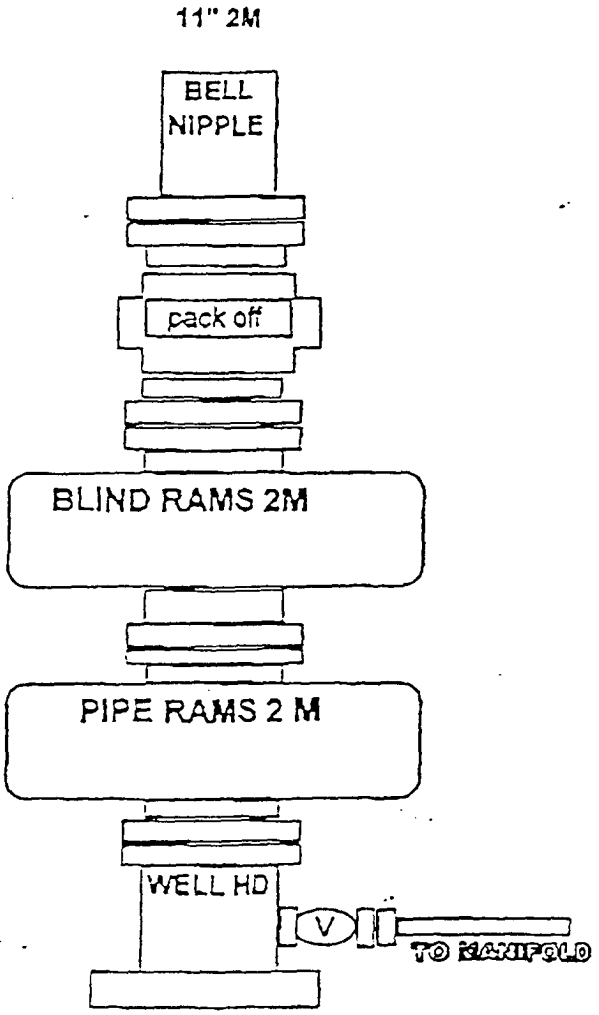


EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
SUNDANCE FEDERAL # 28
UNIT "K" SECTION 4
T24S-R31E EDDY CO. NM

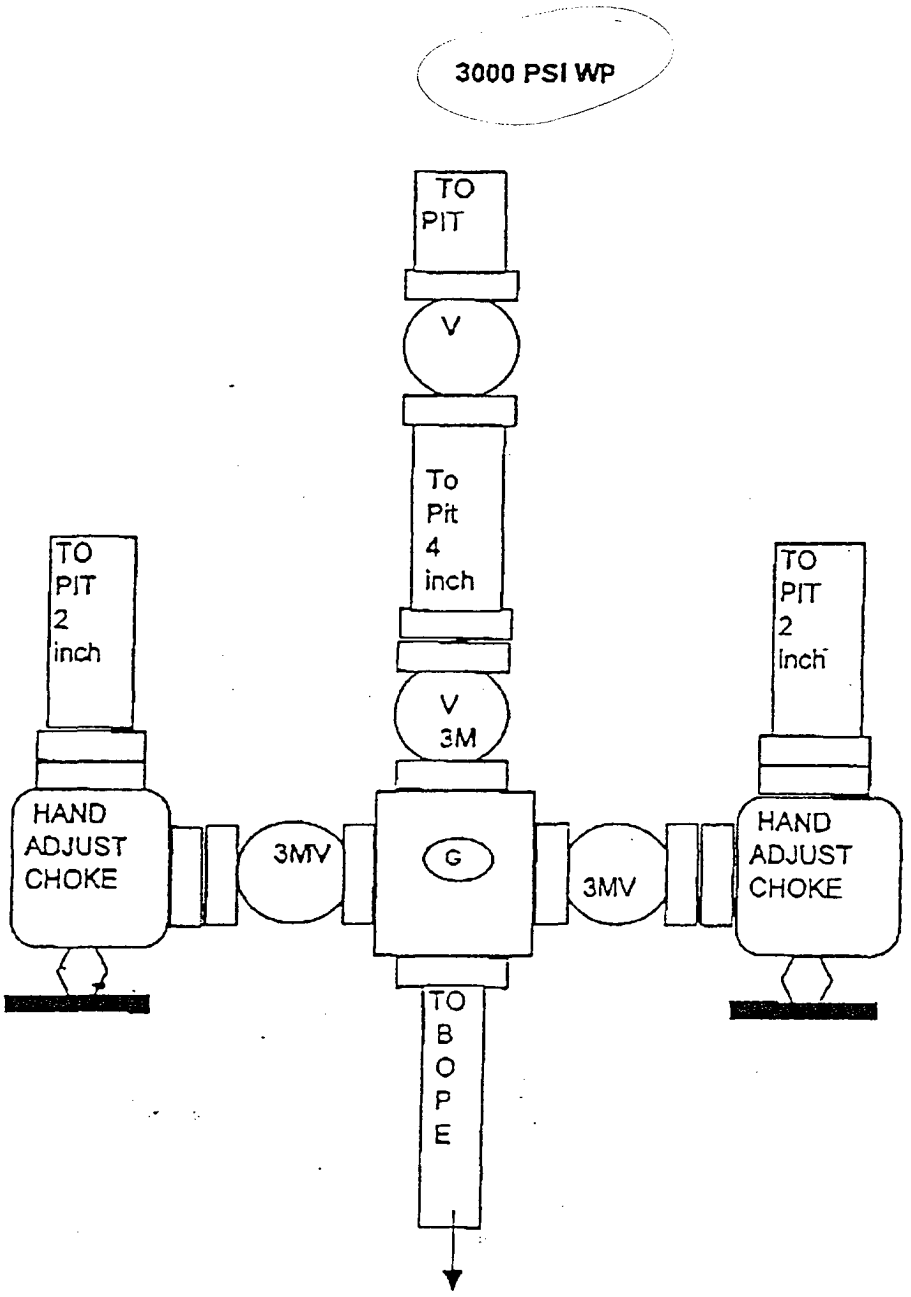


EXHIBIT "E-1"
SKETCH OF CHOKE MANIFOLD

POGO PRODUCING COMPANY
SUNDANCE FEDERAL # 28
UNIT "K" SECTION 4
T24S-R31E EDDY CO. NM

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Pogo Producing Company Well No. 28 - Sundance B Federal
Location: 1980' FSL & 1980' FWL sec. 4, T. 24 S., R. 31 E.
Lease: NM-104730

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I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 234-5972 in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 8-5/8 inch 4-1/2 inch

2. Unless the production casing string 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. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

4. A Hydrogen Sulfide Contingency Plan should be activated prior to drilling in the **Delaware** formation. A copy of the plan shall be posted at the drilling site.

5. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. 13-3/8 inch surface casing string should be set **at approximately 650 feet in the Rustler Anhydrite**, below usable water and circulate cement to the surface. If cement does not circulate to the surface, the Carlsbad Field Office shall be notified at (505) 234-5972, 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. 8-5/8 inch salt protection casing string should be set **at approximately 4250 feet (not less than 100 feet nor more than 600 feet below the Base of the Salt)** and circulate cement to the surface. If cement does not circulate to the surface, the Carlsbad Field Office shall be notified at (505) 234-5972, 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.

3. Minimum required fill of cement behind the 4-1/2 inch production casing string is **sufficient to circulate to the surface.**

4. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. Before drilling below the 13-3/8 inch surface casing string, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi.

3. Before drilling below the 8-5/8 inch salt protection casing string, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The results of the test will be reported to the BLM Carlsbad Field Office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

B. 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.

C. Testing must be done in a safe workman like manner. Hard line connections shall be required.