

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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK

B. TYPE OF WELL

OIL WELL ☒ GAS WELL ☐ OTHER ☐

2. NAME OF OPERATOR

POGO PRODUCING COMPANY

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 (915-695-8100)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

1650' FNL & 2310' FEL SEC. 3 T22S-R31E EDDY CO. NM

At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 30 miles East of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

1650' 1100'

21. ELEVATIONS (Show whether DF, BT, GR, etc.)

3489' GR.

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'	Cement to surface with Redi-mix.
17 1/2"	H-40 13 3/8"	48	825' 925'	800 Sx. circulate to surface
11"	J-55 8 5/8"	32	4200' 4300'	1500 Sx. circulate to surface
7 7/8"	J-55 5 1/2"	17 & 15.5	8500' 8250'	1650 Sx cement in 3 stages circulate

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 825'. Run and set 825' of 13 3/8" 48# H-40 ST&C casing. Cement with 800 Sx. of Class "C" cement + 2% CaCl₂ + 1/4# Floccels/Sx. Circulate cement to surface.
3. Drill 11" hole to 4200'. Run and set 4200' of 8 5/8" 32# J-55 ST&C casing. Cement with 1500 Sx. of Class "C" cement + 2% CaCl₂ = 1/4# Floccels/Sx. circulate cement to surface.
4. Drill 7 7/8" hole to 8500'. Run and set 5 1/2" casing as follows: 2500' of 5 1/2" 17# J-55 LT&C, 5000' of 5 1/2" 15.5# J-55 LT&C, 1000' of 17# J-55 LT&C casing. Cement in 3 stages with DV tools at 6100' & 3700' ±. 1st stage cement with 650 Sx. of Class "H" + additives, 2nd stage cement with 600 Sx. of Class "C" + additives, 3rd stage cement with 400 Sx. of Class "C" + additives, circulate cement to surface as per R-111-P.

Carlsbad Controlled Water Basin

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.

SIGNED Jose T. Garcia TITLE AgentDATE 09/25/01

(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 (ORIG. SGN.) M. J. CHAVEZ TITLE STATE DIRECTORDATE JAN 08 2002

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96582	Pool Name LOST TANK DELAWARE-WEST
Property Code 20943	Property Name LOST TANK 3 FED	Well Number 9
GRID No. 17891	Operator Name POGO PRODUCING COMPANY	Elevation 3489'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	3	22-S	31-E		1650	NORTH	2310	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

LOT 4	LOT 3	LOT 2	LOT 1
39.65 AC	39.78 AC	39.92 AC	40.05 AC
		3489.0'	3491.7'
		3489.0'	3491.8'
		2310'	

OPERATOR CERTIFICATION

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

Joe T. Janica
Signature

Joe T. Janica
Printed Name

Agent

Title

09/25/01
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 supervision, and that the same is true and correct to the best of my belief.

SEPTEMBER 10, 2001

Date Surveyed

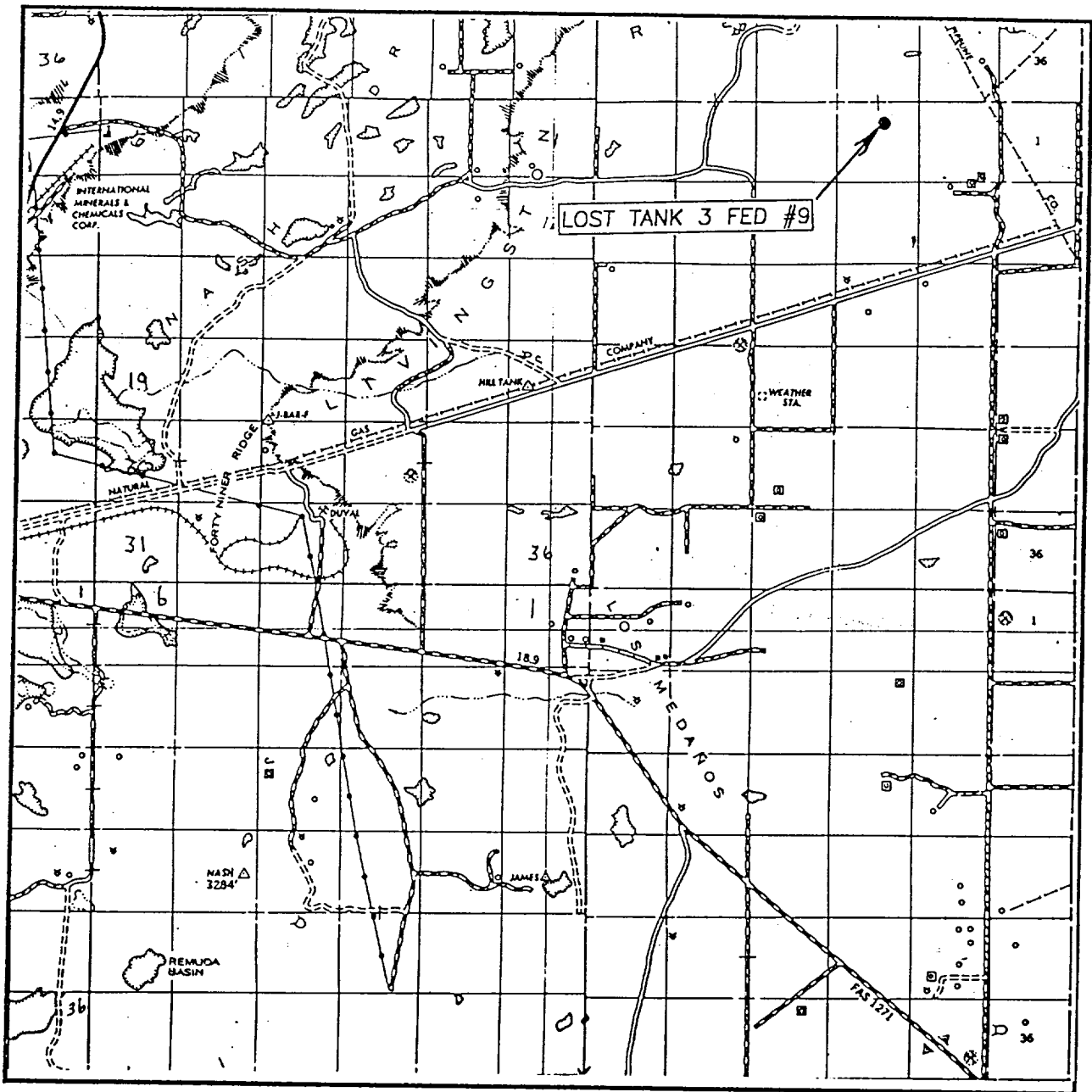
Signature & Seal of Professional Surveyor

RONALD D. EIDSON 9/12/01

Certificate No. RONALD D. EIDSON 3239 12641

EXHIBIT "A"

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 3 TWP. 22-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1650' FNL & 2310' FEL

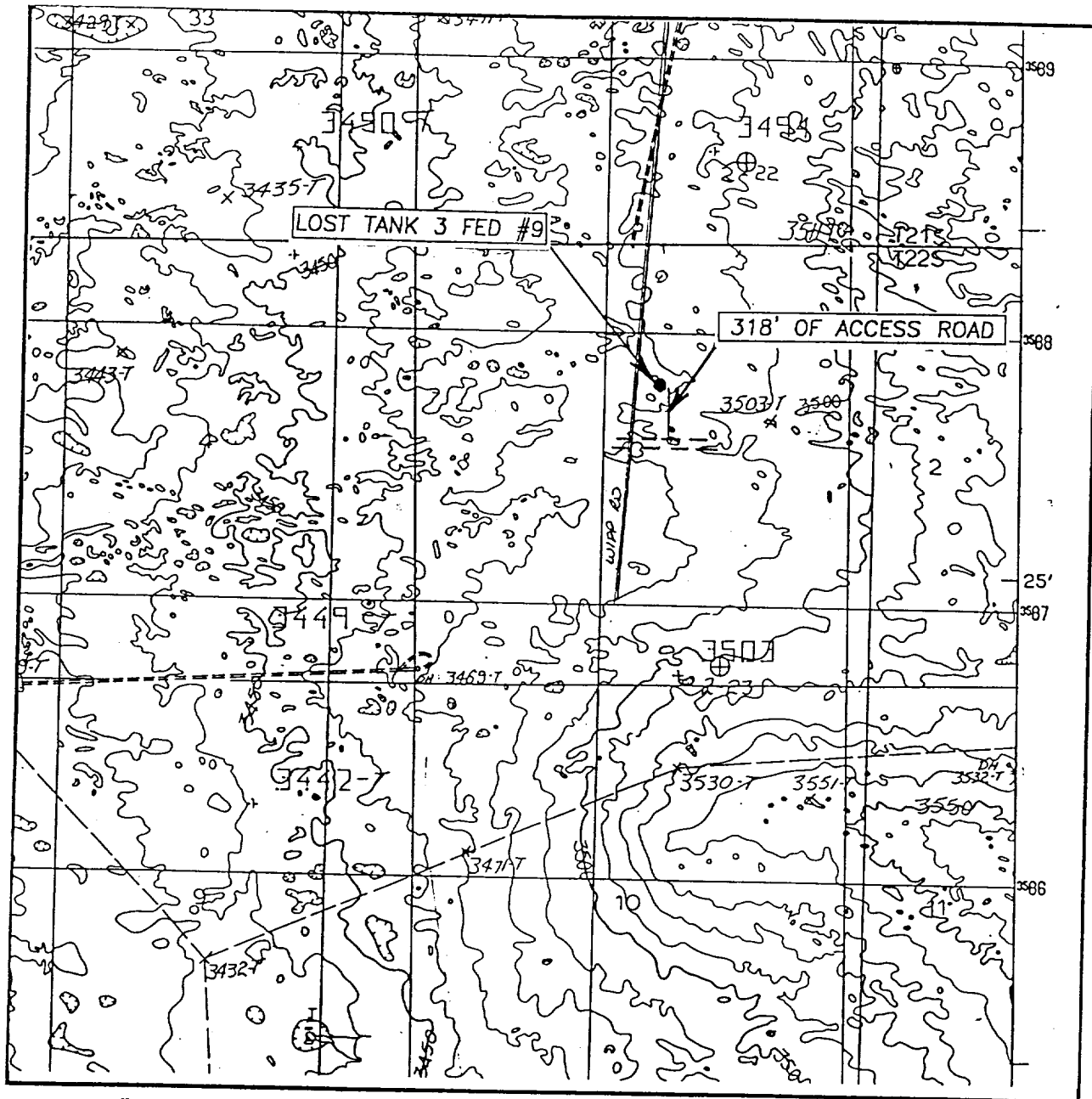
ELEVATION 3489'

OPERATOR POGO PRODUCING COMPANY

LEASE LOST TANK 3 FED

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



APPLICATION TO DRILL

POGO PRODUCING COMPANY
 LOST TANK "3" FEDERAL # 9
 UNIT "G" SECTION 3
 T22S-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: 1650' FNL & 2310' FEL SEC.3 T22S-R31E EDDY CO. NM
2. Elevation above Sea Level: 3489' GR.
3. Geologic name of surface formation: Quaternary 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: 8500'
6. Estimated tops of geological markers:

BASAL ANHYDRITE	3967'	BRUSHY CANYON	6485'
DELAWARE LIME	4259'	BONE SPRONG	8166'
BELL CANYON	4339'	UPPER BONE SPRING SAND	8320'
CHERRY CANYON	5205'		
7. Possible mineral bearing formations:

BRUSHY CANYON	Oil
BONE SPRING	Oil
UPPER BONE SPRING SD.	Oil
8. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
25"	0-40	20"	NA	NA	NA	Conductor
17½"	0-825'	13 3/8"	48#	8-R	ST&C	H-40
11"	0-4200'	8 5/8"	32#	8-R	ST&C	J-55
7 7/8"	0-8500'	5½"	17# & 15.5#	8-R	LT&C	J-55

APPLICATION TO DRILL

POGO PRODUCING COMPANY
 LOST TANK "3" FEDERAL # 9
 UNIT "G" SECTION 3
 T22S-R31E EDDY CO. NM

9. CASING CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 825' of 13 3/8" 48# H-40 ST&C casing. Cement with 800 Sx. of Class "C" cement + 2% CaCl + 1/4# Flocele/Sx. circulate TS.
8 5/8"	Intermediate	Set 4200' of 8 5/8" 32# J-55 ST&C casing. Cement with 1500 Sx. of Class "C" cement + 2% CaCl + 1/4# Flocele/Sx. circulate to surface.
5 1/2"	Production	Set 8500' of 5 1/2" casing as follows: 2500' of 17# J-55 LT&C, 5000' of 15.5# J-55 LT&C, 1000' of 17# J-55 LT&C. Cement in 3 stages. DV tools at 6100'± & 3700'±. Cement 1st stage with 650 Sx. of Class "H" + additives, 2nd stage cement with 600 Sx. of Class "C" + additives, 3rd stage cement with 400 Sx. of Class "C" + additives circulate cement to surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows an annular bag type preventor & a rotating drilling head. This system will be nipped up on the 13 3/8" casing. Exhibit "E-1" an accumulator used to operate the bag type annular preventor.

Pogo Producing Company requests the exception to the standard BOP system & third party BOP testing, flowline sensors, pit level recorders, and other mud measuring devices, drilling mud will be circulated through the reserve pits which make mud measurements unreliable. Development drilling in this proven field confirm recorded surface pressures are less than 1000 PSI.

11. NOISE ABATEMENT: Pogo Producing Company requests exception to a hospital type exhaust system, unless drilling during prairie chicken booming season. Drilling contractor will strive to keep the noise level below 75 db measured 75' from noise source using his current system.

12. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE SYSTEM
40-825'	8.4-8.6	29-32	NC	Fresh water-spud mud use paper to control seepage.
825-4200'	10-10.2	29-38	NC	Brine water use paper to seepage and high viscosity sweeps to clean hole.
4200-8500'	8.4-8.6	29-38	NC	Fresh water using fresh use Gel for viscosity and Dris-pac system if water needs to be controled.

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

APPLICATION TO DRILL

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 9
UNIT "G" SECTION 3
T22S-R31E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual Induction, SNP, LDT Gamma Ray Caliper from TD back to Intermediate casing shoe. Gamma Ray, Neutron from Intermediate casing shoe back to surface.

B. Mud logger on hole from 4200' to TD.

C. No DST's, or cores 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 1200 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 25 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 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, 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
LOST TANK "3" FEDERAL # 9
UNIT "G" SECTION 3
T22S-R31E 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 Hobbs NewMexico take U.S. 62-180 West toward Carlsbad go 40± miles to WIPP road turn South go 8.5 Mi± turn East
 - C. Lay flowlines along road R.O.W to tank battery at location # 5 1980' FNL & 1300' FEL SEC. 3.
2. PLANNED ACCESS ROADS:
 - 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
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
LOST TANK "3" FEDERAL # 9
UNIT "G" SECTION 3
T22S-R31E EDDY CO. NM

4. When well is completed flowlines will be laid along road R.O.W. to tank Battery located at well # 5 which is 1980' FNL & 1300' FEL SEC. 3. Exhibit "F" also shows where powerlines will be constructed along road.

5. LOCATION AND TYPE OF WATER SUPPLY:

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

6. SOURCE OF CONSTRUCTION MATERIAL:

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

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pit.
- B. All trash, junk and other waste material will be contained in trash cages or 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 supplier including broken sacks.
- D. Sewage from living quarters will drain into holes with a minium depth of 10'. These holes will be covered during drilling and will be back filled upon completion. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for breaking out. In the event that drilling fluids do not evaporate in a reasonable time they will be hauled off by transports and be disposed of at a state approved disposal facility. Later pits will be broken out to speed drying. Water produced during testing will be put in reserve pits. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES:

- A. No camps or airstrips to be constructed.

SURFACE USE PLAN

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 9
UNIT "G" SECTION 3
T22S-R31E EDDY CO. NM

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
LOST TANK "3" FEDERAL # 9
UNIT "G" SECTION 3
T22S-R31E EDDY CO. NM

11. OTHER INFORMATION:

- A. Topography consists of sand dunes with a slight dip toward the West. Deep sandy soil supports native grasses, mesquite, and shinnery Oak.
- B. Surface is owned by the Bureau of Land Management U.S. Department of Interior. Surface is used for grazing of livestock and is leased to ranchers for this purpose.
- C. An archaeological survey will be conducted and copies of the survey will be filed in the Carlsbad Office of The Bureau of Land Management.
- D. There are no dwellings or habitation within three miles of this location.

12. OPERATORS REPRESENTATIVE:

Before construction:

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

During and after construction:

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

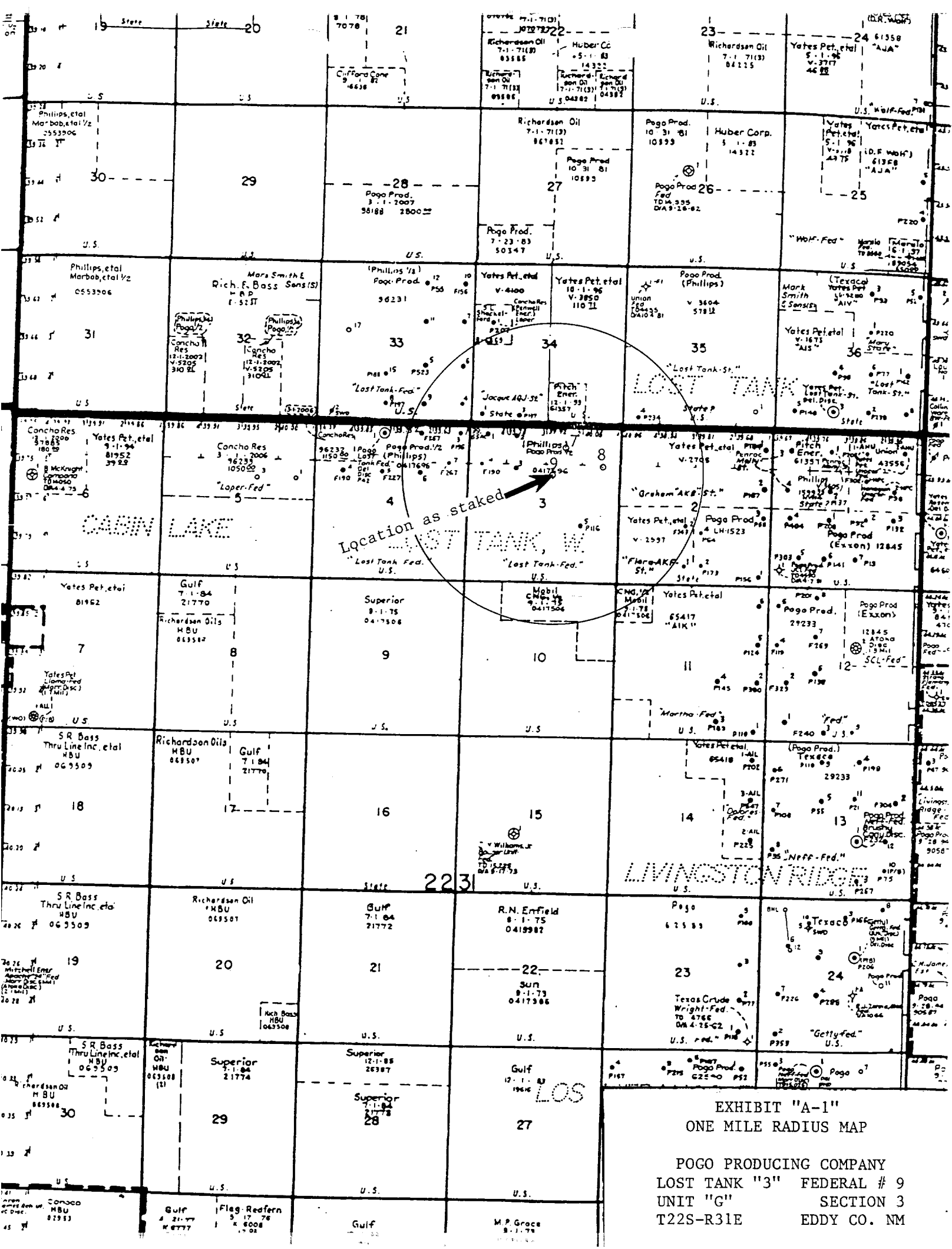
13. CERTIFICATION: - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Pogo Producing company, its 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 :

DATE :

TITLE :

Joe T Janica
09/25/01
Agent



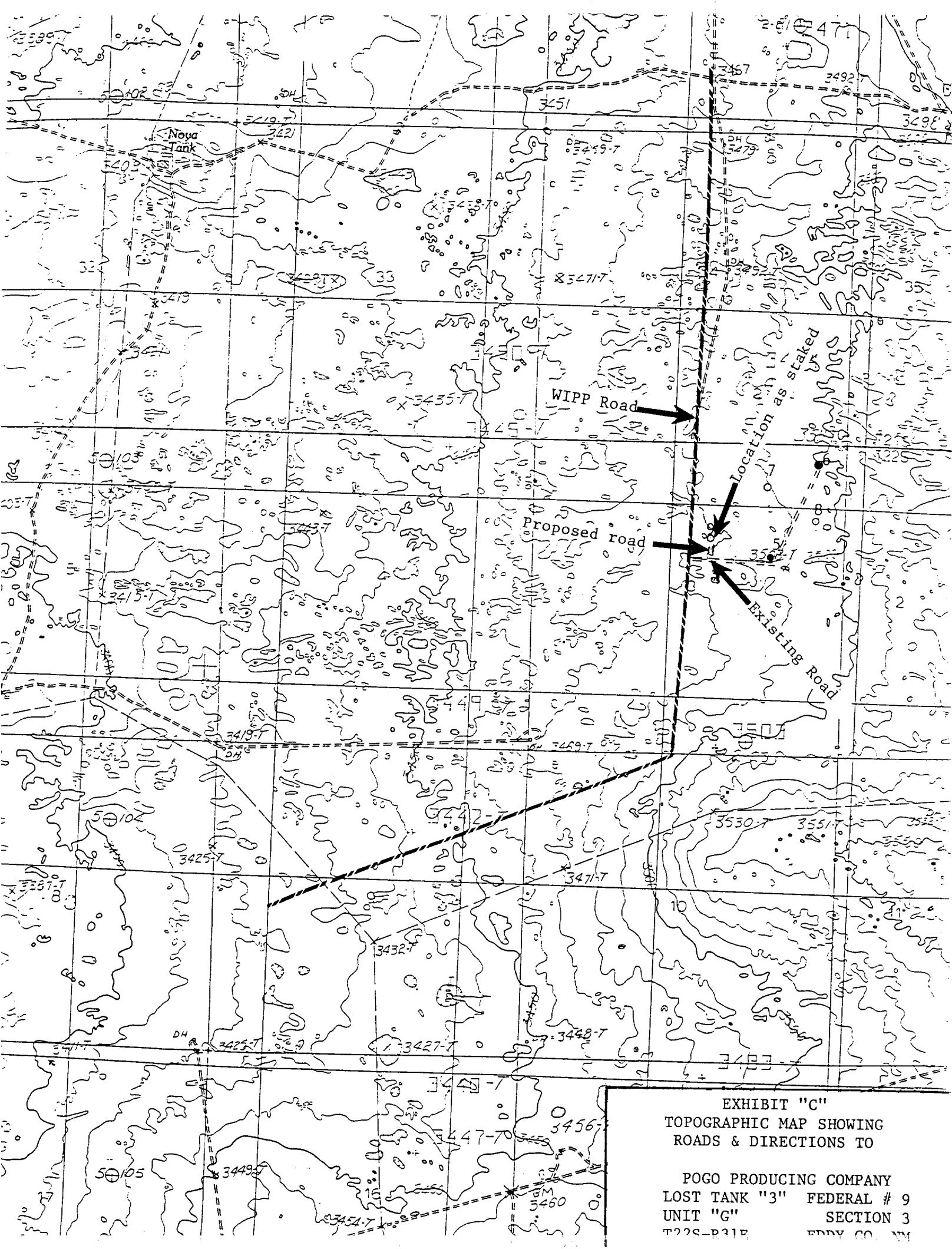
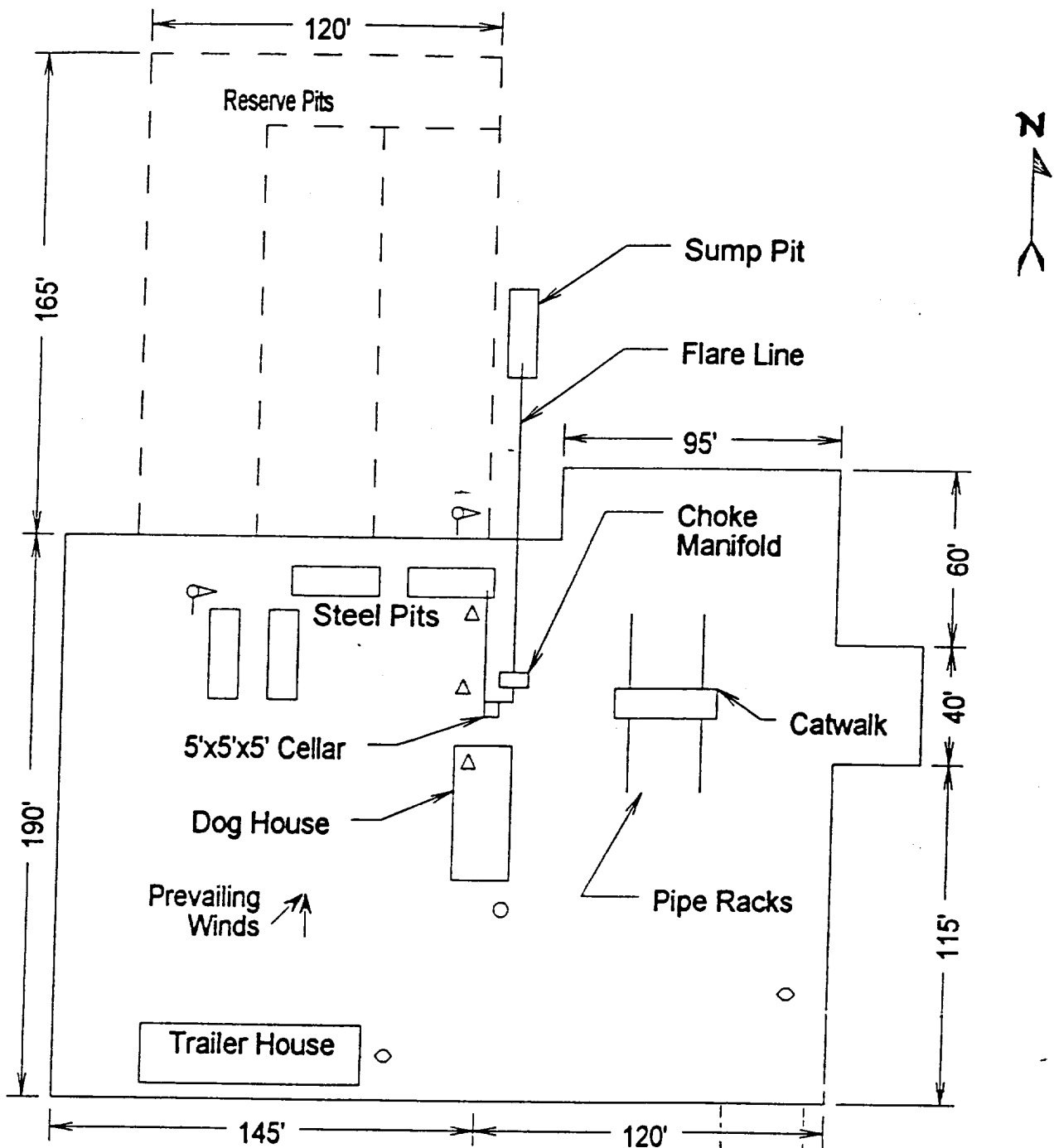


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 9
UNIT "G" SECTION 3
T22S-R31E EDDY CO. NM



- ⊙ 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
LOST TANK "3" FEDERAL # 9
UNIT "G" SECTION 3
T22S-R31E EDDY CO. NM

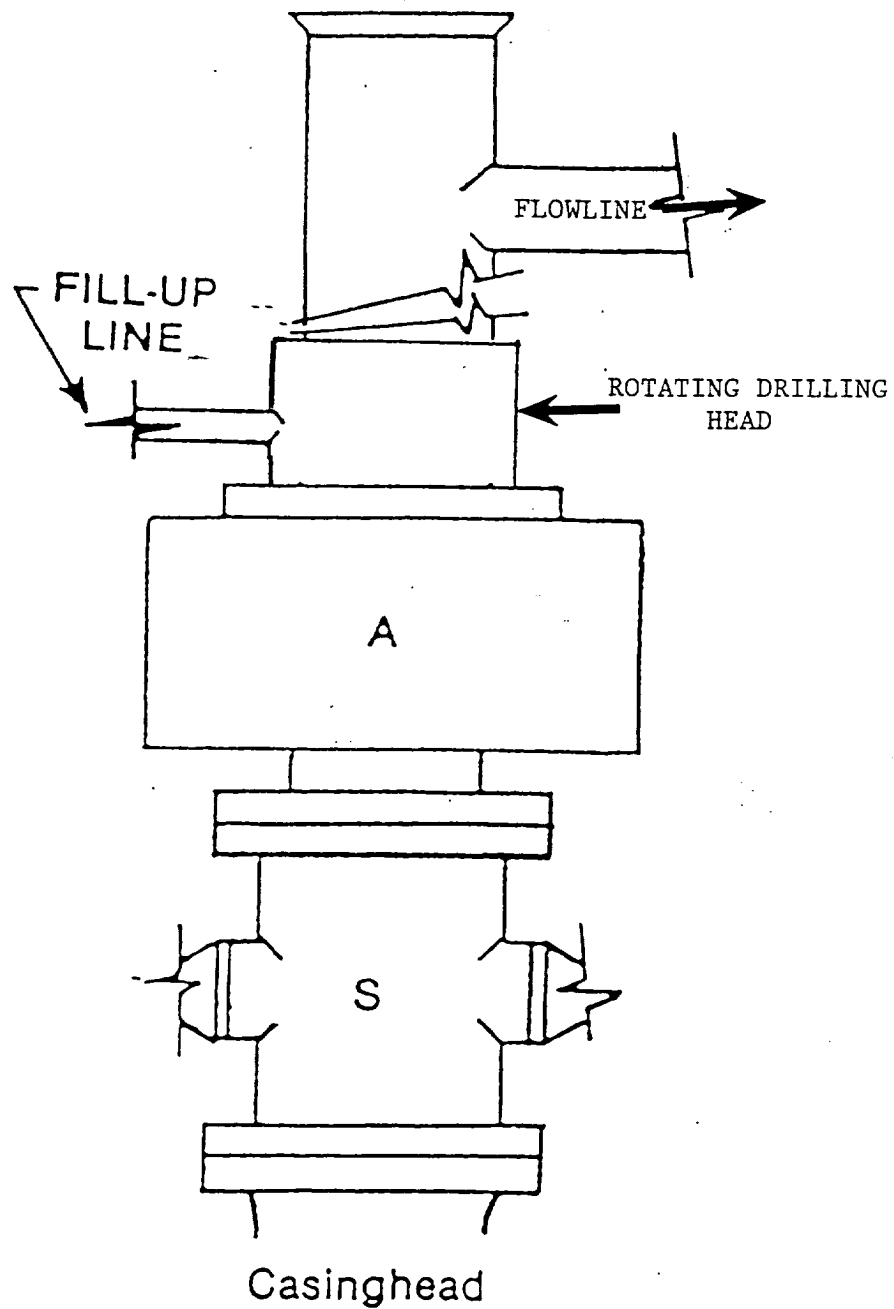


EXHIBIT "E"
 SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
 LOST TANK "3" FEDERAL # 9
 UNIT "G" SECTION 3
 T22S-R31E EDDY CO. NM

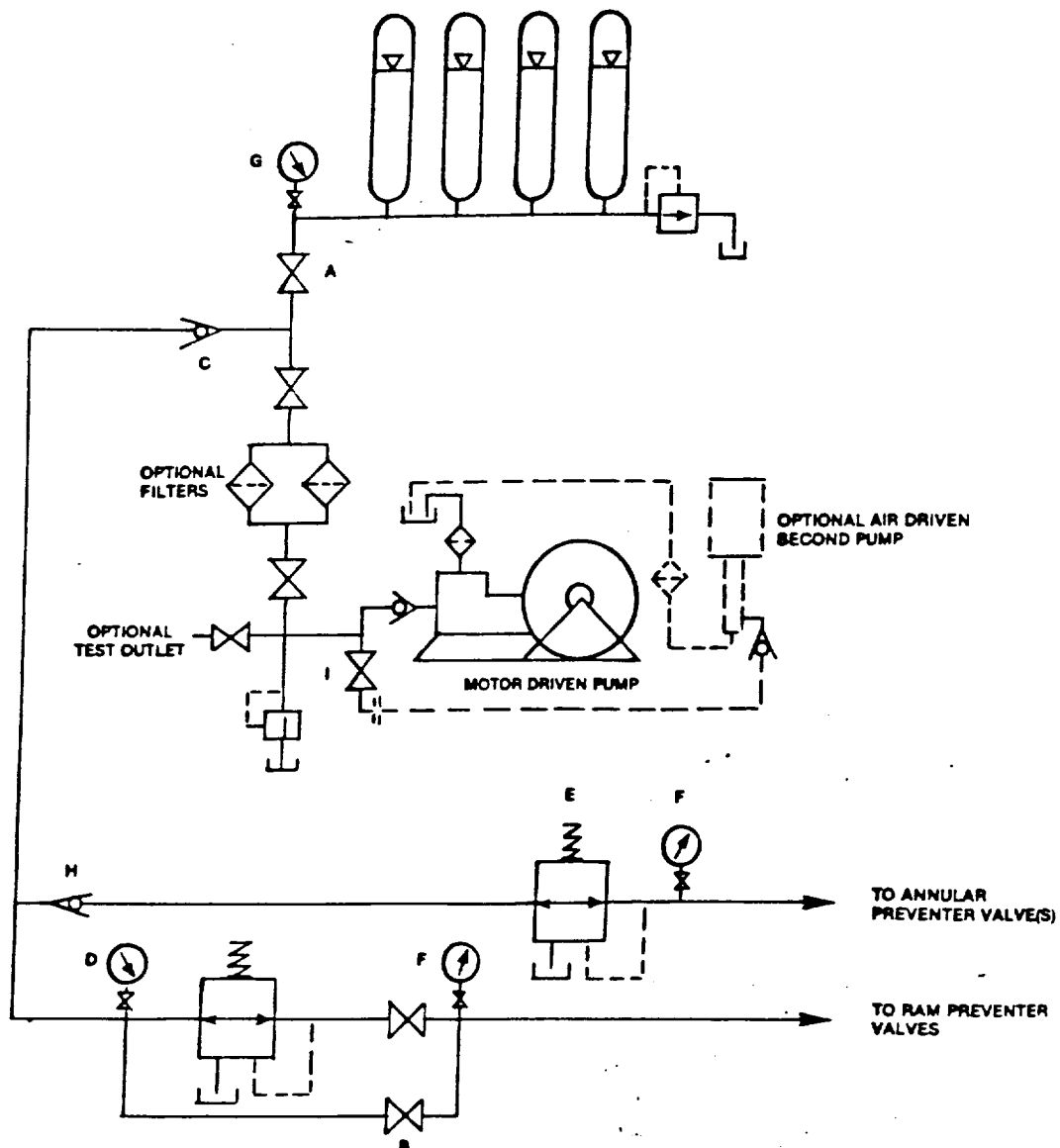
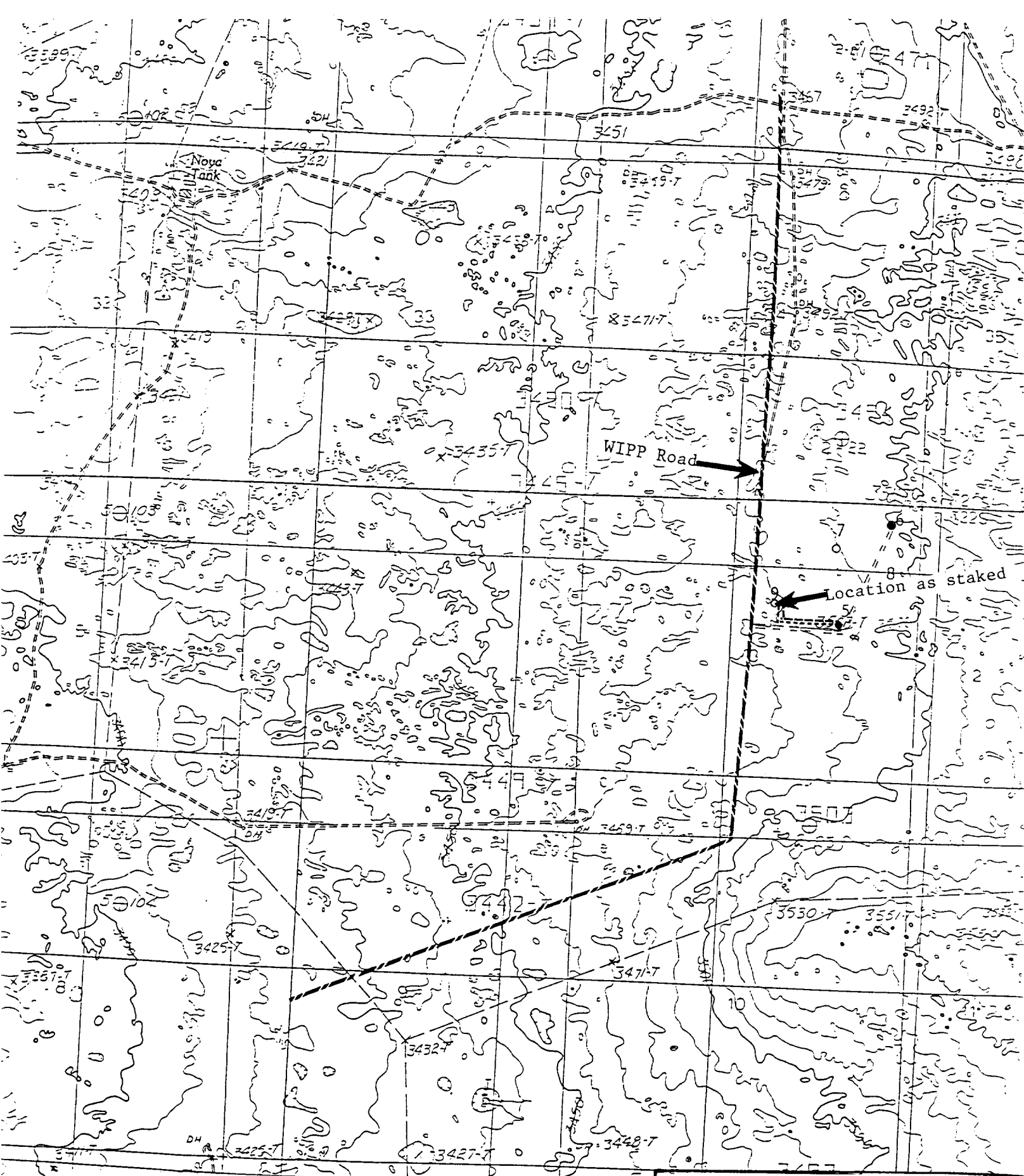


EXHIBIT "E-1"
SCHEMATIC OF CLOSING UNIT

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 9
UNIT "G" SECTION 3
T22S-R31E EDDY CO. NM



Proposed Flowline -----
 Proposed Powerline

EXHIBIT "F"
 ROUTE OF FLOWLINES
 & POWERLINES

POGO PRODUCING COMPANY
 LOST TANK "3" FEDERAL # 9
 UNIT "G" SECTION 3
 T22S-P31E EDDY CO. NM