

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

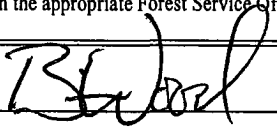
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-000047
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator POGO PRODUCNG (SAN JUAN) COMPANY		7. If Unit or CA Agreement, Name and No. N/A
3a. Address P. O. BOX 10340 MIDLAND, TX 79702-7340	3b. Phone No. (include area code) (432) 685-8143	8. Lease Name and Well No. FEDERAL 18 1-T
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 797' FNL & 1098' FWL At proposed prod. zone SAME		9. API Well No. 30-045- 33864
14. Distance in miles and direction from nearest town or post office* 4 AIR MILES NNE OF FARMINGTON POST OFFICE		10. Field and Pool, or Exploratory FRUIT. COAL & FUL. KUT. PC
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1098'	16. No. of acres in lease 1,897.09	11. Sec., T. R. M. or Blk. and Survey or Area 18-30N-12W NMPM Lot 1
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 204' (N 3 E (Dakota))	19. Proposed Depth 2,300'	12. County or Parish SAN JUAN
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,957' GL	22. Approximate date work will start* 09/01/2006	13. State NM
17. Spacing Unit dedicated to this well R.C. - 318.84 P.C. 158.84 LOTS 1-2, E2NW4, and NE4 - N2		
20. BLM/BIA Bond No. on file BLM NM2125		
23. Estimated duration 2 WEEKS		

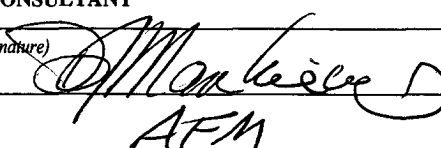
24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 07/25/2006
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Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) 	Name (Printed/Typed)	Date 9/27/06
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Title AFM	Office FFO
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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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on page 2)

STATE OF NEW MEXICO
Energy, Minerals & Mining Resources Department

Form U - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-33864	Pool Code 71629 & 77200	Pool Name BASIN FRUITLAND COAL & FULCHER KUTZ PC
Property Code 301382	Property Name FEDERAL 18	Well Number 1 T
OGRID No. 233194	Operator Name POGO PRODUCING (SAN JUAN) CO.	Elevation 5957

Surface Location

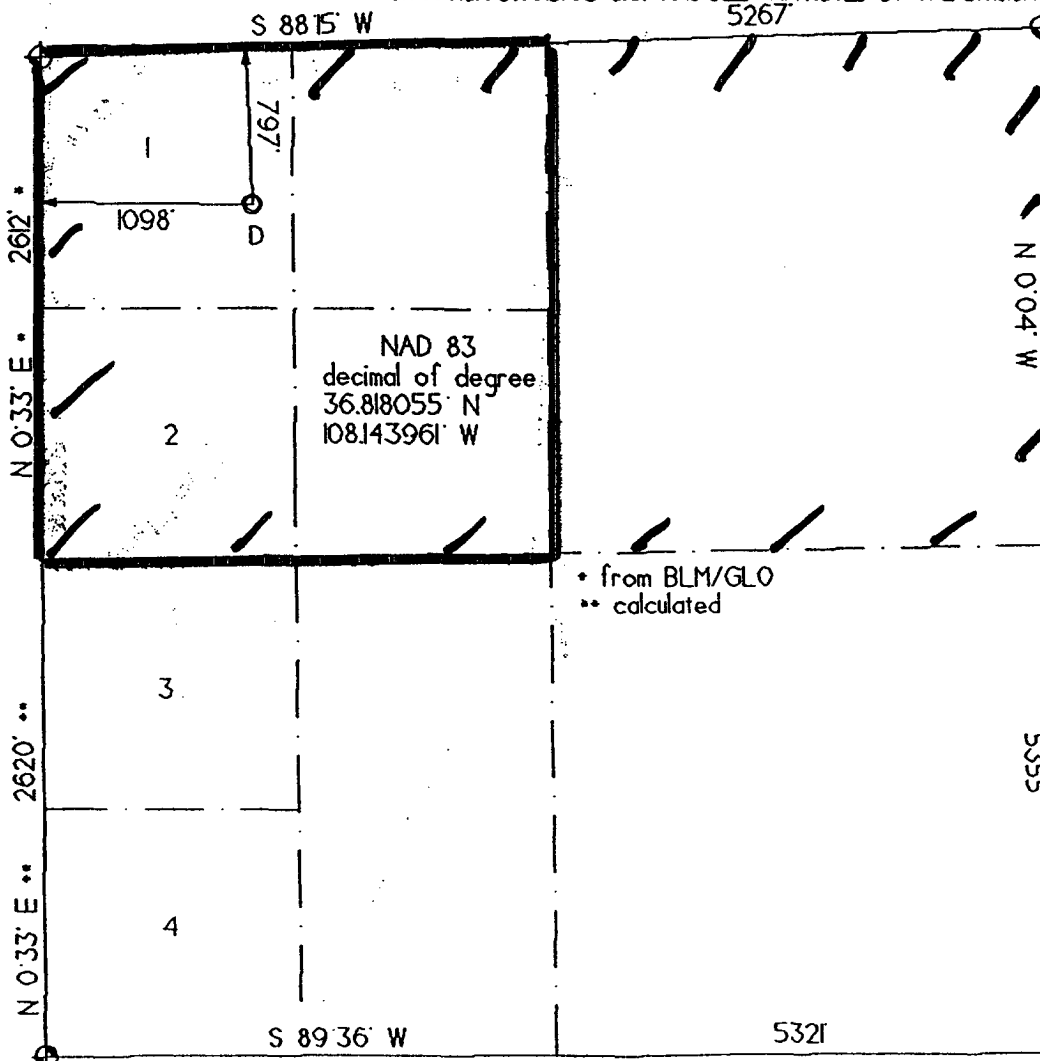
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
D	18	30 N.	12 W.		797'	NORTH	1098'	WEST	SAN JUAN

Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedication 318.84 & 158.84	Joint ? .	Consolidation .	Order No.
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NO ALLOWABLE WILL 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 that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Brian Wood</i>	
Printed Name	BRIAN WOOD
Title	CONSULTANT
Date	FEB. 17, 2006
SURVEYOR CERTIFICATION I hereby certify that the well location 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. Date of Survey rev: 01 24 '06	
Signature and Seal of Professional Surveyor 	

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045- 33864
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMNM-000047
7. Lease Name or Unit Agreement Name FEDERAL 18
8. Well Number 1-T
9. OGRID Number 233194
10. Pool name or Wildcat BASIN FRUIT. COAL GAS & FULCH. KUTZ PC

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5,797 GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type: DRILLING Depth to Groundwater: >190' Distance from nearest fresh water well: >1,000' Distance from nearest surface water: >300'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: DRILLING PIT ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brian Wood

TITLE: CONSULTANT

DATE: JULY 25, 2006

Type or print name: BRIAN WOOD

E-mail address: brian@permitswest.com

Telephone No.: (505) 466-8120

For State Use Only

APPROVED BY: [Signature]

TITLE: DEPUTY OIL & GAS INSPECTOR, DIST. #8

DATE: SEP 28 2006

Conditions of Approval (if any):



Pogo Producing (San Juan) Company
Federal 18 1-T
797' FNL & 1098' FWL
Sec. 18, T. 30 N., R. 12 W.
San Juan County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	0'	5'	+5,957'
Ojo Alamo Sandstone	507'	512'	+5,450'
Kirtland Shale	657'	662'	+5,300'
Fruitland Coal	1,707'	1,712'	+4,250'
Pictured Cliffs Sandstone	2,007'	2,012'	+3,880'
Total Depth (TD)	2,300'	2,305'	+3,657'

2. NOTABLE ZONES

<u>Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland	Ojo Alamo	Fruitland
Pictured Cliffs	Fruitland	

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. (A typical 2,000 psi model is on PAGE 3.) Double ram or annular 2,000 psi system with a rotating head will be used. All ram preventers and related equipment will be hydraulically tested at nipple up and after any use under pressure to 1,000 psi.

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PAGE 2

Blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2,000 psi. Maximum expected pressure is ~~≈585~~ ⁹²⁰ psi.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>GL Setting Depth</u>
8-3/4"	7"	20	K-55	New	700'
6-1/4"	4-1/2"	10.5	K-55	New	2,300'

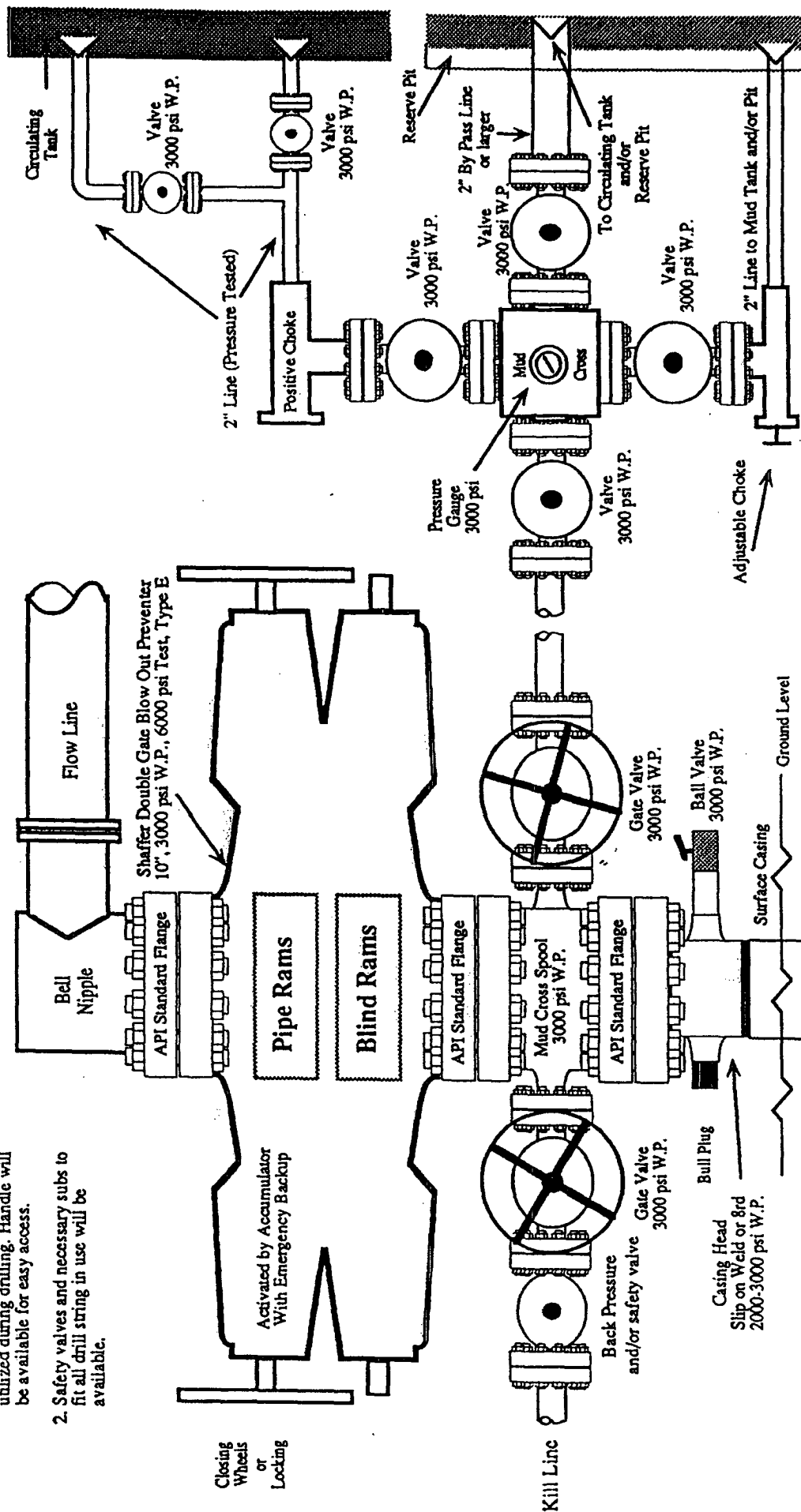
Surface casing will be cemented from at least 50' below the bottom of the Ojo Alamo to the surface with ≈ 210 cubic feet (≈ 180 sacks) Class B + 2% CaCl_2 . Volume is based on 100% excess, yield of 1.18 cubic feet per sack, and slurry weight of 15.6 pounds per gallon. W. O. C. = 12 hours. Pressure test surface casing to ≈ 600 psi for 30 minutes.

Production casing hole will be cleaned of rock chips by circulating $\geq 150\%$ of hole volume with mud. Forty barrels of fresh water will next be circulated. Lead with ~~≈115~~ ¹²⁰ cubic feet (≈ 205 sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack, slurry weight = 12.5 pounds per gallon). Tail with ≈ 59 cubic feet (≈ 50 sacks) of Class B with 2% CaCl_2 (yield = 1.18 cubic feet per sack, slurry weight = 15.6 pounds per gallon). Total cement volume = ~~475~~ ⁴⁸¹ cubic feet @ 100% excess and circulating to the surface.

Production casing will have 4-1/2" cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Six or seven centralizers will be spaced on every other joint starting above the shoe. Six or seven turbolizers will be placed on every other joint starting from the top of the well.

2,000 PSI BOP SYSTEM

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

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PAGE 4

5. MUD PROGRAM

Surface casing hole will be drilled with fresh water. Production casing hole will be drilled with a fresh water polymer mud. Weighting material will be drill solids or, if needed, barite. Maximum expected mud weight will be 8.5 pounds per gallon.

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned.

Spectral Density/Dual Spaced Neutron and Dual Induction/Guard with GR, SP, and Caliper and logs will be run from TD to at least the base of the surface casing.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum expected bottom hole pressure will be ≈ 920 psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take one week to drill the well and one week to complete the well. Drilling will be daylight only.