Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

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

N.M. Oil Cons. Div. Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-11038

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL [XX] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [XX] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: CIMARRON "23" FEDERAL # 3

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

9. API WELL NO.: 30-015-33550

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

10. FIELD AND POOL, OR WILDCAT: BRUSHY DRAW-DELAWARE

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1650' FWL & 2310' FSL SECTION 23 T26S-R29E EDDY CO. NM
At proposed prod. zone: SAME

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 23 T26S-R29E

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

12. COUNTY OR PARISH: EDDY CO.

13. STATE: NEW MEXICO

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
1650'	1280	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**
990'	5300'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 2904' GR.

22. APPROX. DATE WORK WILL START*:

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/Redi-mix
12¼"	J-55 8 5/8"	32	WITNESS ~~600'~~ 650'	655 Sx. cement to surface
7 7/8"	J-55 5½"	15.5	5300'	1350 Sx. " " "

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.

2. Drill 12¼" hole to ~~600'~~ 650'. Run and set ~~600'~~ 650' of 8 5/8" 32# J-55 ST&C casing. Cement with 655 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.

3. Drill 7 7/8" hole to 5300'. Run and set 5300' of 5½" 15.5# J-55 ST&C casing. Cement in two stages with DV Tool at 2800'±. Cement 1st stage with 750 Sx. of Class "C" cement + additives, cement 2nd stage with 600 Sx. of Class "C" cement + additives. Circulate cement to surface.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

CARLSBAD CONTROLLED WATER BASIN

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.

24.

SIGNED: Joe T. Janica TITLE: Agent DATE: 06/03/04

RECEIVED
AUG 05 2004
OCD-ARTESIA

(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/ Joe G. Lara TITLE ACTING FIELD MANAGER DATE 3 AUG 2004

*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

DISTRICT I
1625 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
	8080	BRUSHY DRAW-DELAWARE

Property Code	Property Name	Well Number
	CIMARRON "23" FEDERAL	3

OGRID No.	Operator Name	Elevation
17891	POGO PRODUCING COMPANY	2904'

Surface Location

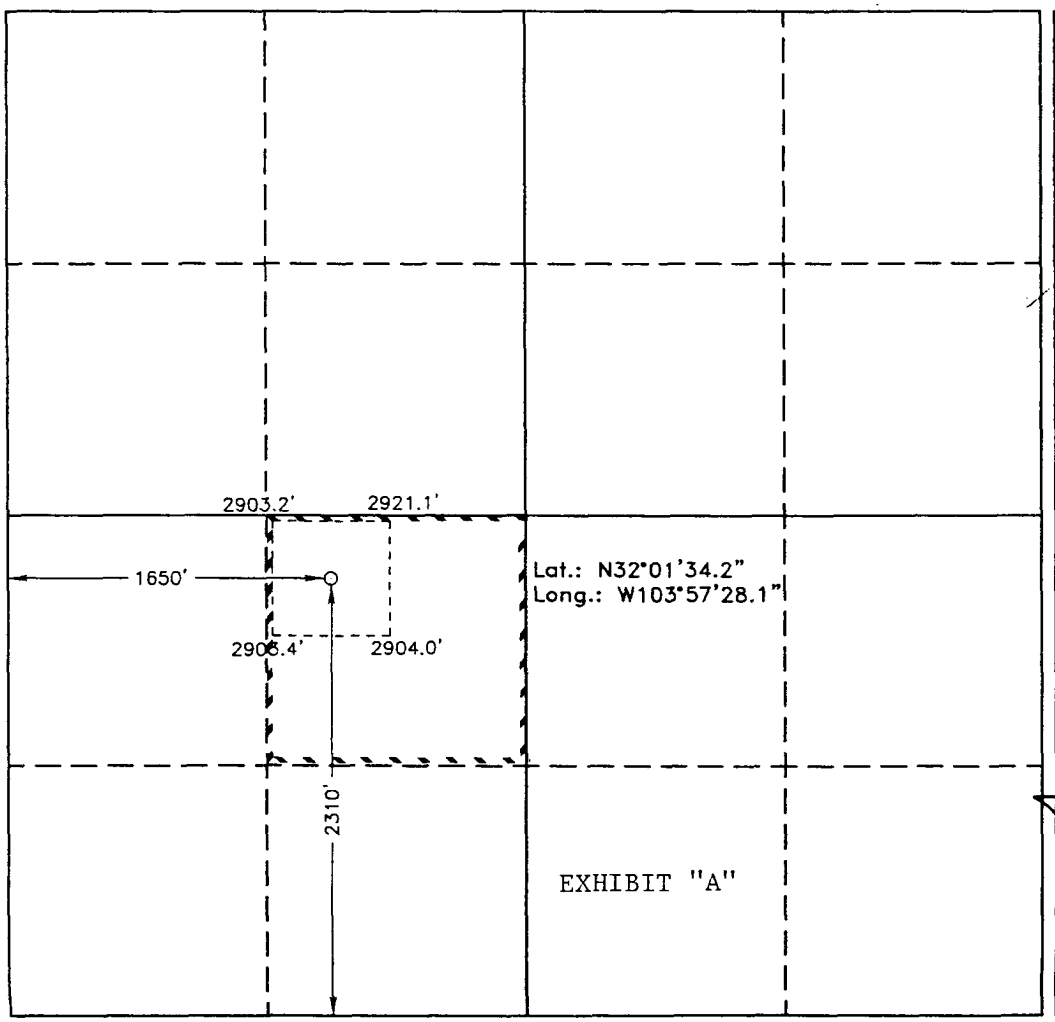
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	23	26 S	29 E		2310	SOUTH	1650	WEST	EDDY

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

06/03/04
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.

APRIL 30, 2004
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 4235

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

District I
1625 N. French Dr., Hobbs, NM 88240
District II
130 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-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe 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: Cimarron 23 Fed #3 API #: _____ U/L or Qtr/Qtr K Sec 23 T 26 R 29
County: Eddy Latitude 32 01 34.2N Longitude 103 57 28.1W 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 16,000 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 X 100 feet or more	(20 points) (10 points) (0 points)	
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)		10

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JUL 2004
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 and 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: 07/01/04
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

Water Resources

Data Category: Site Information | Geographic Area: New Mexico | go

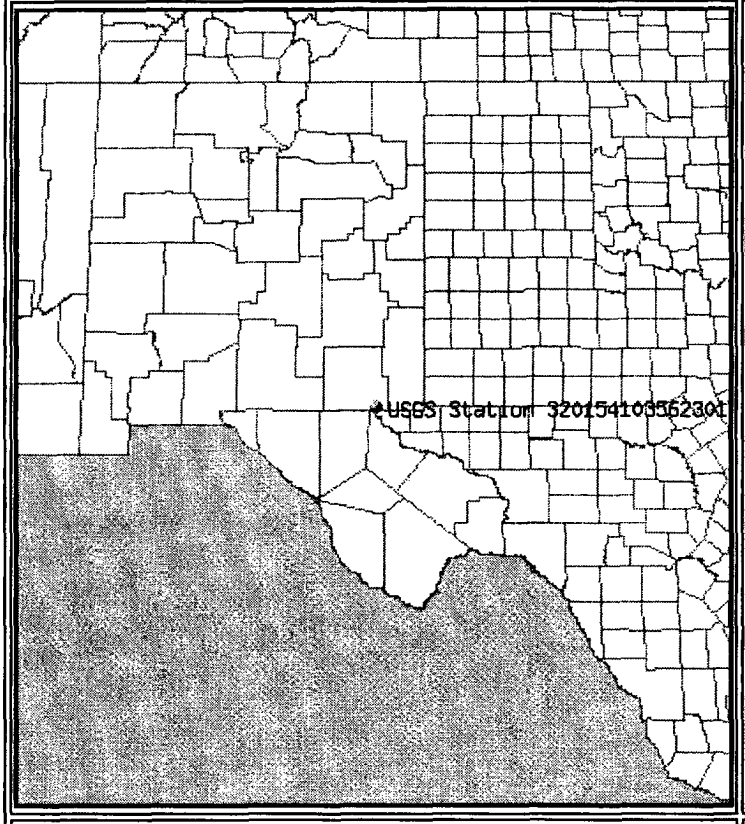
Site Map for New Mexico

USGS 320154103562301 26S.29E.22.23341

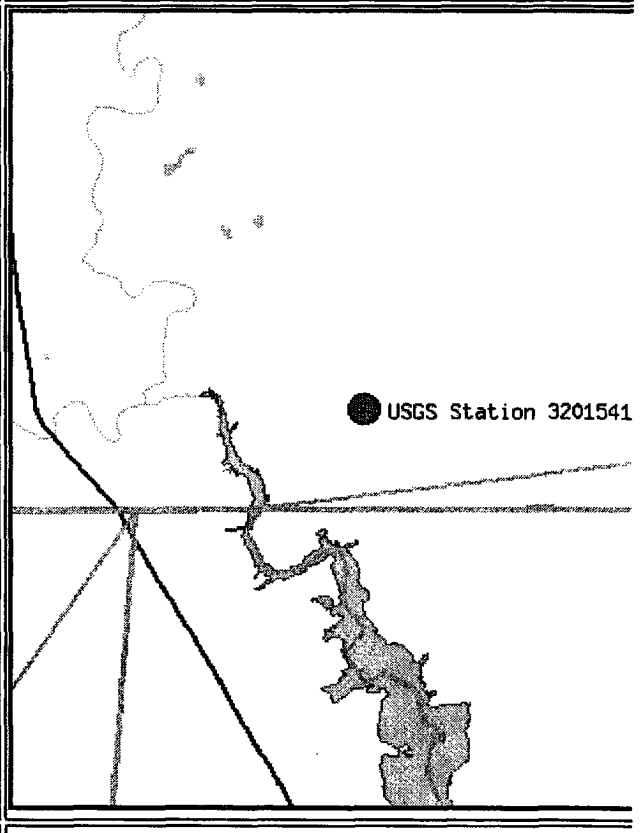
Available data for this site | Station site map | GO

Eddy County, New Mexico
Hydrologic Unit Code
Latitude 32°01'54", Longitude 103°56'23" NAD27
Gage datum 2,885.60 feet above sea level NGVD29

Location of the site in New Mexico.



Site map.



ZOOM IN 2X, 4X, 6X, 8X, or ZOOM OUT 2X 6X. 8X.

Maps are generated by US Census Bureau TIGER Mapping Service.

Questions about data gs-w-nm_NWISWeb_Data_Inquiries@usgs.gov Top
Feedback on this website gs-w-nm_NWISWeb_Maintainer@usgs.gov Explanation of terms

NWIS Site Inventory for New Mexico: Site Map
http://waterdata.usgs.gov/nm/nwis/nwismap?

Water Resources

Data Category: Ground Water | Geographic Area: New Mexico | go

Ground-water levels for New Mexico

Search Results -- 1 sites found

Search Criteria

site_no list = • 320154103562301

Save file of selected sites to local disk for future upload

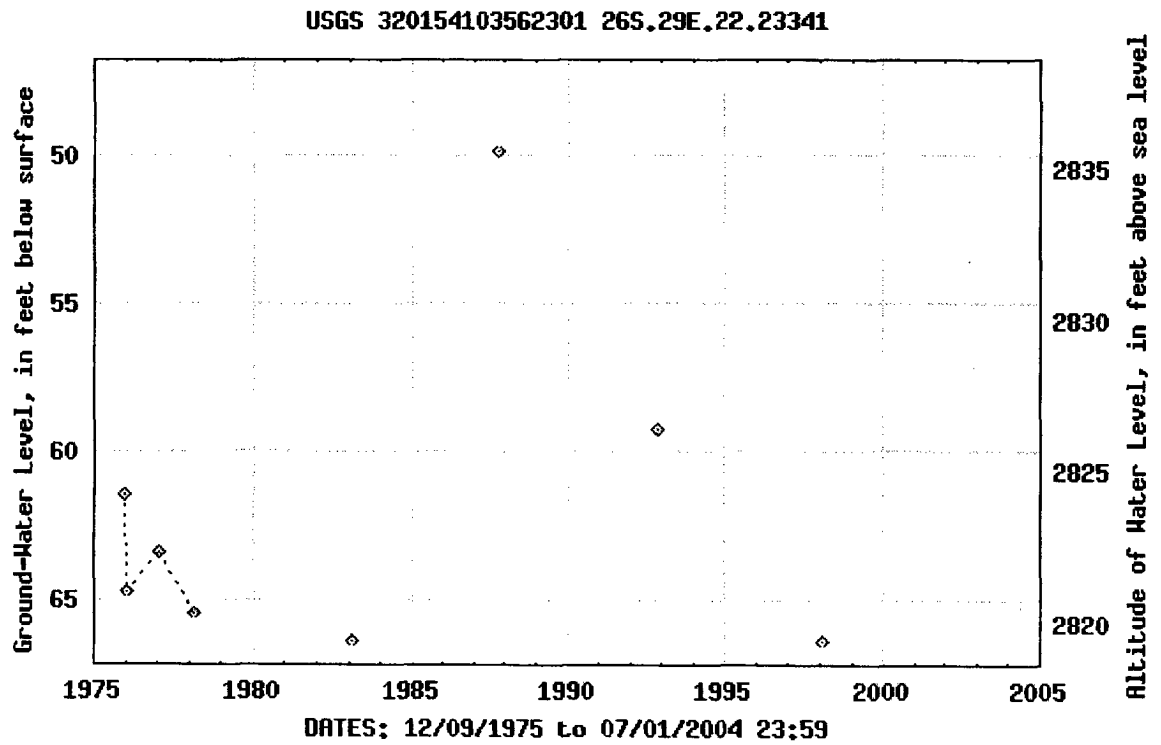
USGS 320154103562301 26S.29E.22.23341

Available data for this site Ground-water: Levels GO

Eddy County, New Mexico
Hydrologic Unit Code
Latitude 32°01'54", Longitude 103°56'23" NAD27
Gage datum 2,885.60 feet above sea level NGVD29
The depth of the well is 200 feet below land surface.
This well is completed in RUSTLER FORMATION (312RSLR)

Output formats

- Table of data
- Tab-separated data
- Graph of data
- Reselect period



Breaks in the plot represent a gap of at least one calendar year between two consecutive points.

The World Air Sports Federation

WORLD DISTANCE CALCULATOR

Version 1.0 dated 30 October 2001

Click here to download a version of this page suitable for offline use

(operation instructions available at the end of this page)

Input = Lat/Longs to the same Geodetic Datum, preferably WGS84

Lat 1		Long 1	
32:01:34.2	N	103:57:28.1	W
Lat 2		**Long 2**	
32:01:54	N	103:56:23	W

Distance Units: Statute Miles

Earth model: FAI sphere

COMPUTE RESET

Output = true courses, then shortest distance on the surface of the selected world model

Course 1-2 (deg)	70.25938558395641
Course 2-1 (deg)	250.2689760291965
Shortest distance	1.1253525285765142

OPERATION:

1. For the calculator to operate, Javascript must be enabled. With MS Windows 98 or later and MS Internet Explorer, Javascript is normally enabled by default. For Netscape Navigator, see Options/ Network Preferences/ Languages, for Netscape Communicator see Edit/ Preferences/ Advanced.

FAI Web Site Directions

Air sports:

Technical Commissions:

Other sections of the Web :

events.fai.org

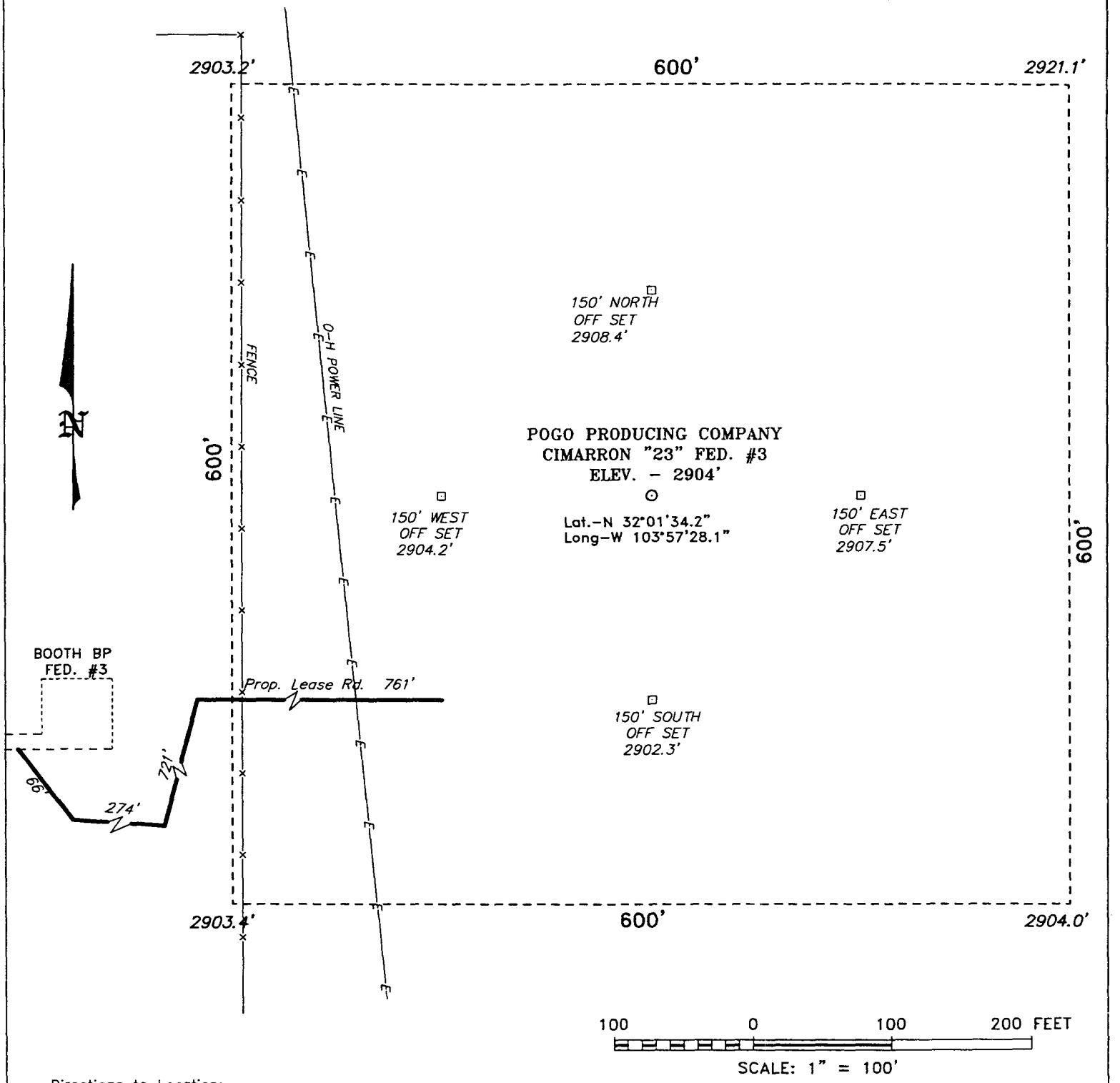
The home of Air Sport Cor Information. The FAI Sport Calendar and results of all Championships are availab address.

Communication L

Receive automatically FAI's releases and other informa as world record notification have a number of mailing l which you can freely subsc

Our Discussion Board at board.fai.org gives you the opportunity to publicly disc issues relating to air sports

SECTION 23, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF STATE HWY 285 AND CO. RD. 725, GO ON 725 FOR 7.1 MILES TO "Y", TAKE RIGHT FORK FOR 0.5 MILE; THENCE SOUTHEAST 0.4 MILE; THENCE EAST 0.1 MILE TO PROPOSED LEASE ROAD.

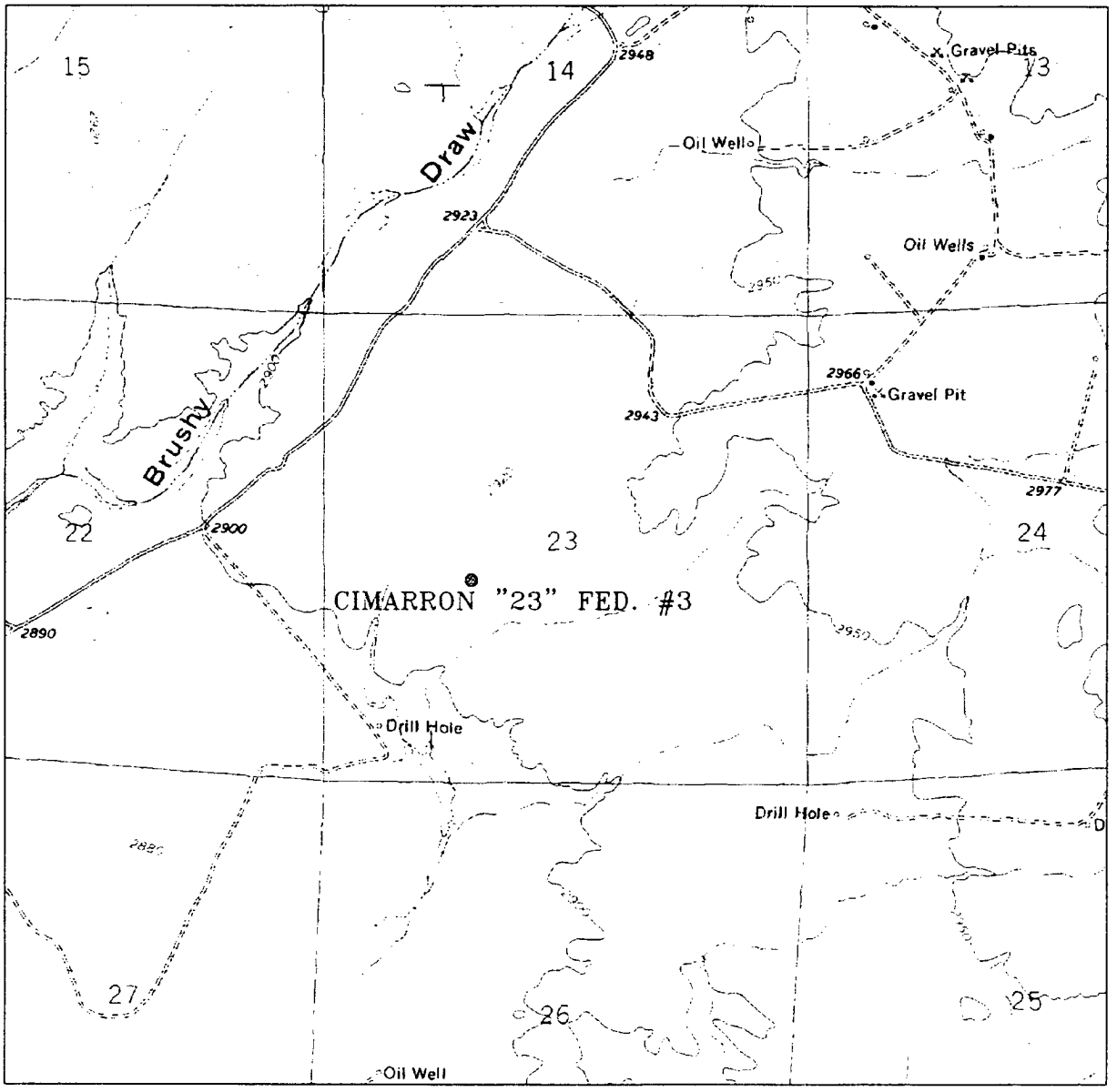
POGO PRODUCING CO.

REF: CIMARRON "23" FED. #3 / Well Pad Topo

THE CIMARRON "23" FED. No. 3 LOCATED 2310' FROM THE SOUTH LINE AND 1650' FROM THE WEST LINE OF SECTION 23, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 4235	Drawn By: K. GOAD		
Date: 05-03-2004	Disk: KJG CD#4 - 4235A.DWG	Survey Date: 04-30-2004	Sheet 1 of 1 Sheets

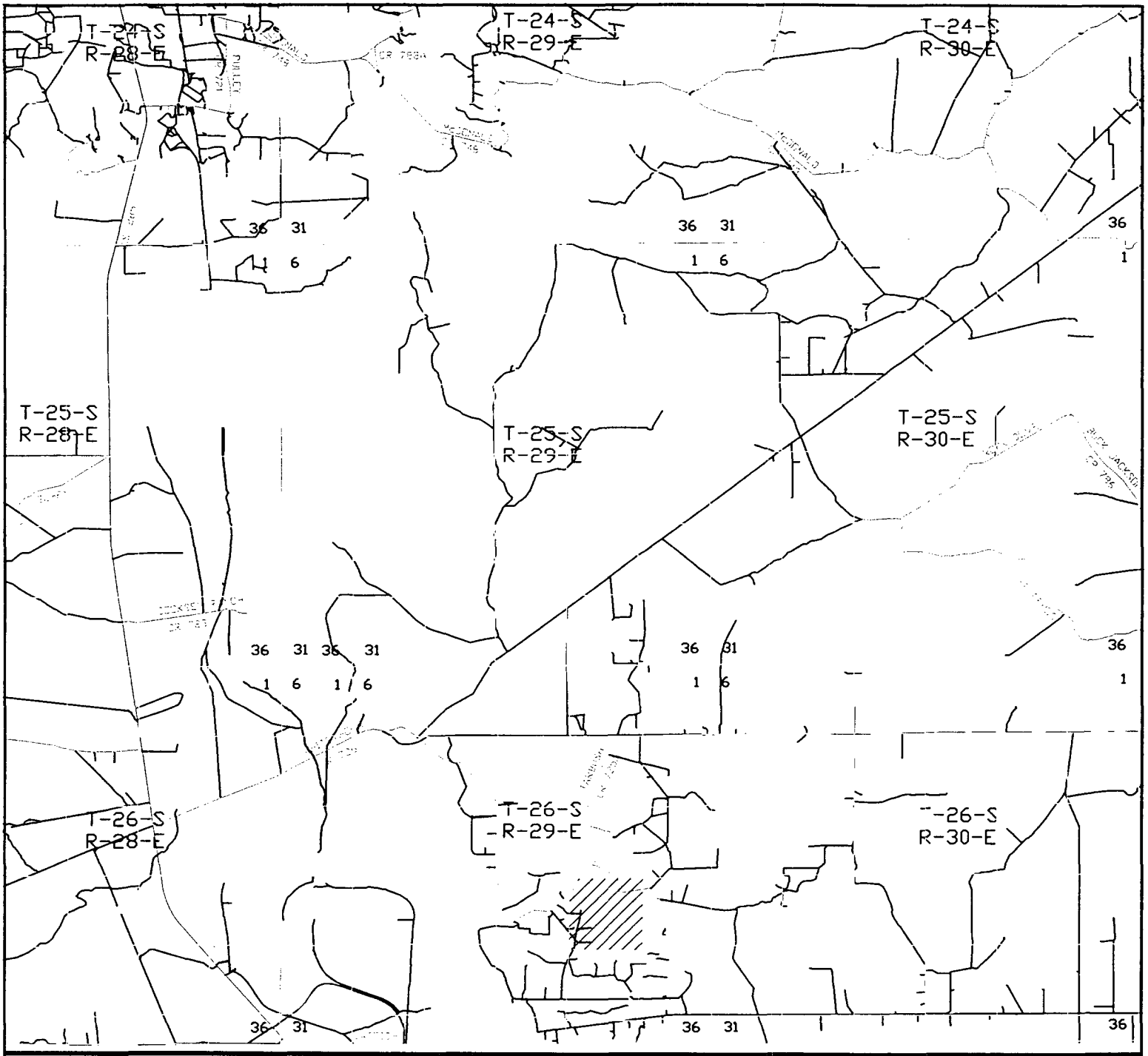


CIMARRON "23" FEDERAL #3
Located at 2310' FSL and 1650' FWL
Section 23, Township 26 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

Basin Surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 42354 - WB 10e5
Survey Date: 04-30-2004
Scale: 1" = 2000'
Date: 05-03-2004

POGO PRODUCING COMPANY



CIMARRON "23" FEDERAL #3
Located at 2310' FSL and 1650' FWL
Section 23, Township 26 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

basin surveys
focused on excellence in the oilfield
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	4235AA - KJG CD#5
Survey Date:	04-30-2004
Scale:	1" = 2 MILES
Date:	05-03-2004

POGO PRODUCING COMPANY

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: 2310' FSL & 1650' FWL SECTION 23 T26S-R29E EDDY CO. NM

2. Elevation above Sea Level: 2904' 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: 5300'

6. Estimated tops of geological markers:

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

7. Possible mineral bearing formations:

Brushy Canyon	Oil

8. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
25"	0-40	20"	NA	NA	NA	Conductor
12¼"	0-~~600~~ 650'	8 5/8"	32#	8-R	ST&C	J-55
7 7/8"	0-5300'	5½"	15.5#	8-R	ST&C	J-55

9. Cementing & Casing setting depth:

20"	Conductor	Set 40' of 20" conductor and cement to surface with Redi-mix.
8 5/8"	Surface	Set 650' of 8 5/8" 32# J-55 ST&C casing. Cement with 655 Sx. of Class "C" cement + 2% CaCl, +¼# Flocele/Sx. Circulate cement to surface.
5½"	Production	Set 5300' of 5½" 15.5# J-55 ST&C casing. Cement in two stages with DV Tool at 2800'±. Cement 1st stage with 750 Sx. of Class "C" cement + ¼# Flocele/Sx. Cement 2nd stage with 600 Sx. of Class "C" cement + additives, circulate to surface.

10. Pressure Control Equipment: Exhibit "E" shows a 2000 PSI working pressure B.O.P. consisting of Pipe Rams, Blind Rams , a Pack Off and a bell nipple. Exhibit shows a 3000 PSI choke manifold. The B.O.P. will be nippled up on the 8 5/8" casing and remain on the hole to TD. After the B.O.P is installed it will be tested to API specifications and will be operated at least once each 24 hour period and blind rams will be operated when drill pipe is out of hole. Full opening stabbing valve and kelly cock will be utilized. Exhibit "E-1" shows a 3000 PSI choke manifold. No abnormal pressures or temperatures are expected in this well, as none were encountered in off-set wells.

11. Proposed Mud Circulating System:

Depth	Mud Wt.	Mud Visc.	Fluid Loss	Type Mud
40-650'	8.4-8.7	29-32	NC	Fresh water spud mud use paper to control seepage.
650-5300'	10.--10.2	29-38	NC*	Brine water using paper to control seepage, use high viscosity sweeps to clean hole.

* Water loss may have to be altered in order to run logs and casing.

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

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual Laterolog, CNL, LDT, Gamma Ray, Caliper from TD back to 8 5/8" casing shoe.

B. Run Gamma Ray, Neutron from 8 5/8" casing shoe back to surface.

C. Mud logger may be used at the discretion of the Geologist, no cores or DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of 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 1100 PSI, and Estimated BHT 145°.

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 8 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Brushy Canyon 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.

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

1. EXISTING ROADS & PROPOSED ROADS: Area maps; Exhibit "B" is a reproduction of a County General Hi-way Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

A. Exhibit "A" shows the proposed well site as staked.

B. From Malaga New Mexico take U.S Hi-way 285 South for 12.6 miles to Co. Road 725 (Whitethorn Road) turn Left (East) go 4.2 miles bear Right on Co Road 725 go 3.9 miles bear Right follow lease road 3 miles, turn Left go approximately 750' to Breck Operating Co. well (Booth Federal # 3) go Southeast 66' the East 275', then North 725' then turn Right go 750' to location.

C. Exhibit "F" shows the anticipated routes of flowlines and roads into these well locations.

2. PLANNED ACCESS ROADS: Approximately 1850' of new rosd will be constructed.

A. The access roads will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.

B, Gradient of all roads will be less than 5.00%.

C. If turn-outs are necessary they will be constructed.

D. If needed roads will be surfaced with a mimimum of 4" of caliche. This material will be obtained from a local source.

E. Center-line for new roads will be flagged. Earth-work will be will be done as field conditions require.

F. Culverts will be placed in the access road if they are necessary. The roads will be constructed to utilaze low water crossings for drainage as required by topography.

3. LOCATIONS OF EXISTING WELLS IN A ONE MILE RADIUS. EXHIBIT "A-1"

A. Water wells - One approximately 1 mile west 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.

11. ADDITIONAL INFORMATION:

A. Topography consists of low lying hills with a dip of 1-5% to the Northwest drainage is into Brushy Draw, an intermittent tributary of the Pecos River. Soil consists of calcareous gravelly , sandy loam. Vegetation consists of creosotebush, Acacia, Prickley Pear, Barrel Cactus, Broom Snakeweed, Mesquite Yucca and native grasses.

B. The surface is owned by The U.S. Department of Interior and is administered by The Bureau of Land Management. The surface is used for the grazing of livestock and the production of Oil & Gas.

C. An archaeological survey will be conducted on the location and roads. A report of findings will be in a report that will be filed with The Bureau of Land Management in the Carlsbad Field office in Carlsbad New Mexico.

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

12. OPERATIOR'S 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
RICHARD WRIGHT
OFFICE Ph. 432-685-8140

13. CERTIFICATION: I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and the access roads, and 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 confirmity 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
DATE : 06/03/04
TITLE : Agent

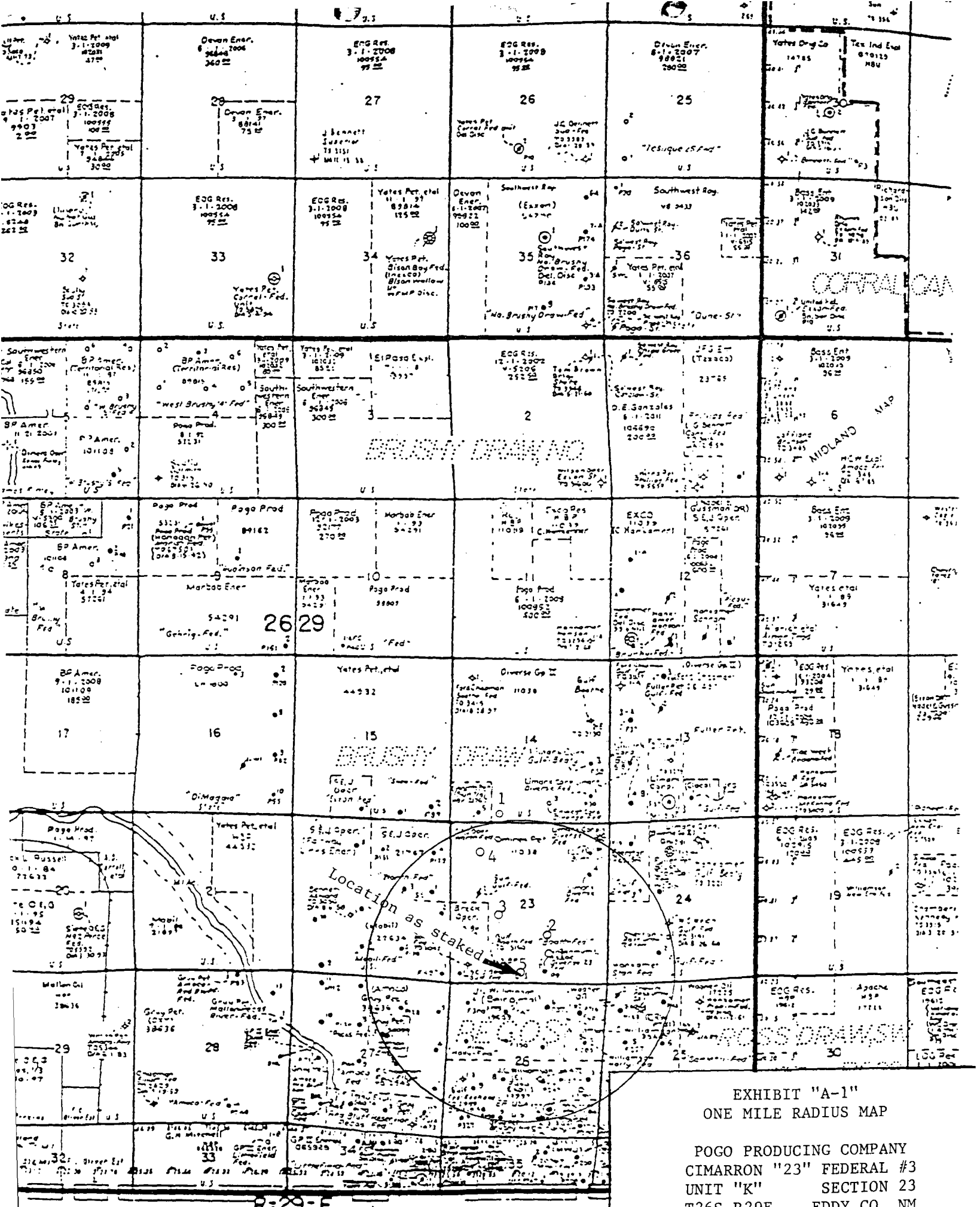


EXHIBIT "A-1"
ONE MILE RADIUS MAP

POGO PRODUCING COMPANY
CIMARRON "23" FEDERAL #3
UNIT "K" SECTION 23
T26S-R29E EDDY CO. NM

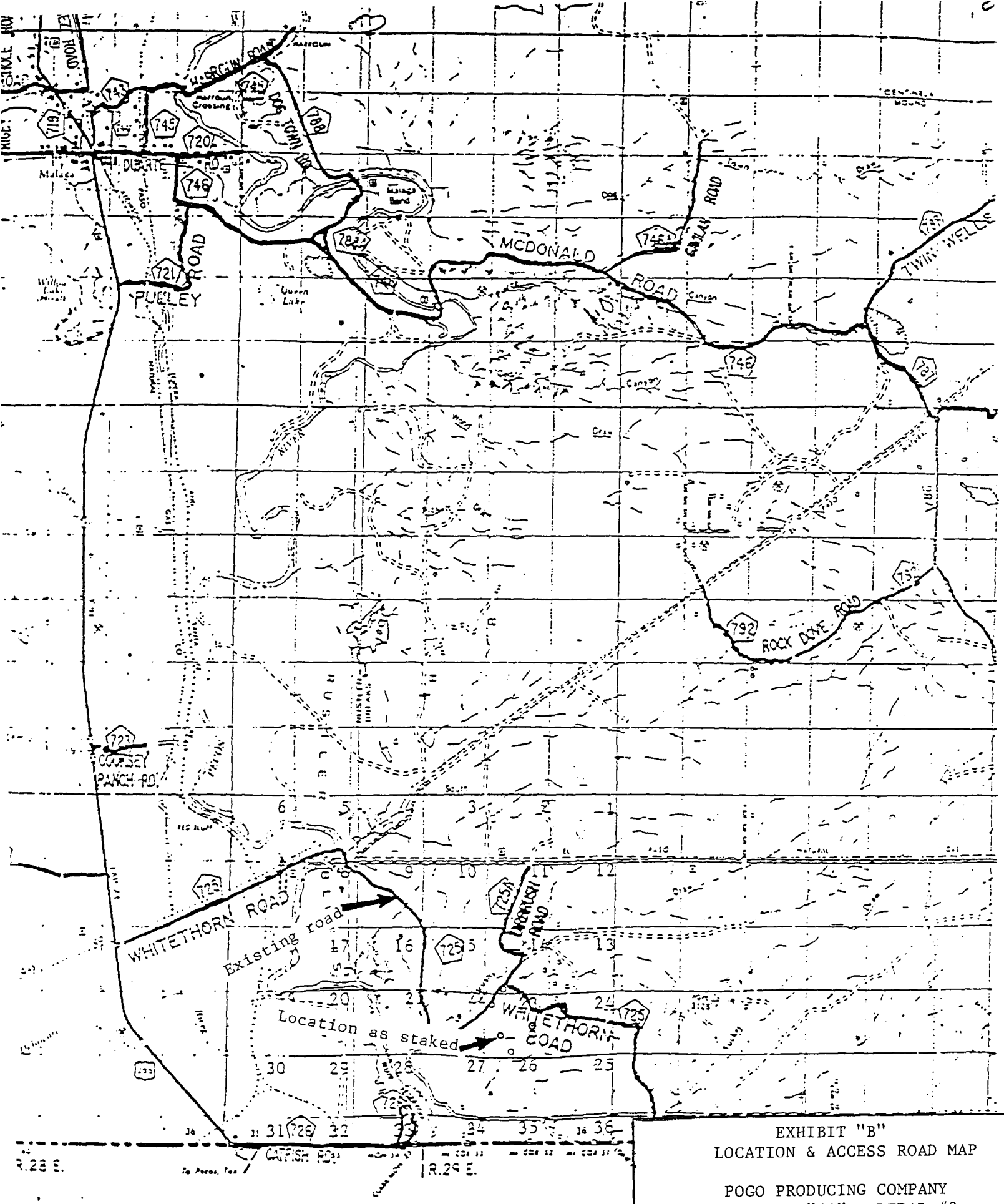


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

POGO PRODUCING COMPANY
CIMARRON "23" FEDERAL #3
UNIT "K" SECTION 23
T26S-R29E EDDY CO. NM

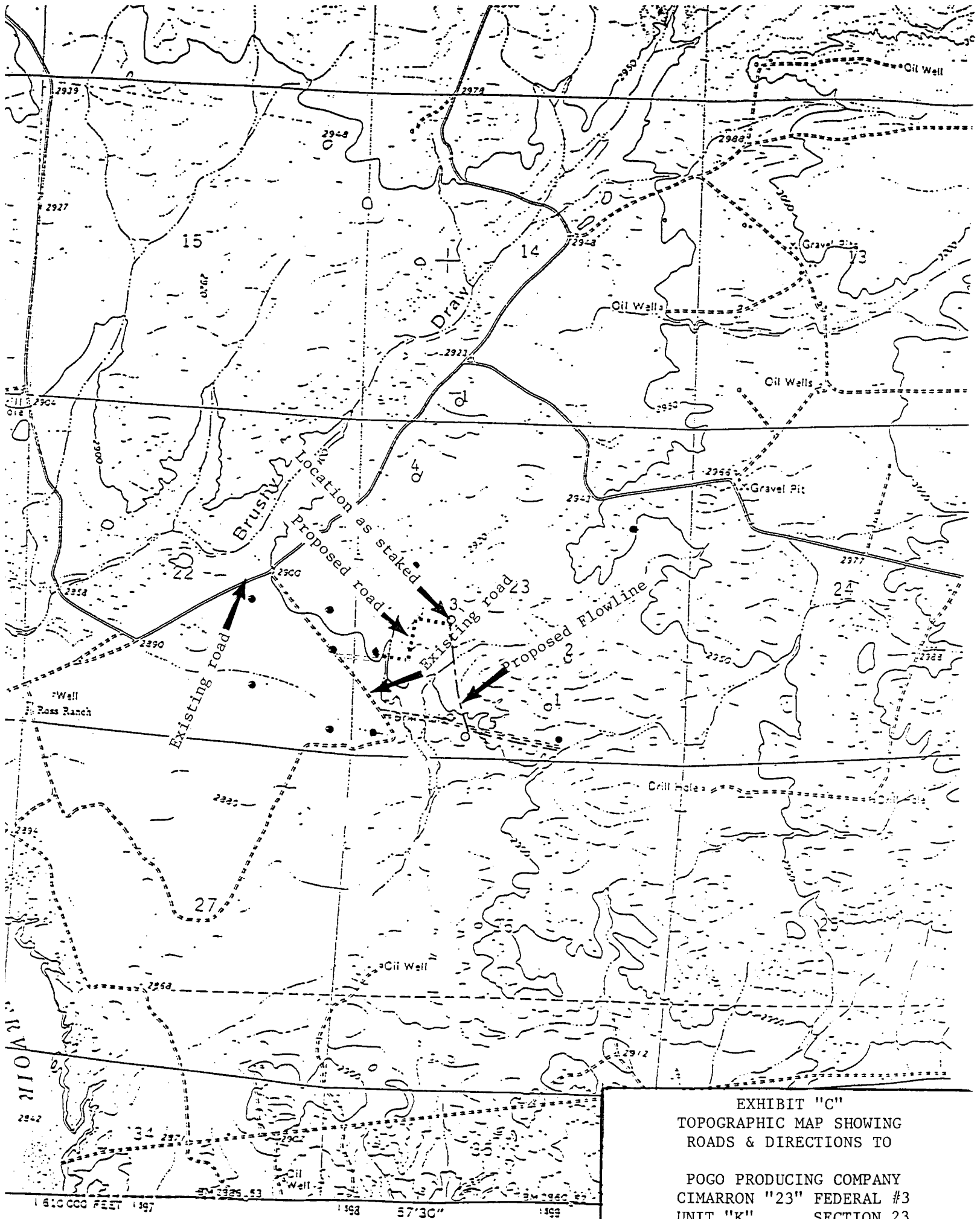
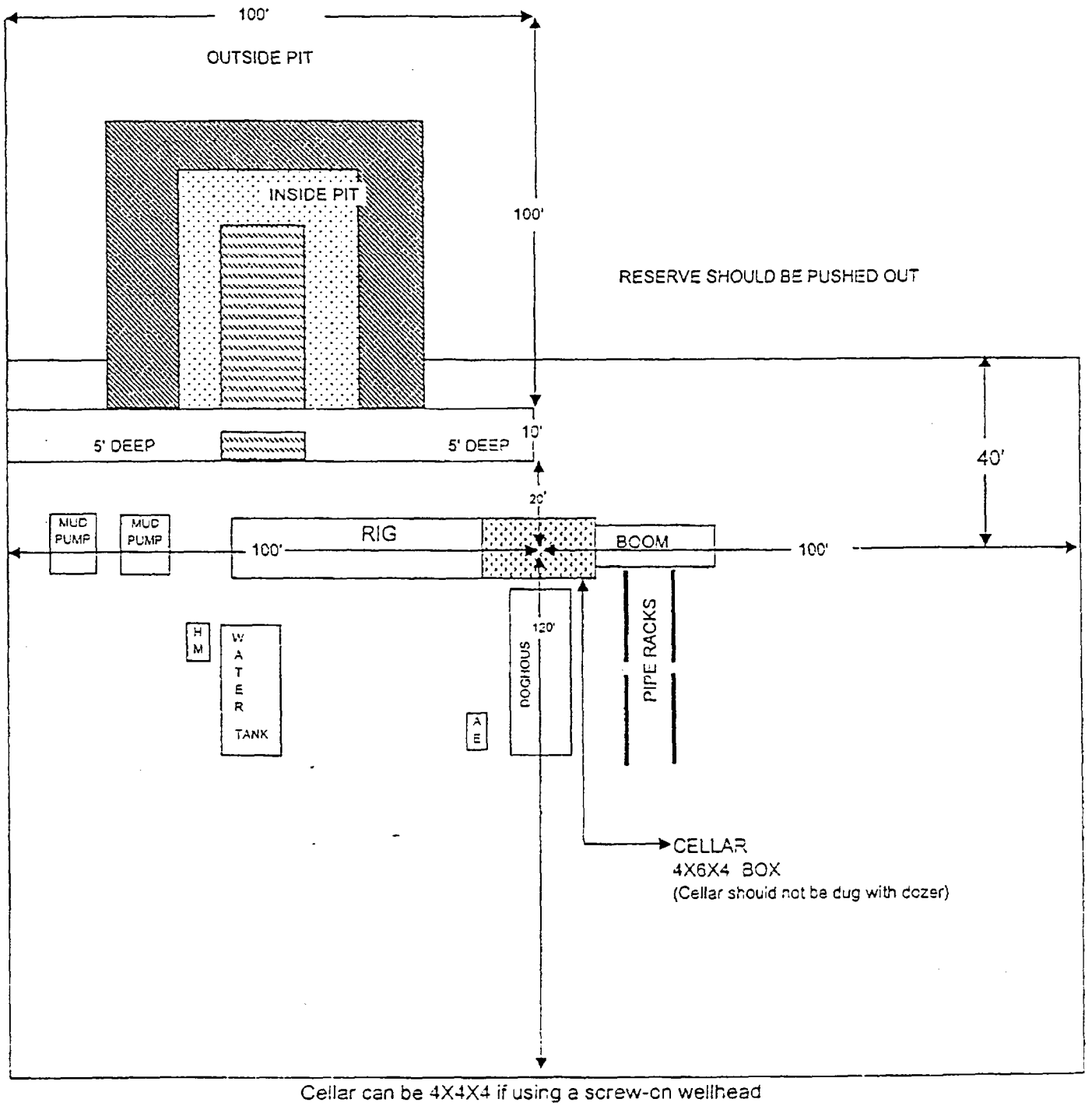


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

POGO PRODUCING COMPANY
CIMARRON "23" FEDERAL #3
UNIT "K" SECTION 23
T26S-R29E EDDY CO. NM

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
CIMARRON "23" FEDERAL #3
UNIT "K" SECTION 23
T26S-R29E EDDY CO. NM

Location Specs

CIMARRON 23 FED # 3
BOP SCHEMATIC

11" 2M

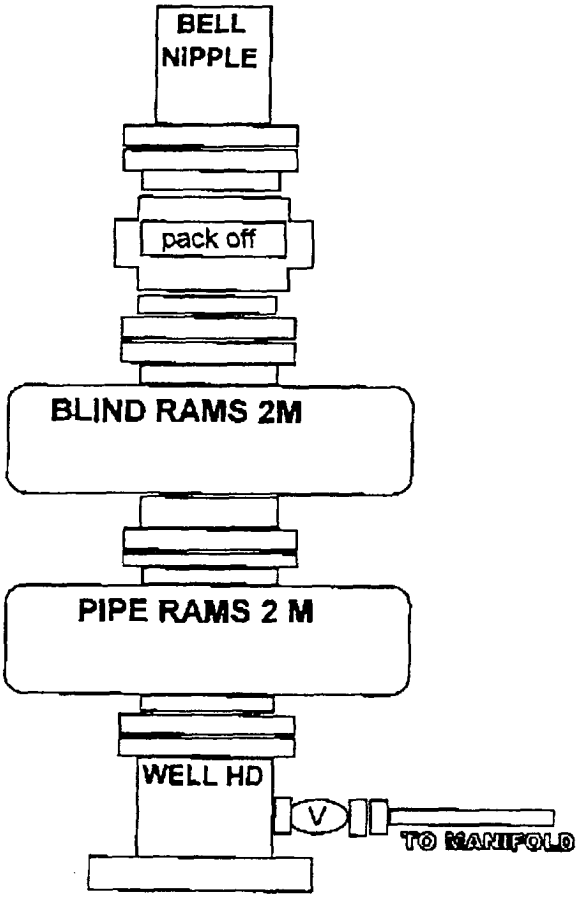
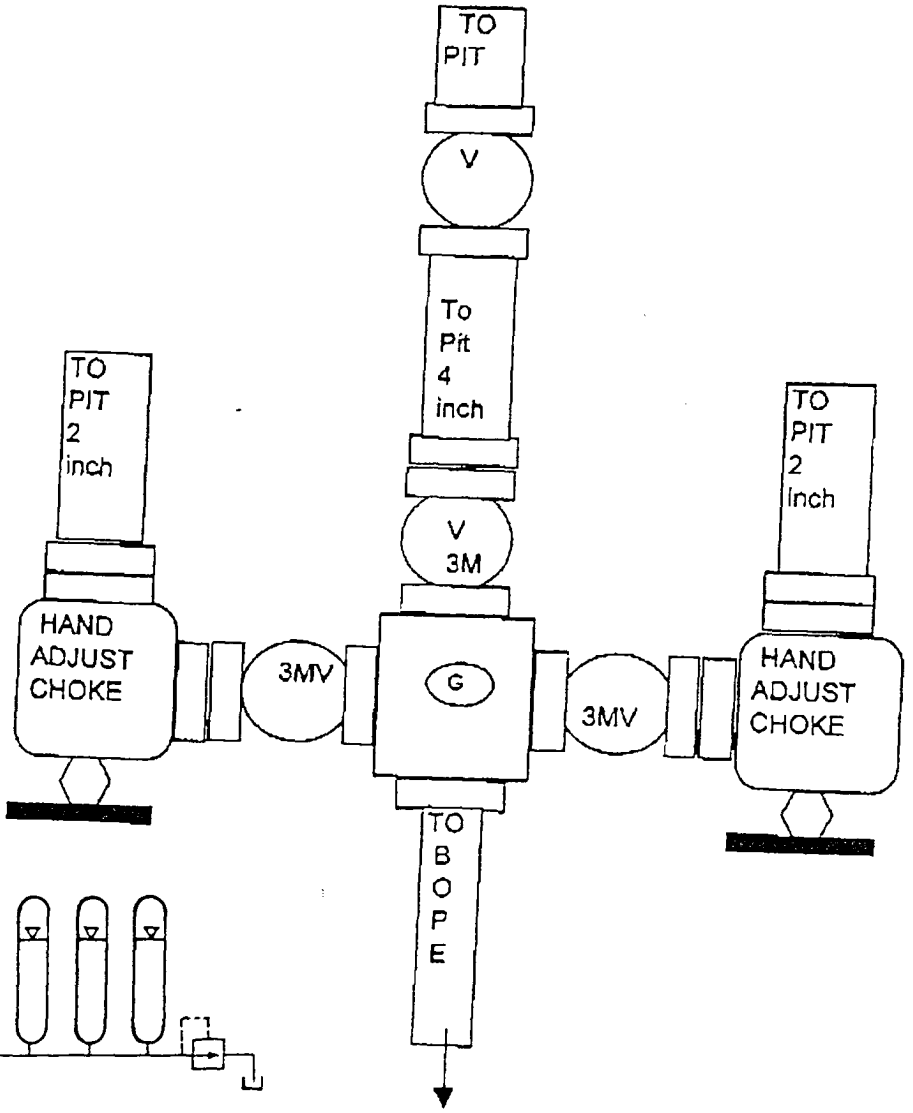


EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
CIMARRON "23" FEDERAL #3
UNIT "K" SECTION 23
T26S-R29E EDDY CO. NM

CIMARRON 23 FED # 3
CHOKE MANIFOLD
3000 PSI WP



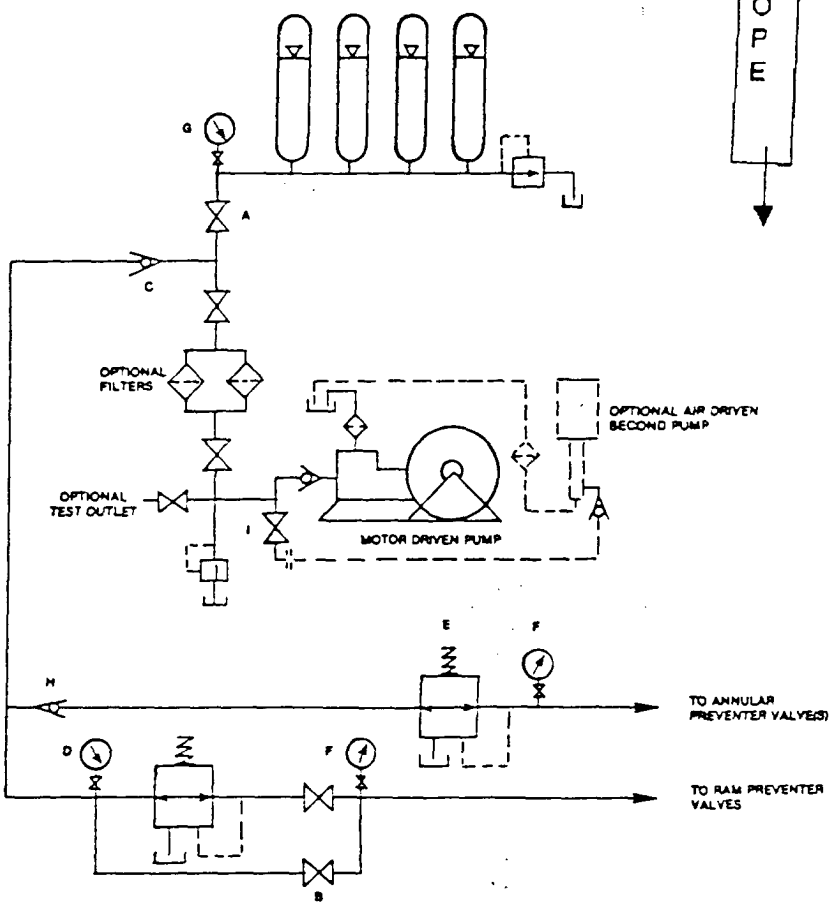
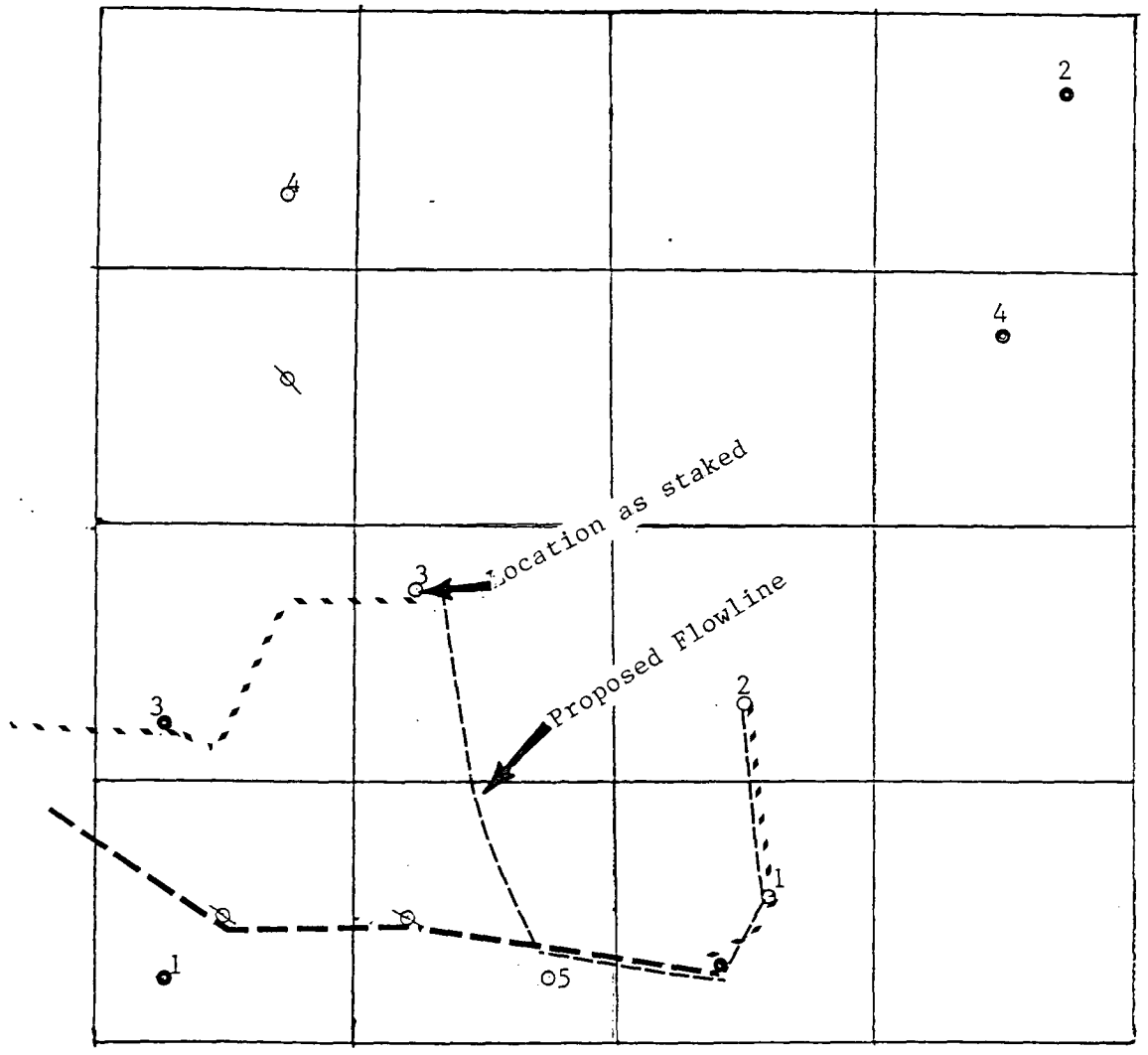


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

POGO PRODUCING COMPANY
CIMARRON "23" FEDERAL #3
UNIT "K" SECTION 23
T26S-R29E EDDY CO. NM

SECTION 23 T26S-R29E
EDDY CO. NM



EXISTING ROAD ————

PROPOSED ROAD - - - - -

PROPOSED FLOWLINE ——————

EXHIBIT "F"
ROUTE OF PROPOSED ROADS
FLOWLINES & POWERLINES

POGO PRODUCING COMPANY
CIMARRON "23" FEDERAL #3
UNIT "K" SECTION 23
T26S-R29E EDDY CO. NM

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

OPERATOR NAME: POGO PRODUCING COMPANY

ADDRESS; P.O. BOX 10340

CITY,STATE, & ZIP: MIDLAND, TEXAS 79702-7340

The above operator accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No: NM-11038

Well name: CIMARRON "23" FEDERAL 3,4,5
PITA "14" FEDERAL # 1

Legal Description of land: Section 14 & 23 T26S-R29E EDDY CO. NM.

Bond coverage: BLANKET

B.L.M. Bond File No.: WY-0405

Authorized Signature

Title: AGENT

Date: 06/07/04