DB 6/28/06

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

Form 3160-3 (August 1999) — OMB No. 1004-0136 — Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

R-111-POTASH

I-06-44

RECEIVED
AUG 2006
OCD-ARTESIA

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

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

2. NAME OF OPERATOR: POGO PRODUCING COMPANY 17891 (RICHARD WRIGHT 432-685-8140)

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FSL & 1980' FEL SECTION 33 T23S-R31E EDDY CO. NM
At proposed prod. zone: SAME

5. LEASE DESIGNATION AND SERIAL NO.: NM-45236 315236

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME, WELL NO.: STERLING SILVER "33" FED #1

9. API WELL NO.: 30-015-34359

10. FIELD AND POOL, OR WILDCAT: SAND DUNES-MORROW West

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 33 T23S-R31E

12. COUNTY OR PARISH: EDDY CO. 13. STATE: NEW MEXICO

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 30 miles Southeast of Carlsbad, 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
660'	640	320
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**
330'	15,400'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3409' GR.

CARLSBAD CONTROLLED WATER BASIN

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
26"	Conductor	NA	40"	Cement to surface W/Redi-mix.
17½"	J-55 13 3/8"	54.5#	650'	800 Sx. circulate cemmet to surface
12¼"	N-80 9 5/8"	43.5#	4150'	1200 Sx. " " " "
8½"	HCP 7"	29#	12,400'	1200 Sx. Est TOC 3000' FS
6 1/8"	HCP 5"	18#	12,200'-15,400'	400 Sx. Top of liner Hanger

WITNESS
WITNESS

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½" hole to 650'. Run and set 650' of 13 3/8" J-55 %$.%# ST&C casing. Cement with 800 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. circulate cement to surface.
3. Drill 12¼" hole to 4150'. Run and set 4150' of 9 5/8" 43.5# N-80 ST&C casing. Cement with 1200 Sx. of Class "C" cement + additives, circulate cement to surface.
4. Drill 8½" hole to 12,400'. Run and set 12,400' of 7" 29# HCP LT&C casing. Cement with 1200 Sx. of Class "H" cement + additives, estimate top of cement 3000' from surface. Volumes may be altered after fluid caliper logs are run.
5. Drill 6 1/8" hole to 15,400'. Run and set a 3200' 5" 18# HCP LT&C liner from 15,400' back to 12,200'. Cement with 400 Sx. of Class "H" Premium Plus Low Water Loss cement + additives. Cement to top of liner.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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 prevention program, if any.

24.

SIGNED: Joel T. Janica TITLE: Agent DATE: 06/19/06

(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 subje

CONDITIONS OF APPROVAL, IF ANY:

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

APPROVED BY: /s/ Jesse J. Juen TITLE: ACTING STATE DIRECTOR DATE: AUG 02 2006

APPROVAL FOR 1 YEAR

*See Instructions On Reverse Side

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
	84720	SAND DUNES- MORROW, West

Property Code	Property Name	Well Number
	STERLING SILVER "33" FEDERAL	19

OGRID No.	Operator Name	Elevation
017891	POGO PRODUCING COMPANY	3409'

Surface Location

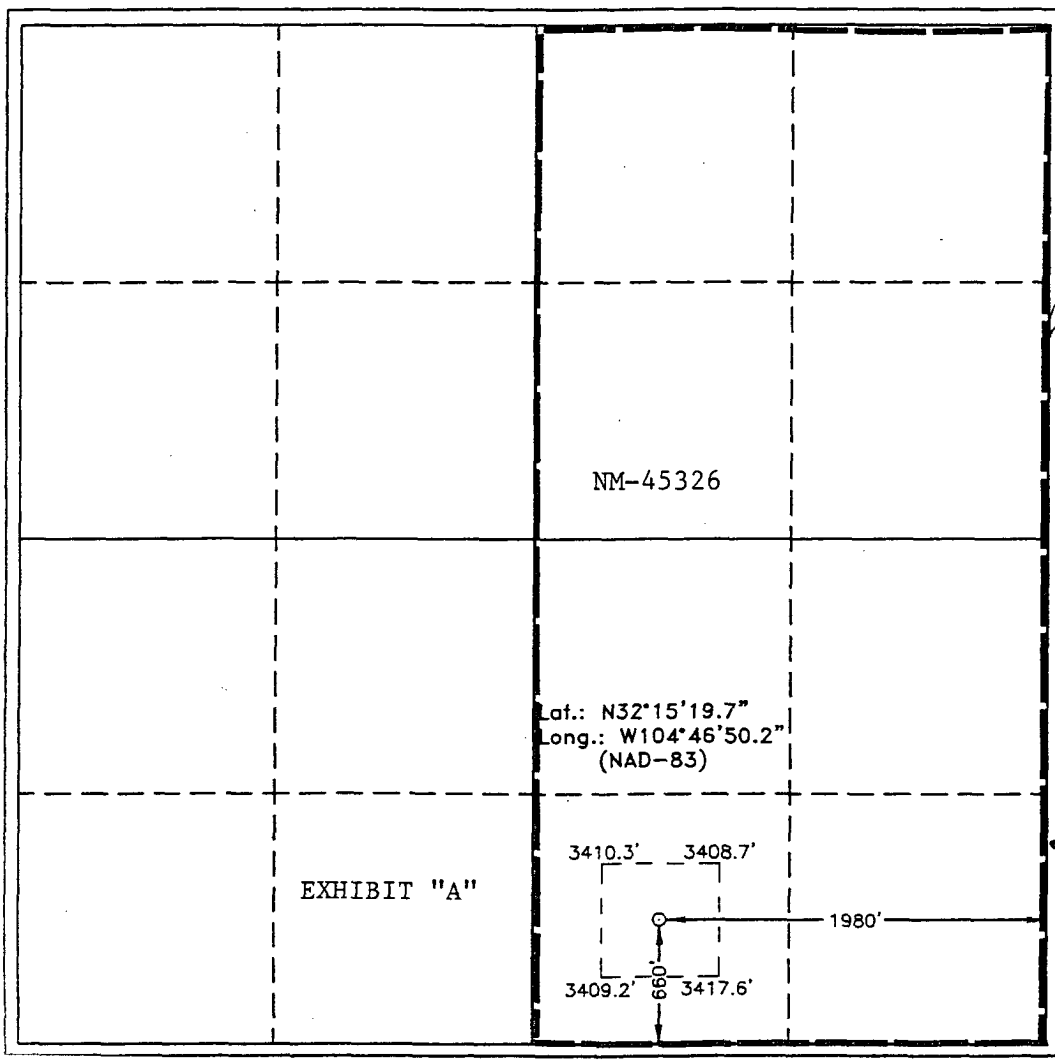
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	33	23 S	31 E		660	SOUTH	1980	EAST	EDDY

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	Joint or Infill	Consolidation Code	Order No.
320			

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 that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Joe T. Janica
Printed Name

Agent
Title

06/19/06
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 08, 2006
Date Surveyed

Signature & Seal of Professional Surveyor

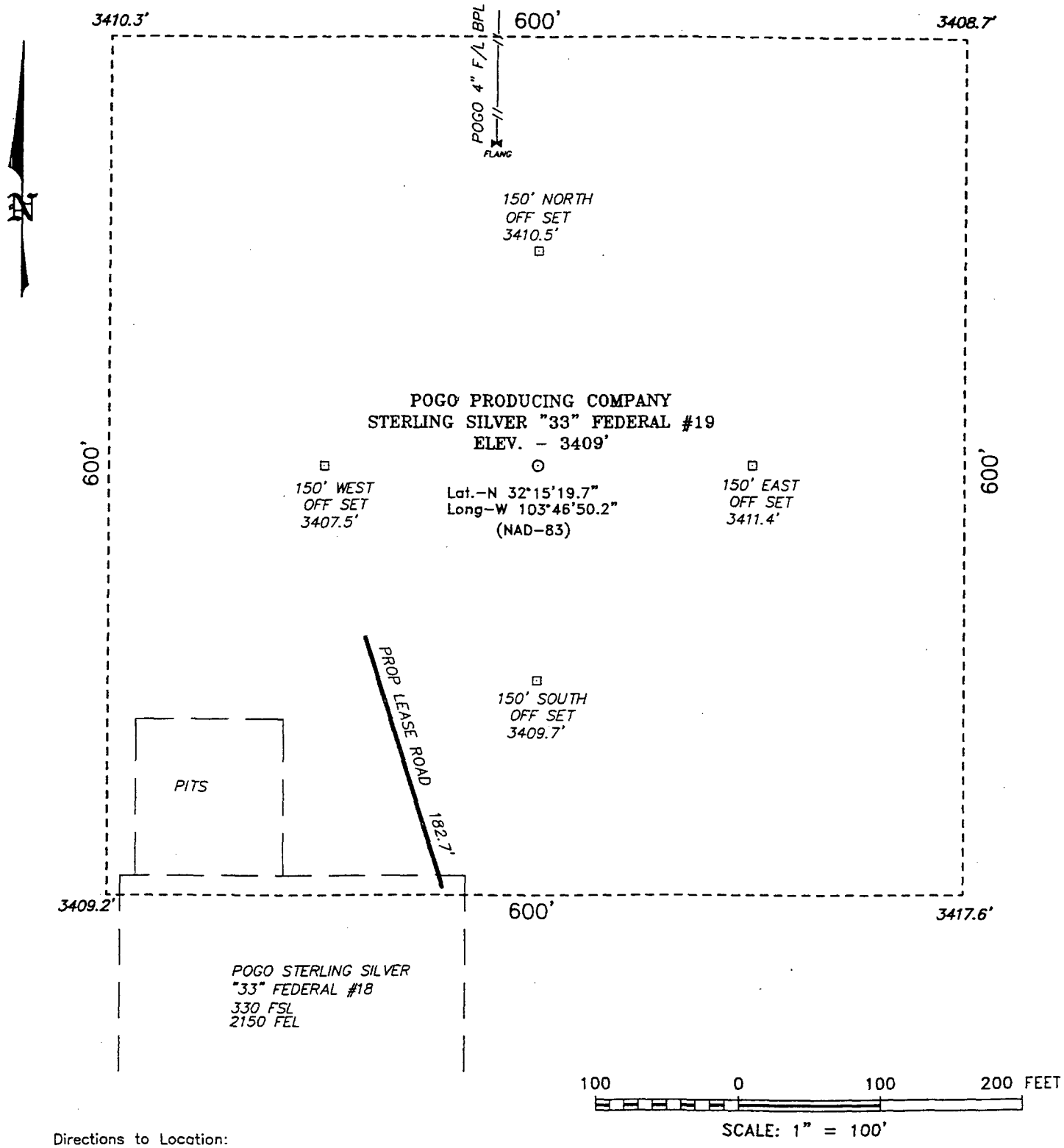
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 6765

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 33, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF CO. RD. 799 (RED ROAD) AND STATE HWY 128, PROCEED NORTHWEST 3.7 MILE TO LEASE ROAD; ON LEASE ROAD GO SOUTH FOR 1.7 MILE TO LEASE ROAD; THENCE 0.8 MILE EAST ON LEASE ROAD, THENCE 0.6 MILE SOUTH ON LEASE ROAD TO LEASE ROAD; THENCE WEST ON LEASE ROAD 0.2 MILE TO STERLING SILVER "33" FEDERAL #18 LOCATION AND PROPOSED LEASE ROAD.

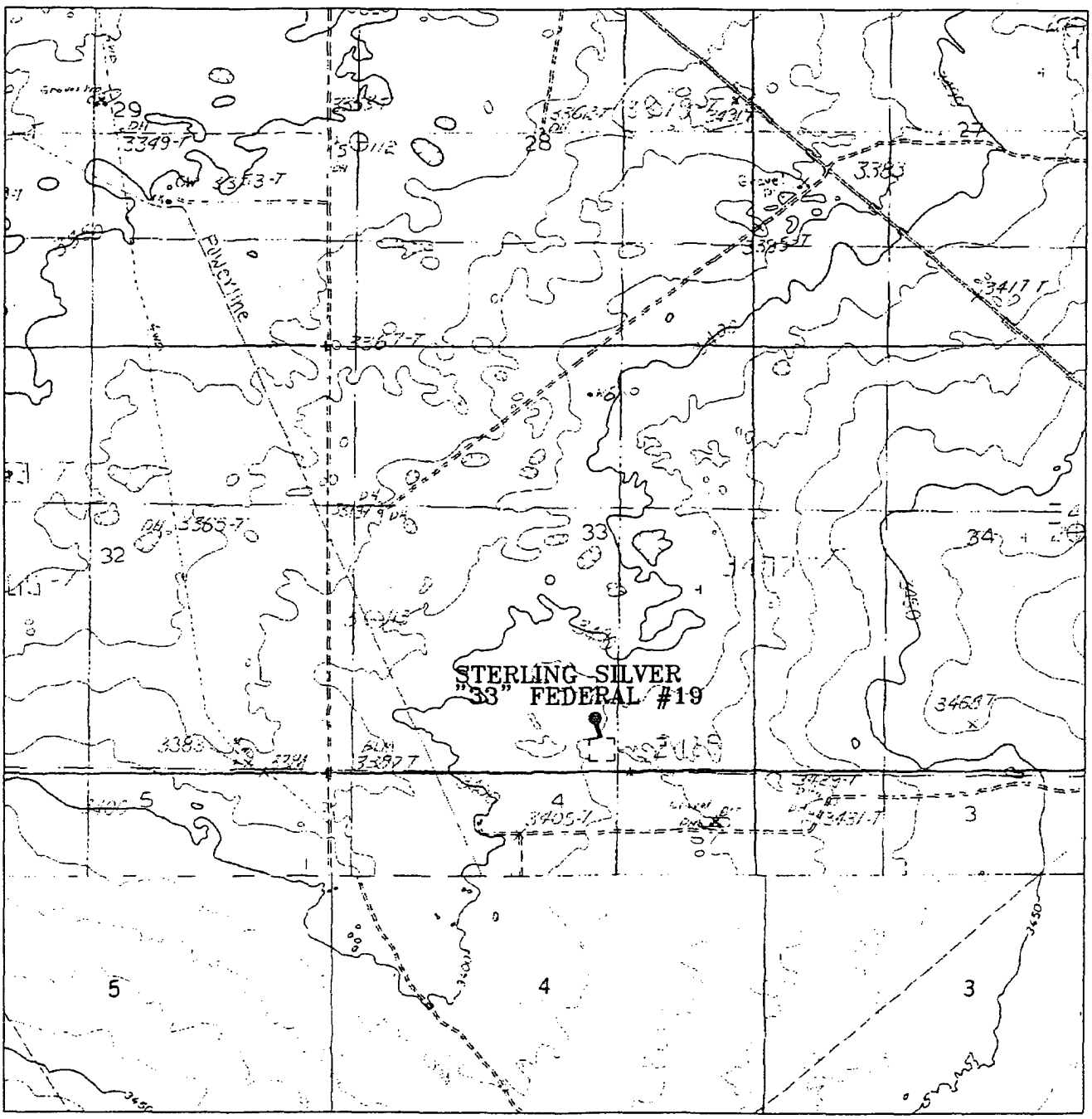
POGO PRODUCING CO.

REF: STERLING SILVER "33" FEDERAL #19 / Well Pad Topo

THE STERLING SILVER "33" FEDREAL #19 LOCATED 660' FROM THE SOUTH LINE AND 1980' FROM THE EAST LINE OF SECTION 33, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 6767W	Drawn By: J. SMALL		
Date: 06-10-2006	Disk: JMS 6767W	Survey Date: 06-08-2006	Sheet 1 of 1 Sheets



STERLING SILVER "33" FEDERAL #19
Located at 660' FSL and 1980' FEL
Section 33, Township 23 South, Range 31 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:	JMS 6767T
Survey Date:	06-08-2006
Scale:	1" = 2000'
Date:	06-10-2006

POGO PRODUCING COMPANY

APPLICATION TO DRILL

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-R31E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6, the following information on the above will is provided for your information.

1. LOCATION: 660' FSL & 1980' FEL SECTION 33 T23S-R31E EDDY CO. NM

2. ELEVATION ABOVE SEA LEVEL:

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: 15,400'

6. ESTIMATED TOPS OF GELOOGICAL MARKERS:

Rustler Anhydrite	410	Wolfcamp	11,510	Morrow Clastics	14,325'
Base of Salt	3955'	Strawn	13,200'	Lower Morrow	14,900'
Cherry Canyon	5090'	Atoka	13,350'	TD	15,400'
Bone Spring	8020'	Morrow Lime	13,982'		

7. POSSIBLE MINERAL BEARING FORMATION:

Delaware Sd	Oil	Wolfcamp	Gas	Morrow Lime	Gas
Brushy Canyon	Oil	Strawn	Gas	Morrow Clastics	Gas
Bone Spring	Oil	Atoka	Gas	Lower Morrow	Gas

8. CASING PROGRAM:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40	20"	NA	NA	NA	Conductor
17½"	0-650'	13 3/8"	54.5#	8-R	ST&C	J-55
12¼"	0-4150'	9 5/8"	43.5#	8-R	ST&C	N-80
8½"	0-12,400'	7"	29#	8-R	LT&C	HCP
6 1/8"	12,200-15,400	5"	18#	8-R	LT&C	HCP

APPLICATION TO DRILL

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-R31E EDDY CO. NM

9. CASING CEMENTING & SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 650' of 13 3/8" 54.5# J-55 ST&C casing. Cement with 800 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.
9 5/8"	1st Intermediate	Set 4150' of 9 5/8" 43.5# N-80 ST&C casing. Cement with 1200 Sx. of Class "C" cement + additives, Circulate cement to surface.
7"	2nd Intermediate	Set 12,400' of 7" 29# HCP LT&C casing. Cement with 1200 Sx. of Class "H" cement + additives. Cement in two stages with DV Tool at 7000'±. Estimate top of cement 3000' FS.
5"	Production Liner	Set 3200' of 5" 18# HCP 8-R LT&C liner from 12,200' to 15,400'. Cement with 400 Sx. of Class "H" Premium Plus cement + additives, cement to top of liner.

10. PRESSURE CONTROL EQUIPMENT:

Exhibit "E" shows a 1500 Series 5000 PSI working pressure B.O.P., consisting of a top annular bag type preventor, middle blind rams, bottom pipe rams, this will be nippled up on the 13 3/8" casing and remain on the hole to 12,400'. Exhibit "E-1" shows a 3" 5000 PSI choke manifold with two hand adjustable outlets and a remote closing unit. Exhibit "F" shows a 10,000 PSI working pressure B.O.P. Consisting of annular bag type preventor, middle top pipe ram, middle bottom blind rams, and bottom pipe rams. This B.O.P. will be nippled up after the 7" casing is run and remain on the hole to TD. Exhibit "F-1" shows a 10,000 PSI 4" chole manifold with remotely operated chokes, hand operated chokes and a hydraucally operated closing unit. B.O.P.'s will be operated at least once in each 24 hour period and the blind rams will be operated when the drill pipe is out of hole on trips. Full opening stabbing valveand upper kelly cock will be utilized. All equipment will be tested according to API specifications.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-650'	8.4-8.7	29-32	NC	Fresh water spud mud add paper to control seepage
650-4150'	10.0-10.2	29-36	NC	Brine water add paper to control seepage and high viscosity sweeps to clean hole.
4150-12,400'	8.4-8.8	29-40	NC *	Fresh water use high viscosity sweeps to clean hole.

APPLICATION TO DRILL

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-R31E EDDY CO. NM

DEPTH	MUD WT	VISC.	FLUID LOSS	TYPE MUD SYSTEM
12,400-15,400'	11.5-11.8	30-38	*	Brine water with necessary weighting material that may necessary to contain any pressures above normal gradient. Use high viscosity sweeps to clean hole. Use a POlymer system to control water loss control.

* Water loss control may be necessary in order to run DST's, cut cores, run logs, and casing.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks.

12. LOGGING CORING AND TESTING PROGRAM:

A. Types of open hole logs will be determined by the Geologist and the type of mud system is in use at that time. Fluid caliper logs may be run to calculate the volume of cement to cement casing.

B. Mud logger will be rigged up on hole at 4150'

C. DST's and Cores may be taken as shows dictate.

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 & Gas Order No. 6. No lost circulation and no abnormal pressures are expected to occur. All personel will be familiar all aspects of safe operation of equipment being used to drill this well. Estimated BHP _____PSI, and estimated BHT_____.

14. STARTING DATE AND DURATION OF OPERATION: Road and location construction will begin after the approval of APD, drilling operation will commence as soon as a drilling rig is available. Move in operation and drilling of well is expected to take approximately 70 days. If production casing is run an additional 30 days will be needed in order to complete well and construct production equipment and place well on production.

15. OTHER FACETS OF OPERATIONS: After running casing, cased hole Gamma Ray, Neutron, and collar logs will be run from TD back over all possible productive formations. The Morrow formation will be perforated and stimulated in order to establish production. The well be tested and potentialed as a gas 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"

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

SURFACE USE PLAN

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-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 reproductio 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 New Mexico take U.S. Hi-way 62-180 West toward Carlsbad New Mexico go 41± miles to WIPP road, turn Left (South) go 13 miles to CO-802, turn Right (West) go 4.6 miles to State Road 128. Turn Left (East) go 3.4 miles to lease road, turn Right (Souuth) go 1.8 miles, turn Left (East) go .8 miles to well # 15, turn Right (South) go .6 miles to well # 17, turn Right (West) 1200' to well # 18, turn Right (North) go 3000' to location.

   C. Exhibit "C" shows the roads and location, proposed flowlines, powerlines and existing roads.

2. PLANNED ACCESS ROADS: No additional 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 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 - One i mile 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. Exhibit "C" shows proposed routes of roads, flowlines and powerlines.

5. LOCATION AND TYPE OF WATER SUPPLY:

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

6. SOURCE OF CONSTRUCTION MATERIAL:

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

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.

D. Waste water from living 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 shows the location of reserve pit, sump pits, and living facilities.

C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encontered during pit construction indicate that a plastic liner is required to contain lateral migration.

D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.

E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completionphases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out.If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

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

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

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

SURFACE USE PLAN

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-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. An archaeological survey will be conducted on the location and access roads. This report will be filed with The Bureau of Land Management 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. 432-685-8100
Mr. RICHARD WRIGHT 432-685-8140

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
DATE : 06/19/06
TITLE : Agent

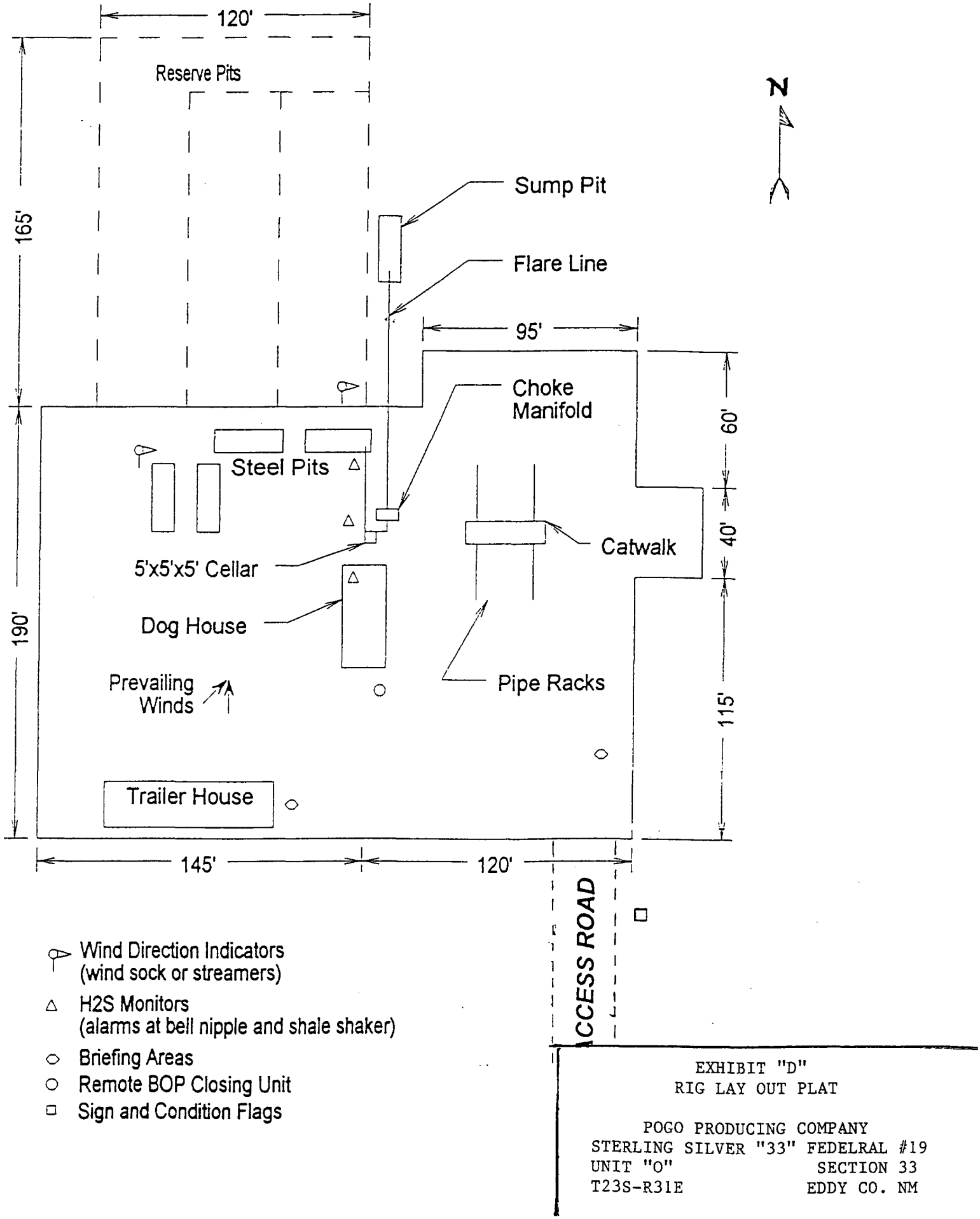
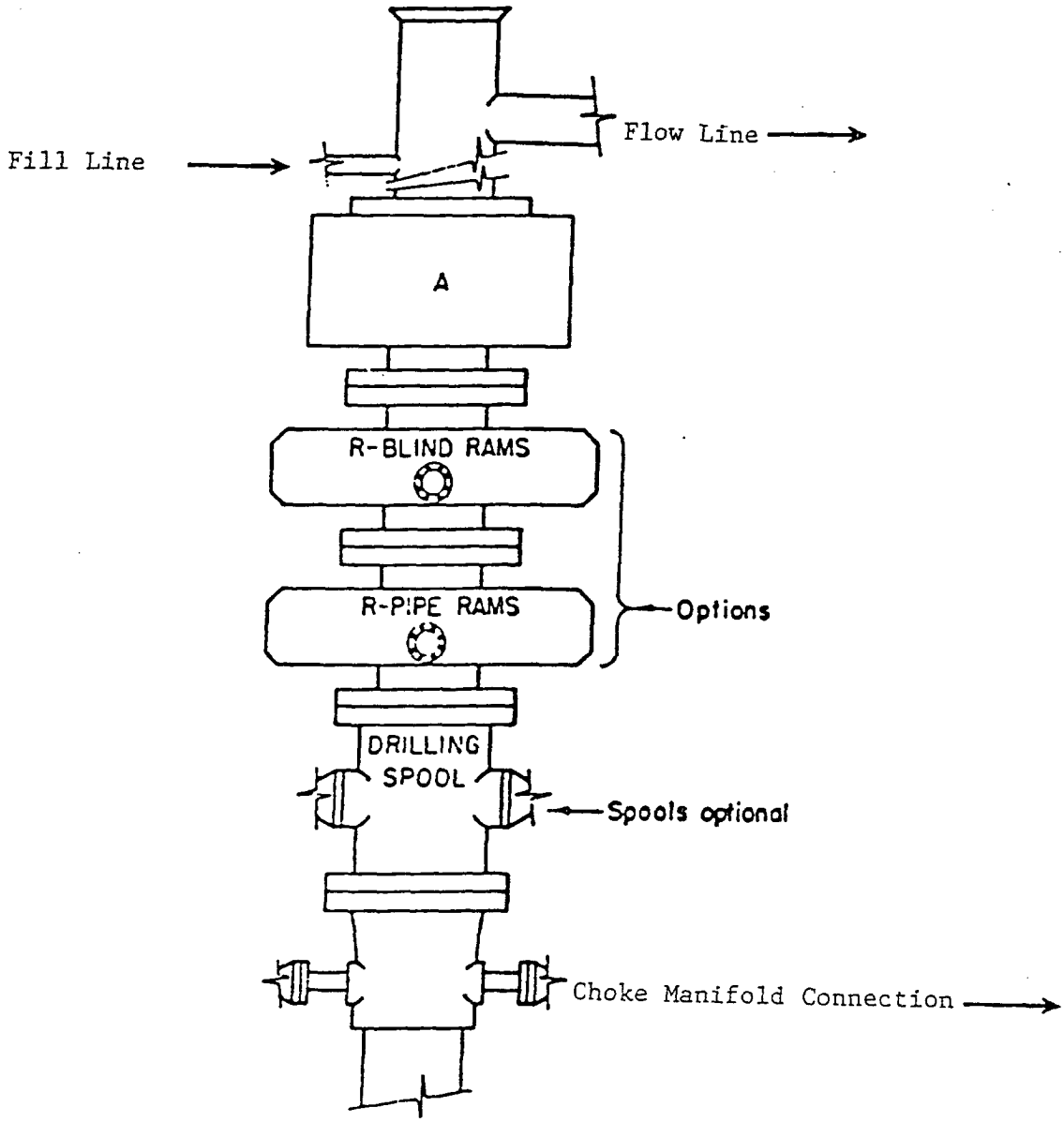


EXHIBIT "D"
RIG LAY OUT PLAT

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDELRAL #19
UNIT "O" SECTION 33
T23S-R31E EDDY CO. NM



ARRANGEMENT SRRA

1500 Series
5000 PSI WP

EXHIBIT "E"
5000 PSI
SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-R31E EDDY CO. NM

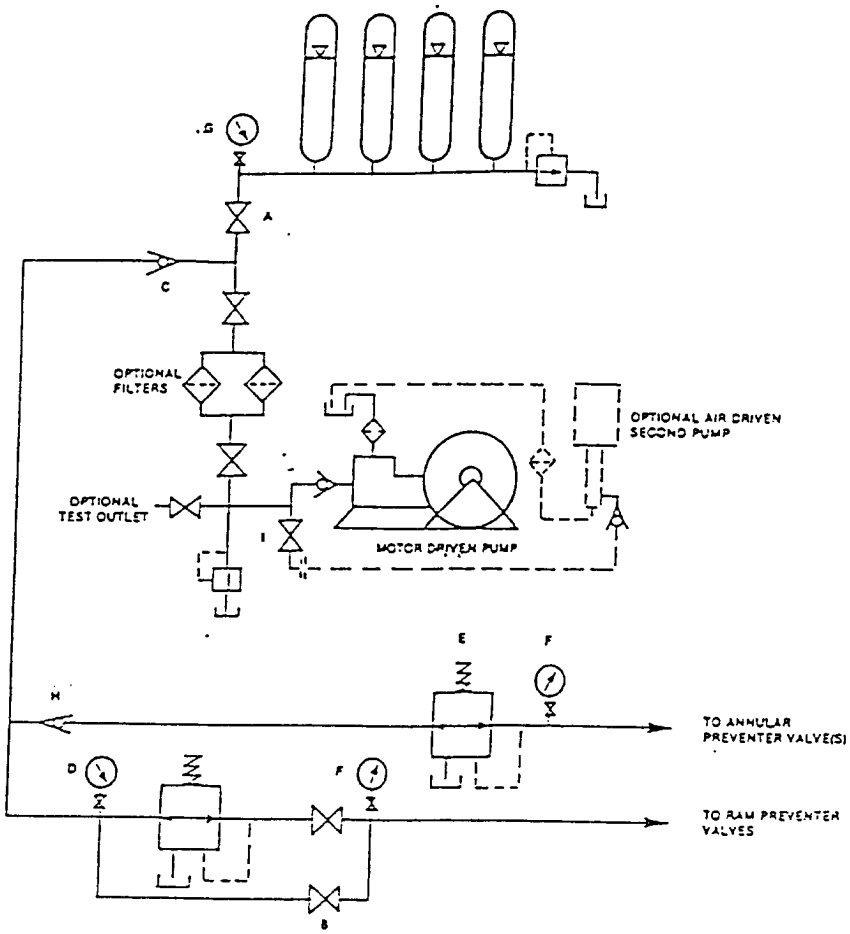


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

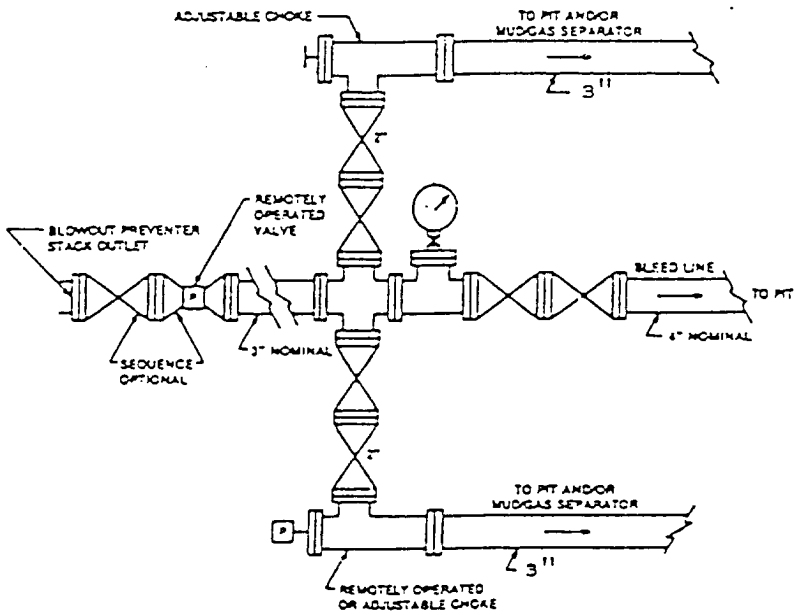


FIGURE K-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"
5000 PSI
CHOKE MANIFOLD & CLOSING UNIT

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-R31E EDDY CO. NM

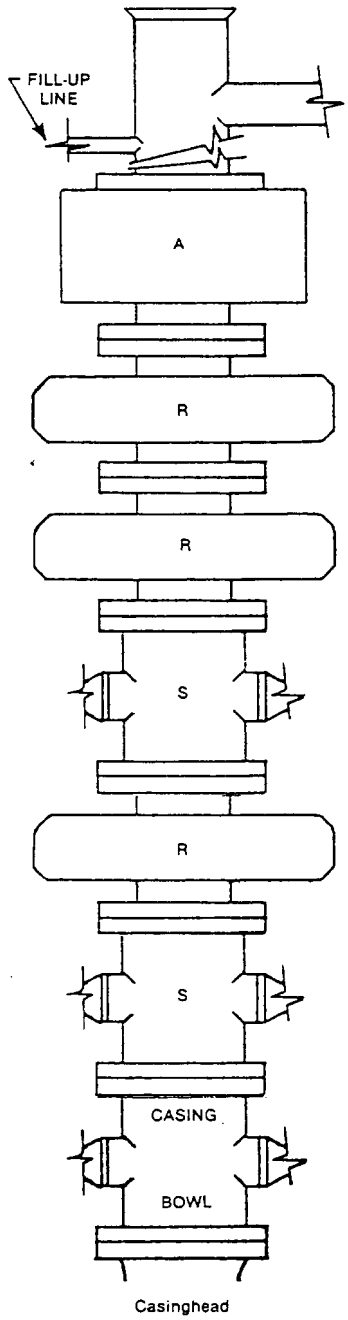


FIGURE K1-3. Recommended IADC Class 10 BOP stack arrangement SRSRRA, 10,000 psi WP. Lower drilling spool is optional with outlets on lower ram. Annular preventers may be 5000 or 10,000 psi.

EXHIBIT "F"
10,000 PSI
SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-R31E EDDY CO. NM

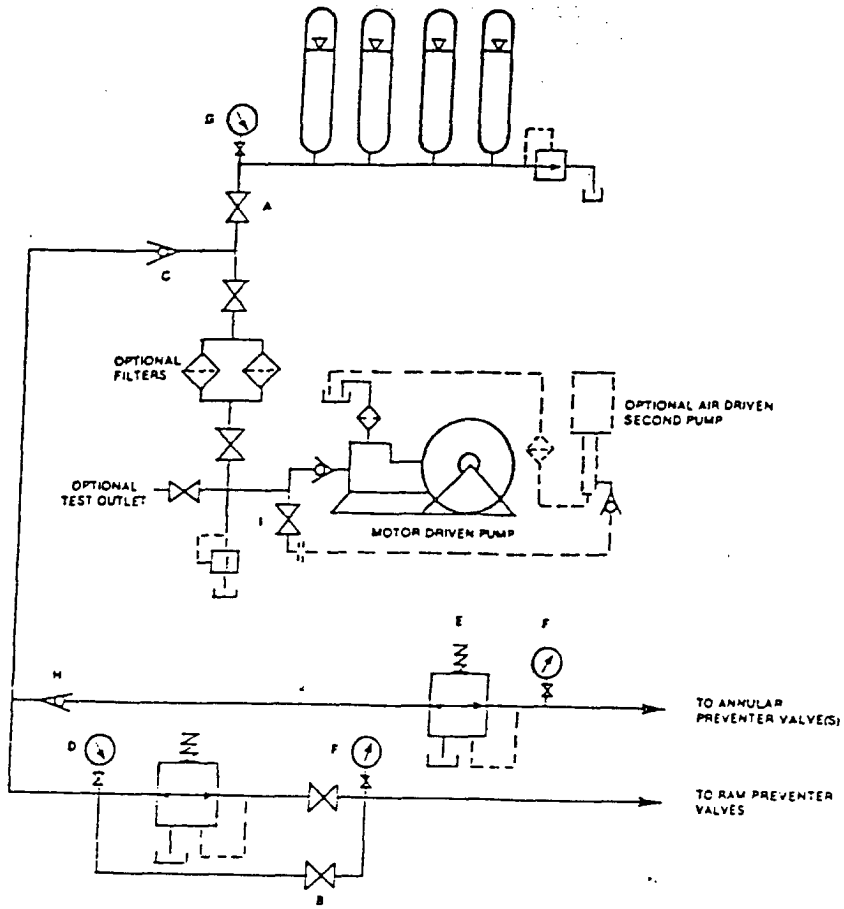
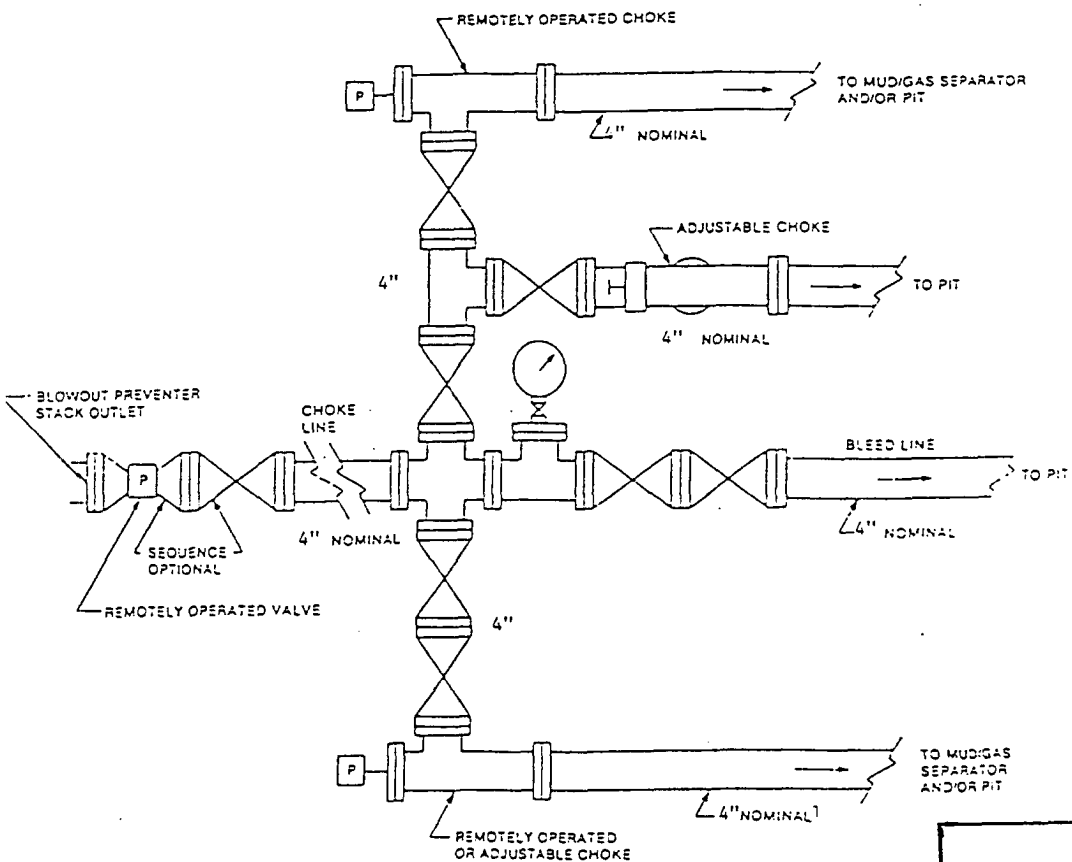


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.



TYPICAL CHOKE MANIFOLD ASSEMBLY FOR 10M & 15M PSI RATED WORKING PRESSURE SURFACE INSTALLATION.

EXHIBIT "F-1"
10,000 PSI
CHOKE MANIFOLD & CLOSING UNIT

POGO PRODUCING COMPANY
STERLING SILVER "33" FEDERAL #19
UNIT "O" SECTION 33
T23S-R31E EDDY CO. NM

CONDITIONS OF APPROVAL - DRILLING

Operator's Name:	**Pogo Producing Company**
Well Name & No.	**Sterling Silver 33 Federal # 19**
Location:	**660' FSL, 1980' FEL, Section 33, T. 23 S., R. 31 E., Eddy County, New Mexico**
Lease:	**NM-45236**

I. DRILLING OPERATIONS REQUIREMENTS:

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

   A. Well spud

   B. Cementing casing: **13-3/8** inch **9-5/8** inch **7** inch **5** inch liner

   C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

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. The **13-3/8** inch surface casing shall be set at **approximately 650 feet** and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is **to be sufficient to circulate to the surface**.

3. The minimum required fill of cement behind the **7** inch production casing is **to be sufficient to circulate to the surface.**

4. The minimum required fill of cement behind the **5** inch production liner is to be **sufficient to circulate to the top of the liner**.

5. 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. All BOP systems and related equipment shall comply with well control requirements as described in Onshore

Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **13-3/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **5000** psi. Below 12,400 feet, the minimum working pressure of the blowout preventer and related equipment shall be **10,000 psi**.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

- Recording pit level indicator to indicate volume gains and losses.
- Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

acs
6/27/2006