



United States Department of the Interior

GEOLOGICAL SURVEY
P. O. Drawer U
Artesia, New Mexico 88210

September 6, 1978

Southern Union Exploration Co.
Att: Mr. B. Bernard Landford, Jr.
First International Building
Suite 1800
Dallas, Texas 75270

Southern Union Exploration Company
Exxon Fed. "A" Well No. 2
1700 FNL 1780 FWL Sec. 25, T20S, R25E
Eddy County Lease No. NM-0558219

Above Data Required on Well Sign

Gentlemen:

Your APPLICATION FOR PERMIT TO DRILL the above-described well to a depth of 10,500 feet to test the Morrow formation is hereby approved subject to compliance with the OIL AND GAS OPERATING REGULATIONS (30 CFR 221) and the following conditions:

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Oil and Gas Operations on Federal Leases, dated July 1, 1978.
2. Prior to commencing construction of road, pad, or other associated developments, operator will provide the dirt contractor with a copy of the Surface Use Plan and these Conditions of Approval including the attached General Requirements.
3. Submit a Daily Report of Operations from spud date until the well is completed and the Well Completion Report (form 9-330) is filed. The report should be not less than 8" x 5" in size and each page should identify the well.
4. All above-ground structures and equipment shall be painted in accordance with the attached Painting Guidelines. The color used should simulate sandstone brown (Federal Standard Color No. 595A, color 20318 or 30318). Additionally production facilities shall utilize low profile tanks.
5. Before drilling below the 8-5/8" casing, the blowout preventer assembly will consist of a minimum of one annular type and two ram type preventers.
6. A kelly cock will be installed and maintained in operable condition.
7. After setting the 8-5/8" casing string and before drilling into the Wolfcamp formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the test and shall be furnished a copy of the pressure test report.