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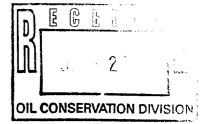
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July 15, 1996

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#### HAND DELIVERED

William J. LeMay
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. LeMay:

Pogo Producing Company ("Pogo") requests administrative approval to drill the following well without the salt protection string required by Rule D(3) of Order No. R-111-P:

Well Name:

Amax "24" Federal No. 13

Case 11611

Location:

990' FSL and 330'FWL

Section 24-23 South-31 East Eddy County, New Mexico

The well will be drilled to test the Cherry Canyon member of the Delaware Mountain Group. In support of its application, Pogo states:

Attached as Exhibit A is the APD for the subject well which was submitted to the Bureau of Land Management ("BLM"). Pogo requested permission from the BLM to omit the salt protection string, but the BLM notified Pogo that such approval must be obtained from the Division.

The reason for the request is that the salt protection string will cost approximately \$150,000, which adversely affects the well's economics. Moreover, drilling the well without the salt protection string will not adversely affect potash development in the area. Pogo notes that:

1. This area is heavily developed, with a number of Delaware wells already drilled in Section 24 and offsetting acreage. <u>See</u> land plat attached as Exhibit B.

2. The following wells have been drilled without a salt protection string:

<u>Well</u>	Name				<u>Locat</u>	tic	<u>on</u>
Amax				_	Unit		<b>-</b> -
Amax Amax				_	Unit Unit		_
Allaa	27	reu.	NO.	J	OILL	ע	344

The total total depth the proposed well is approximately 6700 feet, and thus is considered a "deep" well under Order No. R-111-P. However, the well will only test the Cherry Canyon member of the Delaware Mountain Group.

Note: The APD lists the well as being in the Ingle Wells-Delaware Pool. That is incorrect. The Cherry Canyon zone in the W½ §24 is in the Sand Dunes-Cherry Canyon Pool.

Notice of these applications is normally given to the potash lessee. However, an examination of the BLM's records on July 12, 1996 reflects that all of Sections 13, 14, 23, 24, 25, and 26 are unleased for potash. Thus, no notice was given to any potash operator. A copy of this letter is being sent, via certified mail, to the BLM's Carlsbad office. If the BLM has any objection, it is requested to notify the Division in writing by August 5, 1996.

Should you need any further information, please call.

Very truly yours,

HINKLE, COX, EATON, COFFIELD HENSLEY, L.L.P.

James Bruce

JGB/sb

cc: Bureau of Land Management

P. O. Box 1778

Carlsbad, New Mexico 88220

Enclosures

Perm 3160-3 (July 1992)

SUMMER DE TRA

FORM APPROVED OMB NO. 1604-6136 (Other instructions on

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SURFACE USE AND OPERATING PLAN

EXHIBIT A - ROAD MAP

EXHIBIT B - EXISTING WELL MAP

EXHIBIT C - LOCATION AND ACREAGE DEDICATION PLAT

EXHIBIT C-I - TOPO MAP



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SHENEN James Mr. C. ICC	the h	Agent	9ATR	5/08/96

#### DRILLING PROGRAM

Attached to Form 3160-3

Pogo Producing Company

Amax "24" Federal Well No. 13 990' FSL & 330' FWL Unit Letter M, NE/SW Section 24, T23S, R31E Eddy County, New Mexico

- 1. Geologic Name of Surface Formation: Permian
- 2. Estimated Tops of Important Geologic Markers and
- 3. Estimated Depths of Fresh Water, Oil, and Gas:

Formation	Depth	Fluid Content
Permian	Surface	Fresh water at +250'
Rustler Anhydrite	8001	
Lamar Lime	4440'	
Bell Canyon	4480'	
Cherry Canyon	5300'	<del>کرنسیبہ</del>
Brushy Canyon	6650'	Oil
Total Depth	6700'	

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 8-5/8" casing at 800' into the Rustler anhydrite and circulating cement to surface. 5-1/2" production casing will be set at TD, and cement will be tied back at least 200' into the 8-5/8" intermediate casing, thus ensuring that all zones are adequately isolated.

The pore pressure gradient is normal (+8.4 ppg) down through the Brushy Canyon. No abnormal pressures are anticipated.

#### 4. Casing and Cementing Program

	Casing			•
Hole Size	Errom 1	<u>Co</u>	Casing OD	Weight, Grade, Compling, Cond.
*20"	٥٠	40'	16"	65# H40 used conductor
12 1/4"	0'	8001	8-5/8*	24# J55 LTC new
7-7/8"	0	ID	5-1/2"	15.5# J55 & N-80 LTC new

<sup>\*</sup>Setting conductor pipe will be at drilling contractor's option.

AMAX "24" FEDERAL WELL No. 13 DRILLING PROGRAM PAGE 2 OF 4

All used casing will be drifted and hydrostatically tested to at least 90% of new pipe rating.

Minimum Design Factors: Collapse 1.125, Burst 1.1, Tension 1.7

#### 16" conductor casing set at 40'

Cement to surface with ready-mix. No centralizers.

#### 8-5/8" surface casing set at 800'

The surface casing will be set into the Rustler anhydrite to protect all fresh water formations.

Centralize the bottom 3 joints and every 4th joint to surface. Cement to surface with 300 sx of Class C with 4% gel, 2% CaCl2 (13.5 ppg, 1.74 ft3/sx) followed by 200 sx Class C with 2% CaCl2 (14.8 ppg, 1.32 ft3/sx).

#### 5-1/2" production casing set at 10'

Centralize every joint from TD to bottom of the intermediate casing. Cement to tie back into 8-5/8" intermediate casing at least 200'. If a 2-stage cement job is required a DV tool will be set at +4500'. Stage 1: 350 sx 50/50 Pozmix Class H with 2% gel, 5% salt, 1/4% FC (14.2 ppg, 1.34 ft3/sx).

Stage 2: 1000 sx 50/50 Pozmix Class H with 2% gel, 5% salt, 1/4# FC (14.2 ppg, 1.34 ft3/sx) followed by 100 sx Class H (15.6 ppg, 1.19 ft3/sx).

#### 5. Minimum Specifications for Pressure Control:

#### 7-7/8" hole

The following BOP equipment will be nippled up on the 8-5/8" casing and used continuously until TD is reached for the 7-7/8" hole.

The blowout preventer equipment (BOP) shown in Exhibit E will consist of a 3000 psi WP double ram type preventer and a 3M annular (bag type) preventer with rotating head. Both BOP's will be hydraulically operated. H2S trim will not be required.

Before drilling out from under the 8-5/8" intermediate casing, all BOP's and accessory equipment will be tested to 1000 psi with the rig pump. Fipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

BLM method to calculate minimum BOP requirements: (.052)(8.4 ppg)(6700') - (0.22 psi/ft)(6700') = 1452 psi
Minimum BOP requirements: 2M BOP stack and manifold system.

AMAX "24" FEDERAL WELL No. 13 DRILLING PROGRAM PAGE 3 OF 4

#### 6. Proposed Mud System:

The well will be drilled to TD with a combination of fresh water and 10# brine. The applicable depths and properties of this system are as follows:

Depth	Type	(ppg)	(Sec)	(cc)
0-800'	Fresh water	8.4	28	NC
800-6700'	Brine	10.0	29	NC

Sufficient mud materials to maintain mud properties and meet minimum lost circulation requirements will be kept at the wellsite at all times.

#### 7. Auxiliary Well Control and Monitoring Equipment:

- a) A kelly cock will be kept in the string at all times.
- b) A full opening drill pipe stabbing valve (TIW/inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- c) An electronic pit volume totalizer system will NOT be used. The drilling fluids system will be visually monitored at all times.
- d) A mudlogging unit will be continuously monitoring drilling penetration rate and hydrocarbon shows from 4400' to TD if deemed necessary.

#### 8. Logging, Testing, and Coring Program;

- a) Drillstem tests will be run on the basis of drilling shows.
- b) The electric logging program will consist of:
  - 1) 7-7/8" hole Gamma ray, dual induction log, compensated neutron and litho-density logs.
- c) No conventional cores are planned. Selected intervals may be sidewall cored based upon shows and openhole logs.
- d) Further testing procedures will be determined after the 5-1/2" production casing has been cemented at TD.

AMAX "24" FEDERAL WELL No. 13 DRILLING PROGRAM PAGE 4 OF 4

#### 9. Abnormal Conditions. Pressures, Temperatures, and Potential Reserds:

No abnormal pressures, temperatures, or other potential hazard are anticipated.

We hydrogen sulfide or other hazardous gases or fluids have been encountered, reported, or are known to exist at this depth in this area. No major lost circulation zones have been reported in offsetting wells.

The maximum anticipated bottom hole pressure is approximately 3918 psi.  $(6700^{\circ} \times .433 \text{ psi/ft} = 2901 \text{ psi.})$  The maximum anticipated bottom hole temperature is 105 deg F.

#### 10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is June 15, 1996. Once commenced, the drilling operation should be complete in 15 days. If the well is productive, an additional 30 days will be required for completion, testing, and installation of permanent facilities.

### SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3

Pogo Producing Company

Amax "24" Federal Well No. 13
990' FSL & 330' FWL
Unit Letter M, ME/SW
Section 24, T23S, R31E
Eddy County, New Mexico

Located:

21 miles east of Loving, New Mexico.

Federal Lease Number:

KM-40655

Lease Issued:

July 1, 1980

Acres in Lease:

320

Record Lessee:

Page Producing Company

Surface Ownership:

U.S.A.

Grazing Permittee:

J.C. Mills P.O. Box 190

Abernathy, Texas 79311

Pool:

INGLE WELLS (October)

Pool Rules:

The 40 acre oil well spacing rules apply to this location, being 330' to the nearest side boundary or 1/4-1/4 section line, nor closer than 330' to the nearest well capable of producing from the same formation.

Exhibits:

A. Road Map

B. Existing Wells Map

C. Well Location and Acreage Dedication Plat

C-1. Topo Map

D. Drilling Rig Layout Diagram

E. BOP Equipment

AMAX "24" FEDERAL WELL No. 13 SURFACE USE AND OFERATING FLAN ENGE 2 OF 6

#### 1. Existing Roads:

- a) The well site and elevation plat for the proposed well is shown in Exhibit C. It was staked by John West Engineering, Hobbs, N.M.
- b) All roads to the location are shown on Exhibit B. The existing roads are illustrated in black and are adequate for travel during drilling and production operations. Oppgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- c) Directions to Location: Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. Point "A" on the plat is on State highway 128 at Milepost 17.6, approximately 36 miles west of Jal, New Mexico, where Eddy County road 798 goes north. To get to the proposed location from this point, go north 2.2 miles on 798 to where caliche road goes east. Turn east and go approximately 500' to where new access road will begin. Turn north and go 306' to proposed location.
- d) Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

#### 2. Proposed Access Road:

Exhibit B shows the new access road to be constructed and is illustrated in black. The proposed access road as shown in Exhibit B has been centerline flagged by John West Engineering, Bobbs, N.M. The road will be constructed as follows:

- a) Length and Width: 306' of new access road will be constructed.

  The maximum width of the running surface will be 15'. See Exhibit B.
- b) <u>Surfacing Material:</u> Caliche material will be used to surface the proposed road. It will be watered, compacted, and graded. Caliche will be obtained from either the reserve pit or a borrow pit on the proposed location as described in Item 6 of the Surface Use and Operating Plan.
  - c) Maximum Grade: An approximate grade of less than two percent will be encountered from the existing road to the proposed well pad.
  - d) Turnouts: No turnouts are planned.
  - e) <u>Drainage Design:</u> The new road will be crowned at the center to direct drainage to ditches on both sides of the roadway with turnout ditches to be constructed as required. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspections.

#### AMAX "24" FEDERAL WELL No. 13 SURFACE USE AND OPERATING PLAN PAGE 3 OF 6

- f) Culverts: None required.
- g) Cuts and Fills: None necessary
- h) Gates and Cattle Guards: None will be required, as no fence cuts will be necessary.

#### 3. Location of Existing Wells:

Exhibit No. B shows all existing wells within a one-mile radius of this well.

#### 4. Location of Existing and/or Proposed Facilities:

- a) Production from this well will be delivered to the lease tank battery .
  located, as shown on Exhibit "B", on the well pad at well # 8. The flow line will be 3" SDR-7 polyethylene pipe laid on the ground northerly to the battery as stated above. Anticipated flowline pressure is about 60 psi.
- b) An electric power line will be constructed as shown on Exhibit B.

#### 5. Location and Type of Water Supply:

The well will be drilled with a combination of brine and fresh water mud system as outlined in the drilling program.

The water necessary for drilling operations will be purchased and trucked to the wellsite, or will be moved to the wellsite by way of a temporary pipeline laid on the ground alongside existing and proposed roads.

#### 6. Source of Construction Materials:

Caliche needed for the road and well pad will be taken from the proposed reserve pit. An alternate plan will be to obtain caliche from a borrow pit located within the 400' x 400' archaeologically cleared tract at the proposed well site. If sufficient quality or quantity of caliche is not available, it will be transported to the proposed road and well site from an existing BLM approved caliche pit. The BLM will be notified and consulted if caliche must be obtained off location.

AMAX "24" FEDERAL WELL No. 13 SURFACE USE AND OPERATING PLAN PAGE 4 OF 6

#### 7. Method of Randling Waste Disposel:

- a) Drill cuttings will be disposed into the reserve pit.
- b) Orilling fluids will be contained in the reserve pit. The reserve pit will be an earthen pit, approximately 150' x 150' x 6' deep and fenced on three sides prior to drilling. The fourth side will be fenced immediately following rig removal. The reserve pit will be lined with plastic (5-7 mil thickness) to minimize loss of drilling fluids.
- c) Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending upon rates).
- d) Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- e) Oil produced during testing will be stored in steel test tanks until sold.
- f) Trash, waste paper, garbage, and junk will be placed in a trash bin located on the drill site pad. It will be transported to an approved landfill for disposal within 30 days after completion of drilling and/or completion of operations. All waste material will be contained to prevent scattering by the wind.
- g) A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.

#### 8. Ancillary Facilities:

No other facilities will be built as a result of the operations on this well.

#### 9. Well Site Lavout:

- a) Exhibit D shows the relative location and dimensions of the well pad, mud pits, reserve pit, location of the major rig components, and location of parking areas.
- b) Cut and fill requirements will be minor, but clearing and leveling of the well site will be necessary. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection.
- c) The reserve pit will be lined with a high quality plastic sheeting (5-7 mil thickness).
- d) The pad and pit area are staked and flagged.

AMAX "24" FEDERAL WELL No. 13 SURFACE USE AND OPERATING PLAN FAGE 5 OF 6

#### 10. Plans for Reclamation of the Surface:

- a) After completion of drilling and/or completion of operations, all equipment and other material not needed for operations will be removed. The pit area will be allowed to dry before reclamation. If the borrow pit is constructed, the cuttings in the reserve pit will be deep buried in the borrow pit, and the reserve pit and borrow pit will be broken out, filled, and leveled. The location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.
- b) Three sides of the reserve pit will be fenced prior to and during drilling operations. The borrow pit will be fenced on all four sides after the location is built. At the time the rig is removed, the reserve pit will be fenced on the fourth side to prevent livestock or wildlife from being entrapped in the pits. The fencing will remain in place until the pits are cleaned up and leveled.
- c) After abandonment, all equipment, trash, and junk will be removed and the well site will be cleaned.
- d) Topsoil removed from the drill site will be used to recontour the pit area to the original natural level. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.

#### 11. Other Information:

- a) Topography: The land surface in the area is undulating with small sand dunes. In the immediate area of the well site, the land slope is to the northwest.
- b) Soil: Top soil at the well site is loamy sand.
- c) Flora and Fauna: The vegetation cover is moderate. It includes range grasses, weeds, scrub cak bushes, and mesquite bushes. Wildlife in the area is that typical of a semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, hawks, dove, quail, and other small birds.
- d) <u>Ponds and Streams</u>: There are no rivers, streams, ponds or lakes in the immediate area of this location.
- e) Residences and Other Structures: There are no occupied dwellings or other structures within 1 mile of the well site.
- f) Archaeological Historical or other Cultural Sites: None are known of in the area. An Archaeological survey has been conducted.

MMAX "24" FEDERAL WELL No. 13 SUBFRCZ USE AND OPERATING PLAN PAGE 6 OF 6

- g) Land Use: Grazing, oil and gas production, and wildlife habitat.
- h) Surface Ownership: U.S.A.

#### 12. Convetor's Representative:

Richard L. Wright Division Operations Supervisor Pogo Producing Company P.O. Box 10340 Midland, Texas 79702 (915) 682-6822

#### 13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; 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 and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of false statement.

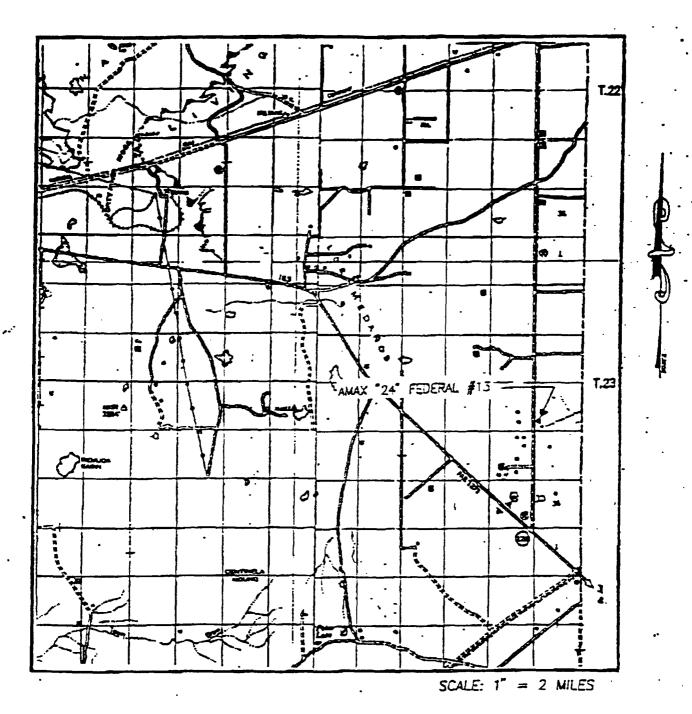
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James M.C. Ritchie, Ur.

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Enclosures

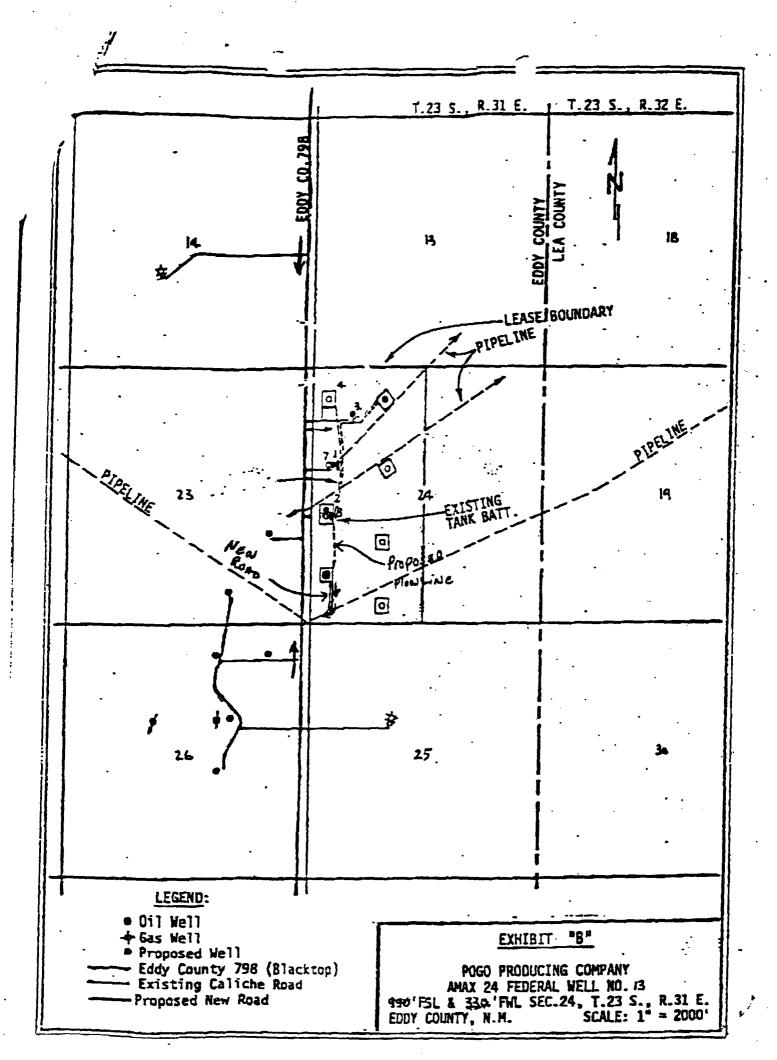
# VICINITY MAP



SEC. 24 TWP. 2	<u>3-5</u> RCE. <u>31-E</u>
SURVEY	N.M.P.M
COUNTY	EDOY
DESCRIPTION 990	FSL & 330' FWL
ELEVATION	3494
- <del>-</del>	PRODUCING COMPAN

Expirit A

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



DISTRICT I

### State of New Mexico

FORM C-102 Heriand Pobramy 18, 1804 Submit to Appropriate Shariet Office State Lance - 4 Copies For Lance - 3 Copies

DISTRICT II

DISTRICT III

MIG

OIL CONSERVATION DIVISION P.O. Box 2088

DISTRICT IV

Santa Fe, New Mexico 87504-2068

AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Funber	Pool Code	Pool Name	
•	<b>33745</b> .	Inde Wells ( Delaware	.)
Property Code 9313	AMAX "2	4" FEDERAL	Woll Number
017891		tor Name JCING COMPANY	Beretina 3494

#### Surface Location

III. or let He.	Section	Township	Zange	Lot Ma	Fact from the	North/South Die	Ford Storm the	· East/West How	
М	24	23 S	31 E		990	SOUTH	330	WEST	EDDY

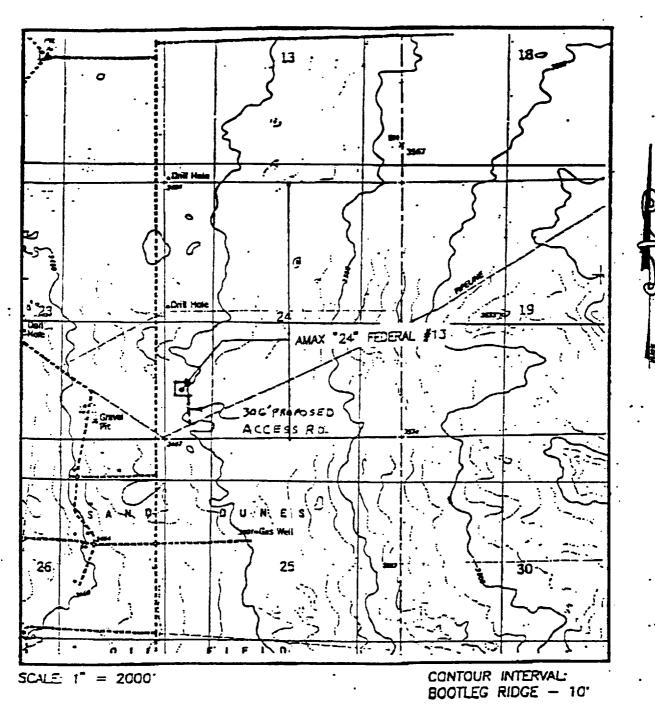
#### Bottom Hole Location If Different From Surface

UL or lot No.	Section Town	mip Range	Lot, Ida	Feet from the	North/Smith line	Feet from the	East/Vest line	County
Sociented Acres	Joint or Intil	Consolidation	Code 0	der Na.				

NO ALLOWABLE WILL HE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OR A NON-STAN	DARD UNIT HAS BEEN	APPROVED BY TH	E DIVISION
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				Super la c. Ret. 19 Superface James M.C. Ritchie, Jr.
		EXHIBIT	<u>"c" _</u>	Printed Name Agent.  Elde MBy 8, 1996 Date
	3484.9* 3497.1*			SURVEYOR CERTIFICATION  / hereby and by that the wall leaders show on this past was picted, from field value of the state
	1 0 1 3492.7 3499.8 DETAR			APRIL 22, 1996
SEE DETAIL				Ranal Sold Wasas
				Cordinate No. 1000 W 1551 576  The Profession State of St

## LOCATION VERIFICATION MAP

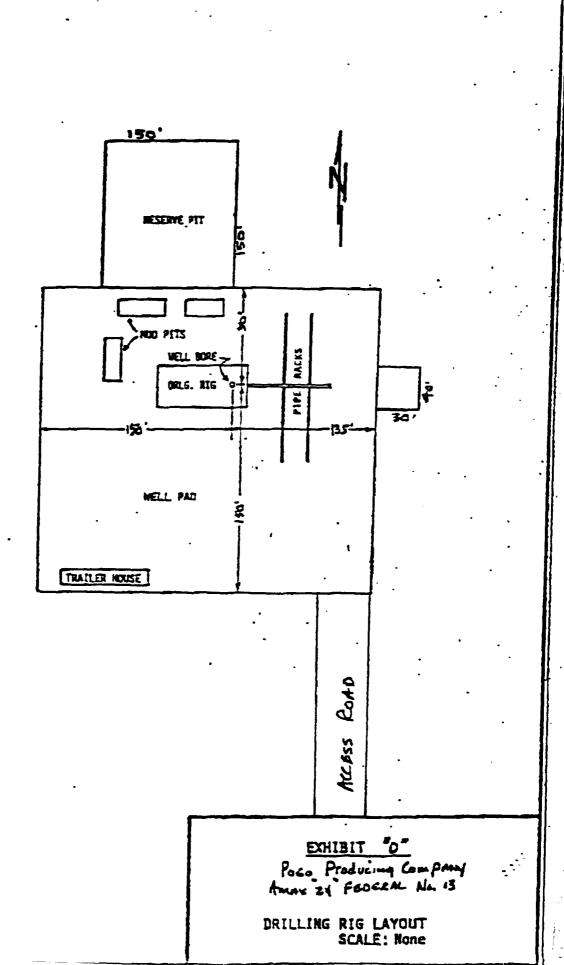


SEC. <u>24</u>	TWP. 23	<u>-s</u> !	RCE	<u> 31–</u>	Ε	
SURVEY_	N	I.M.P	М.			
COUNTY_		EDD	<u> </u>			
DESCRIPT	TON 990"	FSL	<u>&amp;</u>	330.	FWL	
ELEVATIO	N	34	194			
OPERATO	R POGO F	ROD	UCII	VG_CC	MPAN	ΙΥ
LEASE	AMAX	24	F	DERA	<u></u>	
J.S.G.S.	TOPOGRAP	HIC	MAF	3		

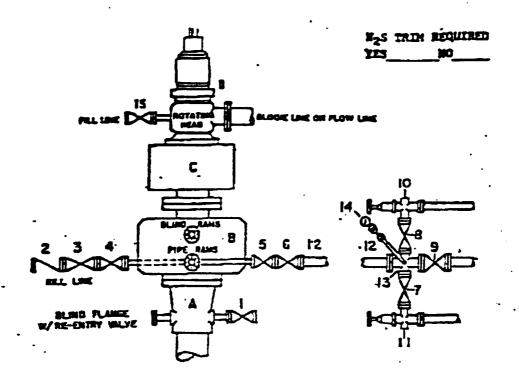
BCOTLEG RIGGE, N.M.

EXHIBIT CI

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



# DRILLING CONTROL CONDITION IN-8 3000 PSI WP



#### DETERMINE CONTROL

#### BATTERIAL LUST - CONDITION III - I

	Weilhead .
	Jours W.P. their ran type proventor, hydraulic operated with 1° steel, Jouns W.P. control lines (where substructure height is adequate, 2 - 2000\$ W.P. pingle ran proventors may be willized with J000\$ W.P. drilling speel with 2° minimum Clanged swelet for kill line and 2° minimum Clanged outlet for cheke line. The drilling speel is to be installed below the single run type preventors).
<b>c</b>	30006 W.P. Armilar Proventar with 1° stack, 10006 W.P. control lines.
Ð	Retating Reed with fill up outlet and extended Blowle line.
1.3.4.	2" minimum 1880s W.F. flanged full spening steel gate valve, or Halliberton to Tark Flug valve.
2	2º minimum 18006 W.P. back pressure valve.
5, 6, 9	3º minimum letts W.P. Clarged full opening steel gate valve, or Helliburton in Torc Flog Valve.
12	2" ninisum Subudulo 60, Grado 2, escalesa line pipe.
<b>1</b> 3	2º minimum x 1º minimum 10000 W.P. (Inseed errors.
10,11	2" minimum 1900\$ W.F. adjuntable wholes budies.
34	Comeron But Coups or equivalent (location eptions) in Chake line).
15	2" minimum 1990s W.P. Clarged or threaded full opening steel data velve, or Melliburton in Tord Flug velve-

90448:

