

UNITED STATES N.M. Oil Cons. Dist. 2
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1300 W. Grand Avenue
Artesia, NM 88210

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

CLASSIFICATION AND SERIAL NO.
NM-57273

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐

b. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ SECRETARY'S POTENTIAL ☒ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
POGO PRODUCING COMPANY (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
330' FSL & 1980' FEL SECTION 7 T24S-R31E EDDY CO. NM
At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 30 miles East of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
330'

16. NO. OF ACRES IN LEASE
600

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
1320'

19. PROPOSED DEPTH
8400'

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3538' GR.

22. APPROX. DATE WORK WILL START*
WHEN APPROVED

RECEIVED
NOV 23 2004

OLD ARTESIA

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 W/Redi-mix to surface
17½"	H-40 13 3/8"	48	975'	800 Sx. circulate cement TS
11"	J-55 8 5/8"	32	4150'	1200 Sx. " " "
7 7/8"	J-55 5½"	17 & 15.5	8400'	1750 Sx. " " "

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface W/Redi-mix.
2. Drill 17½" hole to 975'. Run and set 975' of 13 3/8" 48# H-40 ST&C casing. Cement with 600 Sx. of 65/35/6 Class "C" POZ/Gel, tail in with 200 Sx. of Class "C" cement + ¼# Flocele/Sx, + 2% CaCl, circulate cement to surface.
3. Drill 11" hole to 4150'. Run and set 4150' of 8 5/8" 32# J-55 ST&C casing. Cement with 1000 Sx. of 65/35/6 Class "C" POZ/Gel, + 5% Salt, tail in with 200 Sx. of Class "C" + 2% CaCl, + ¼# Flocele/Sx. , circulate cement to sruface.
4. Drill 7 7/8" hole to 8400'. Run and set 8400' of 5½" casing as follows: 2400' of 17# J-55 LT&C, 5000' of 5½" 15.5# J-55 LT&C, 1000' of 5½" 17# J-55 LT&C. Cement in 3 stages DV Tool at 5800' & 3700'±. Cement 1st stage with 650 Sx. of Class "H" cement, 2nd stage cement with 600 Sx. of Class "C" cement + 8# Gilsonite/Sx, . Cement 3rd stage with 400 Sx. of 65/35/6 Class "C" POZ/Gel, tail in with 100 Sx. of Class "C" cement + 1% CaCl, circulate cement to sruface.

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. APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SIGNED Joe T. Yarnall TITLE Agent DATE 09/01/04

(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:

ACTING
APPROVED BY B. William S. Condit TITLE STATE DIRECTOR DATE 16 NOV 2004

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 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-14
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@pogo-producing.com
Address: P. O. Box 10340, Midland, TX 79702-7340
Facility or well name: Palladium 7 Fed #9 API #: _____ U/L or Qtr/Qtr 0 Sec 7 T 24 R 31
County: Eddy Latitude 32:13:31.9N Longitude 103:48:53.3W NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank	
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume <u>16000</u> bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> 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 (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more X (0 points) 0	
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No X (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 (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more X (0 points) 0	
Ranking Score (Total Points)		0

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 09/07/04

Printed Name/Title Cathy Wright, Sr Eng 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: SEP 10 2004

Printed Name/Title Wild Sep 10

Signature [Signature]

Water Resources

Data Category:

Site Information ☒

Geographic Area:

New Mexico ☒

go

Site Map for New Mexico

USGS 320856103502801 25S.30E.12.113211

Available data for this site

Station site map ☒

GO

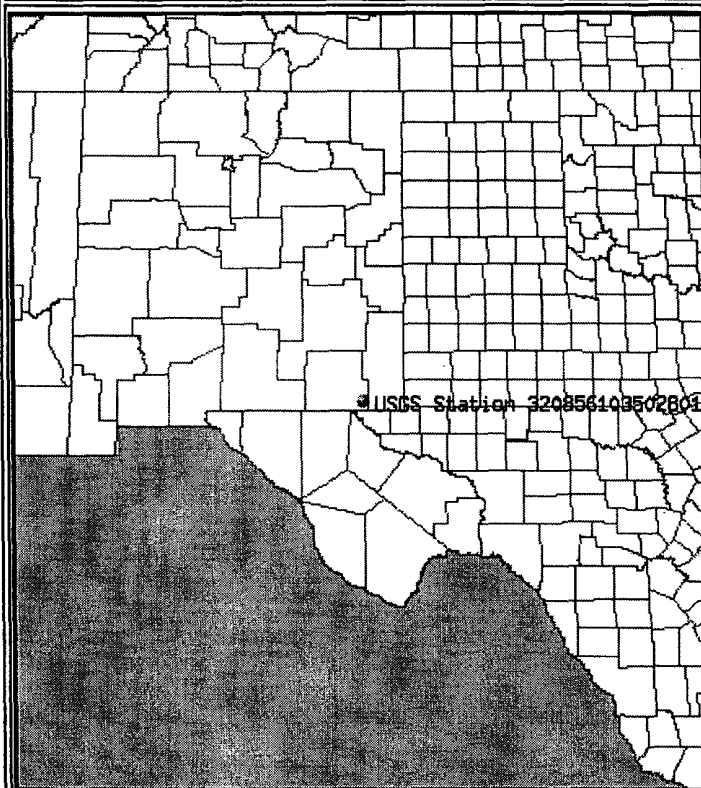
Eddy County, New Mexico

Hydrologic Unit Code

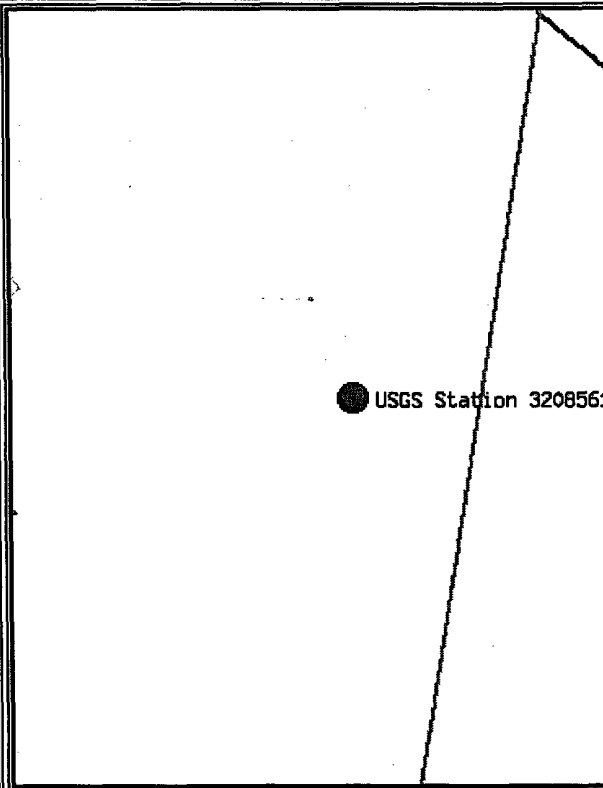
Latitude 32°08'56", Longitude 103°50'28" NAD27

Gage datum 3,359.10 feet above sea level NGVD29

Location of the site in New Mexico.



Site map.



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

Maps are generated by US Census Bureau TIGER Mapping Service.

Questions about data [New Mexico NWISWeb Data Inquiries](#)Feedback on this website [New Mexico NWISWeb Maintainer](#)

NWIS Site Inventory for New Mexico: Site Map

<http://waterdata.usgs.gov/nm/nwis/nwismap?>[Top](#)[Explanation of terms](#)

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 = • 320856103502801

Save file of selected sites to local disk for future upload

USGS 320856103502801 25S.30E.12.113211

Available data for this site

Ground-water: Levels

GO

Eddy County, New Mexico

Hydrologic Unit Code

Latitude 32°08'56", Longitude 103°50'28" NAD27

Gage datum 3,359.10 feet above sea level NGVD29

The depth of the well is 482 feet below land surface.

This well is completed in ALLUVIUM,BOLSON DEPOSITS AND OTHER SURFACE DEPOSITS (110AVMB)

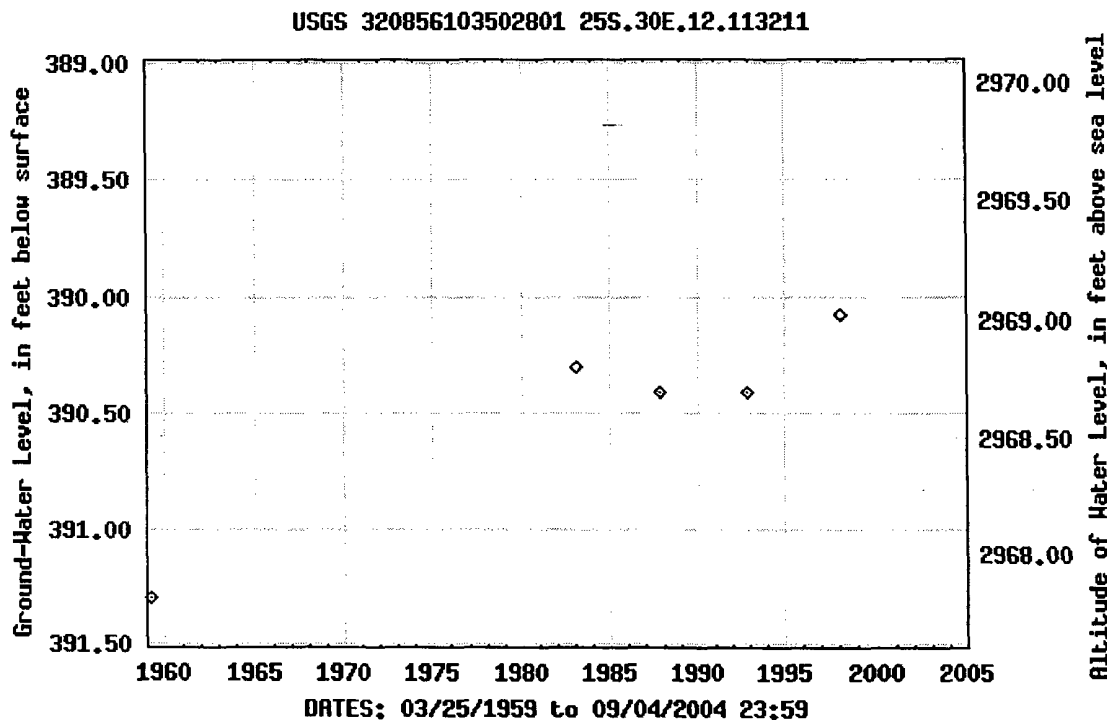
Output formats

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.

Great Circle Calculator.

By Ed Williams

You need Javascript enabled if you want this page to do anything useful! For Netscape, it's under Options/Network Preferences/Languages.

Compute true course and distance between points.

Enter lat/lon of points, select distance units and earth model and click "compute". Lat/lons may be entered in DD.DD, DD:MM.MM or DD:MM:SS.SS formats.

Note that if either point is very close to a pole, the course may be inaccurate, because of its extreme sensitivity to position and inevitable rounding error.

Input Data

Lat1		Lon1	
32:08:56	N	103:50:28	W
Lat2		Lon2	
32:13:31.9	N	103:48:53.3	W

Output

Course 1-2	Course 2-1	Distance
16.1909646	196.20497	4.78841629

Distance Units: Earth model:

Compute lat/lon given radial and distance from a known point

Enter lat/lon of initial point, true course and distance. Select distance units and earth model and click "compute". Lat/lons may be entered in DD.DD, DD:MM.MM or DD:MM:SS.SS formats.

Note that the starting point cannot be a pole.

Input data

Lat1		Lon1	
0:00.00	N	0:00.00	W
Course 1-2		Distance 1-2	

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

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 53818	Pool Name SAND DUNES DELAWARE-SOUTH
Property Code	Property Name PALLADIUM "7" FEDERAL	Well Number 9
OGRID No. 17891	Operator Name POGO PRODUCING COMPANY	Elevation 3538'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	7	24 S	31 E		330	SOUTH	1980	EAST	EDDY

Bottom Hole Location If Different From Surface

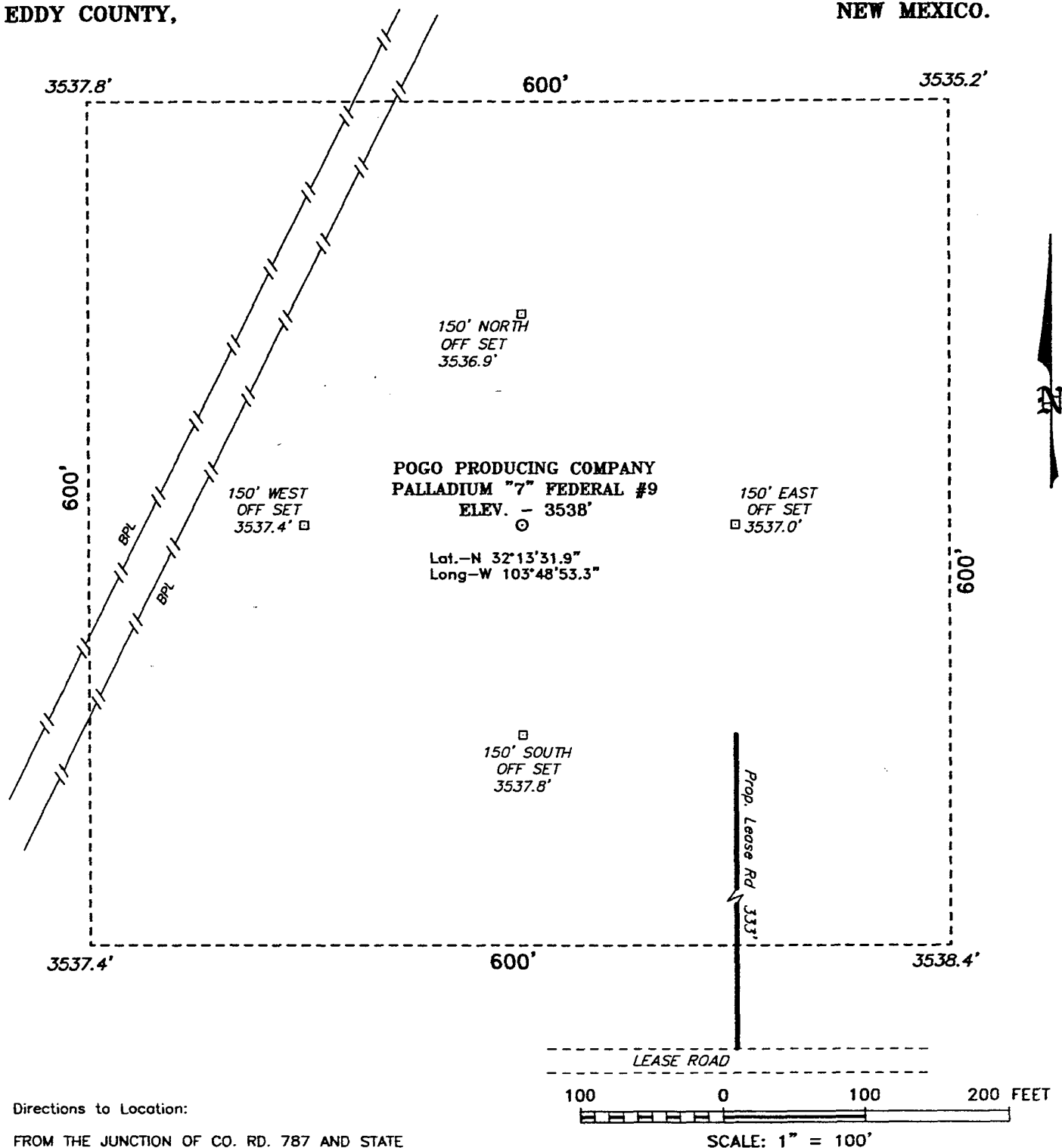
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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 09/01/04 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 supervision, and that the same is true and correct to the best of my belief. JULY 29, 2004 Date Surveyed Signature & Seal of Professional Surveyor 7977 W.C. No. 4498 Certificate No. Gary L. Jones 7977 PROFESSIONAL SURVEYOR BASIN SURVEYS	

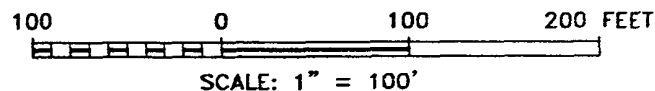
EXHIBIT "A"

SECTION 7, TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF CO. RD. 787 AND STATE HWY 128, GO SOUTHERLY ON CO. RD. 128 FOR 5.0 MILES; THENCE WEST FOR 0.2 MILE TO PROPOSED LEASE ROAD.



POGO PRODUCING CO.

REF: PALLADIUM "7" FED. #9 / Well Pad Topo

THE PALLADIUM "7" FED. No. 9 LOCATED 330' FROM THE SOUTH LINE AND 1980' FROM THE EAST LINE OF SECTION 7, TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 4498

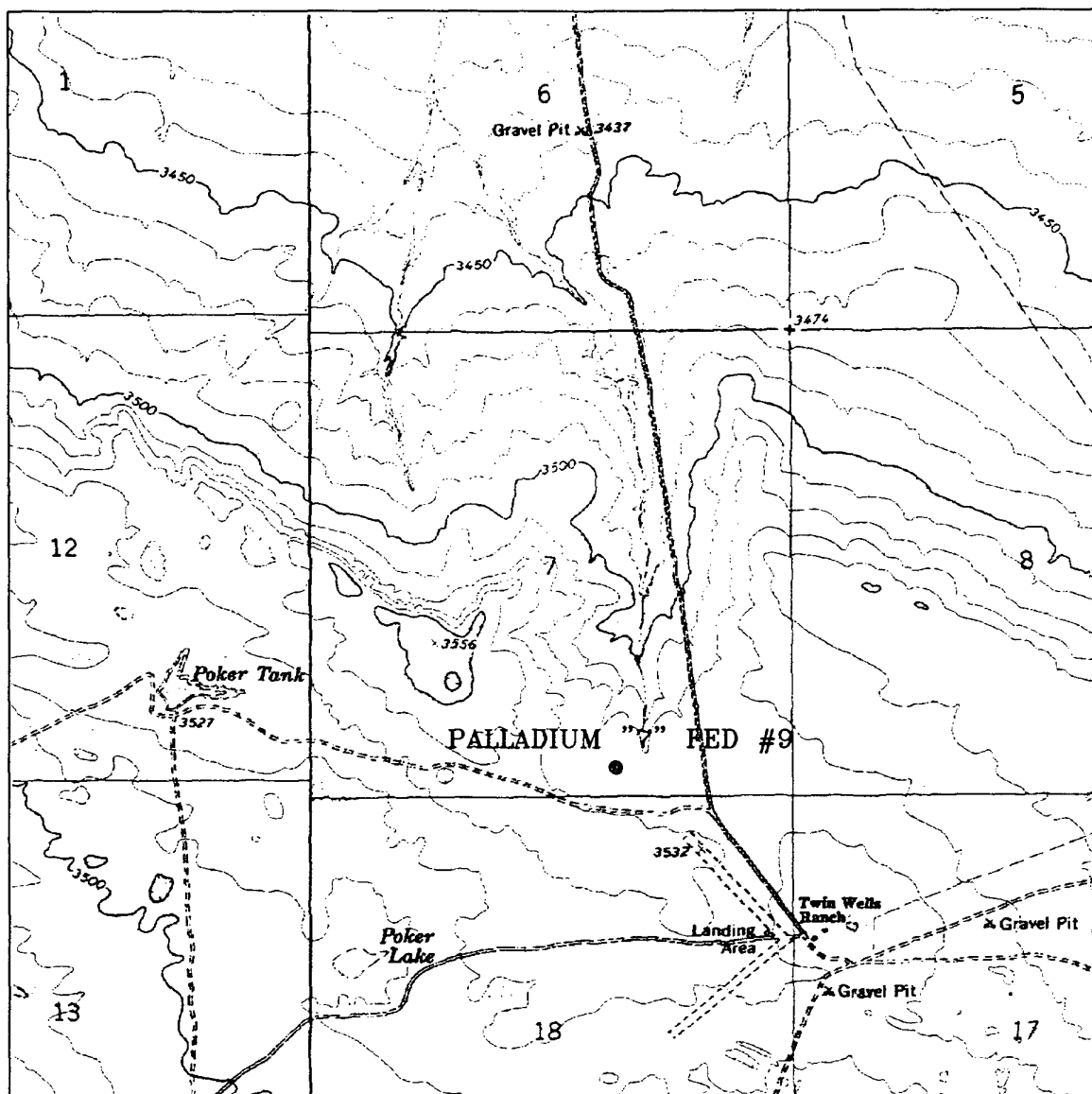
Drawn By: K. GOAD

Date: 07-30-2004

Disk: KJG CD#4 - 4498A.DWG

Survey Date: 07-29-2004

Sheet 1 of 1 Sheets



PALLADIUM "7" FEDERAL #9

Located at 330' FSL and 1980' FEL
 Section 7, Township 24 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: 4498AA - KJG CD#5

Survey Date: 07-29-2004

Scale: 1" = 2000'

Date: 07-30-2004

POGO
PRODUCING
COMPANY

APPLICATION TO DRILL

POGO PRODUCING COMPANY
PALLADIUM "7" FEDERAL # 9
UNIT "O" SECTION 7
T24S-R31E EDDY CO. NM

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: 330' FSL & 1980' FEL SECTION 7 T24S-R31E EDDY CO. NM
2. Elevation above Sea Level: 3538' GR.
3. Geologic name of surface formation:- Quaternary 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: 8400'
6. Estimated tops of geological markers:

Rustler Anhydrite	610'	Cherry Canyon	5160'
Basal Anhydrite	4020'	Manzanita	5340'
Delaware Lime	4240'	Brushy Canyon	6400'
Bell Canyon	4260'	Bone Spring	8070'
7. Possible mineral bearing formations:

Brushy Canyon	Oil		
Bone Spring	Oil		
8. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
25"	0-40	20"	NA	NA	NA	Conductor
17½"	0-975'	13 3/8"	48	8-R	ST&C	H-40
11"	0-4150'	8 5/8"	32	8-R	ST&C	J-55
7 7/8"	0-8400'	5½"	17 & 15.5	8-R	LT&C	J-55

APPLICATION TO DRILL

POGO PRODUCING COMPANY
PALLADIUM "7" FEDERAL # 9
UNIT "O" SECTION 7
T24S-R31E EDDY CO. NM

9. CEMENTING & CASING SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor and cement to surface with Redi-mix.
13 3/8"	Surface	Set 975' of 13 3/8" 48# H-40 ST&C casing. Cement with 600 Sx. of 65/35/6 of Class "C" POZ-Gel, tail in with 200 Sx. of Class "C" + 2% CaCl, circulate cement to surface.
8 5/8"	Intermediate	Set 4150' of 8 5/8" 32# J-55 ST&C casing. Cement with 1000 Sx. of 35/65/6 Class "C" POZ/GEL + 5% Salt, tail in with 200 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface
5 1/2"	Production	Set 8400' of 5 1/2" casing as follows: 2400' of 5 1/2" 17# J-55 LT&C, 5000' of 5 1/2" 15.5# J-55 LT&C, 1000' of 5 1/2" 17# J-55 LT&C. Cement in 3 stages with DV Tools at 5800'-3700'±. Cement 1st stage with 650 Sx. of Class "H" cement + additives, cement 2nd stage with 600 Sx. of Class "C" + 8# Gilsonite/Sx. Cement 3rd stage with 400 Sx. of Class "C" 65/35/6 POZ?GEL, tail in with 100 Sx. of Class "C" + 1% CaCl circulate cement to surface.

10. PRESSURE CONTROL EQUIPMENT:

Exhibit "E" shows a 2000 PSI working pressure B.O.P., consisting of a stripper head instead of an annular preventor, blind rams, and pipe rams. This B.O.P. stack is being used because of Substructure height limitations of the drilling rig being used to drill this well. Pressures encountered during drilling are not expected to exceed 1700 PSI at total depth. Pogo requests permission to 3rd party test of the B.O.P., after setting intermediate casing at 4150'. The B.O.P. will be tested according to API specifications. Exhibit "E-1" shows a manually operated choke manifold, as no remote B.O.P. equipment will be necessary.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD
40-975'	8.4-8.7	29-32	NC	Fresh water spud mud add paper to control seepage.
975-4150'	10-10.1	29-38	NC	Brine water add paper to seepage and use high viscosity sweeps to clean hole.
4150-8400'	8.4-8.7	29-38	NC*	Fresh water mud use fresh water Gel for viscosity control, use high viscosity sweeps to clean hole.

* Water loss may have to be controlled near the lower part of hole in order to run logs, DST's, cores, and to run casing. If WL is needed use a Polymer system.

Sufficient materials to maintain mud properties, lost circulation, increase weight requirements, will be kept at the well site at all times. In order to run logs, DST's cut cores, and run casing the water loss may have to be reduced to accomplish these needs.

APPLICATION TO DRILL

POGO PRODUCING COMPANY
PALLADIUM "7" FEDERAL # 9
UNIT "O" SECTION 7
T24S-R31E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Dual Induction, LDT, SNP, Gamma Ray, CALiper from TD back to the 8 5/8" casing shoe.
- B. Cased hole logs: Run Gamma Ray, Neutron from 8 5/8" casing shoe back to surface.
- C. Rig up mud logger on well after the 8 5/8" casing is cemented in place.
- D. 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 H²S in this area. If H²S 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 2000 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 24 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 Bone Spring formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S 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, H₂S 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 separator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

POGO PRODUCING COMPANY
PALLADIUM "7" FEDERAL # 9
UNIT "O" SECTION 7
T24S-R31E EDDY CO. NM

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 Hobbs New Mexico take U.S. Hi-way 62-180 West toward Carlsbad New Mexico go approximately 40 miles to the WIPP road, turn Left on to the WIPP road go South 13 miles to CR-802, turn Right go 4.2 miles to State Hi-way 128, turn Left go 2.4 miles to CR-787 (Twin Wells Road) turn Right go 5 miles turn Left (West) go .2 miles to location on the North side of road.
 - C. Exhibits "C & "F" shows the proposed roads flowlines and powerlines.
2. PLANNED ACCESS ROADS: Approximately 330' of new road 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 minimum 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 utilize 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 .8 miles East 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"

SURFACE USE PLAN

POGO PRODUCING COMPANY
PALLADIUM "7" FEDERAL # 9
UNIT "O" SECTION 7
T24S-R31E EDDY CO. NM

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 "C".

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 quarters 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.

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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 requiremants.

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.

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11. OTHER INFORMATION:

- A. Topography of this area consists of low relief sand dunes with soil consisting of eolian sands with mixed gravel. Dip is to the Southwest toward the Pecos river. Vegetation consists of Mesquite, shennery, sandsage, and yucca.
- B. Surface is owned by the U.S. Department of Interior and is administered by the Bureau of Land Management. The surface is leased to ranchers for grazing of live stock.
- C. An archaeological survey will be conducted and the results will be filed with The Bureau of Land Management Carlsbad Field office in Carlsbad NM.
- D. There is a ranch dwelling approximately .5 miles Southeast of location.

12. OPERATORS REPRESENTATIVE:

Before construction:

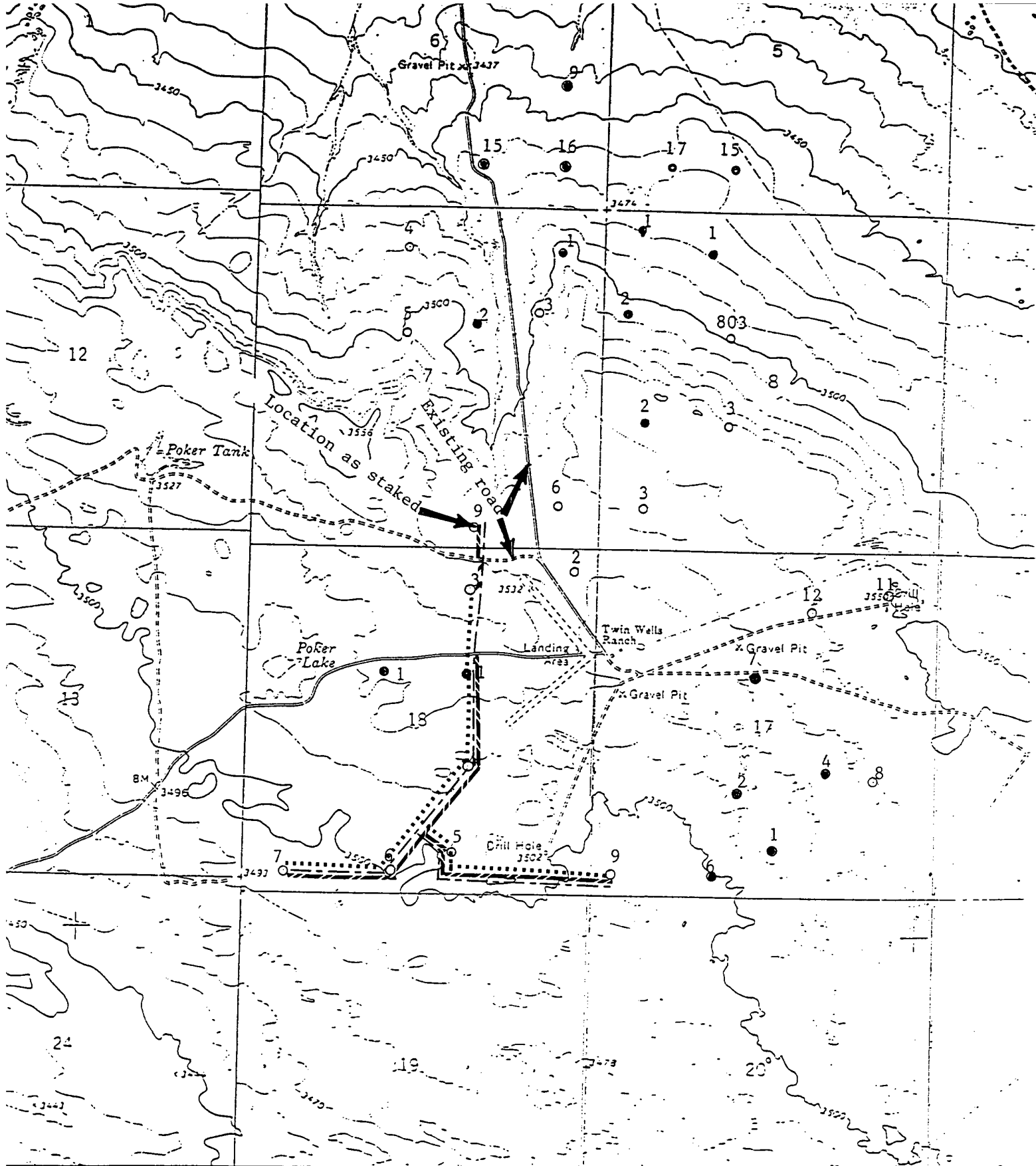
TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PHONE 505-391-8503

During and after construction:

POGO PRODUCING COMPANY
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340
RICHARD WRIGHT
OFFICE PHONE 915-685-8140

13. CERTIFICATION: I hereby certify that I or persons under my direct supervision have inspected the proposed drill site and access route, 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 the conformity 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 statement.

NAME : Joe T Janica
DATE : 09/01/04
TITLE : Agent



EXISTING ROAD

PROPOSED ROAD

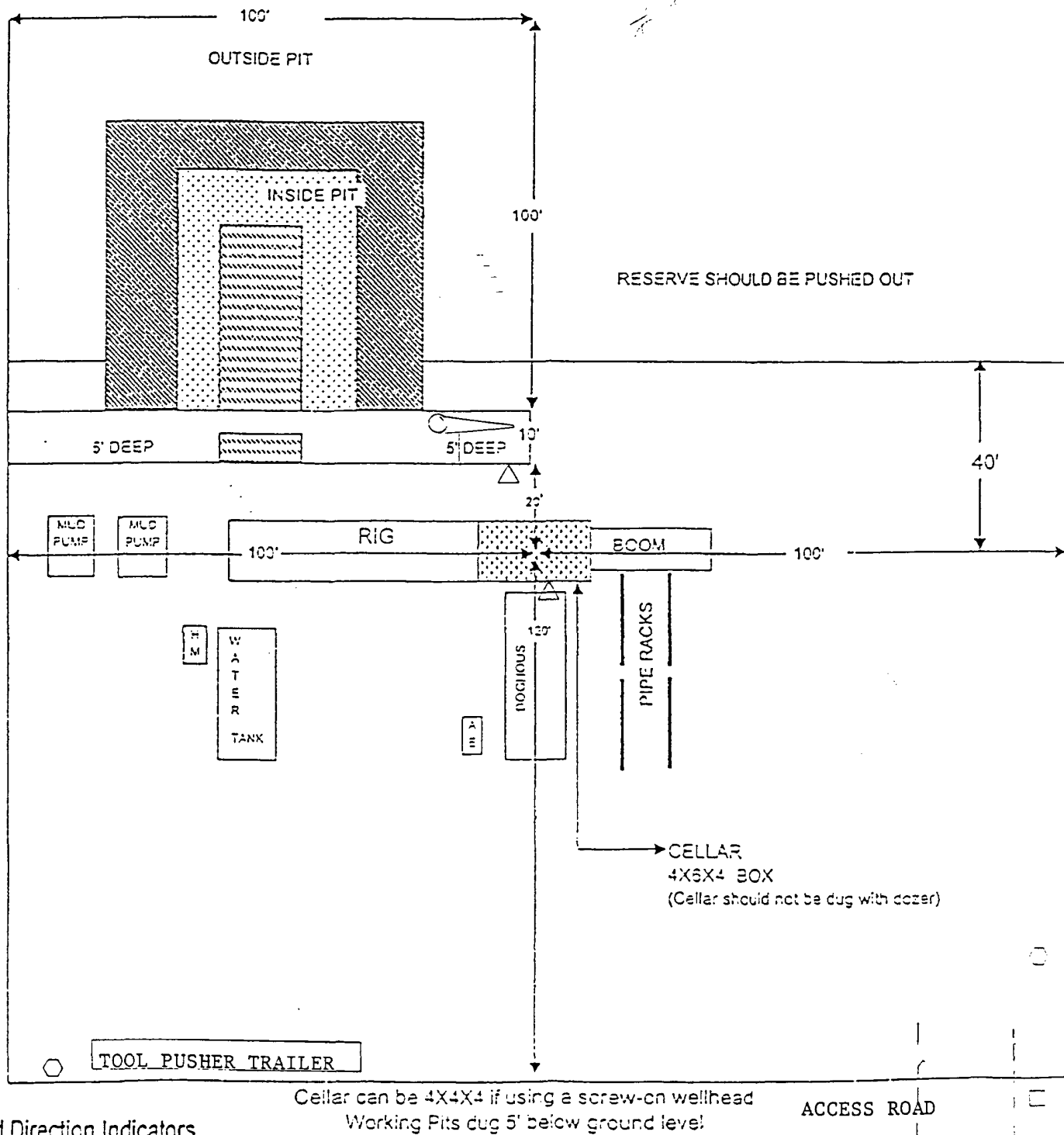
PROPOSED FLOWLINE

PROPOSED POWERLINE

EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

POGO PRODUCING COMPANY
PALLADIUM "7" FEDERAL # 9
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LOCATION SPECIFICATIONS AND RIG LAYOUT FOR EARTH PITS



Wind Direction Indicators
(wind sock or streamers)

H2S Monitors
(alarms at bell nipple and shale shaker)

Briefing Areas

Remote BOP Closing Unit

Sign and Condition Flags

Location Specs

EXHIBIT "D" RIG LAY OUT PLAT

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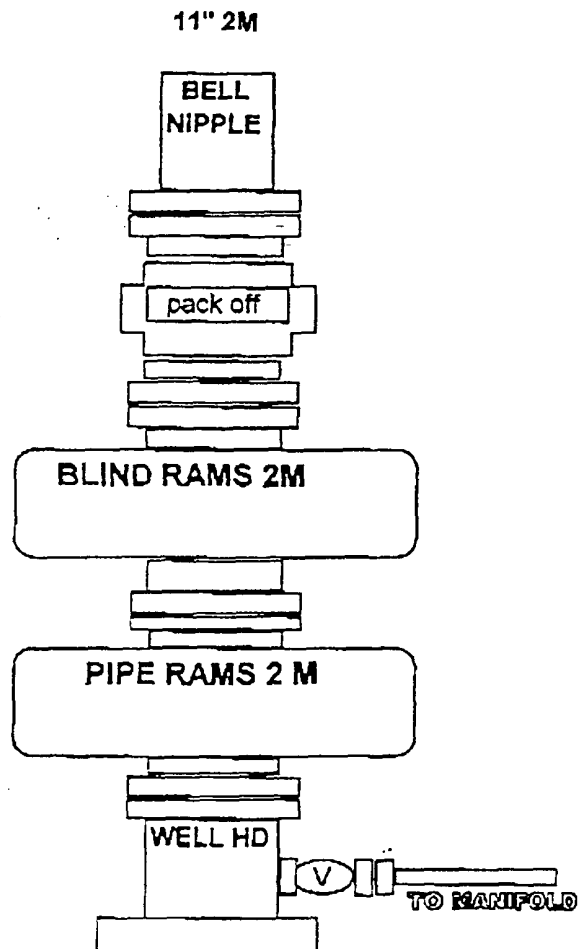


EXHIBIT "E"
 SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
 PALLADIUM "7" FEDERAL # 9
 UNIT "O" SECTION 7
 T24S-R31E EDDY CO. NM

CHOKE MANIFOLD

3000 PSI WP

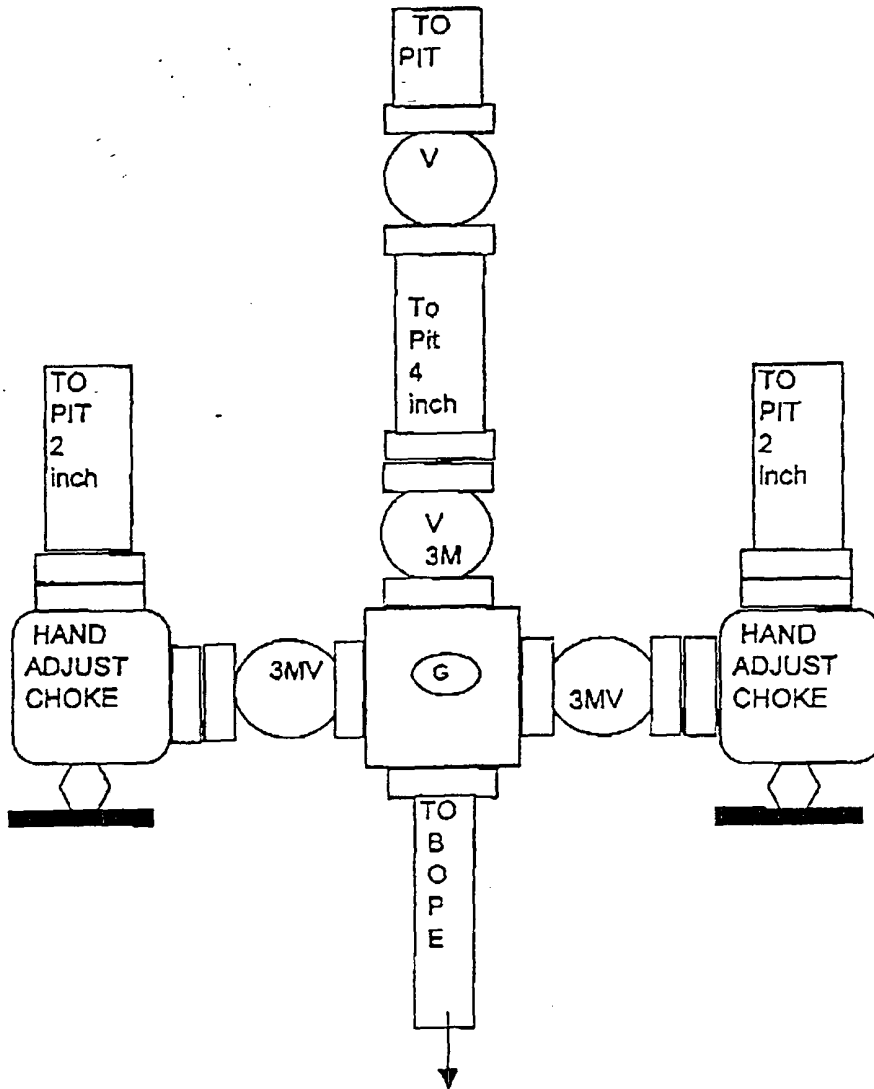


EXHIBIT E-1"
SKETCH OF CHOKE MANIFOLD

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UNIT "O" SECTION 7
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