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

FORM APPROVED **UNITED STATES** Form 3160-5 Budget Bureau No. 1004-0135 (June 1990) DEPARTMENT OF THE INTERIOR Expires: March 31, 1993 BUREAU OF LAND MANAGEMENT 25272829303 5. Lease Designation and Serial No. NM-57273 SUNDRY NOTICES AND REPORTS ON WELL'S 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to deepen or reentry to a different reservoir Use "APPLICATION FOR PERMIT—" for such proposals 1/1/6 7. If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE 1. Type of Well Oil Well 8. Well Name and No. Other 2. Name of Operator Palladium 7 Federal 9. API Well No. Pogo Producing Company 30-015-32817 3. Address and Telephone No. 10. Field and Pool, or Exploratory Area 432-685-8100 P. O. Box 10340, Midland, TX 79702-7340 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sand Dunes Delaware South 11. County or Parish, State 660' FNL & 2310' FWL, Section 7, T24S, R31E Eddy County, NM CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA 12. TYPE OF ACTION TYPE OF SUBMISSION Notice of Intent Change of Plans Abandonment **New Construction** Recompletion Subsequent Report Non-Routine Fracturing Plugging Back Water Shut-Off Casing Repair Final Abandonment Notice Altering Casing Conversion to Injection Dispose Water (Note: Report results of multiple comp Completion or Recompletion Report and Log form.) 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)* Due to rig substructure height limitations on Capstar Rig # 14, POGO Producing Company respectfully request that a 2M BOPE configuration be used below surface casing depth while drilling the intermediate section of the subject well. POGO Producing Company will have 3M equipment including the choke manifold but will eliminate the Annular BOPE. We will use a stripper head while drilling intermediate in case of air pockets or water flows. Anticipated shut in drill pipe pressure will be less than 1000 psi while drilling through the evaporite section. Once the 8 5/8" intermediate string is set and cemented a 9" 3M stack will be used for the remainder of the well. LES BABYAK PETROLEUM ENGINEER 14. I hereby ceptify that the foregoing is true and correct Sr. Operation Tech 08/21/03

Tide 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 United States any false, fictitious or fraudulent statements

or representations as to any matter within its jurisdiction