

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 tests and shall be furnished a copy of the pressure test report.
8. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Wolfcamp formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
 - (1) A recording pit level indicator to determine pit volume gains and losses.
 - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
 - (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.
9. Notify the Survey in sufficient time to witness the cementing of the 8-5/8" casing.
10. Cement behind the 8-5/8" casing must be circulated.
11. Special stipulations:
 - (1) The authorized caliche pit to be used in the construction of the well pad is located in the NW/4 NW/4, Section 24, T.19S, R.31E.
 - (2) Construct reserve pit outside the confines of the arroyo and in a manner so as to prevent any and all fluids, drilling mud, etc., from leaking into the arroyo situated to the north of the drilling location.
12. Please have anyone contacting the Survey in regard to this well to identify the well with all of the information required above for the well sign.

Sincerely yours,

George H. Stewart
Acting District Engineer