

SURFACE USE AND OPERATIONS PLAN

FOR

POGO PRODUCING COMPANY  
WELL NO.3 FEDERAL 23  
1980'FNL & 470'FEL SEC.23, T.22 S., R.31 E.  
EDDY COUNTY, NEW MEXICO

LOCATED: 28 air miles east of Carlsbad, New Mexico.

FEDERAL LEASE NUMBER: NM-62589.

LEASE ISSUED: July 1, 1985, for five years. Lease expires  
on June 30, 1990, absent production or diligent  
drilling operations in progress on such date.

ACRES IN LEASE: 640.

RECORD LESSEE: Pogo Producing Company.

SURFACE OWNERSHIP: Federal.

GRAZING PERMITTEE: J.C. Mills  
P.O. Drawer "G"  
Abernathy, Texas 79311

POOL: Undesignated Livingston Ridge Delaware.

POOL RULES: Statewide. 40 acre spacing for oil.

EXHIBITS: A. Road Map  
B. Plat Showing Existing Wells and Existing Roads  
C. Drilling Rig Layout  
D. Topo Plat