

SURFACE USE AND OPERATIONS PLAN

FOR

POGO PRODUCING COMPANY
FEDERAL 1 WELL NO. 2
2310'FSL & 1980'FEL SEC.1, T.22 S., R.31 E.
EDDY COUNTY, NEW MEXICO

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

FEDERAL LEASE NUMBER: NM-12845.

LEASE ISSUED: February 1, 1971. Lease is in producing status.

ACRES IN LEASE: 647.58.

LESSEE: Exxon.

SURFACE OWNERSHIP: Federal.

GRAZING PERMITTEE: Kenneth Smith (505-887-3374)
P. O. Box 764
Carlsbad, New Mexico 88220

POOL: Livingston Ridge Delaware.

POOL RULES: Statewide Rules. 40 acre spacing for oil.

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

1. EXISTING ROADS:

A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. The proposed well site can be reached by, either going south off US 62-180, or by going north off State 128. Point "A" on the plat is on 62-180 at Milepost 66.8, approximately 37 miles west of Hobbs, New Mexico, where Lea County road C-29 goes south. To go to the proposed well site from this point, exit 62-180 to the south on the paved road and go 8.9 miles to arrive at Point "C", or 10.5 miles to arrive at Point "D". Also see Exhibits "B" and "D". The proposed well site can be reached from either point as indicated.

Point "B" on the plat is on State highway 128 at Milepost 17.6, about 36 road miles west of Jal, New Mexico, where Eddy County road 798 goes north. To go to the proposed well site from this point, go north on Eddy 798 11 miles to arrive at the above mentioned Point "D".

B. Exhibit "B" shows existing pertinent roads in the vicinity of the proposed well site. Existing roads are color coded.

2. PLANNED ACCESS ROAD:

A. Length and Width: The new road will be 12 feet wide and approximately 1800 feet long, and is shown labeled and color coded red on Exhibit "B". The centerline of the proposed new road is staked and flagged.

B. Surfacing Material: Caliche. Watered, compacted and graded.

C. Maximum Grade: Less than one percent.

D. Turnouts: None necessary.

E. Drainage Design: The new road will be crowned with drainage to the side.

F. Culverts: None needed.

G. Cuts and Fills: None necessary.

H. Gates and Cattle Guards: None necessary. No fences involved.

3. LOCATION OF EXISTING WELLS:

A. Existing wells in the immediate area are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Production from this well will be delivered to a lease tank battery located on the well pad at well No 1. The flow line will be 3" SDR-7 polyethylene pipe laid on the ground, and will extend from the well to the tank battery at well No.1 as shown on Exhibit "B". Anticipated flow line pressure is estimated to be about 60 psi.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is not planned that a water well will be drilled. Water necessary for drilling operations will be purchased and trucked to the well site, or will be moved to the well site by temporary pipeline laid on the ground alongside existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche needed for construction work will be taken, if present, from a pit opened on site within the 400'x 450' work area. Otherwise, caliche will be taken from the existing pit on Federal land in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 12, T.22 S., R.31 E., Eddy County, New Mexico. Caliche will be trucked to the well site over existing and proposed roads. Location of the caliche pit is shown on Exhibit "B".

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during tests will be disposed of in the drilling pits

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "C".

F. All trash and debris will be buried or removed from the well site within thirty days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None necessary.

9. WELL SITE LAYOUT:

A. Exhibit "C" shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major drilling rig components.

B. Clearing and levelling of the well site will be required.

C. The pad and pit area is staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed from the well site. Pits will be filled and the location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.

B. Any unguarded pits containing fluids will be fenced.

C. After abandonment, all equipment, trash, and junk will be removed and the well site will be cleaned. Any special rehabilitation requirements of the surface management agency will be complied with and accomplished as rapidly as possible.

11. OTHER INFORMATION:

A. Topography: The land surface in the area is undulating and dunny. In the immediate area of the well site, land slope is to the west.

B. Soil: Top soil at the well site is sand.

C. Flora and Fauna: The vegetative cover is moderate and includes mesquite, shinnery oak, sand sage, yucca, weeds, and range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and Streams: There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures: There are no occupied dwellings or other structures within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites: None observed. However, an archaeological reconnaissance is to be accomplished and a report furnished.

G. Land Use: Grazing and wildlife habitat.

H. Surface Ownership: Federal.

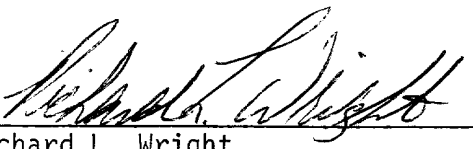
12. OPERATOR's REPRESENTATIVE:

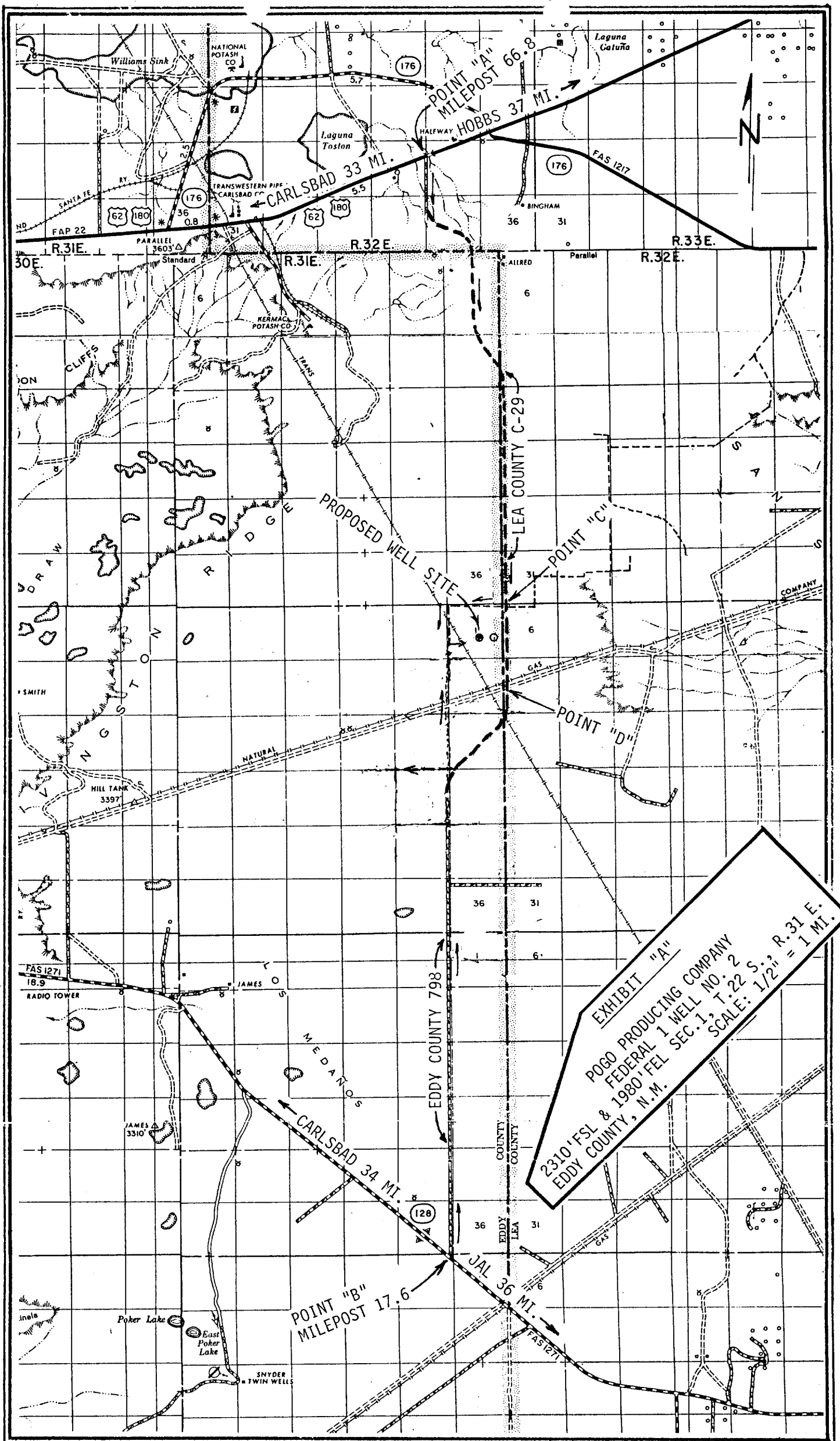
Richard L. Wright
Drilling and Production Superintendent
Pogo Producing Company
P. O. Box 10340
Midland, Texas 79702
Office Phone: 915-682-6822

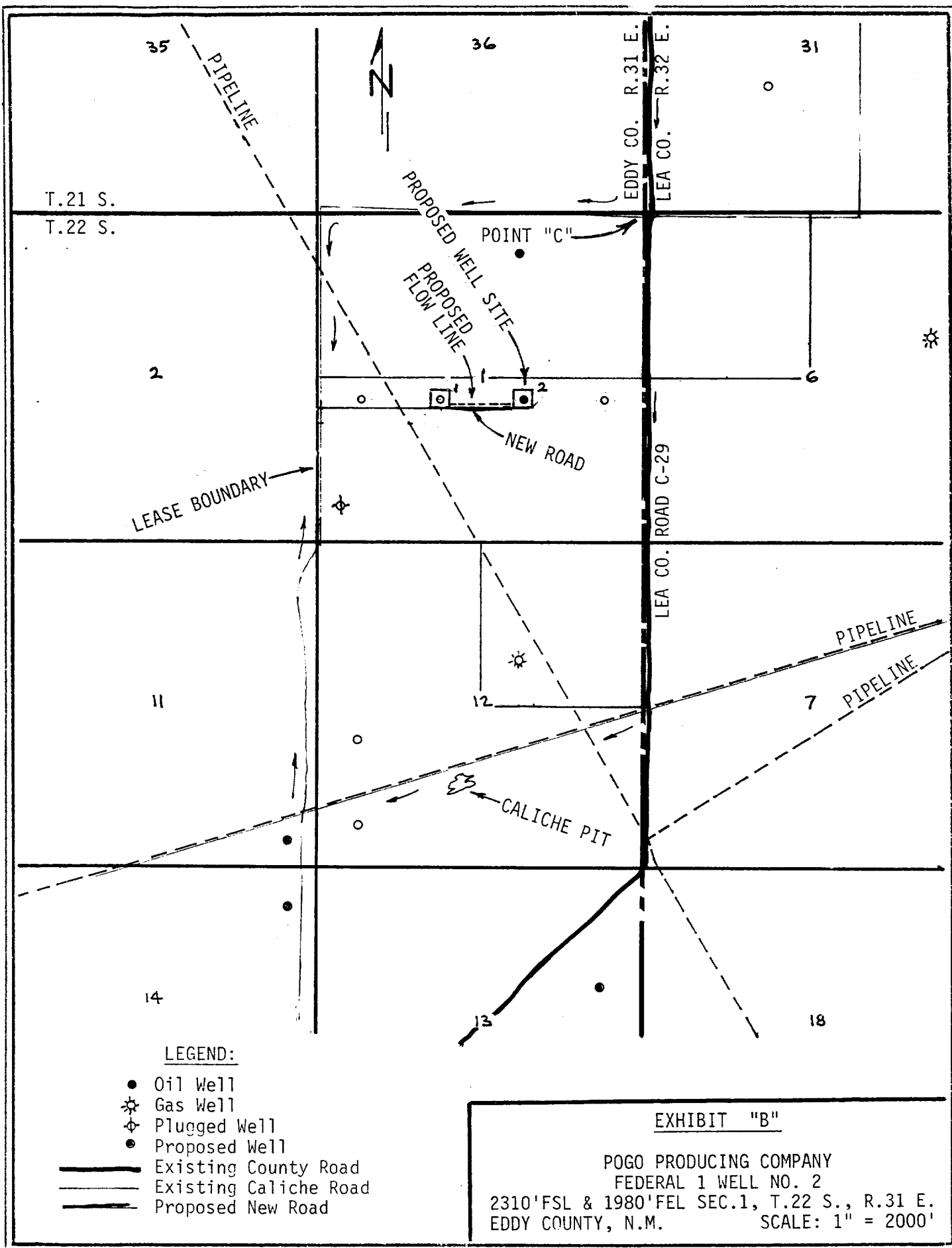
13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; 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 sub-contractors 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 a false statement.

August 6, 1991
Date:


Richard L. Wright
Drilling and Production Supt.
Pogo Producing Company





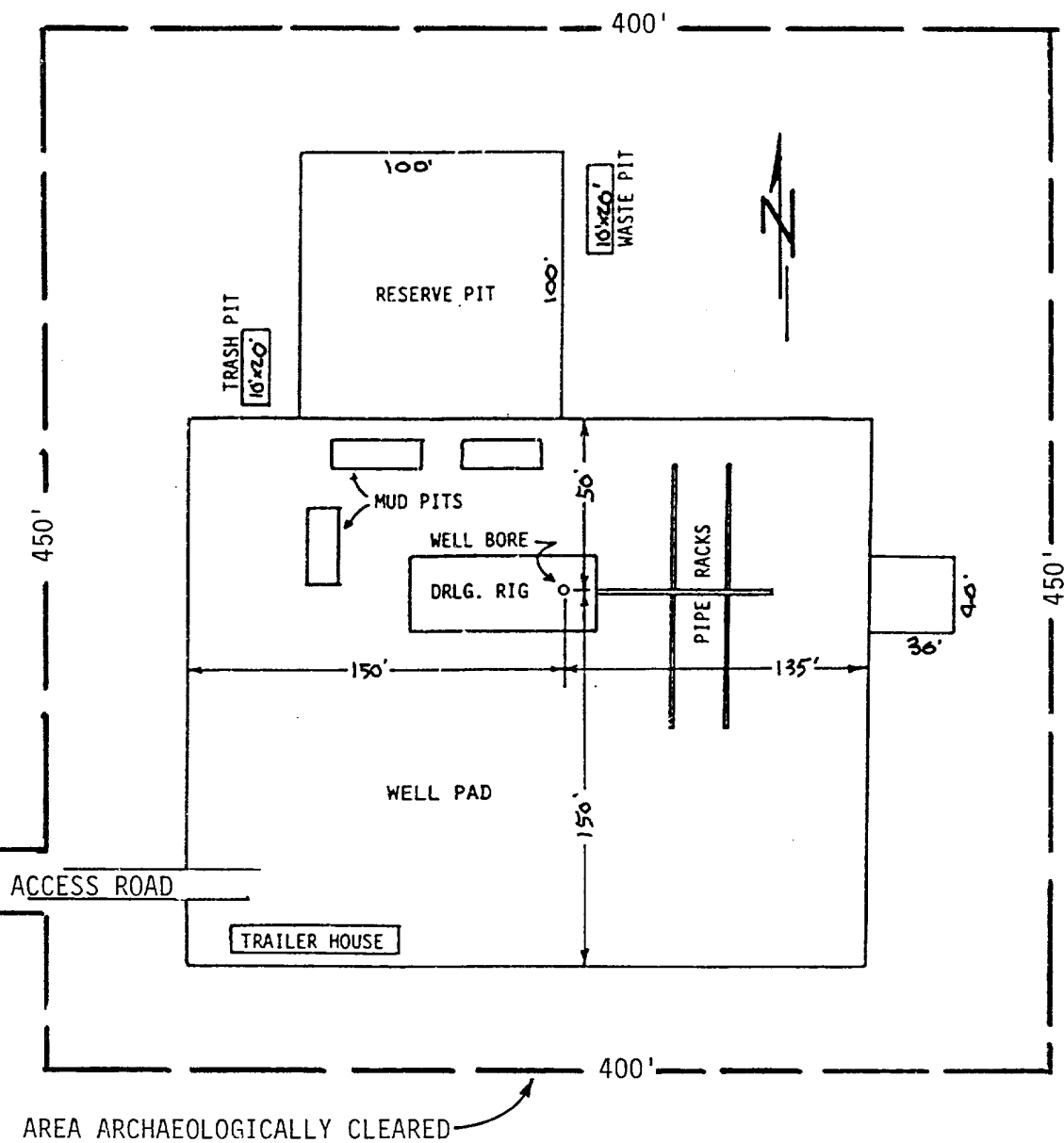


EXHIBIT "C"

POGO PRODUCING COMPANY
FEDERAL 1 WELL NO. 2

DRILLING RIG LAYOUT
SCALE: None

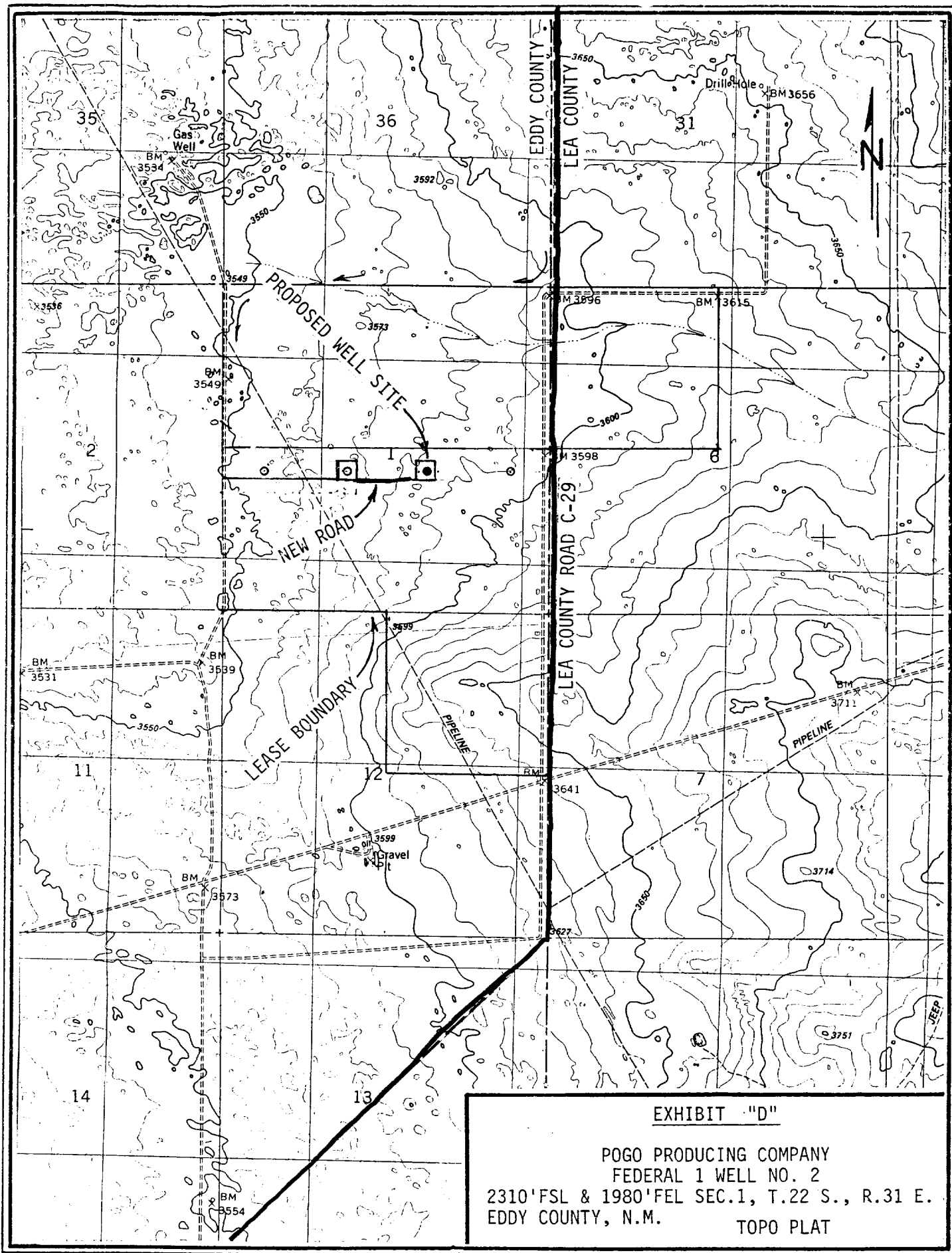


EXHIBIT "D"

POGO PRODUCING COMPANY
FEDERAL 1 WELL NO. 2
2310' FSL & 1980' FEL SEC. 1, T. 22 S., R. 31 E.
EDDY COUNTY, N.M.
TOPO PLAT