

SURFACE USE AND OPERATIONS PLAN

FOR

POGO PRODUCING COMPANY

FEDERAL 23 WELL NO.2

1750'FSL & 660'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. Lease is in producing status.

ACRES IN LEASE: 640.

RECORD LESSEE: Pogo Producing Company

SURFACE OWNERSHIP: Federal.

GRAZING PERMITTEE: J.C. Mills
P. O. Box 190
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

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. Also see Exhibits "B" and "D". To go to the proposed well site from this point, exit 62-180 to the south on the paved road and go 12.5 miles to where there is a cattle guard across the road (Point "C"). Continue south and west, as indicated on Exhibit "B", to the proposed well site.

Point "B" on the plat is on State 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 8 miles and then as indicated on Exhibit "B".

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 about 250 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: Approximately 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 the existing 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 alongside the road and will extend from the well to the battery as shown on Exhibit "B". Anticipated flow line pressure is 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 400' work area. Otherwise, caliche will be taken from the existing pit on Federal land in the W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 12, T.22 S., R.31 E., Eddy County, New Mexico, and will be trucked to the well site over existing and proposed roads.

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 in the drilling pits or will be stored in tanks for disposal in an approved disposal system.

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

E. All trash, junk, and other waste material will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill.

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, and reserve pits, and the location of major drilling rig components.

B. Clearing and levelling of the pad and pit area 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 general area is gently undulating and dunny. In the immediate area of the well site the land surface slopes gently to the north. Regionally, drainage is to the west and southwest.

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-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 in the area. However, an archaeological reconnaissance is to be accomplished and a report furnished.

G. Land Use: Oil and gas drilling and production operations, grazing, and wildlife habitat.

H. Surface Ownership: Federal.

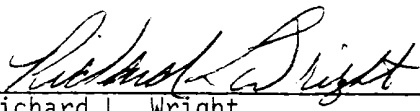
12. OPERATOR's REPRESENTATIVE:

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.

October 31, 1991
Date:



Richard L. Wright
Drilling and Production Supt.

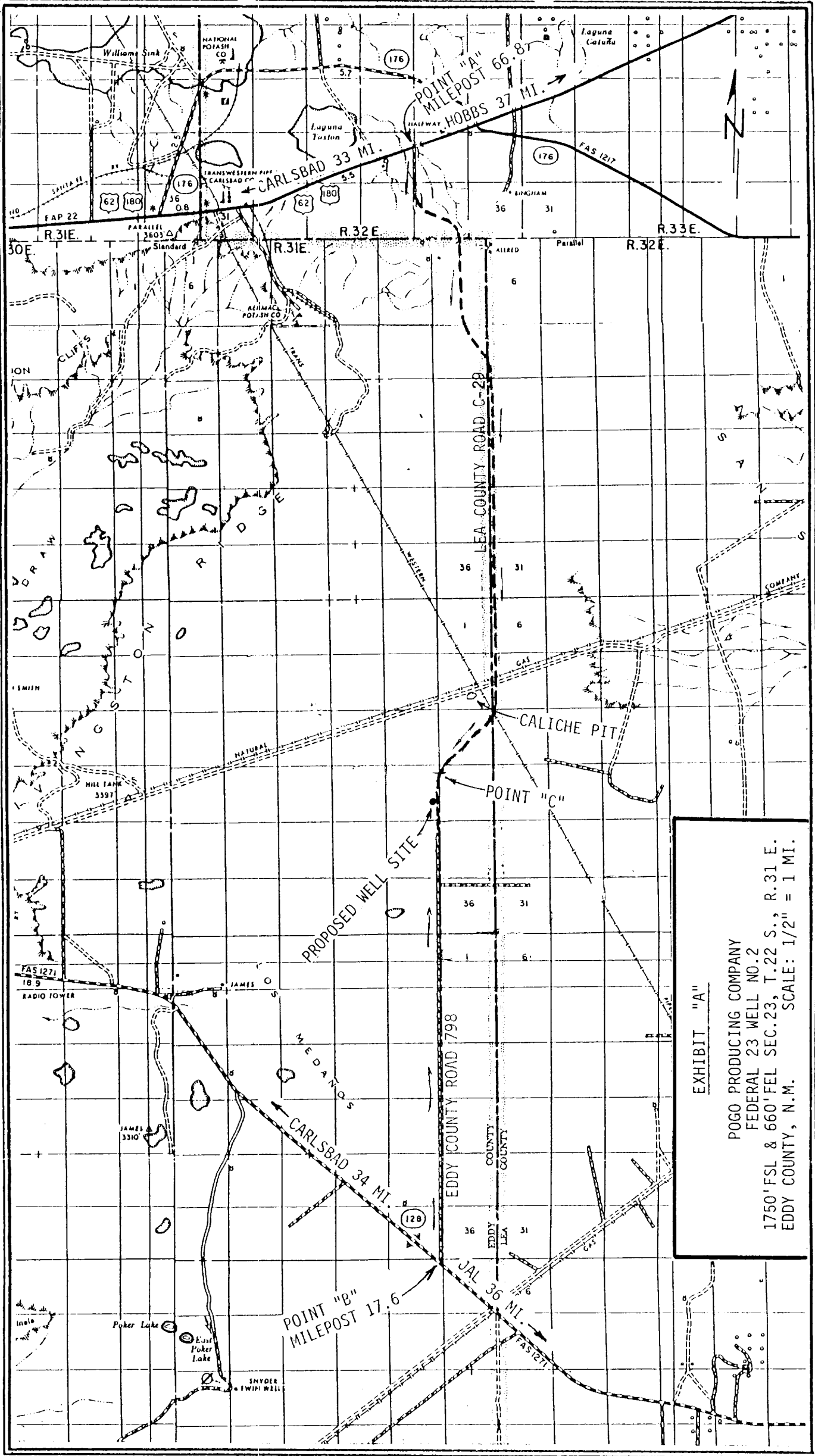
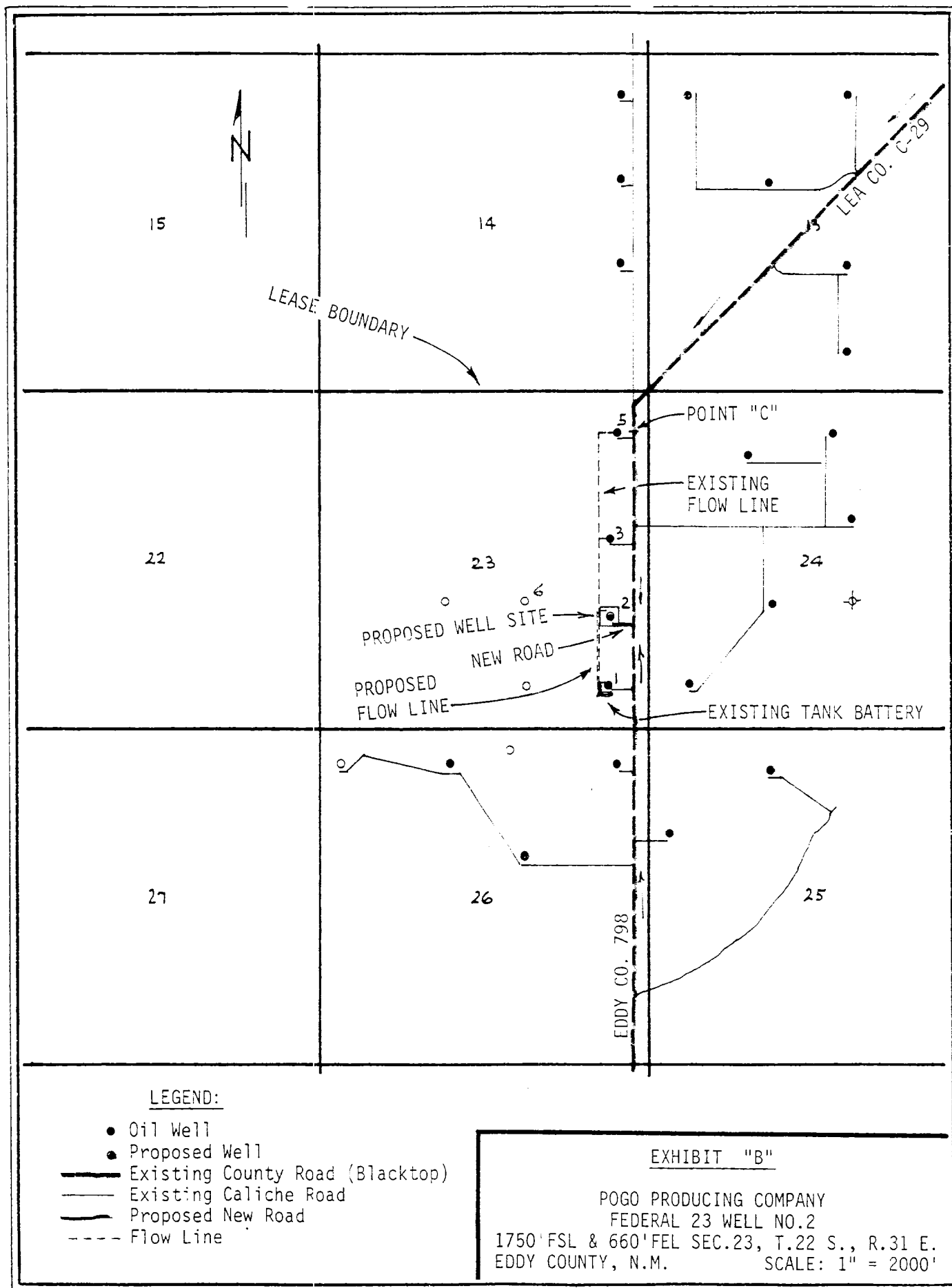


EXHIBIT "A"

POGO PRODUCING COMPANY
FEDERAL 23 WELL NO. 2
1750' FSL & 660' FEL SEC. 23, T. 22 S., R. 31 E.
EDDY COUNTY, N.M. SCALE: 1/2" = 1 MI.



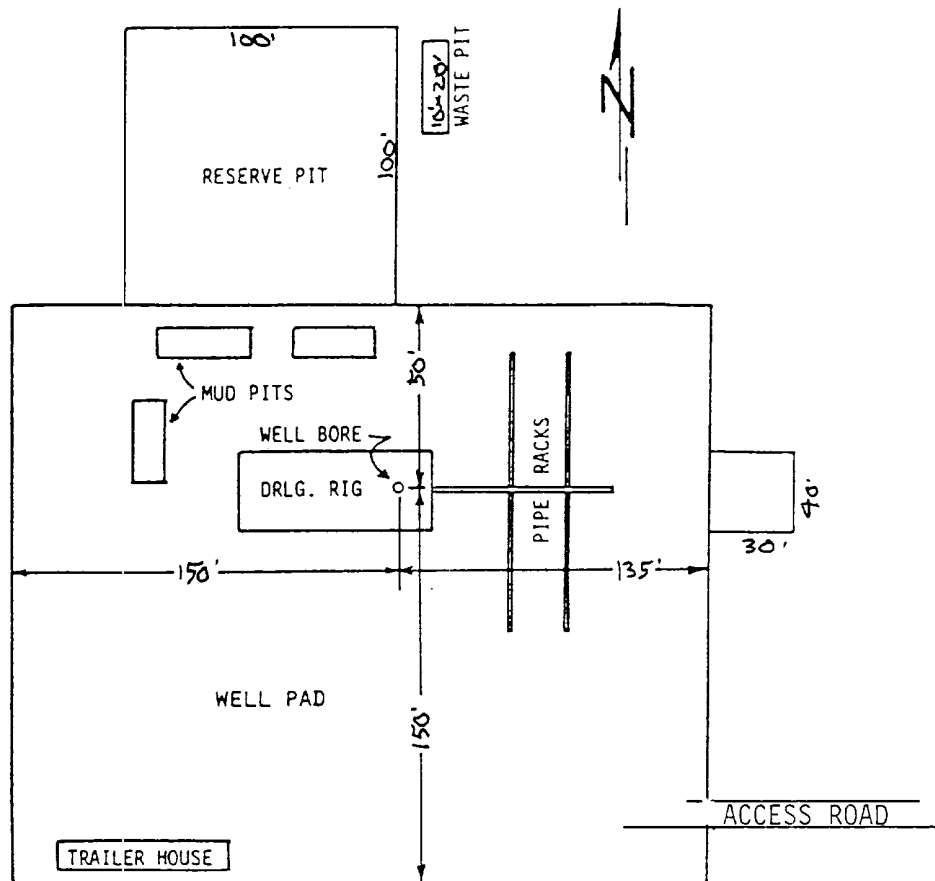


EXHIBIT "C"

POGO PRODUCING COMPANY
FEDERAL 23 WELL NO.2

DRILLING RIG LAYOUT
SCALE: None

