

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Pogo Producing Company  
Well No. 2Y - Cedar Canyon 21 Federal  
Location: 2310' FNL & 890' FEL sec. 21, T. 24 S., R. 29 E.  
Lease: NM-85893

I. DRILLING OPERATIONS REQUIREMENTS:

**CARLSBAD CONTROLLED WATER BASIN**

The Bureau of Land Management (BLM) is to be notified at (505) 887-6544 in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 8-5/8 inch 4-1/2 inch
3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

II. CASING:

1. 8-5/8 inch surface casing should be set at 1250 feet, below usable water and circulate cement to the surface. If cement does not circulate to the surface this BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. Minimum required fill of cement behind the 4-1/2 inch production casing is circulate cement to surface.

III. PRESSURE CONTROL:

1. Before drilling below the 8-5/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.
3. After setting the 8-5/8 inch surface casing string and before drilling into the Delaware formation, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
4. The results of the test will be reported to the BLM Carlsbad Resource Area office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

IV. OTHER:

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval of this office.