SUBMIT IN PRIPLICATE.

FORM APPROVE OMB NO. 1004-0136

UNITED STATES DEPARTMENT OF THE INTERIOR

(Other instructions on Expires: February 28, 1995 5. LEASE DESIGNATION AND PER

	BUREAU OF	LAND MANA	GEMENTS	7	17	NM-0417696	AND BEELAL NO.
APP	LICATION FOR P	ERMIT TO	DRILL O	R DEEPEN	19	6. IF INDIAN, ALLOT	MAN SHIRT SO EST
b. Tipe of well oil well XX	GAS WELL OTHER	DEEPEN	SINGS	OCD - ARTESI,	A 1 /	7. UNIT AGREEMENT 8. FARM OR LEASE NAME,	-21/21/3
2. NAME OF OPERATOR POGO PRODUCING COMPANY / S / (RICHARD WRIGHT 915 365 312) 3. ADDRESS AND TELEPHONE NO. P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 (915-685-8100) 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface 330' FNL & 430' FEL SEC. 3 T22S-R31E EDDY CO. NM					700	9. AFI WELL NO. 30 -015 10. FIELD AND POOL.	FEDERAL # 6
	1),, -	A . 1 a .	-)	NMPOT	4SH	LOST TANK-DEL 11. SEC., T., E., M., OI AND SURVEY OR SEC. 3 T22	97.7
Approximately	AND DIRECTION FROM NEAR 7 30 miles East o	-	New Mexi			12. COUNTY OR PARIS EDDY CO.	NEW MEXICO
LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 18. DISTANCE FROM PROPOSED LOCATION® TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1980					17. NO. OF ACRES ASSIGNED TO THIS WELL 40 20. ROTARY OR CABLE TOOLS ROTARY		
21. ELEVATIONS (Show w.	hether DF, RT, GR, etc.)	3507' GR.			ŀ	WHEN APPRO	
SIZE OF HOLE		PROPOSED CASIN			.м		
25" 17½" 11"	GRADE SIZE OF CASING Conductor 20" H-40 13 3/8"		TNESS	40' 800'825'	Redi-mix circulate to surface 800 Sx. circulate to surface		
7 7/8''	J-55 8 5/8" J-55 5½"	32 17 & 15	5	4200' 8500'	1650 S	x circulate to x in 3 stages	surface.
Drill 25" hol Redi-mix.	le to 40'. Set 40) of 20" c	onductor	pipe and	Carlobed cement	Controlled Water to surface wi	B asin th

- 2. Drill $17\frac{1}{2}$ " hole to 800'. Run and set 800' of 13 3/8" 48# H-40 ST&C casing. CEment with 800 Sx. of Class "C" cement + 2% CaCl + $\frac{1}{2}$ # Flocele/Sx. circulate to surface.
- 3. Drill ll" hole to 4200'. Run and set 4200' of 8 5/8" 32# J-55 ST&C casing. Cement with 1500 Sx. of Class "C" cement + additives, circulate cement to surface.
- 4. Drill 7 7/8" hole to 8500'. Run and set 8500' of $5\frac{1}{2}$ " casing as follows: 2500' of 5½" 17# J-55 LT&C, 5000' of 15.5# J-55 LT&C, 1000' of 5½" 17# J-55 LT&C casing. Cement in 3 stages, DV tools at 6100' & 3700'. Cement 1st stage with 650 Sx. of Class "H" + additives, 2nd stage cement with 600 Sx. of Class "C" cement + additives 3rd stage cement with 400 Sx. of Class "C" cement + additives, circulate cement to surface.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or

The facility of the facility o	ocations and measured and true vertical depths. Give blowout preventer program, if any.
*	APPROVAL SUBJECT TO
SIGNED OF	TITGENERAL REQUIREMENTS AND DATE 06/01/01
(This space for Federal or State office us	.) SPECIAL STIPULATIONS
	ATTACHED
PERMIT NO.	APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

ORIG. SGN.) M. J. CHÁVEZ

CENTED AND OF '01

DISTRICT I P.O. Box 1980, Hobbs, NM 88341-1980

DISTRICT II

DISTRICT IV

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office

OIL CONSERVATION DIVISION

P.O. Drawer DD, Artonia, NM 88211-0719 DISTRICT III 1000 Rio Brazos Rd., Astec, NM 87410

P.O. Box 2088 Santa Fe, New Mexico 87504-2088 State Lease - 4 Copies Fee Lease - 3 Copies

3507'

WELL LOCATION AND ACREAGE DEDICATION PLAT P.O. BOX 2068, SANTA FE, N.M. 87504-2088 AMENDED REPORT API Number Pool Code Pool Name 96582 LOST TANK DELAWARE-WEST Property Code 20943 Property Name LOST TANK "3" FEDERAL Well Number 6 OGRID No. Operator Name Elevation 17891 POGO PRODUCING COMPANY

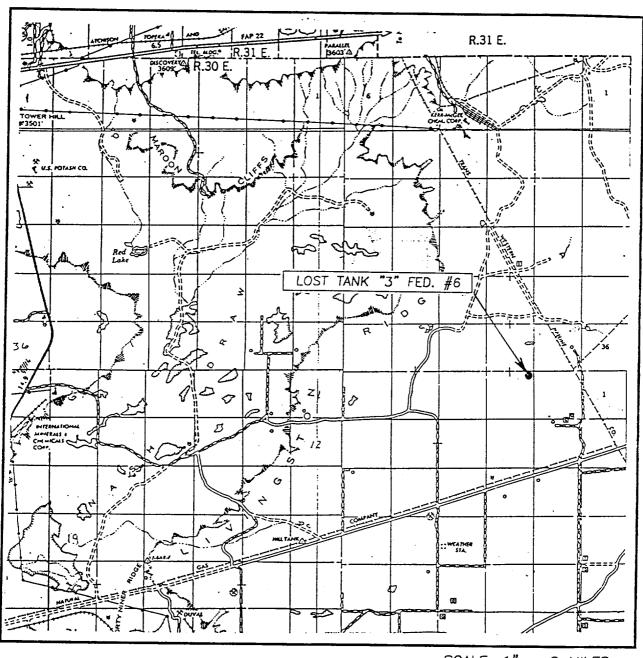
Surface Location UL or lot No. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County 1 3 22-S 31-E 330 NORTH 430 **EAST** EDDY

Bottom Hole Location If Different From Surface UL or lot No. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County Dedicated Acres Joint or Infill Consolidation Code 40

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

		DEBIT ATTROVED BY THE DIVISION
39.65 AC	39.78 AC 39.92 AC	3506.1 3509.2 OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my mowledge and belief. LOT 1 40.05 AC JOE T. Janica Printed Name Agent Title 06/01/01 Date SURVEYOR CERTIFICATION I hereby certify that the well location shown
		on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief. MAY 24, 2001 Date Surveyed Signature & Seal of Professional Surveyor ON-17-0685 Certificate No. RONALD J. EIDSON 3238 GARY EIDSON 12641

VICINITY MAP



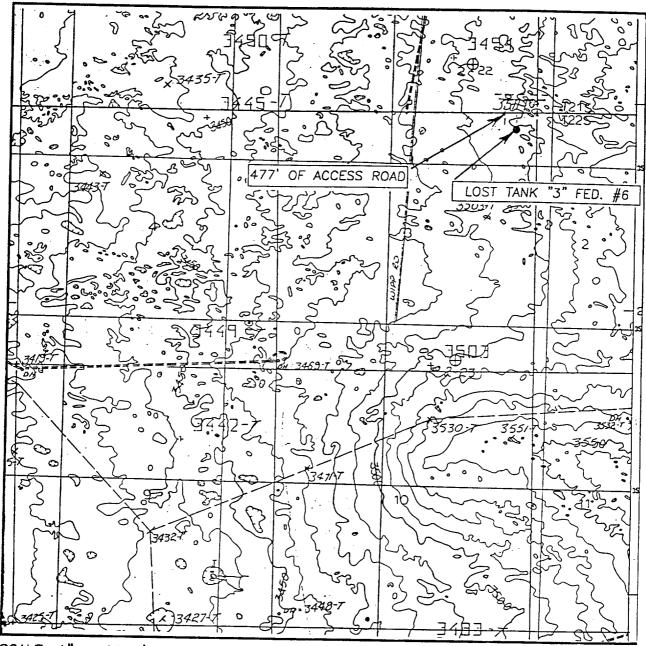
SCALE: 1" = 2 MILES

SEC. 3 TWP. 22-S RGE. 31-E	
SURVEY N.M.P.M.	_
COUNTYEDDY	
DESCRIPTION 330' FNL & 430' FEL	_
ELEVATION 3507'	_
OPERATOR POGO PRODUCING COMPA	M,
LEASE LOST TANK "3" FEDERAL	_

JOHN WEST SURVEYING HOBBS, NEW MEXICO (505) 393-3117



LOCATION VERFICATION MAP



SCALE: 1" = 2000'

LIVINGSTON RIDGE, N.M.

CONTOUR INTERVAL: 10' LIVINGSTON RIDGE, N.M.

SEC. 3 IWP. 22-S RGE. 31-E
SURVEYN.M.P.M.
COUNTYEDDY
DESCRIPTION 330' FNL & 430' FEL
ELEVATION3507'
OPERATOR <u>POGO PRODUCING COMPA</u> N' LEASE LOST TANK "3" FEDERAL
U.S.G.S. TOPOGRAPHIC MAP

JOHN WEST SURVEYING HOBBS, NEW MEXICO (505) 393-3117

APPLICATION TO DRILL

POGO PRODUCING COMPANY LOST TANK "3" FEDERAL # 6 UNIT "A" LOT 1 SECTION 3 T22S-R31E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

- 1. <u>Location</u>: 330' FNL & 430' FEL SEC. 3 T22S-R31E EDDY CO. NM
- 2. Elevation above Sea Level: 3507' GR.
- 3. Geologic name of surface formation: Quaternery Aeolian Deposits.
- 4. <u>Drilling tools and associated equipment:</u> Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.
- 5. Proposed drilling depth: 8500'
- 6. Estimated tops of geological markers:

Rustler Anhydrite	750 '	Cherry Canyon	5205 '
Delaware Lime	4259 '	Brushy Canyon	6485 '
Bell Canyon	4339 '	Bone Spring	8166'

7. Possible mineral bearing formations:

Delaware

Oil

Bone Spring

Oil

8. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
25"	0-40	20"	NA	NA	NA	Conductor
17½"	0-800'	13 3/8"	48#	8-R	ST&C	H-40
11"	0-4200	8 5/8"	32#	8-R	ST&C	J - 55
7 7/8"	0-8500'	5½"	15.5 & 17#	8-R	LT&C	J - 55

APPLICATION TO DRILL

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 6
UNIT "A" LOT 1 SECTION 3
T22S-R31E EDDY CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 800' of 13 3/8" 48# H-40 ST&C casing. CEment with 800 Sx. of Class "C" cement + 2% CaCl, + $\frac{1}{4}$ # Flocele/Sx. circulate cement to surface.
8 5/8"	Intermediate	Set 4200' of 8 5/8" $32\#$ J-55 ST&C casing. Cement with 1500 Sx. of Class "C" cement + 2% CaCl, + $\frac{1}{2}\#$ Flocele/Sx. Circulate cement to surface.
5 ¹ / ₂ "	Production	Set 8500' of $5\frac{1}{2}$ " casing as follows: 2500' of $5\frac{1}{2}$ " 17# J-55 LT&C, 5000' of $5\frac{1}{2}$ " 15.5# J-55 LT&C, 1000' of $5\frac{1}{2}$ " 17# J-55 LT&C casing. Cement in 3 stages with DV tools at 6100', & 3700'±. Cement 1st stage with 650 Sx. of Class "H" Premium Plus, 2nd stage cement with 600 Sx. of Class "C" + additives, 3rd stage cement with 400 Sx. of Class "C" additives, circulate cement to surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nippled up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOS	S TYPE MUD SYSTEM
40-800'	8.4-8.7	29-35	NC	Fresh water spud mud system use paper to control seepage.
800-4200'	10.1-10.4	29-38	NC -	Brine water system use paper to control seepage and high viscosity sweeps to clean hol
4200-8000'	8.4-8.6	29-38	NC	Fresh water system using high viscosity sweeps to clean hol
8000-8500	8.4-8.6	34-38	10 cc or less	Add to fresh water system a polymer to control water loss

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 6
UNIT "A" LOT 1 SECTION 3
T22S-R31E EDDY CO. NM

12. TESTING, LOGGING, & COREING PROGRAM:

- A. Open hole logs: Dual induction, CNL, LDT, gamma Ray Caliper from TD to 4200'. Run Gamma Ray, Neutron from 4200' to surface.
- B. Put mud logger on hole at 4200' and keep on hole to TD.
- C. No cores are planned at this time.
- D. No DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered, $\rm H_2S$ detectors will be in place to detect any presence of unsafe levels of $\rm H_2S$. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operations of all equipment that will be used. Estimated BHP 4200 PSI & estimated BHT 140°

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Roads and location construction will begin after the BLM approves the APD. Anticipated spud date will be as soon as pad & road construction has been completed. Drilling time for the well is estimated to take 27 days. If production casing is run an additional 30 days will be required to complete well and construct surface facilities.

15. OTHER FACETS OF OPERATION:

After running production casing, cased hole Gamma-Neutron & Collar logs will be run over all possible pay intervals. If commercial production from the Delaware pay is indicated it will be perforated and stimulated. Then if necessary the pay will be swab tested and completed as an Odl well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

- 1. All Company and Contract personnel admitted on location must be trained by a qualified $\rm H_2S$ safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazzards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of ${\rm H}_2{\rm S}$ detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
- 2. H_2S Detection and Alarm Systems
 - A. H₂S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
- 3. Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
 - C. There should be a windsock at entrance to location.
- 4. Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H2S present in dangerous concentration. Only emergency personnel admitted to location.
- 5. Well control equipment
 - A. See exhibit "E"
- 6. Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
- 7. Drillstem Testing
 - A. Exhausts will be watered.
 - B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
 - C. If the location is near to a dwelling a closed DST will be performed.

- 8. Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.
- 9. If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H₂S scavengers if necessary.

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 6
UNIT "A" LOT 1 SECTION 3
T22S-R31E EDDY CO. NM

- 1. EXISTING ROADS: Area maps, Exhibit "B" is a reproduction of a County General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.
 - A. Exhibit "A" shows the proposed well site as staked.
 - B. From Hobbs, New Mexico take U.S. High-way 62-180 West toward Carlsbad New Mexico go 40 miles to the WIPP road, turn South go 8± miles, turn East go .25 miles turn South go 500' to location on the East.
 - C. Lay flow lines along road R-O-W's and construct powerlines along road R-O-W's that will be required to prosuce this lease.
- 2. PLANNED ACCESS ROADS: Approximately 500' of new road will be constructed.
 - A. The access road will be crowned and dirched to a 12'00" wide travel surface with a 40' right-of-way.
 - B. Gradient on all roads will be less than 5.00%.
 - C. No turnouts will be necessary.
 - D. If needed, road will be surfaced with a minimum of 4" of caliche.
 This material will be obtained from a local source.
 - E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.
 - F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Topography.

3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS EXHIBIT "A-1"

Α.	Water wells	-	None known
В.	Disposal wells	-	None known
C.	Drilling wells	- ·	None Known
D.	Producing wells	-	As shown on Exhibit "A-I"
E.	Abandoned wells	-	As shown on Exhibit "A-1"

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 6
UNIT "A" LOT 1 SECTION 3
T22S-R31E EDDY CO. NM

4. If, upon completion this well is a producer Pogo Producing Company will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry Notice.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction will be obtained from the excavation of drill site, if additional material is needed it will be purchased from a local source and transported over the access route as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pit.
- B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
- D. Sewage from living quarters will drain into holes with a minium depth of 10'. These holes will be covered during drilling and will be back filled upon completion. A Ports-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for breaking out. In the event that drilling fluids do not evaporate in a reasonable time they will be hauled off by transports and be disposed of at a state approved disposal facility. Later pits will be broken out to speed drying. Water produced during testing will be put in reserve pits. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES:

A. No camps or airstrips to be constructed.

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 6
UNIT "A" LOT 1 SECTION 3
T22S-R31E EDDY CO. NM

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the proposed well site layout.
- B. This exhibit indicated proposed location of reserve and sump pits and living facilities.
- C. Mud pits in the active circulating system will be steel pits & the reserve pit is proposed to be unlined unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with polyethelene. The pit liner will be 6 mils thick. Pit liner will entend a minimum of 2'00" over the reserve pits dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inumdation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 6
UNIT "A" LOT 1 SECTION 3
T22S-R31E EDDY CO. NM

11. OTHER INFORMATION:

- A. Topography consists of sand dunes with a slight dip toward the West. Deep sandy soil supports native grasses, mesquite, and shinnery Oak.
- B. Surface is owned by the Bureau of Land Management U.S. Department of Interior. Surface is used for grazing of livestock and is leased to ranchers for this purpose.
- C. An archaeological survey will be conducted and copies of the survey will be filed in the Carlsbad Office of The Bureau of Land Management.
- D. There are no dwellings or habitation within three miles of this location.

12. OPERATORS REPRESENTIVE:

Before construction:

TIERRA EXPLORATION INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
OFFICE PHONE 505-391-8503
JOE T. JANICA

During and after construction:

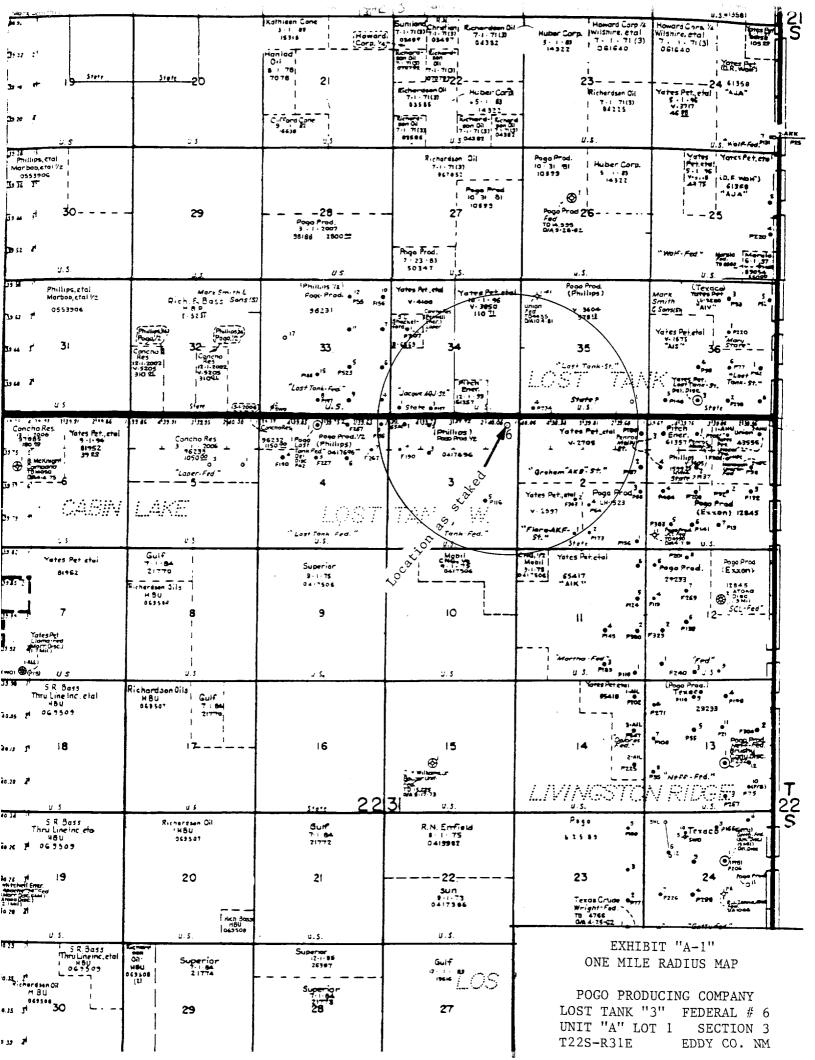
POGO PRODUCING COMPANY
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340
OFFICE PHONE 915-685-8100
MR. RICHARD WRIGHT 915-685-8140

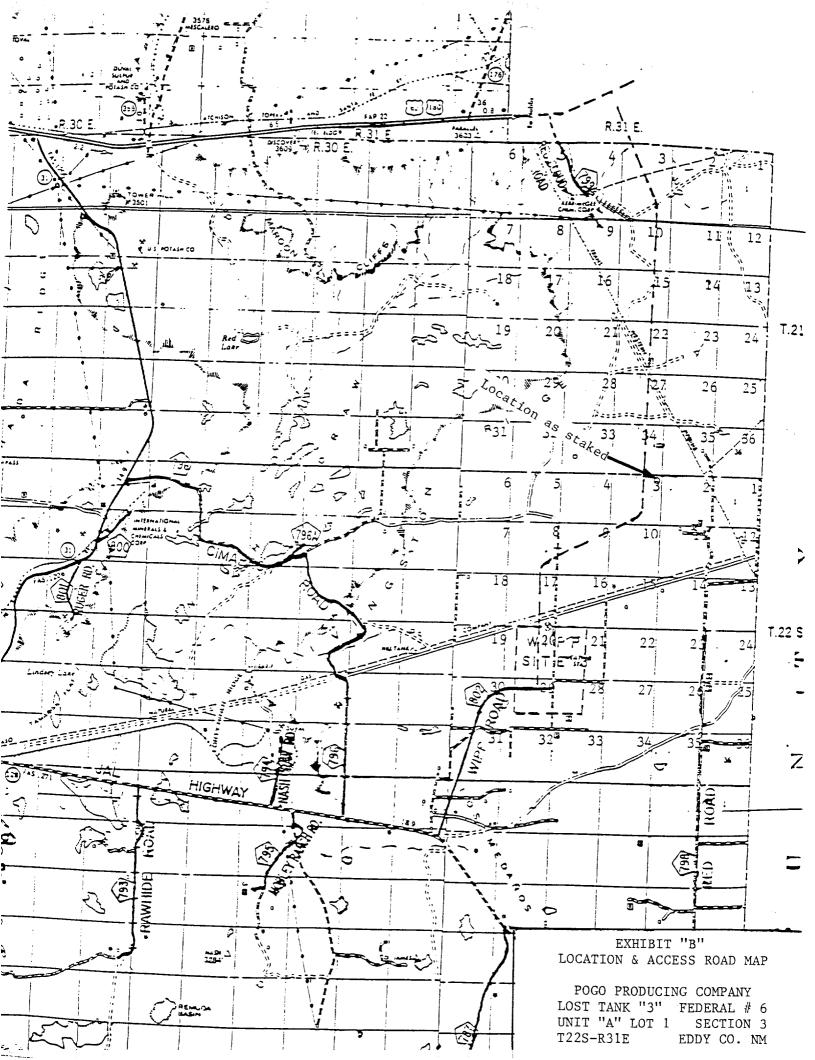
13. CERTIFICATION: - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with contractors/subcontractors is in the conformed by Pogo Producing company, its conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filling of a false statement.

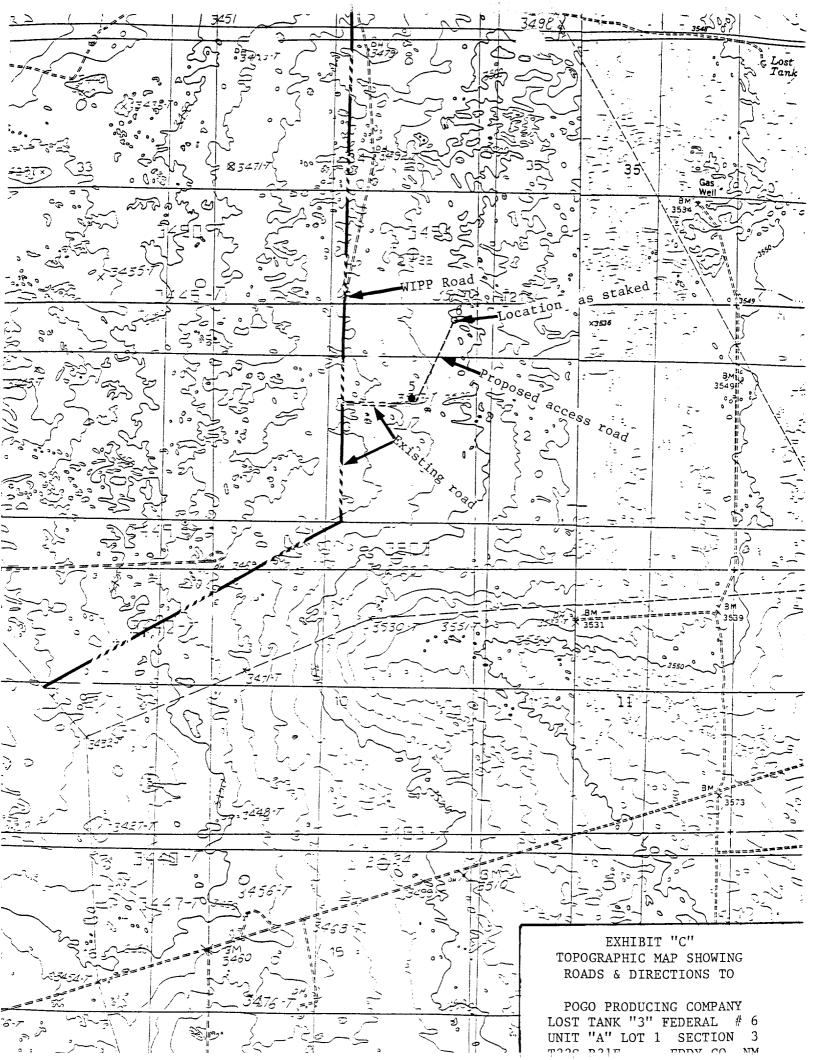
NAME : OFT Januara

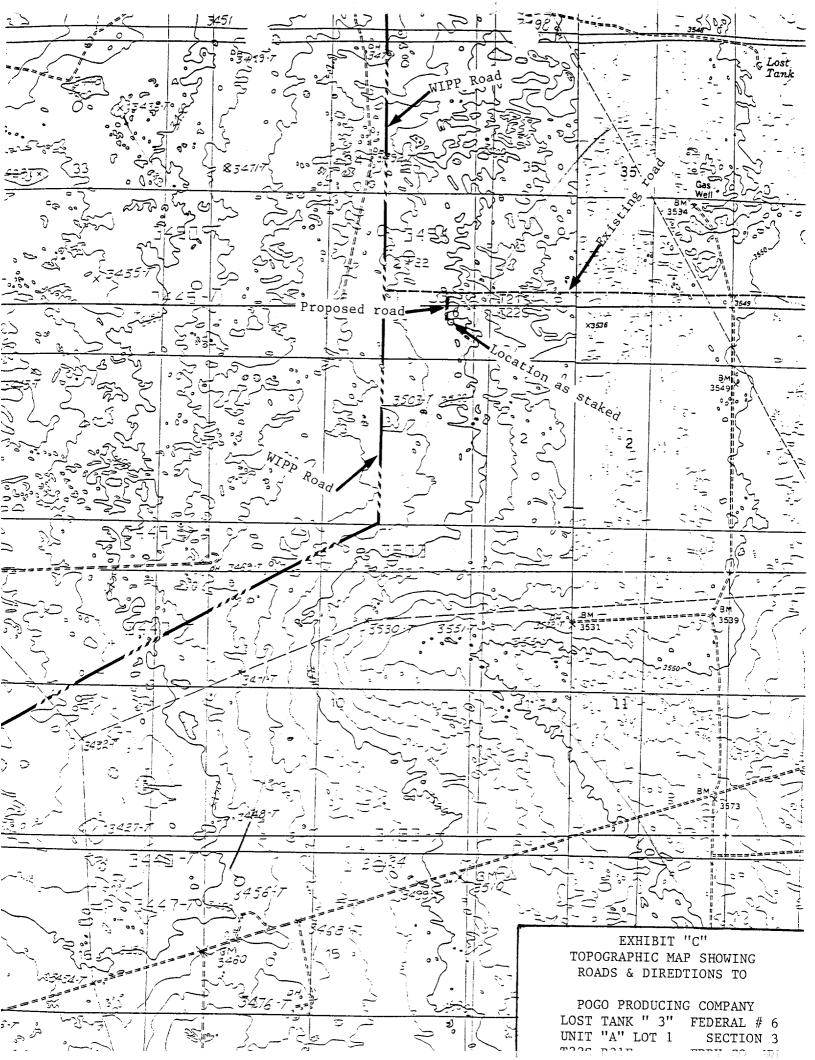
DATE 06/01/01

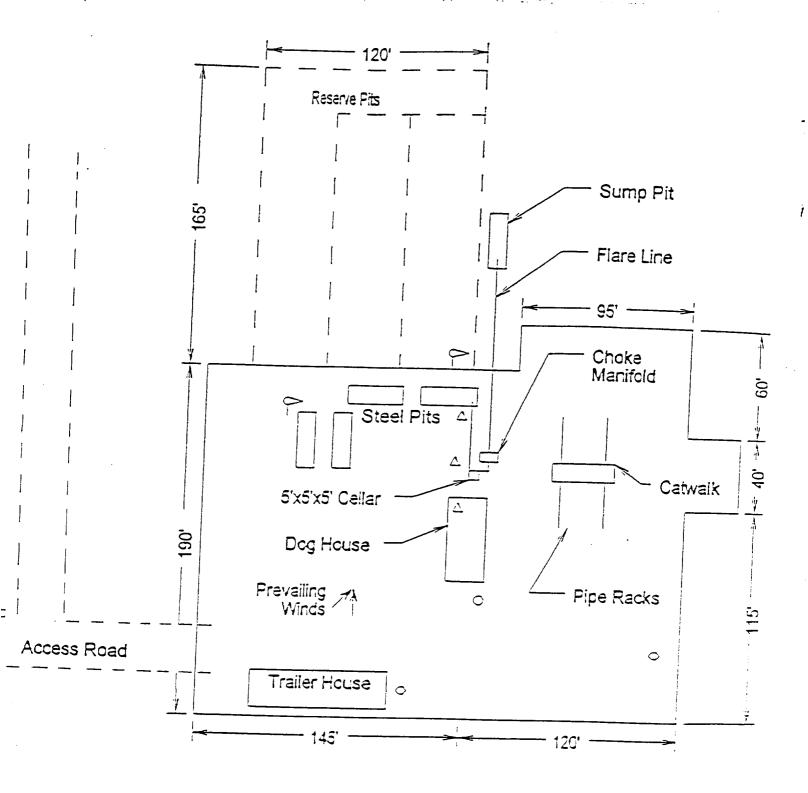
TITLE : Agent







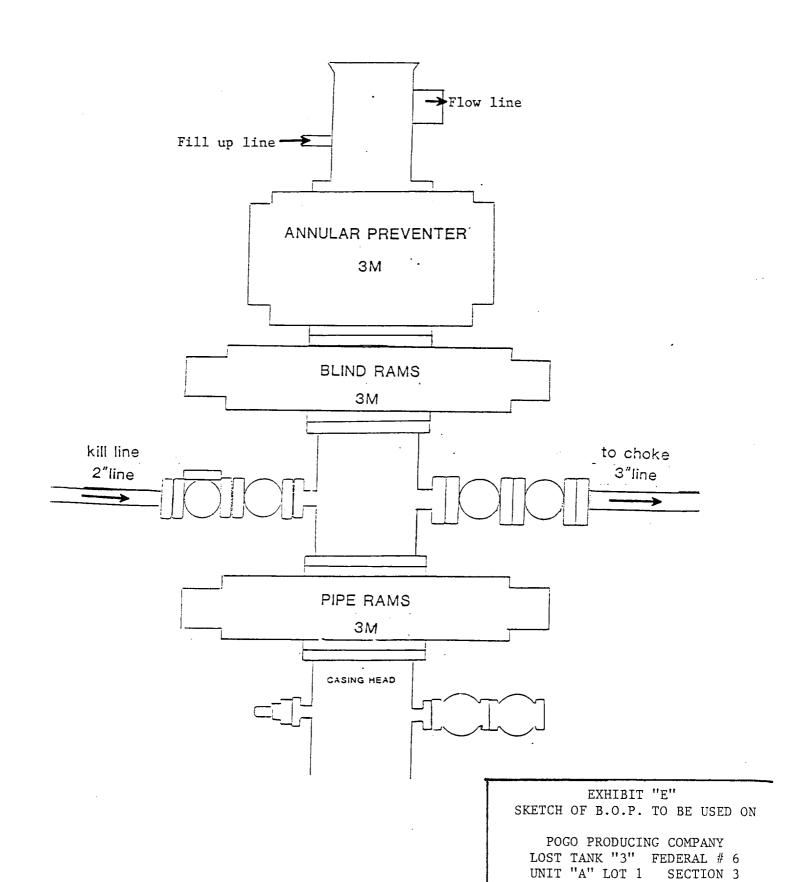




- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- Eriefing Areas
- O Remote BOP Closing Unit
- □ Sign and Condition Flags

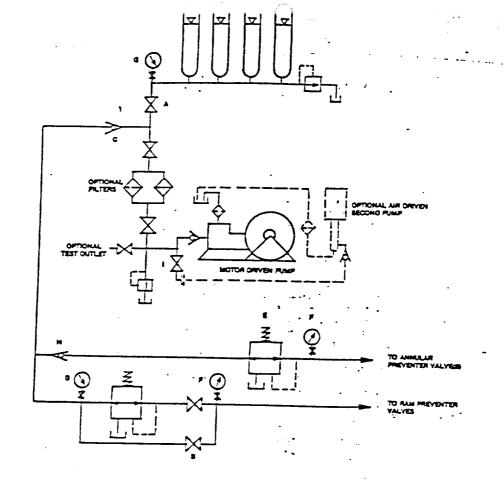
EXHIBIT "D"
RIG LAY OUT PLAT

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 6
UNIT "A" LOT 1 SECTION 3
T22S-R31E EDDY CO. NM



T22S-R31E

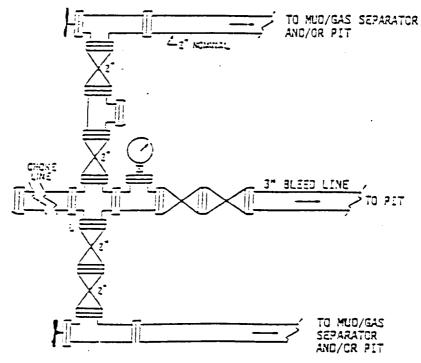
EDDY CO. NM



HAND AJUSTABLE CHOKE

POGO PRODUCING CO 3M CHOKE MANIFOLD

3" LINE FROM BOP'S



HAND AJUSTABLE CHCKE

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

POGO PRODUCING COMPANY
LOST TANK "3" FEDERAL # 6
UNIT "A" LOT 1 SECTION 3
T22S-R31E EDDY CO. NM