

POGO SAM FEDERAL # 2

1980' FNL & 1980' FEL
SEC 26, T25S, R28E
3/8" TUBING CUT @ 8106'
EDDY CO., NM
POGO WI: 93.75%
API # 30-015-24364

PACKER: BAKER D 11850'
P :U/MORROW12632-12638*
P :MORROW 12722'-12730
P: MORROW 13190'-13200*
CSG: 9 5/8" 9765' (40 & 43.5LB)
PBTD: FC @ 13418"
5" LINER 9368'-13460'

SWAB PERF ACDZ MORROW

AFE # 560686 GROSS \$329,000

OIL CONSERVATION DIVISION
CASE NUMBER 12811
EXHIBIT 3

9/15/01	PO: SHUT DOWN SAT & SUN MIRU WELL SERVICE UNIT. ATTEMPT TO RETRACT TIE DOWN BOLTS. FAILED. LEFT WELL OPEN TO TANK. SDFWE. DAILY COST: \$ 8250 CUM COST: \$ 9918
9/16 -17/01	SHUT DOWN FOR WEEKEND.
9/18/01	PO: REMOVE TIE DOWN BOLTS. CHANGE OUT 10K CASING WING VALVE. INSTALL 10K HYDRAULIC BOP'S. ATTEMPT TO RELEASE LOK SET PACKER @ 9238'. FAILED. R/U ROTARY WIRELINE. RUN FREE POINT. FOUND TUBING STUCK AT PACKER 9238'. SET OFF SMALL CHARGE @ 9238. PACKER JUMPED UP HOLE 6'. WIRELINE STUCK. WHILE WORKING STUCK WIRELINE THE LINE BROKE @ DRUM. WIRELINE LOOKS TO BE STUCK IN LUBRICATOR. CLAMP LINE. SDFN. DAILY COST: \$ 6325 CUM COST: \$ 16,243
9/19/01	PO: CUT TUBING. WIRELINE CLAMP WAS ON SMALL PIECE. WORK TUBING. FAILED TO MOVE UP HOLE ANY FURTHER. LOCATED WIRELINE TOP 93 FT FROM SURFACE. R/U WIRELINE FISHING TOOLS. LOCATE AND LATCH WIRELINE TOP @ 93 FT. PULL SLACK UP TO SURFACE. DROP WIRELINE CUTTER. DROP GO DEVIL AFTER WORKING TUBING. WIRELINE CUT. RETRIEVE LINE ON SPOOL. RECOVERED 8180' LINE & CUTTER. SDFN. DAILY COST: \$ 8580 CUM COST: \$ 24,823
9/20/01	PO: UNLOAD 2 7/8" TUBING FROM YARD. CUT 2 3/8" PRODUCTION TUBING W/ ROTARY WIRELINE @ 8106'. R/U TUBOSCOPE. POH SCANNING 2 3/8" 4 7# N-80 TUBING. LAY DOWN TUBING. 15 YELLOW, 85 BLUE, 113 GREEN, 46 RED. HAD HOLES IN JOINT # 167, #172 & #211. SDFN. DAILY COST: \$ 8580 CUM COST:\$ 33,403
9/21/01	PO: TIH W/ 9 5/8" PKR ON 2 7/8" TBG TO TEST CSG.. CHG RAMS IN BOP. PU TBG & TIH TO 5500' & TOH. SDFN. DAILY COST: \$ 33,935 CUM COST:\$ 67,338
9/22/01	PO: SHUT DOWN FOR WEEK END. P/U 9 5/8" ARROW SET PACKER W/ 2 1/4 " PROFILE "F" BAKER. + ON/OFF TOOL. TIH W/ 2 7/8" 6.5# N-80 EUE 8RD TUBING TO 5036'. SET PACKER. TEST CASING TO 500 PSI. OK. RELEASE PACKER & TIH W/ 2 7/8" TUBING TO 7989'. SET PACKER. TEST TO 500 PSI. OK. P/U 1 JOINT. SDFWE. DAILY COST:\$ 18,810 CUM COST:\$ 86,148
9/23/01	PO: SHUT DOWN FOR SATURDAY SHUT DOWN
9/24/01	PO: PREP TO CIRCULATE PACKER FLUID. SHUT DOWN FOR SUNDAY. DAILY COST:\$ 0 CUM COST:\$ 86,148

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3/8" TUBING CUT @ 8106'
EDDY CO., NM
POGO WI: 93.75%
API # 30-015-24364

PACKER: BAKER D 11850'
P :U/MORROW12632-12638*
P :MORROW 12722'-12730
P: MORROW 13190'-13200*
CSG: 9 5/8" 9765' (40 & 43.5LB)
PBTD: FC @ 13418"
5" LINER 9368'-13460'

SWAB PERF ACDZ MORROW

AFE # 560686 GROSS \$329,000

9/25/01 PO: SWABBING

RIH 1 JOINT 2 7/8" TUBING TO 7989'. CIRCULATED PACKER FLUID. N/D BOP'S. N/U 2 1/2" TREE. SET PACKER W/ 25 PTS @ 7983'. TESTED CASING TO 500 PSI FOR 30 MINUTES. LOST 20 PSI. OK'D BY JIM AMOS W/ BLM. R/U SWAB. IFL 700' FS. MADE 5 SWAB RUNS & RECOVERED 34 BLW. HAD BLOW OF GAS AFTER 1ST SWAB RUN. FFL 6000' FS. NO GAS BLOW. PUT WELL ON 24/64" CHOKE OVER NIGHT. SDFN.

DAILY COST: \$ 6160

CUM COST:\$ 92,308

9/26/01 PO: RIG RELEASED.

SITP & SICP 0 PSI. NO FLUID PRODUCTION OVER NIGHT. R/U SWAB. IFL @ 4800' FS. SWAB 7 HRS & RECOVERED 36 BLW. FFL @ 7900' FS. VERY LIGHT BLOW OF GAS ON TUBING. RELEASE RENTAL EQUIPMENT. SHUT IN WELL. **FINAL REPORT.**

DAILY COST: \$ 4,085

CUM COST:\$ 96,393

POGO SAM FEDERAL # 2

1980' FNL & 1980' FEL
 SEC 26, T25S R28E
 EDDY CO., NM
 POGO WL 75%
 API # 30-015-24384

PACKER : BAKER D 11850'
 P: MORROW 13190'-200"
 CSG: 9 5/8" 9766' (40 & 43.5LB)
 PBTD: FC @ 13418'
 5" LINER 9368' - 13460'

SWAB PERF ACDZ MORROW
 AFE # 560686 GROSS \$ 329,000

1/19/02	PO: Shut down for weekend. POOH w/tbg & Arrow set pkr. TIH w/overshot & 2 3/8" grapple on 2 7/8" tbg. Latch onto 2 3/8" tbg. Put well on 16/64" ck & leave open to frac tanks. DAILY COST: \$ 5,720	CUM COST: 10,230
1/20/02	PO: Shut down for weekend. Shut down for weekend. DAILY COST: \$ 0	CUM COST: 10,230
1/21/02	PO: RIH w/wireline grab. Shut down for weekend DAILY COST: \$ 0	CUM COST: 10,230
1/22/02	PO: ATTMPT TO FREE WL FISH. RUN WL GRAB ON 1" & 7/8" RODS. CAUGHT WL @ 8150' & PUL TO 8120. CAN NOT GET PAST 8'20'. HAVE 8" OF MOVEMENT 8120-28'. SION. DAILY COST: \$ 4,950	CUM COST: 15,180
1/23/02	PO: STRIP TBG & RODS OUT OF HOLE. WORK AT FREEING UP RODS & FISH. HAD 25' FREE PLAY IN RODS. STRIP OUT & LD 8 JTS TBG & 11 RODS. SION. DAILY COST: \$ 4,620	CUM COST: 19,800
1/24/02	PO: POH W/ TBG & RODS. LD 31 JTS TBG & 38 1" RODS. BACK OFF RODS & PULLED 30 1" & 210 7/8" RODS. PULLED 70 STDS 2 7/8" TBG. PUT WELL ON 16/64" CH TO FRAC TANK. SD. DAILY COST: \$ 4,840	CUM COST: 24,640
1/25/02	PO: RIH W/ LEAD IMPRESSION BLOCK ON SAND LINE W/ 1 STAND TBG TOH W/ TBG & 7/8" RODS. REC APPROX 125' OF 5/16" ELECTRIC LINE & 34 JTS 2 3/8" TBG & 12' OF BOTTOM JT W/ BOTTOM 11' COLLAPSED. REC TOTAL 1099' OF 2 3/8" TBG. SD. DAILY COST: \$ 4,400	CUM COST: 29,040
1/26/02	PO: TOH W/ TBG & FISHING TOOLS RIH W/ 1 STAND OF TBG ON SL TO CHK FL. RIH W/ 6 1/2" LEAD IMPRESSION BLOCK ON 4 JTS TBG ON SL. NO IMPRESSION. TIH W/ WL GRAB & BUMPER SUB ON TBG. FISH FOR 6/16" WIRE. PU SOME WT. POH W/ 3 STDS. SION. DAILY COST: \$ 6,490	CUM COST: 35,430
1/27/02	PO: SD FOR SUNDAY. TOH W/ TBG & TOOLS. REC NEST OF 5/16" WL, MAY BE ALL OF LOST WIRE. SION. DAILY COST: \$ 4,070	CUM COST: 39,500
1/28/02	PO: RUN WL GRAB ON TBG. SD FOR SUNDAY DAILY COST: \$ 0	CUM COST: 39,500

1980' FNL & 1980' FEL
SEC 26, T25S, R28E
EDDY CO., NM
POGO WI: 75%
API # 30-015-24364

PACKER : BAKER D 11850'
P: MORROW 13190'-200"
CSG: 9 5/8" 9765' (40 & 43.5LB)
PBDT: FC @ 13418'
5" LINER 8368' - 13460'

SWAB PERF ACDZ MORROW
AFE # 560686 GROSS \$ 329,000

1/29/02 PO: POH W/ WIRE ROPE SPEAR.
MADE ROUND TRIP WITH ROPE SPEAR. RECOVERED 110' 5/16" WIRE. TIH W/ WIRE ROPE SPEAR. POH 30 STDS. SHOWED SOME DRAG POH. SDFN
DAILY COST: \$ 6610 CUM COST: \$ 45,110

1/30/02 PREP TO RIH W/ OVERSHOT TO CATCH ON/OFF TOOL
REPAIR BOP. POH W/ WIRELINE SPEAR. RECOVERED 175' WIRE ROPE. CALCULATED RECOVERY OF WIRE = 1130' (LOST 1110). TIH W/ ROPE SPEAR. WORK SAME. POH. NO RECOVERY. SDFN
DAILY COST: \$ 5225 CUM COST: \$ 50,335

1/31/02 PO: FINISH RETRIEVING FISH.
PU 7 1/2" OVERSHOT W/ 4 7/16" GRAPPLES + (1) JOINT OF 7 1/2" WASH PIPE. PU JARS AND BHA. TIH ON 2 7/8" TUBING TO FISH. JAR AND WORK FISH FREE. POH. RECOVERED 9 5/8" BAKER LOK SET PACKER. WEIGHT INDICATOR SHOWS 12000 LBS 2 3/8" TUBING BELOW PACKER. SDFN
DAILY COST: \$ 3,360 CUM COST: \$ 58,695

2/01/02 PO: LD rods
POOH LD 83 jts 2 3/8" tbg, 16.90' seal assembly & 6' - 2 3/8" wireline entry guide. Break down & LD fishing tools. Recovered a.l fish including 1 7/16" wireline rope socket, 1 7/16" CCL & 1 1/2" - 10' shot rod. LD 4 3/4" collars. R.H w/ 2 7/8" tbg. RIH w/ 1" & 7/8" rods used for fishing. POOH LD rods. SION
DAILY COST: \$ 7,150 CUM COST: \$ 65,845

2/02/02 PO: PU & RIH w/seal assembly & 2 3/8" tbg.
FISH LD rods & tbg. Send 2 3/8" tbg to Cottons Inspection Service & 2 7/8" tbg to Camron yard. Off load & PU 2 3/8" tbg. RIH w/tbg & stand back in derrick. SD for weekend.
DAILY COST: \$ 6,720 CUM COST: \$ 71,565

2/3/02 PO: SHUT DOWN FOR WEEKEND.

2/4/02 PO: SHUT DOWN SUNDAY. PREP TO RIH W/ SEALS & 2 3/8" TUBING MONDAY.

2/5/02 PO: SWAB MORROW PERFS
TOH W/ 2 7/8" TBG. TIH W/ 26' LOCATOR SECL ASSY & 4' 2 3/8" MULE SHOE SUB ON 188 JTS 2 3/8" 4.7# N-80 TBG & 188 JTS 2 3/8" 4.7# P-110 TBG. STING INTO BAKER DB PKR @ 11850. STING OUT. CIRC HOLE W/ 2% KCL PKR FLUID. STING INTO PKR @ 11850' SION
DAILY COST: \$13,360 CUM COST: \$ 85,095

2/6/02 PO: SWAB MORROW PERFS
POO MOD D PKR. PUMP 200 GALS 15% PICKLE ACD DN TBG & REVERSE OUT. LAND SEAL ASSY IN NEUTRAL W/ 8' SUB. ND BOP & NU TREE. SWAB 3 HRS. 12 RUNS. IFL @ SURF. FFL @ 11000'. REC 43 BLW. NO GAS. SION.
DAILY COST: \$ 51,780 CUM COST: \$ 136,885

POGO SAM FEDERAL # 2

1980' FNL & 1980' FEL
 SEC 26, T25S, R28E
 EDDY CO., NM
 POGO W: 75%
 API # 30-015-24364

PACKER : BAKER D 11850'
 P: MORROW 13190'-200'
 CSG: 9 5/8" 9765' (40 & 43.5LB)
 PBTD: FC @ 13418'
 5' LINER 9385' - 13460'

SWAB PERF ACIDZ MORROW
 AFE # 560686 GROSS \$ 329,000

2/7/02	PO: SWAB MORROW PERFS.	
	SITP 510 PSI. SWAB 5 HRS, 13 RUNS, IFL @ 9400', FFL @ 11600'. REC 13.5 BW, SLIGHT CONTINUOUS GAS BLOW AFTER 3 RD RUN. DROP SOAP STICKS BETWEEN LAST 6 RUNS. REC AVG 1/4 BWPH LAST 6 RUNS. SIGN.	
	DAILY COST: \$ 3,190	CUM COST: \$ 140,075
2/8/02	PO: SWAB MORROW PERFS.	
	SITP 510 PSI. DROPPED 6 SOAP STICKS & WAITED 40 MINS. BLEW WELL DN & REC ONLY MIST. SWAB 8 HRS, 12 RUNS, IFL @ 9600', FFL @ 11800'. REC 12.5 BW, CONTINUOUS GAS BLOW BETWEEN RUNS. DROP 2 SOAP STICKS EVERY 2 RUNS. LEFT WELL OPEN FOR FLUID ENTRY.	
	DAILY COST: \$ 3,190	CUM COST: \$ 143,265
2/9/02	PO: SD.	
	DROPPED 4 SOAP STICKS. SWAB 7 1/2 HRS, 11 RUNS, IFL @ 9400', FFL @ 11800'. REC 6 BW, CONTINUOUS GAS BLOW BETWEEN RUNS, EST 15 MCFD. LAST 5 HRS, REC 1/4 BWPH. NECESSARY TO DROP SOAP STICKS BETWEEN RUNS TO GET ANY RECOVERY. SIGN	
	DAILY COST: \$ 3,630	CUM COST: \$ 146,895
2/10-11/02	PO: RD PU.	
	SD	
	DAILY COST: \$ 0	CUM COST: \$ 146,895
2/12/02	PO: Shut in.	
	62 hr shut in - 1950#. RD well service unit. Leave well shut in. TEMPERARILY DROP FROM REPORT UNTIL FURTHER OPERATIONS.	
	DAILY COST: \$ 0	CUM COST: \$ 146,895
2/20/02	PO: PREP TO SWAB	
	9 DAY SHUT IN TUBING PRESSURE 2500 PSI. BLEW DOWN IN 30 MIN. RECOVERED 5 1/2 BBS FLUID. LEFT OPEN TO TANK	
2/21/02	PO: PREP TO ACIDIZE.	
	MIRU WELL SERVICE UNIT. WELL HAD SLIGHT BLOW. R/U SWAB IFL @ 10600' FS. SWAB 7HRS RECOVERED 7 BBS FLUID. FINAL ENTRY WAS 1/4 BPH WITH STEADY GAS BLOW OF ± 20 MCF. SDFN	
	DAILY COST: \$ 2,860	CUM COST: \$ 150,525
2/22/02	PO: SWAB / FLOW TEST WELL.	
	R/U CUDD PUMPING SERVICE. TEST LINES. ACIDIZE MORROW PERFS 13190' - 200' W/ 1200 HALS 7 1/2% MORROW FLOW ACID W/ N2 ASSIST. AIR 3 BPM FLUID + 3000 SCF MIN. N2. FLUSH W/ N2. ISIP 6580 PSI. 15 MIN 5700 PSI. FLOW BACK N2 & ACID GAS FRO 2 1/2 HRS. FTP DOWN TO 70 PSI & MISTING FLUID. R/U SWAB. SWABBED 3 1/2 HRS & RECOVERED 5 BLW. SHOR 30 1/4 BLW. IFL 10800'. FFL 11600'. EOT @ 11850'. SHUT IN WELL OVER NIGHT.	
	DAILY COST: \$ 11,000	CUM COST: \$ 161,525

POGO SAM FEDERAL # 2

1580' FNL & 1980' FEL
 SEC 26, T25S, R28E
 EDDY CO., NM
 POGO WL 75%
 API # 30-015-24364

PACKER : BAKER D 11850'
 P: MORROW 13190'-200'
 CSG: 9 5/8" 9765' (40 & 43 5 LB)
 PBTD: FC @ 13418'
 5" LINER 9368' - 13480'

SWAB PERF ACIDZ MORROW
 AFE # 560585 GROSS \$ 328,000

2/23/02	PO: SDFWE	OVERNITE SHUT IN TUBING PRESSURE = 750 PSI. BLEW DOWN WELL. R/U SWAB. IFL 8600' FS. FFL @ 11600' FS. RECOVERED 9 1/2 BLF IN 8 HRS SWABBING. FINAL ENTRY WAS 1/4 BPH. GAS RATE ESTIMATED AT 60 MCFD CONTINUAL BLOW. SHUT IN FOR WEEK END.	DAILY COST: \$ 3,508	CUM COST: \$ 157,433
2/24/02	PO: SHUT DOWN FOR WEEKEND	SHUT DOWN SATURDAY.		
2/25/02	PO: PREP TO FLOW TEST WELL.	SHUT DOWN SUNDAY.	DAILY COST: \$ 0	CUM COST: \$ 157,433
2/26/02	PO: Perf Morrow 12,722' - 12,730'.	ONSITP - 2800#. Blew well down in 25 min. Rec 8 1/2 bbls water. Swab well. SFL - 9600'. FFL - 11,600'. Rec 9 1/2 bbls in 5 hrs. FFER - 1/4 BPH. Steady blow throughout day @ 60 - 80 MCFPD rate. Left well flowing to frac tank on 18/64" ck. SDFN.	DAILY COST: \$ 2,507	CUM COST: \$ 163,970
2/27/02	PO: Flow test Morrow.	RU Baker WL. RIH w/1 1/16" tbg gun & perf Morrow 12,722' - 12,730' 4 SPF. 0 phase. RD Baker WL. Swab well. SFL - 3000'. FL - 2 nd run 4600'. FL - 3 rd run 700'. Made 4 more swab runs @ 1 hr intervals rec 1/4 bbls per run. Rec total 5 bbls in 4 hrs. Gas rate est @ 150 - 175 MCFPD at end of day. Left well open to frac tank on 18/64" ck. SDFN.	DAILY COST: \$ 8,050	CUM COST: \$ 171,120
2/28/02	PO: Acidz Morrow perms 12,722' - 12,730'	FTP - 50#. Swab well. SFL - 8000'. FFL - 11,600'. Rec - 6 bbls water in 8 1/4 hrs. Rec 1/4 bbl on last 2 runs. Gas steady @ est 150 - 180 MCFPD. Left open to frac tank on 18/64" ck. SDFN.	DAILY COST: \$ 3,220	CUM COST: \$ 174,340
3/1/02	PO: Flow test Morrow.	FTP - 40#. Swab well. SFL - 11,550'. Made 1 swab run. No recovery. RU Cudd Pumping Services. Acidz Morrow perms 12,722' - 12,730' w/750 gals 7 1/2% Morrow acid w/23 tons of CO2 assist. Injected 30 - 7/8" RNCB's ahead of acid to divert acid away from lower Morrow. ATP - 5950# @ 3.5 BPM liquid rate. ISIP - 4750# - 15 min - 3647#. Blew well down to pit. At 1800 hrs had 40# FTP unloading water, spent acid and gas. Gas would burn. Left well flowing to frac tank on 20/64" ck. SDFN.	DAILY COST: \$ 10,655	CUM COST: \$ 185,035
3/2/02	PO: Flow test Morrow.	0600 hrs 20/64" ck. FTP - 140#. Rec 3 1/2 bbls water overnight. Currently flowing @ est 320 - 375 MCFPD rate. Heavy mist w/gas. Rec 1/2 bbls fluid in 5 hrs. Left well flowing to frac tank on 20/64" ck. SDFN.	DAILY COST: \$ 2,530	CUM COST: \$ 187,565
3/3/02	PO: Shut down for weekend.	Hooked up porta-check test unit. Put well on test.	DAILY COST: \$ 400	CUM COST: \$ 187,965

POGO SAM FEDERAL # 2

1980' FNL & 1980' FEL
 SEC 26, T25S, R28E
 EDDY CO., NM
 POGO WI: 75%
 API # 30-015-24364

PACKER : BAKER D 11850'
 P: MORROW 13190'-200'
 CSG: 9 5/8" 9765' (40 & 43.5LB)
 PBTD: FC @ 13418'
 5" LINER 9368' - 13460'

SWAB PERF ACIDZ MORROW
 AFE # 560686 GROSS \$ 329,000

3/4/02	PO: Swab well. Rig down well service unit. Continue to test well. 24 hrs 20/64" ck FTP = 90#: 0 BO, 5 BW, 155 MCF. DAILY COST: \$ 400	CUM COST: \$ 188,365
3/5/02	PO: PERF U/MORROW. WELL FLWG ON 20/64" CK W/ 90 PSI. NO FLUID LAST 24 HRS. BLOW DN. NO TREE & PU ON TBG & REMOVE 8' SUB TO LAND TBG IN NEUTRAL. NU TREE. SWAB 5 1/4 HRS. IFL 7300'. FFL 11600'. SWAB DRY IN 5 RUNS & REC 4 BW. MADE 4 MORE RUNS @ 1 HR INTERVALS & REC 1 1/2 BW. FINAL ENTRY RATE 1/2 BWPH. TURN WELL THRU TESTER & RD PU DAILY COST: \$ 3,335	CUM COST: \$ 192,395
3/5/02	PO: FLOW TEST PERF U/MORROW 12632-12638' W/ 4 JSPP @ 0° PH. TURN WELL THRU TESTER ON 20/64" CK. DROP SOAP. DAILY COST: \$ 5,325	CUM COST: \$ 198,720
3/7/02	FLOW 22 HRS, 20/64" CK, FTP 25 PSI, REC 0 BO, 0 BW, 184 MCF.	
3/8/02	FLOW 24 HRS, 20/64" CK, FTP 100 PSI, REC 0 BO, 0 BW, 142 MCF. DROP 3 SOAP STICKS.	
3/12/02	FLOW 24 HRS, 20/64" CK, FTP 100 PSI, REC 0 BO, 2 BW, 177 MCF.	
3/13/02	24 HRS 20/64" CK, TP 100 PSI, RECOVERED 0 BO, 0 BW, 161 MCF	
3/14/02	24 HRS 20/64" CK, TP 100 PSI, FLOWED 0 BO, 1 BW, 161 MCF.	
3/15/02	24 HRSW 20/64" CK, TP 100 PSI, FLOWED 0 BO, 3 BW, 158 MCF.	
3/16/02	24 HRS 20/64" CK, TP 100 PSI, FLOWED 0 BO, 3 BW, 165 MCF	
3/17/02	24 HRS 20/64" CK, TP 100 PSI, FLOWED 0 BO, 2 BW, 159 MCF.	
3/18/02	24 HRS 20/64" CK, TP 100 PSI, FLOWED 0 BO, 2 BW, 161 MCF	
3/19/02	24 HRS 20/64" CK, TP 100 PSI, FLOWED 0 BO, 3 BW, 168 MCF. PO: Flow testing well. MIRU well service unit. Added 8' sub to fbg string. RU Cudd Pumping Services. Acidz Upper Morrow 12,632'-12,638' w/3000 gal's 70Q CO2 foamed - 7 1/4% Morrow acid in 3 stages diverting initially w/60 - 7/8" RNCB's & 5 - 7/8" RNCB's between stages. ATP - 6148# @ 4 BPM. ISIP - 4320#. 15 min - 3840#. Open well & flow back load. Rec 11 bbls load in 5 hrs. TP - 440#. Put well on 16/64" ck & left flowing overnight to frac back. Shut down. DAILY COST: \$ 16,963	CUM COST: \$ 215,980
3/20/02	PO: Flow testing well. ONTP - 610# on 16/64" ck. Rec 5 bbls fluid overnight. Put well on 1/4" ck. Rec 12 bbls fluid in 12 hrs. Gas rate increased to 560 MCFPD rate. Put well on 24/64" ck thru Pota-check. SDFN. DAILY COST: \$ 2,760	CUM COST: \$ 218,443
3/21/02	PO: Shut-in for 7 day build up.	

POGO SAM FEDERAL # 2

1980 FNL & 1980' FEL
SEC 25, T25S, R28E
EDDY CO., NM
POGO WI: 75%
API # 30-015-24364

SWAB PERF ACDZ MORROW
AFE # 560886 GROSS \$ 329,000

PACKER : BAKER D 11850'
P. MORROW 13190'-200''
CSG: 9 5/8" 9765' (40 & 43.5LB)
PBTD: FC @ 13418'
5" LINER 9368' - 13460'

ONTP - 160# flowing @ 560 MCFPD rate @ 0600 hrs. RU Arc. RIH w/bombs running flowing
gradients to mid perms & hang off bombs. Shut well in for 7 day build up

DAILY COST: \$ 1,563

CUM COST: \$ 219,995



POGO PRODUCING COMPANY

January 21, 2002

VIA FACSIMILE 682-1192

Gebiano Oil & Gas Company
Attn: Mr. Perry Bolger
P.O. Box 1782
Midland, Texas 79702

VIA FACSIMILE (713) 735-0090

Prime Energy Management Corporation
Attn: Ms. Glinda B. Collins
2900 Wilcrest Drive, Suite 475
Houston, Texas 77042-6009

Re: MALAGA, SOUTH PROSPECT
Eddy County, New Mexico
SAM FEDERAL № 2 WELL
1,980' FNL & 1,980' FEL, Section 26, T-25-S, R-28-E
Pogo Lease L112

Gentlemen:

Reference is made to our prior correspondence regarding the captioned well. Please note that the BLM did NOT approve our request to leave such well shut-in after it passed its casing integrity test.

In connection with the BLM's request to produce such well, Pogo performed a production test and discovered that the well would not produce. It is our belief that fluid lost to the existing Morrow formation due to the tubing leak may have damaged such perforations.

Note that the subject well was the only producing well on the subject lease, which covers the S½ of Section 23, W½SW¼ of Section 24, SW¼ and W½SE¼ of Section 25, and all of Section 26, T-25-S, R-28-E, N.M.P.M., Eddy County, New Mexico, containing 1,280 acres, more or less, which is beyond its primary term.

In connection with the foregoing and pursuant to that certain Operating Agreement dated September 27, 1995, Pogo Producing Company, Operator, Gebiano Oil & Gas Company, et al., Non-Operators, covering all of said Section 26, among other lands, Pogo proposes the following:

1. Cleanout said wellbore down to the existing Morrow perforations (13,190'-13,200') and attempt to reestablish production from such perforations by swab testing, acid stimulation and reperforing and adding additional perfs (13,174'-13,200'). If production cannot be reestablished, then such Morrow perfs will be abandoned by setting a CIBP at 13,120' and plugback.
2. Attempt a completion in the Morrow at 12,722'-12,730'. If unsuccessful, abandon by setting a CIBP at 12,700' and plugback.
3. Attempt a completion in the Morrow at 12,632'-12,638', which may include a frac.

Note that in the event that production is not reestablished from the Morrow, Pogo will submit another proposal and AFE to complete the subject well in other uphole zones of interest.

Please find attached hereto Pogo's AFE № 560686 and Well Procedure for such proposed operation, which provide pertinent details and estimated costs.

To evidence your election to participate in the subject operation, please date, execute and return one copy of the enclosed AFE. Due to lease considerations, please note that we have commenced this operation and, therefore, respectfully request your election within 48 hours from your receipt hereof.

Should you have any questions regarding this matter, please give me a call.

Very truly yours,

POGO PRODUCING COMPANY


Terry Gant
Division Landman

TG/dkr

Enclosures

F:\WorkGroups\Land\Prospects\Malaga, S\SamFedera#2(560686)AFE\tr.doc

SAM FEDERAL #2
Perf Addition Procedure

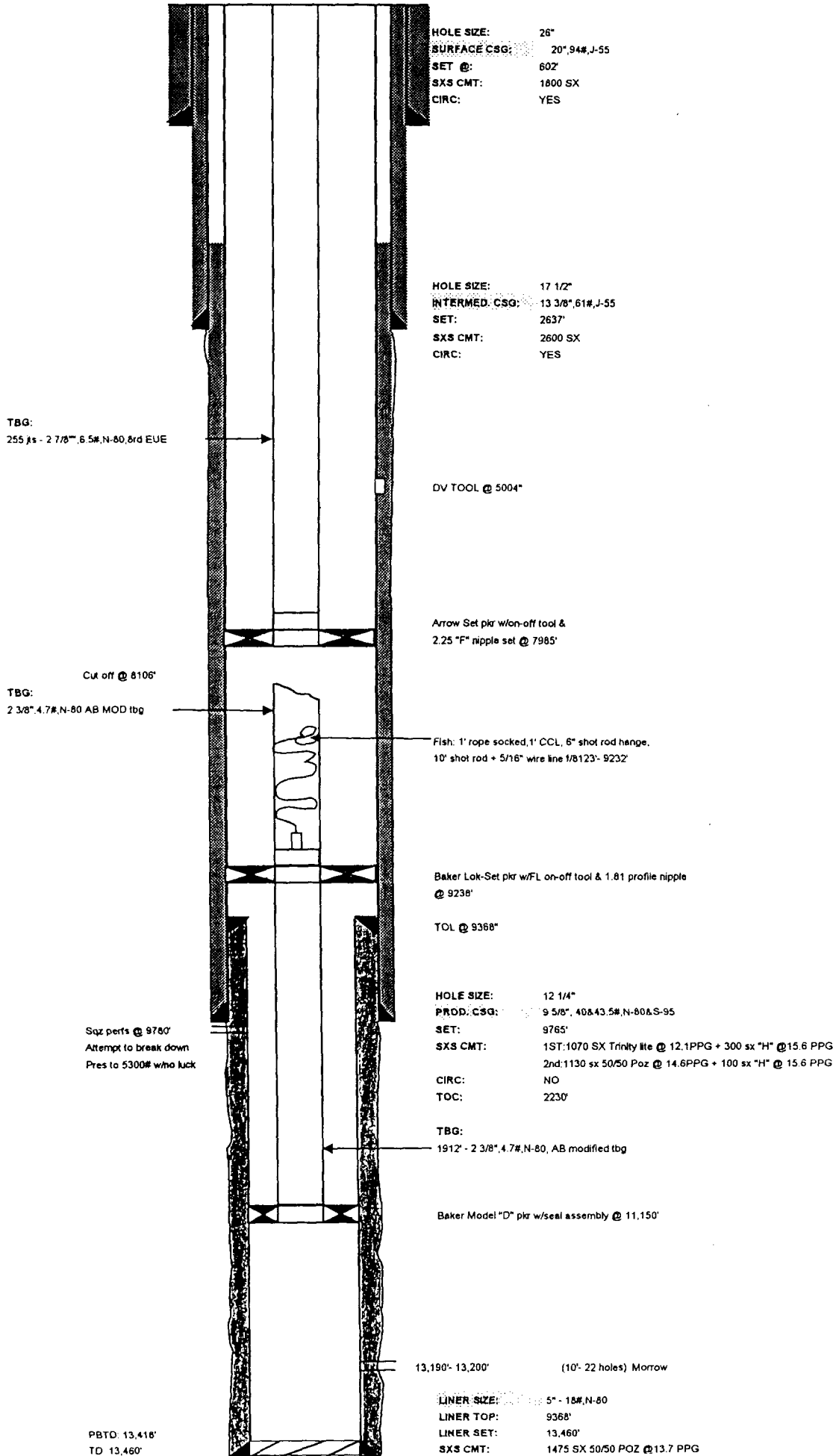
Casing: 9 5/8", 40&43.5#, N-80&S-95 set @ 9,765'.
Liner: 5", 18#, N-80 set @ 13,460'.
Top of liner @ 9,368'.
Tubing: 255 jts - 2 7/8", 6.5#, N-80, 8RD EUE.
9674' - 2 3/8", 4.7#, N-80, AB Modified.
Fish: 2 3/8" tbg cut off @ 8106' + 1109' of 5/16" wire
line & shot rod inside 2 3/8" tbg.
Packers: 9 5/8" Arrow Set pkr w/on-off tool & 2.25 "F" nipple
Set @ 7985'.
9 5/8" Baker Lok-Set pkr w/on-off tool set @ 9238'.
5" Baker Model "D" pkr w/seal assembly @ 11,150'.

Procedure:

1. MIRU well service unit. ND tree. NU BOP. Release & POOH w/Arrow set pkr @ 7985'.
2. RIH w/over shot & 7/8" tbg. Latch onto 2 3/8" tbg @ 8106'. RIH wireline grabs on 1" & 7/8" rods. Fish wireline & shot rod. Attempt to release pkr.
3. If unsuccessful run free point & determine where tbg is stuck. RIH w/1 11/16" chemical cutter & make cut according to free point. If free point indicates pipe free @ Baker Model "D" pkr, make cut off 1 - 1 1/2 jts above pkr.
4. RIH w/tbg & jars & latch onto new cut off above Model "D" pkr. Jar seal assembly loose & POOH.
5. RIH w/new seal assembly & 2 3/8" tbg. Stab into Model "D" pkr. ND BOP. NU tree. Swab test Morrow perfs. May stimulate with small acid job.
6. If well does not respond to swab testing RU WL co. RU full lubricator. RIH w/1 11/16" tbg gun. Reperf Morrow 13,174' - 13,200' @ 4 SPF & 0° phase. RD WL co.
7. Swab test. Stimulate with small Morrow acid job if necessary.
8. If unsuccessful ND tree & NU BOP. POOH w/seal assembly. Drill out Baker Model "D" pkr. Set CIBP @ 13,120' & cap w/35' cmt.
9. PU & RIH w/5" Guib UNI VI pkr on 2 3/8" tbg & spot 10% Acetic acid across perf interval. Set pkr @ 12,600'. ND BOP. NU tree. Swab tbg down to 12,000'.
10. RU WL co. RIH w/1 11/16" tbg gun. Perf Morrow 12,722' - 12,730' 4 JHPF @ 0° phase.
11. Swab test Morrow zone.
12. If swab results are poor ND tree. NU BOP. POOH w/pkr.
13. RU WL Co. Set CIBP @ 12,700'.
14. PU & RIH w/5" Guib UNI VI pkr on 2 3/8" tbg & spot 10% Acetic acid across perf interval. Set pkr @ 12,532'. Swab tbg down to 12,000'.
15. RU WL Co. RIH w/1 11/16" tbg gun. Perf Upper Morrow 12,632' - 12,638' 4 JHPF & 0° phase.
16. Swab test well. Frac well if necessary per recommendation from Midland. (Will probably need to run 3 1/2" X 2 3/8" frac string) Flow well back & test.
17. C/O well if necessary. POOH w/frac string. RIH w/Guib UNI VI pkr w/pump out plug on WL. Set pkr @ 11,000'. RIH w/2 3/8" production tbg. Latch onto pkr. ND BOP. NU tree.
18. Pump out plug. Swab well in & put well on production.

CURRENT WELLBORE DIAGRAM

LEASE:	SAM FED	WELL:	#2	FIELD:	ROCK SPUR MORROW	API:	30-015-24364
LOC:	1980' FNL & 1980' FEL	SEC:	26	BLK:		REF NO:	
TWN/RNG	T25S R28E	GL:	2934'	CTY/ST	LEA/NM	SPUD:	12/26/82
CURRENT STATUS:	SHUT-IN	KB:	21'	DF:	2954'	TD DATE:	2/26/83



POGO PRODUCING COMPANY
AUTHORITY FOR EXPENDITURE FOR \$329,000
GROSS AFE - DETAILED

PAGE: 1

AFE#: 560686 WO SAM FEDERAL #2
WELL: 396 SAM FEDERAL #2
PROSPECT: MALAGA, S PROSPECT
FIELD: SOUTH MALAGA - C/O
COUNTY/PARISH: EDDY
STATE: NM

OPERATOR: POGO PRODUCING COMPANY
AFE TYPE: CAPITAL WORKOVERS
DATE: 12/11/01
WELL TYPE:
FORMATION: MORROW
TOTAL DEPTH: 13,460'

ADDITIONAL COMMENTS: PERF & STIMULATE THE SAM FEDERAL #2 LOCATED 1980'
FNL & 1980' FEL, SECTION 26, T25S, R28E, EDDY
COUNTY, NEW MEXICO. EXISTING PERFS 13,174-200.
NEW PERFS 12,722-730, 12,632-638.

DESCRIPTION	ESTIMATED COMPLETION	TOTAL
WORKOVER COMPLETION		
736.475 ICC MUD MATERIALS & CHEMICALS	10,000	10,000
736.479 ICC PERFORATING	15,000	15,000
736.480 ICC STIMULATION TREATMENT	150,000	150,000
736.488 ICC TOOL & EQUIPMENT RENTAL	10,000	10,000
736.490 ICC COMPLETION RIG	30,000	30,000
736.494 ICC OTHER SPECIAL WELL SVS	10,000	10,000
736.501 ICC COMPANY LABOR	9,000	9,000
736.510 ICC CONTRACT SERVICES & EQUIP.	40,000	40,000
736.599 ICC MISCELLANEOUS COST & CONT.	20,000	20,000
TOTAL WORKOVER COMPLETION	294,000	294,000
*** TOTAL INTANGIBLES	294,000	294,000
LWE WORKOVER LEASE & WELL		
737.448 LWE RETRIEVABLE PACKER	5,000	5,000
737.469 LWE OTHER MATERIALS & EQUIP	30,000	30,000
TOTAL LWE WORKOVER LEASE & WELL	35,000	35,000
*** TOTAL TANGIBLES	35,000	35,000
*** TOTAL ESTIMATED COST - GROSS	329,000	329,000

APPROVAL:

Richard L. Wright
RICHARD L. WRIGHT

DATE: DECEMBER 11, 2001

AUTHORIZATION:

Jerry A. Cooper
JERRY A. COOPER

DATE: DECEMBER 11, 2001



PARTICIPANT: Gebiano Oil & Gas Company

INTEREST: 18.75%

BY: _____
NAME: _____
TITLE: _____
DATE: _____

NON-CONSENT

POGO PRODUCING COMPANY
 AUTHORITY FOR EXPENDITURE FOR \$329,000
 GROSS AFE - DETAILED

PAGE: 1

AFE#: 560686 WO SAM FEDERAL #2
 WELL: 396 SAM FEDERAL #2
 PROSPECT: MALAGA, S PROSPECT
 FIELD: SOUTH MALAGA - C/O
 COUNTY/PARISH: EDDY
 STATE: NM

OPERATOR: POGO PRODUCING COMPANY
 AFE TYPE: CAPITAL WORKOVERS
 DATE: 12/11/01
 WELL TYPE:
 FORMATION: MORROW
 TOTAL DEPTH: 13,460'

ADDITIONAL COMMENTS: PERF & STIMULATE THE SAM FEDERAL #2 LOCATED 1980'
 FNL & 1980' FEL, SECTION 26, T25S, R28E, EDDY
 COUNTY, NEW MEXICO. EXISTING PERFS 13,174-200.
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*** TOTAL TANGIBLES	35,000	35,000
*** TOTAL ESTIMATED COST - GROSS	329,000	329,000

APPROVAL: Richard L. Wright
 RICHARD L. WRIGHT

DATE: DECEMBER 11, 2001

AUTHORIZATION: Jerry A. Cooper
 JERRY A. COOPER

DATE: DECEMBER 11, 2001

PARTICIPANT: Prime Energy Management Corporation

INTEREST: 6.25%

BY: Beverly A. Cummings
 NAME: BEVERLY A. CUMMINGS
 TITLE: EXECUTIVE VICE-PRESIDENT
 DATE: 1/29/02

PLEASE RETURN THIS PAGE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Pogo Producing Company

3. Address and Telephone No.

P. O. Box 10340, Midland, TX 79702-7340

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980' FNL & 1980' FEL, Section 26, T25S, R28E

5. Lease Designation and Serial No.
NM-13413A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Sam Federal #2

9. API Well No.

30-015-24364

10. Field and Pool, or Exploratory Area

Rock Spur Morrow

11. County or Parish, State

Eddy County, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

As previously advised, in connection with Pogo's desire to continue to keep the subject well shut-in, a casing integrity test was performed, with the subject well not passing such test. Pogo then rigged up and found a tubing leak and repaired same, with another casing integrity test then being performed, which was successful, with Pogo then submitting evidence of same and requesting BLM approval to leave such well shut-in, which the BLM did not approve. Per your request to produce such well, Pogo attempted to perform a production test on the subject well and discovered that the well would not produce. It is believed that the fluid that was lost to the formation due to the tubing leak may have damaged the existing Morrow perforations. Pogo plans on attempting to re-establish production by swabbing the subject well. If such operation is not successful, then Pogo plans to reperf the existing Morrow perforations and also add additional Morrow perforations, and may even stimulate such Morrow perforations in an effort to re-establish production from such well. In the event production is not re-established from the Morrow, then Pogo respectfully request your permission to abandon the Morrow formation, plugback and then attempt a completion in the Atoka formation.

RECEIVED
2001 DEC 19 PM 12 01
BUREAU OF LAND MGMT.
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct

Signed Cathy Jernbeck

Title Sr. Operations Tech

Date 11/30/01

(This space for Federal or State office use)

* Approved by Lee J. Lora

Title Petroleum Engineer

Date 1/3/2002

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OFFICE OF THE DIRECTOR'S COPY
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DEC 17 2001

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
NM-13413A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
SAM Federal #2

9. API Well No.
30-015-24364

10. Field and Pool, or Exploratory Area
Rock Spur Morrow

11. County or Parish, State
Eddy County, NM

SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Pogo Producing Company

3. Address and Telephone No.

P. O. Box 10340, Midland, TX 79702-7340 (915)685-8100

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980' FNL & 1980' FEL, Section 26, T25S, R28E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

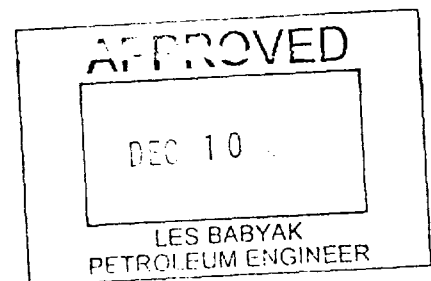
- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Return well to production
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Pogo Producing Company plans to return the above captioned well to production based on the following procedure.

1. Release & POOH pkr @ 7985'.
2. POH w/ existing seal assembly.
3. RIH w/ new seal assembly. ND BOP. Swab test Morrow perms @ 13,174'-13,200'. May stimulate w/ small acid job.
4. If well does not respond to swab testing, Reperf Morrow perms 13,174'-200' w/ 4 spf & 0° phase. Swab test.
5. If unsuccessful, set CIBP @ 13,120' & cap w/ 35' cmt.
6. Perf Morrow 12,722'-730' w/ 4 spf & 0° phase. Swab test.
7. If swab results are poor, set CIBP @ 12,700'.
8. Perf Morrow 12,632'-638' w/ 4 spf & 0° phase. Swab test. Frac if necessary.
9. Swab well in & put well on production.



14. I hereby certify that the foregoing is true and correct

Signed Cathy Amber

Title Sr. Operation Tech

Date 12/11/01

(This space for Federal or State office use)

Approved by
Conditions of approval, if any

Title

Date

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

*See Instruction on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Pogo Producing Company

3. Address and Telephone No.
P. O. Box 10340, Midland, TX 79702-7340

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FNL & 1980' FEL, Section 26, T25S, R28E

5. Lease Designation and Serial No.
NM-13413A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Sam Federal #2

9. API Well No.
30-015-24364

10. Field and Pool, or Exploratory Area
Rock Spur Morrow

11. County or Parish, State
Eddy County, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Request SI Status

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

09/21/01 TIH w/ 9-5/8" Arrow pkr to test csg.

09/22/01 TIH w/ 2-7/8" tbg to 5036'. Set pkr. Test csg to 500 psi ok. Release pkr & TIH w/ 2-7/8" tbg to 7989'. Set pkr. Test to 500 psi.

09/25/01 Circ pkr fluid. Set pkr @ 7983'. Test csg to 500 psi for 30 mins. Chart attached. Test witnessed by Jim Amos w/ the BLM.

09/26/01 Shut well in.

Pogo Producing Company request permission to continue shut in status for the above captioned well.

14. I hereby certify that the foregoing is true and correct.

Signed Cathy Imbert
(This space for Federal or State office use)

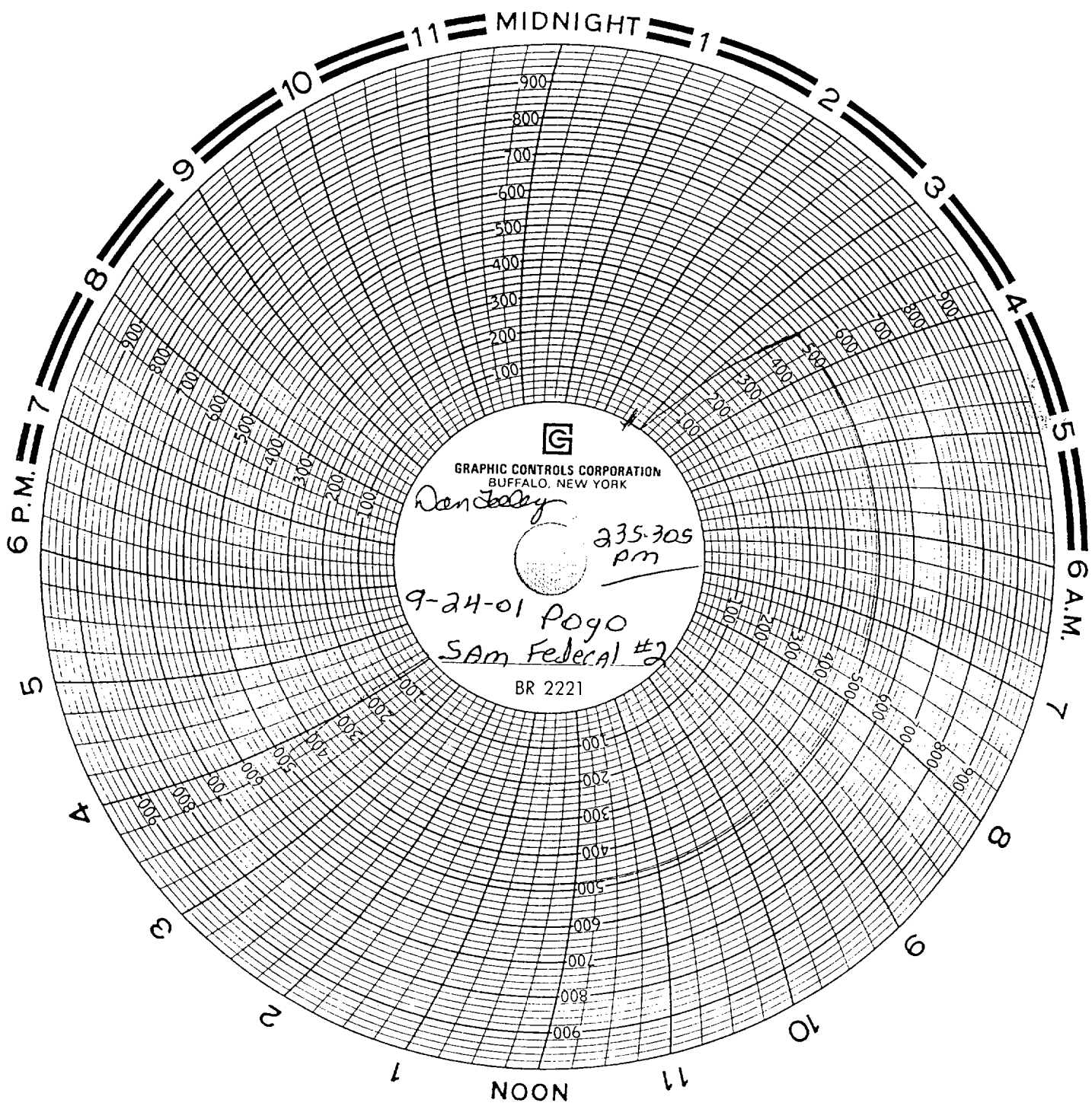
Title Sr. Operation Tech

Date 09/28/01

Approved by _____
Conditions of approval, if any:

Title

Date



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. NM-13413-A
2. Name of Operator Pogo Producing Company	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P. O. Box 10340, Midland, TX 79702-7340 (915)685-8100	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FNL & 1980' FEL, Section 26, T25S, R28E	8. Well Name and No. Sam Federal #2
	9. API Well No. 30-015-24364
	10. Field and Pool, or Exploratory Area Rock Spur, Morrow
	11. County or Parish, State Eddy County, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Pogo Producing Company respectfully requests permission to leave the subject well shut-in and hereby advises that said well is a well capable of commercial production. Said well is currently shut-in due to a lack of an available gas market. Pogo expects that this well will remain shut-in until such time as it can procure a buyer for the gas. A Casing Integrity Test and Bradenhead Test will be performed in the near future in conjunction with Pogo's herein request for BLM permission to leave such well shut-in. Proper notification will be given to the BLM when the Casing Integrity Test and Bradenhead Test are to occur so that the BLM can give prior approval to such tests and so that the BLM can witness such tests. An additional Sundry Notice will be submitted to the BLM with the results of such tests after such tests are performed. Please note that Pogo plans on scheduling the subject tests as soon as possible. Please find attached hereto a complete wellbore diagram of the well as it is currently shut-in. In addition, the subject well has a liner top leak which is too small to fix. Due to liner top leak, approximately 1-5 MCFPD percolates up through the 10# brine packer fluid to the wellhead, where it is periodically vented to the atmosphere to alleviate pressure buildup on the casing. An isolation packer should fix this problem; however, it is feared that such a workover would cause formation damage since the producing interval is extremely sensitive to fluid contact. It is therefore requested that Pogo be granted permission to continue to vent gas from the subject well until hookup of such well to a sales line, at which time such vented gas, along with the produced gas, will be sold down such line.

14. I hereby certify that the foregoing is true and correct

Signed [Signature] Title Division Operations Engineer Date 01/10/01

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any: