

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N.M. Oil Cons. DIV-DIST. 2
1301 West and Avenue
Artesia, NM 88210

UMS NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

Artesia, NM 88210

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

POGO PRODUCING COMPANY

(RICHARD WRIGHT 432-685-8140)

3. ADDRESS AND TELEPHONE NO.

P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 (432-685-8100)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

660' FNL & 660' FEL SECTION 13 T24S-R30E EDDY CO. NM

SAME

per SW dated 11/30/04

RECEIVED

FEB 24 2005

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 30 miles East of Carlsbad New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

660'

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

2000'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3521' GR.

23.

PROPOSED CASING AND CEMENTING PROGRAM CARLSBAD CONTROLLED WATER BASIN

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor	NA	40'	Cement to surface W/Redi-mix.
17 1/2"	H-40 13 3/8"	48	975'	1200 Sx. circulate to surface
11"	J-55 8 5/8"	32	4150'	1200 Sx. " " "
7 7/8"	J-55 5 1/2"	17 & 15.5	8300'	1750 Sx. " " "

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17 1/2" hole to 975'. Run and set 975' of 13 3/8" 48# H-40 ST&C casing. Cement with 1000 Sx. of Class "C" 65/35/6 POZ GEL, tail in with 200 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface.
3. Drill 11" hole to 4150'. Run and set 4150' of 8 5/8" 32# J-55 ST&C casing. Cement with 1000 Sx. of 65/35/6 Class "C" POZ GEL + 5% salt, tail in with 200 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface.
4. Drill 7 7/8" hole to 8300'. Run and set 8300' of 5 1/2" casing as follows" 2300' of 5 1/2" 17# J-55 LT&C, 5000' of 5 1/2" 15.5# J-55 LT&C, 1000' of 5 1/2" 17# J-55 LT&C casing. Cement in 3 stages with DV Tools at 5800' & 3700'±. Cement 1st stage with 650 Sx. of Class "H" cement + additives, cement 2nd stage with 600 Sx. of Class "C" cement + 8# of Gilsonite/Sx., cement 3rd stage with 400 Sx. of Class "C" 65/35/6 POZ GEL, tail in with 100 Sx. of Class "C" cement + 1% CaCl, 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 deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE Agent

(This space for Federal or State office use)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS 10/19/04
AND 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:

/s/ Jesse J. Juen

ACTING STATE DIRECTOR

FEB 18 2005

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM-82896

6. Indian, Allottee or Tribe Name

7. Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

SECRETARY'S POTASH

2. Name of Operator

POGO PRODUCING COMPANY (RICHARD WRIGHT 432-685-8140)

3a. Address

P.O. BOX 10340, MIDLAND, TEXAS 79702

3b. Phone No. (include area code)

432-685-8100

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

660' FNL & 810' FEL SECTION 13 T24S-R30E EDDY CO. NM

8. Well Name and No.

NIMITZ "13" FEDERAL # 3

9. API Well No.

10. Field and Pool, or Exploratory Area

SAND DUNES-DELAWARE SOUTH

11. County or Parish, State

SECTION 13 T24S-R30E

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other <u>Move location</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

1. Pogo Producing Company requests the approval to move the location of their NIMITZ "13" FEDERAL # 3. FROM 660' FNL & 660' FEL SEC. 13 T24S-R30E EDDY CO. NM.
TO 660' FNL & 810' FEL SEC. 13 T24S-R30E EDDY CO. NM.

2. The reason for this request is to avoid an archaeological site that was near the original location.

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

Name (Printed/Typed)

Joe T. Janica

Title Agent

Signature

Date 11/30/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ Jesse J. Juen

ACTING

Title

STATE DIRECTOR

Date

FEB 15 2005

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

NM STATE OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 3818	Pool Name SAND DUNES DELAWARE-SOUTH
Property Code	Property Name NIMITZ "13" FEDERAL	Well Number 3
OGRID No. 17891	Operator Name POGO PRODUCING COMPANY	Elevation 3519'

Surface Location

UL or lot No. A	Section 13	Township 24 S	Range 30 E	Lot Idn	Feet from the 660'	North/South line NORTH	Feet from the 810'	East/West line EAST	County EDDY
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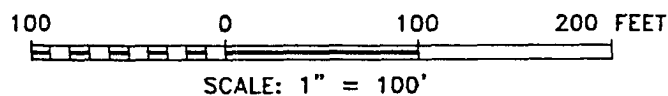
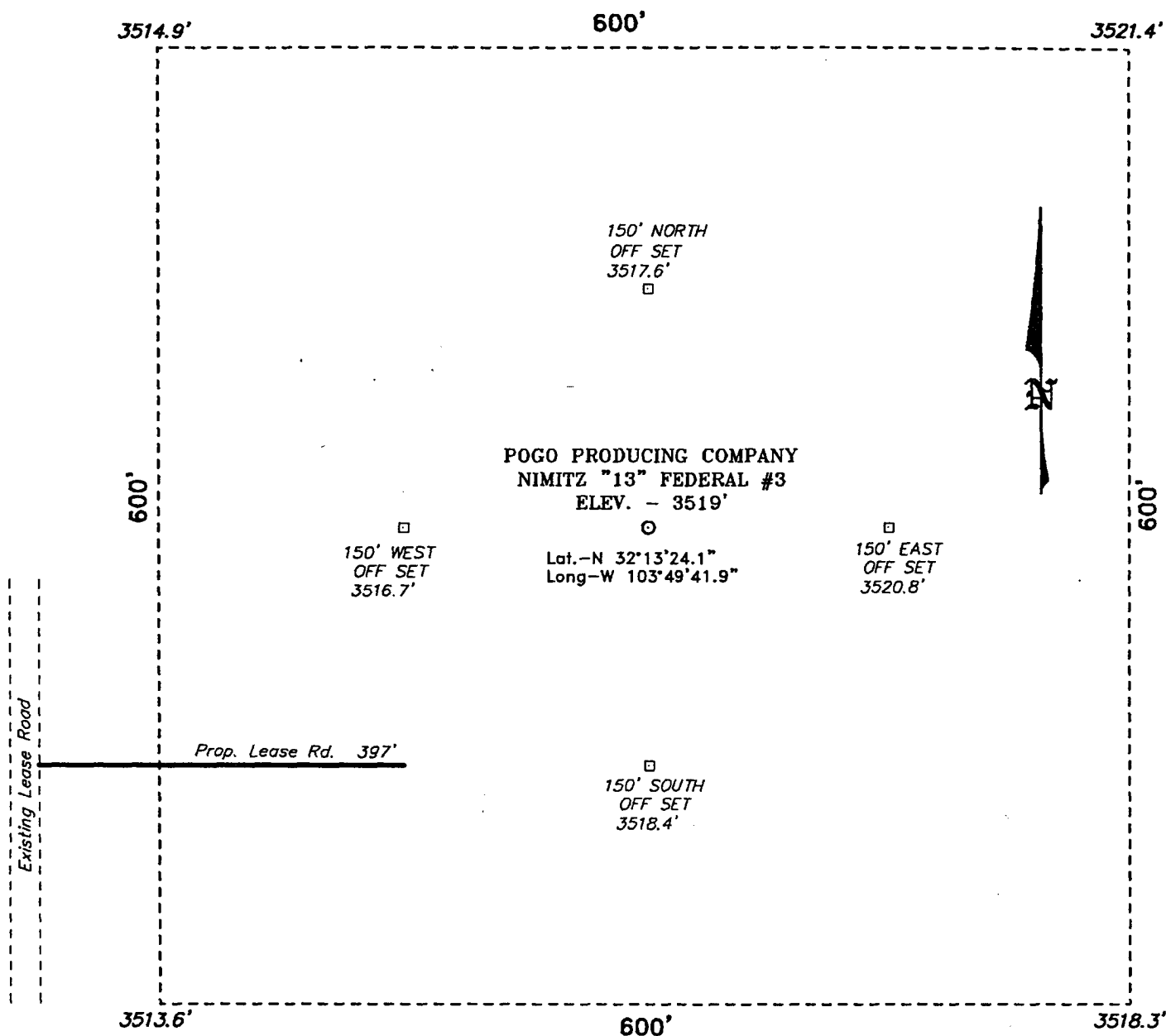
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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

	OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Joe T. Janica Printed Name Agent Title 11/30/04 Date	
	SURVEYOR CERTIFICATION <i>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 supervision, and that the same is true and correct to the best of my belief.</i> NOVEMBER 11, 2004 Date Surveyed Signature of Gary L. Jones Professional Surveyor W.O. No. 4813 7977 Certification No. Gary L. Jones 7977 JLP BASIN SURVEYS	

SECTION 13, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM STATE HWY #128 AND CO. RD. #787 GO
SOUTH 6.6 MILES ON 787, THENCE NORTH 0.5
MILES ON LEASE ROAD TO PROPOSED ROAD TO THE
LOCATION.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 4817

Drawn By: J. PRESLEY

Date: 11/15/04

Disk: JLP CD#1 - 4817A.DWG

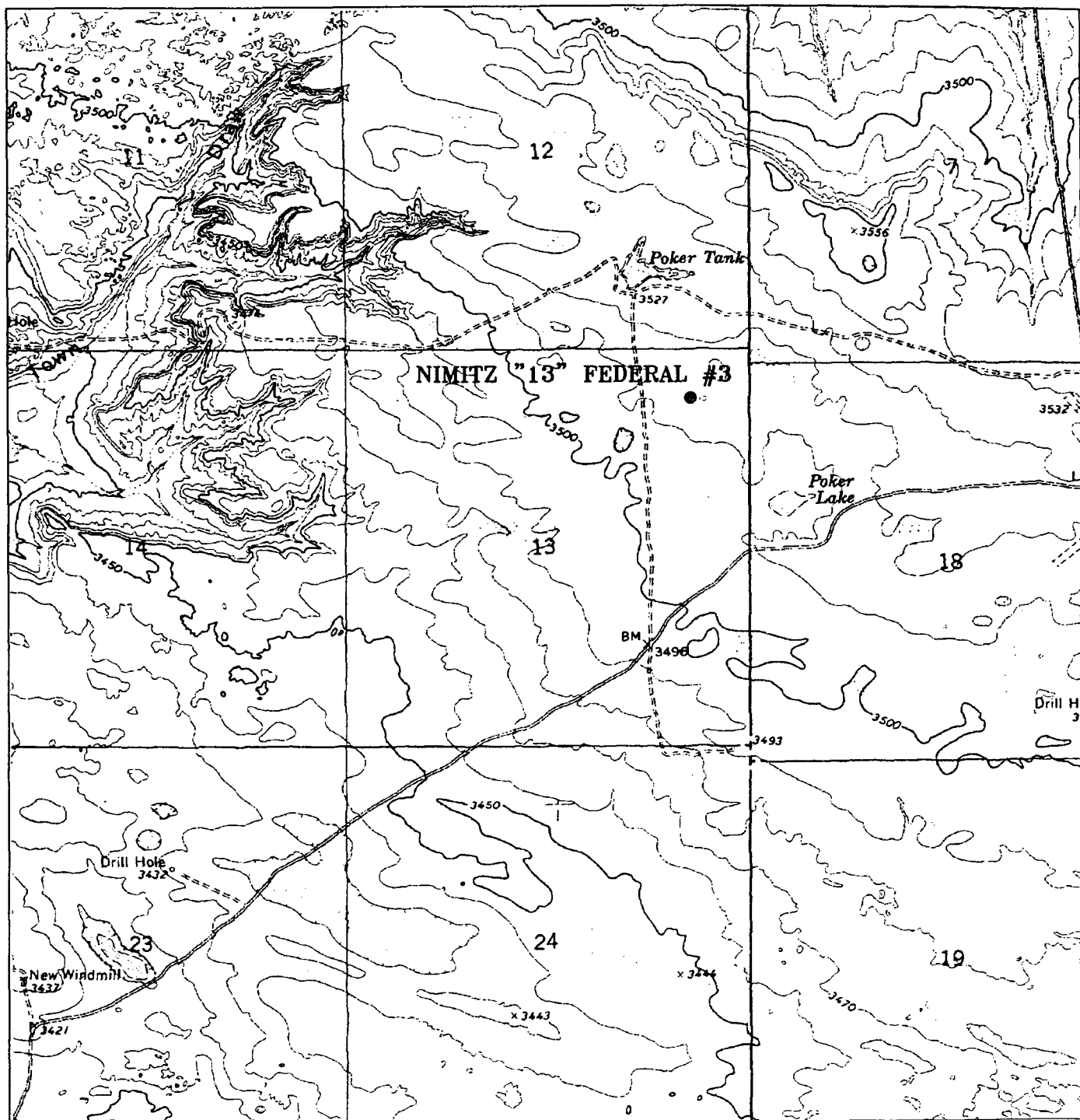
Survey Date: 11/11/04

Sheet 1 of 1 Sheets

POGO PRODUCING CO.

REF: FEDERAL "12" #11 / Well Pad Topo

THE NIMITZ "13" FEDERAL No. 1 LOCATED 660' FROM
THE NORTH LINE AND 810' FROM THE EAST LINE OF
SECTION 13, TOWNSHIP 24 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.



NIMMITZ "13" FEDERAL #3

Located at 660' FNL and 810' FEL

Section 13, Township 24 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.

**basin
surveys**

focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 4817AA - JLP CD#1

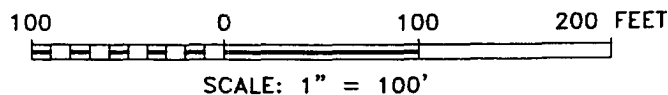
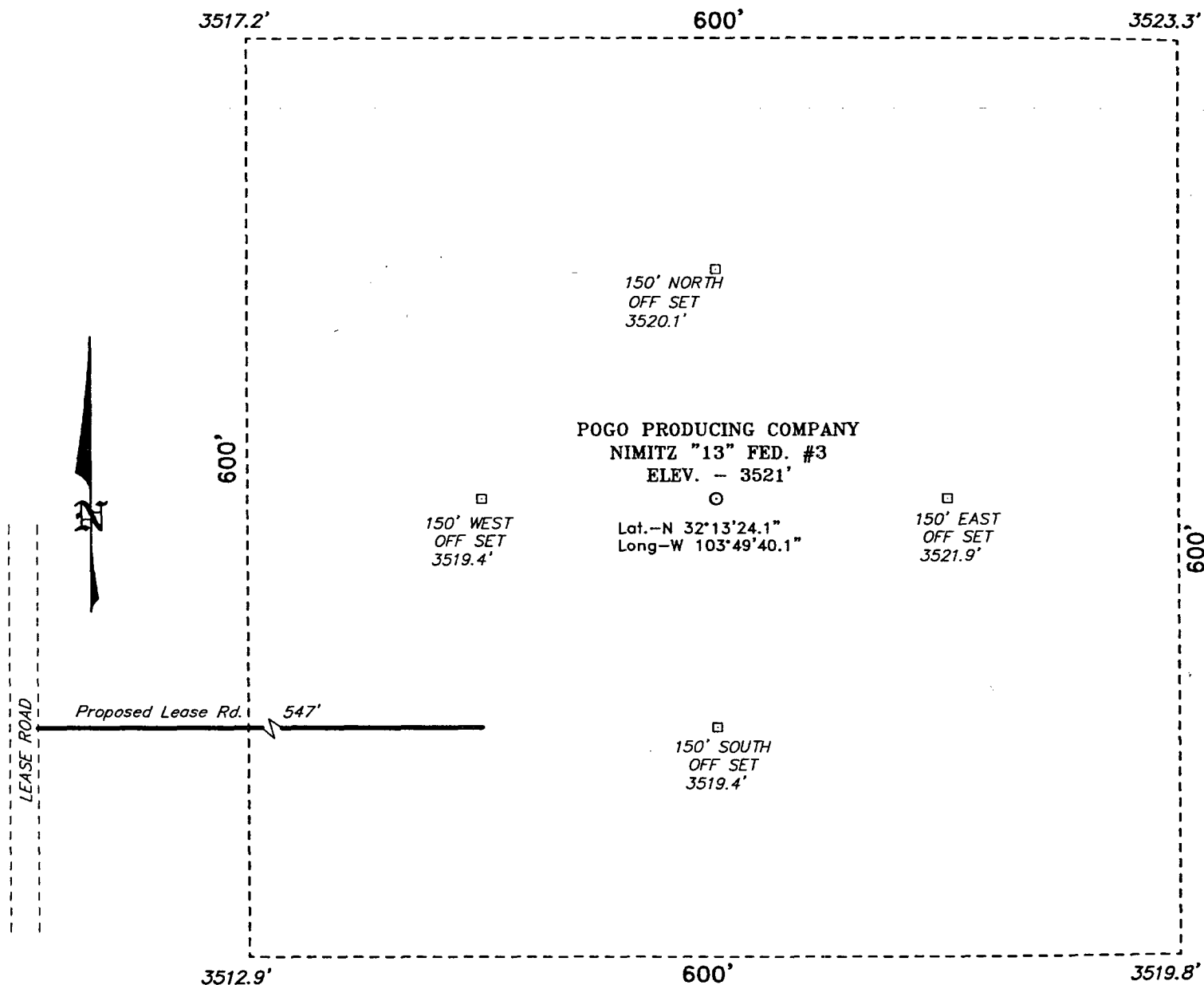
Survey Date: 11/11/04

Scale: 1" = 2000'

Date: 11/15/04

**POGO
PRODUCING
COMPANY**

SECTION 13, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM STATE HWY 128 AND CO. RD. 787, GO SOUTH
ON CO. RD. 787 FOR 6.6 MILES TO A LEASE ROAD;
THENCE NORTH ON LEASE ROAD FOR 0.5 MILE TO
PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 4689 Drawn By: K. GOAD

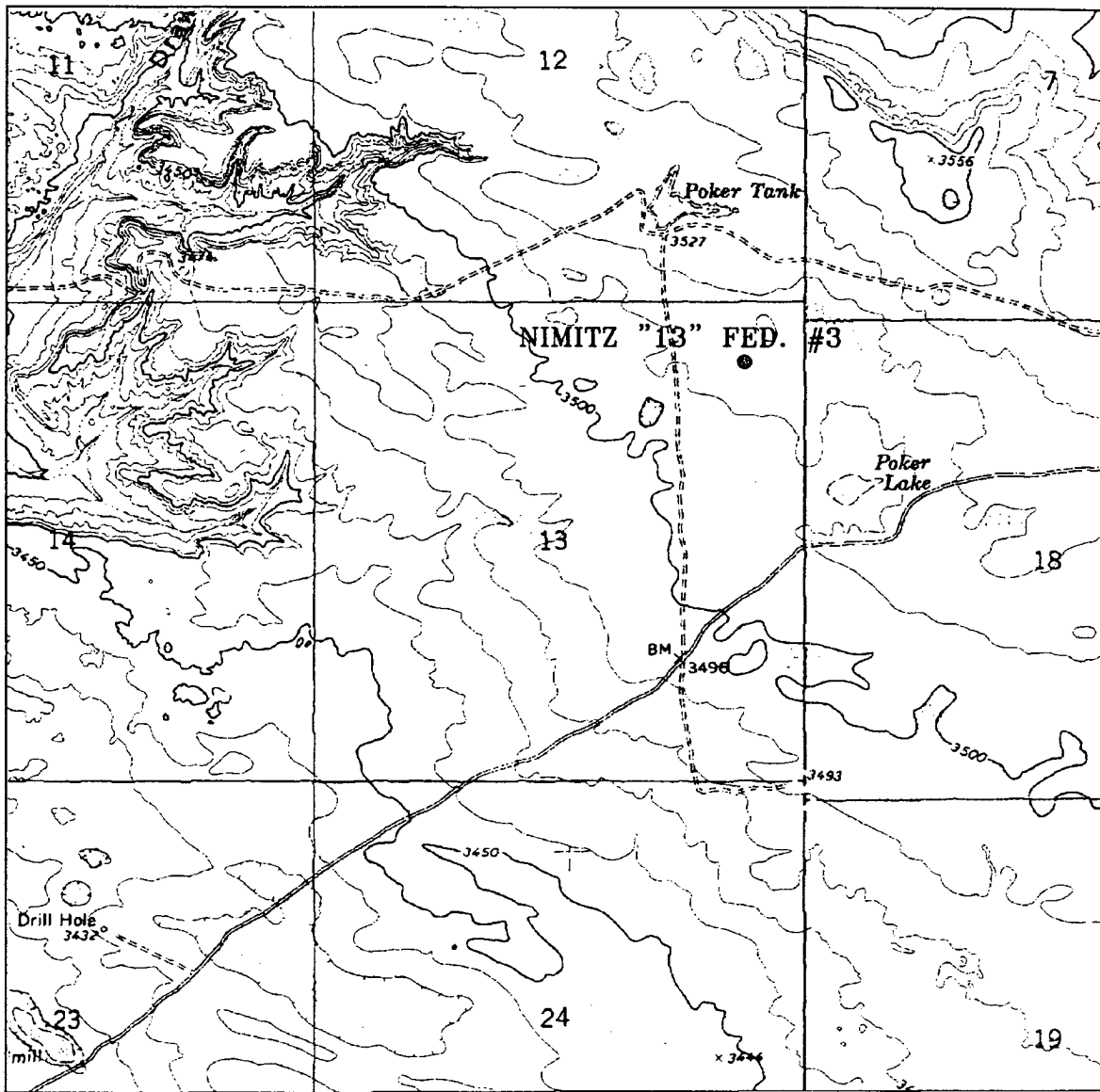
Date: 09-30-2004 Disk: KJG CD#4 - 4689A.DWG

POGO PRODUCING CO.

REF: NIMITZ "13" FED. #3 / Well Pad Topo

THE NIMITZ "13" FED. No. 3 LOCATED 660' FROM
THE NORTH LINE AND 660' FROM THE EAST LINE OF
SECTION 13, TOWNSHIP 24 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 09-29-2004 Sheet 1 of 1 Sheets



NIMITZ "13" FEDERAL #3
 Located at 660' FNL and 660' FEL
 Section 13, Township 24 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.

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 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 4689AA - KJG CD#5

Survey Date: 09-29-2004

Scale: 1" = 2000'

Date: 09-30-2004

POGO
PRODUCING
COMPANY

APPLICATION TO DRILL

POGO PRODUCING COMPANY
 NIMITZ "13" FEDERAL # 3
 UNIT "A" SECTION 13
 T24S-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. Location of well: 660' FNL & 660' FEL SECTION 13 T24S-R30E EDDY CO. NM

2. Ground Elevation above Sea Level: 3521' GR

3. Geological age of surface formation: Quaternary Deposits:

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: 8300'

6. Estimated tops of geological markers:

Rustler Anhydrite	930'	Cherry Canyon	5160'
Base of anhydrite	4020'	Manzanita	5340'
Delaware Lime	4240'	Brushy Canyon	6400'
Bell Canyon	4260'	Bone Spring	8070'

7. Possible mineral bearing formations:

Brushy Canyon	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"	0-975' ^{JSS 10126104} 800'	13 3/8"	WITNESS 48	8-R	ST&C	H-40
11"	0-4150'	8 5/8"	WITNESS 32	8-R	ST&C	J-55
7 7/8"	0-8300'	5½"	17 & 15.5	8-R	LT&C	J-55

* No deeper than 800'

Per John Simitz
 10125104

APPLICATION TO DRILL

POGO PRODUCING COMPANY
NIMITZ "13" FEDERAL # 3
UNIT "A" SECTION 13
T24S-R31E EDDY CO. NM

9. CEMENTING & CASING SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 975' of 13 3/8" 48# H-40 ST&C casing. Cement with 1000 Sx. of Class "C" 65/35/6 POZ GEL tail in with 200 Sx. of Class "C" + 2% CaCl, circulate cement to surface.
8 5/8"	Intermediate	Set 4150' of 8 5/8" 32# J-55 ST&C casing. Cement with 1000 Sx. of Class "C" 65/35/6 POZ GEL + 5% Salt, tail in with 200 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface.
5 1/2"	Production	Set 8300' of 5 1/2" 17 & 15.5# J-55 LT&C casing. Cement in 3 stages with DV Tools at 5800' & 3700'±. Cement 1st stage with 650 Sx. of Class "H" cement + additives, cement 2nd stage with 600 Sx. of Class "C" cement + 8# of Gilsonite /Sx., cement 3rd stage with 400 Sx. of Class "C" 65/35/6 POZ GEL, tail in with 100 Sx. of class "C" cement + 1% CaCl, circulate cement to surface.

10. PRESSURE CONTROL EQUIPMENT:

Exhibit "E" shows a 2000 PSI working pressure B.O.P., consisting of a stripper head instead of an annular preventor, blind rams, and pipe rams. This B.O.P. stack is being used because of Substructure height limitations of the drilling rig being used to drill this well. Pressures encountered during drilling are not expected to exceed 1700 PSI at total depth. Pogo requests permission to 3rd party test of the B.O.P., after setting intermediate casing at 4150'. The B.O.P. will be tested according to API specifications. Exhibit "E-1" shows a manually operated choke manifold, as no remote B.O.P. equipment will be necessary.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD
40-975'	8.4-8.7	29-34	NC	Fresh water Spud mud add paper to control seepage.
975-4150'	10.0-10.2	29-38	NC	Brine water ann paper to control seepage and use high viscosity sweeps to clean hole.
4150'-8300'	8.4-8.7	29-40	NC*	Fresh water add Gel to control viscosity and use high viscosity sweeps to clean hole. Use a Polymer to control water loss.

* Water loss may have to be controlled in order to run logs, casing, and prevent formation damage.

APPLICATION TO DRILL

POGO PRODUCING COMPANY
NIMITZ "13" FEDERAL # 3
UNIT "A" SECTION 13
T24S-R31E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Run Dual Induction, LDT, SNP, Gamma Ray, Caliper from TD back to 8 5/8" casing shoe.
- B. Run cased hole logs Gamma Ray, Neutron from 8 5/8" casing shoe back to surface.
- C. No DST's or cores are planned at this time.
- D. Rig up mud logger on hole after 8 5/8" casing is run and remain on hole to TD.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 1800± PSI, and Estimated BHT 160°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 25 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Bone Spring formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as an oil well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
2. H₂S 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" & "E-1"
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.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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 separator will be brought into service along with H₂S scavengers if necessary.

SURFACE USE PLAN

POGO PRODUCING COMPANY
NIMITZ "13" FEDERAL # 3
UNIT "A" SECTION 13
T24S-R31E EDDY CO. NM

1. EXISTING ROADS & PROPOSED ROADS: Area maps; Exhibit "B" is a reproduction of a County General Hi-way Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing 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. Hi-way 62-180 West toward Carlsbad New Mexico go approximately 40 miles to the WIPP road, turn Left on to the WIPP road go South 13 miles to CR-802, turn Right go go 4.2 miles to State Hi-way 128, turn Left go 2.4 miles to CR-787 (Twin Wells Road) turn Right follow road South and West 6.6± miles to lease road going North. Turn North and go .5 miles turn East go 550' to location.
 - C. Exhibits "C & "F" shows the proposed roads flowlines and powerlines.
2. PLANNED ACCESS ROADS: Approximately 550' of new road will be constructed.
 - A. The access roads will be crowned and ditched to a 12' wide travel surface with a 40' Right-of-Way.
 - B. Gradient of all roads will be less than 5.00%.
 - C. If turn-outs are necessary they will be constructed.
 - D. If needed roads will be surfaced with a minimum of 4" of caliche. This material will be obtained from a local source.
 - E. Center-line for new roads will be flagged. Earth-work will be will be done as field conditions require.
 - F. Culverts will be placed in the access road if they are necessary. The roads will be constructed to utilize low water crossings for drainage as required by topography.
3. LOCATIONS OF EXISTING WELLS IN A ONE MILE RADIUS. EXHIBIT "A-1"
 - A. Water wells - One approximately 1.2 miles East of location.
 - B. Disposal wells -None known
 - C. Drilling wells -None known
 - D. Producing wells -As shown on Exhibit "A-1"
 - E. Abandoned wells -As shown on Exhibit "A-1"

SURFACE USE PLAN

POGO PRODUCING COMPANY
NIMITZ "13" FEDERAL # 3
UNIT "A" SECTION 13
T24S-R31E EDDY CO. NM

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Possible routes of pipelines, flowlines and powerlines are shown on Exhibit "C" & "F".

5. LOCATION AND TYPE OF WATER SUPPLY:

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

6. SOURCE OF CONSTRUCTION MATERIAL:

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

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. All trash, junk and other waste material will be contained in trash cages or trash 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 the supplier, including broken sacks.
- D. Waste water from living quarters will be drained into holes with a minimum of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for further drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pits will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

- A. No camps or air strips will be constructed on location.

SURFACE USE PLAN

POGO PRODUCING COMPANY
NIMITZ "13" FEDERAL # 3
UNIT "A" SECTION 13
T24S-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 extend a minimum 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 inundation 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.

SURFACE USE PLAN

POGO PRODUCING COMPANY
NIMITZ "13" FEDERAL # 3
UNIT "A" SECTION 13
T24S-R31E EDDY CO. NM

11. OTHER INFORMATION:

- A. Topography has a slight dip to the North. Vegetation consists of catclaw, creosote, acacia, gyp coldenia, mesquite, prickly pear, various native grasses. Soil is tan in color, tan/brown/grey loamysandy silts mixed with caliche nodules.
- B. Surface is owned by the U.S. Department of Interior and is administered by the Bureau of Land Management. The surface is leased to ranchers for grazing of live stock.
- C. An archaeological survey will be conducted and the results will be filed with The Bureau of Land Management Carlsbad Field office in Carlsbad NM.
- D. There is a ranch dwelling approximately .8 miles East of location.

12. OPERATORS REPRESENTATIVE:

Before construction:

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

During and after construction:

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

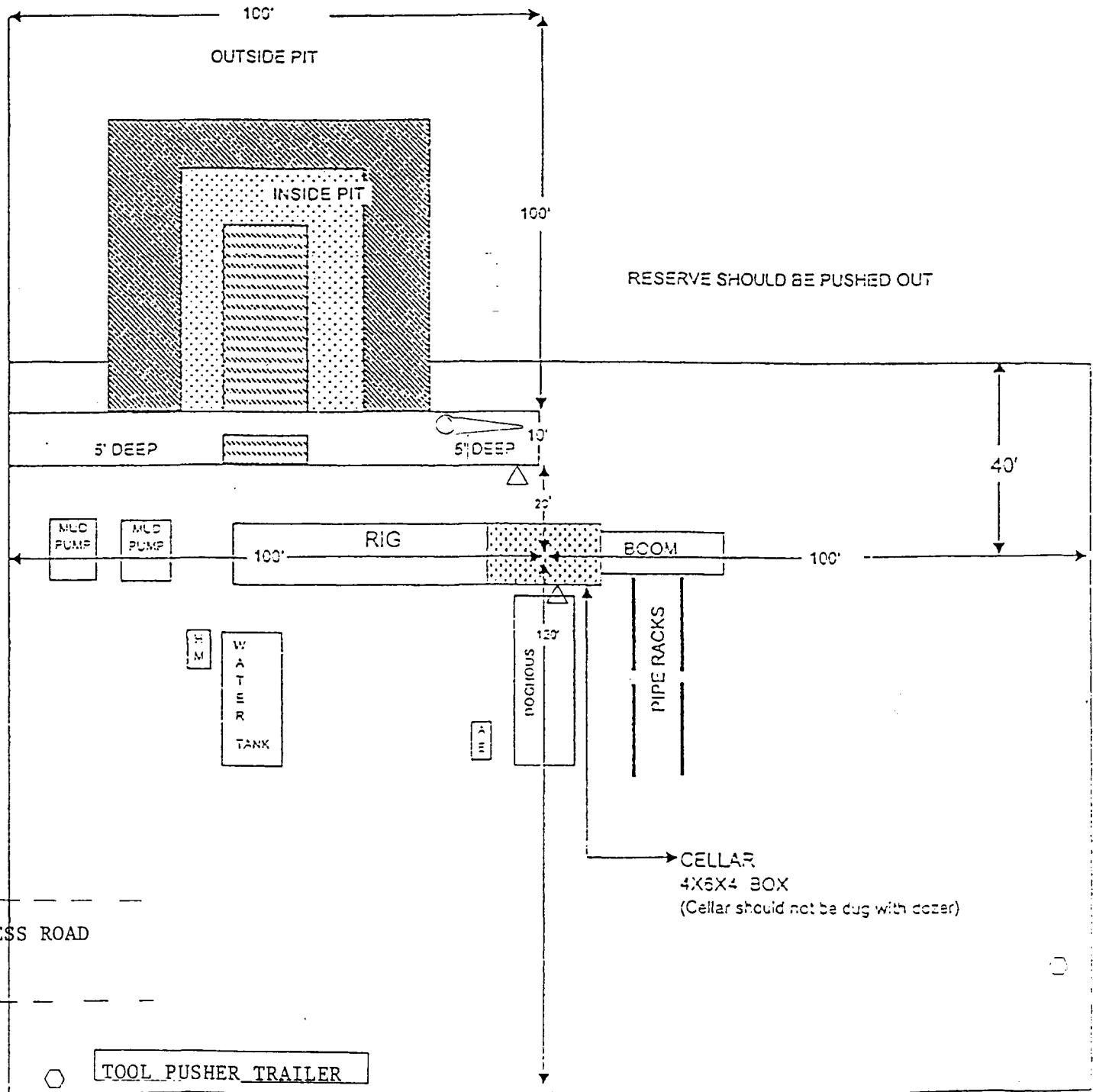
13. CERTIFICATION: I hereby certify that I or persons under my direct supervision have inspected the proposed drill site and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by POGO PRODUCING COMPANY it's contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME : Joe T. Janica

DATE : 10/19/04

TITLE : Agent

FOR EARTH PITS



Cellar can be 4X4X4 if using a screw-on wellhead
Working Pits dug 5' below ground level

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

Location Specs

EXHIBIT "D" RIG LAY OUT PLAT

POGO PRODUCING COMPANY
NIMITZ "13" FEDERAL # 3
UNIT "A" SECTION 13
T24S-R31E EDDY CO. NM

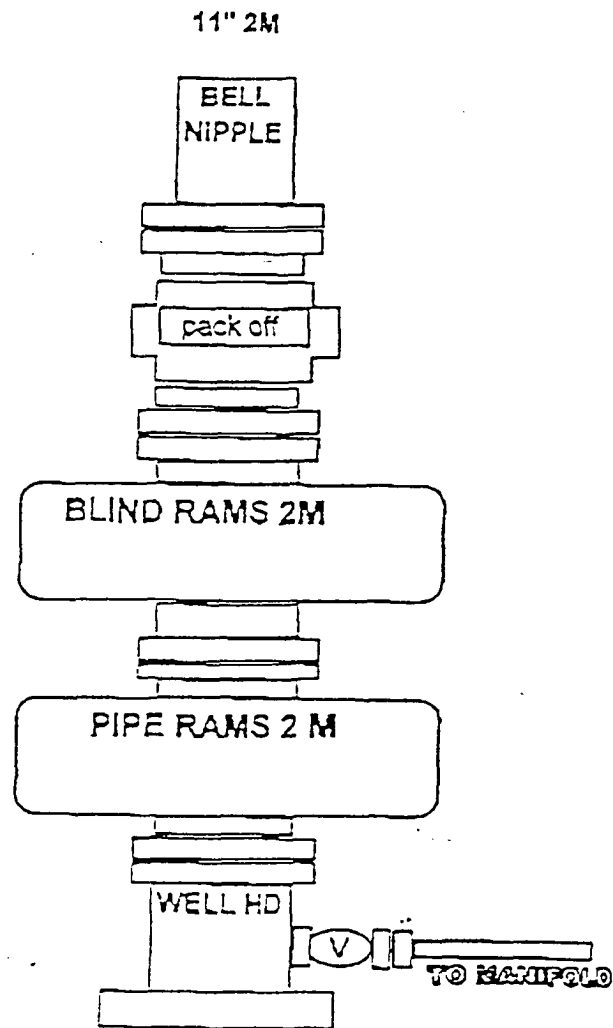


EXHIBIT "E"
 SKETCH OF B.O.P. TO BE USED ON

POGO PRODUCING COMPANY
 NIMITZ "13" FEDERAL # 3
 UNIT "A" SECTION 13
 T24S-R31E EDDY CO. NM

3000 PSI WP

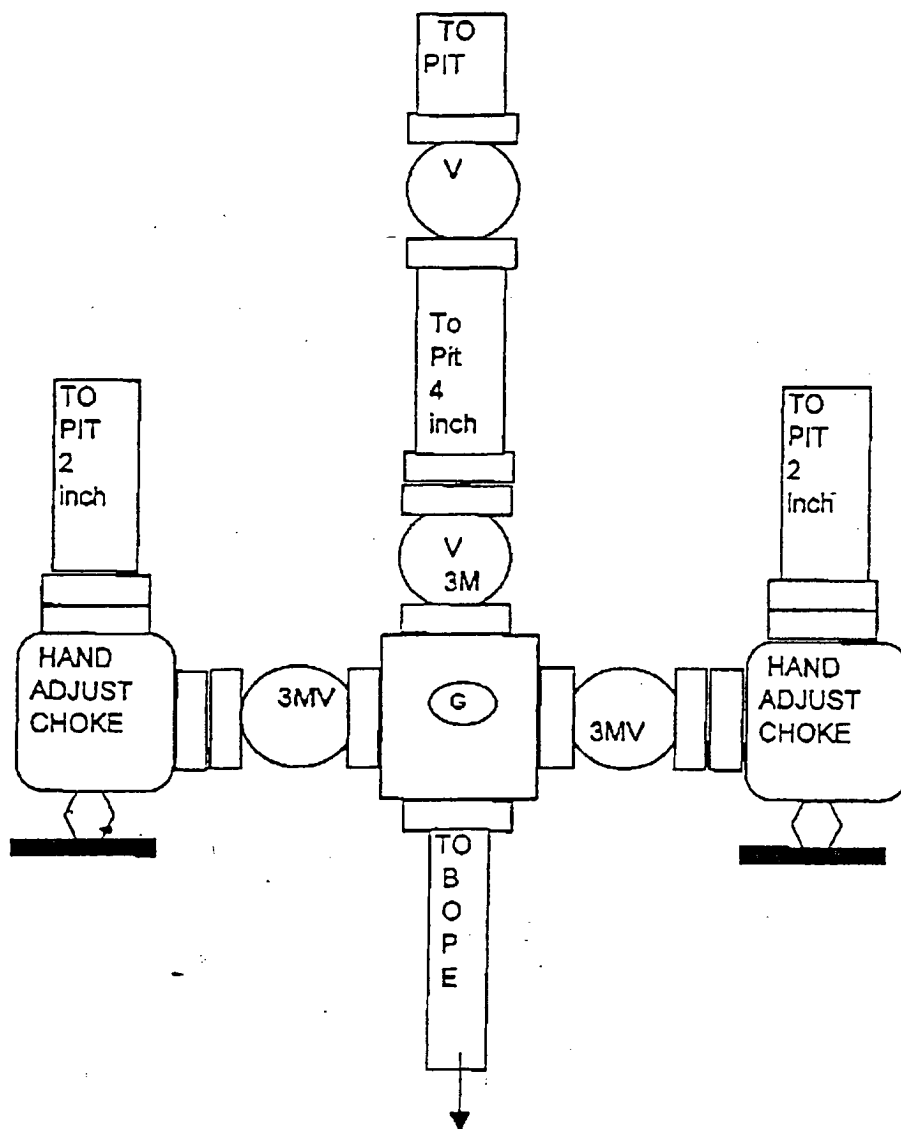


EXHIBIT "E-1"
CHOKE MANIGOLD & CLOSING UNIT

POGO PRODUCING COMPANY
NIMITZ "13" FEDERAL # 3
UNIT "A" SECTION 13
T24S-R31E EDDY CO. NM