

If earthen pits are used in
association with the drilling of this
well, an OCD pit permit must be
obtained prior to pit construction.

RTESLA
SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

RY'S POTASH

4-06-03
FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN			
1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			
2. NAME OF OPERATOR Pogo Producing Company			
3. ADDRESS AND TELEPHONE NO. P. O. Box 10340, Midland, TX 79702-7340 (432)685-8100			
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1650' FSL & 1980' FWL, Section 35 At proposed prod. zone same			
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 20 miles east of Loving, NM			
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drif. unit line, if any)		16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
1650'		640	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS
1320'		8500'	Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3517' GL Controlled Controlled Water Back			22. APPROX. DATE WORK WILL START* when approved
23. PROPOSED CASING AND CEMENTING PROGRAM			
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
17-1/2	13-3/8	54.5	800' 450'
11	8-5/8	24 & 32	4300'
7-7/8	5-1/2	15.5 & 17	8500'
			QUANTITY OF CEMENT
			Sufficient to circulate
			Sufficient to circulate
			Sufficient to circulate

AFTER SETTING PRODUCTION CASING, PAY ZONE WILL BE PERFORATED AND STIMULATED AS NECESSARY.

SEE ATTACHED FOR: SUPPLEMENTAL DRILLING DATA
BOP SKETCH
SURFACE USE AND OPERATIONS PLAN

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

IN ABOVE SPACE DESCRIBE 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 Cathy Wright TITLE SR. ENG TECH DATE 4/28/06
(This space for Federal or State office use)

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:

APPROVED BY /s/ Linda S. C. Rundell TITLE STATE DIRECTOR DATE JUN 16 2006

*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.

Seal 79.5

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

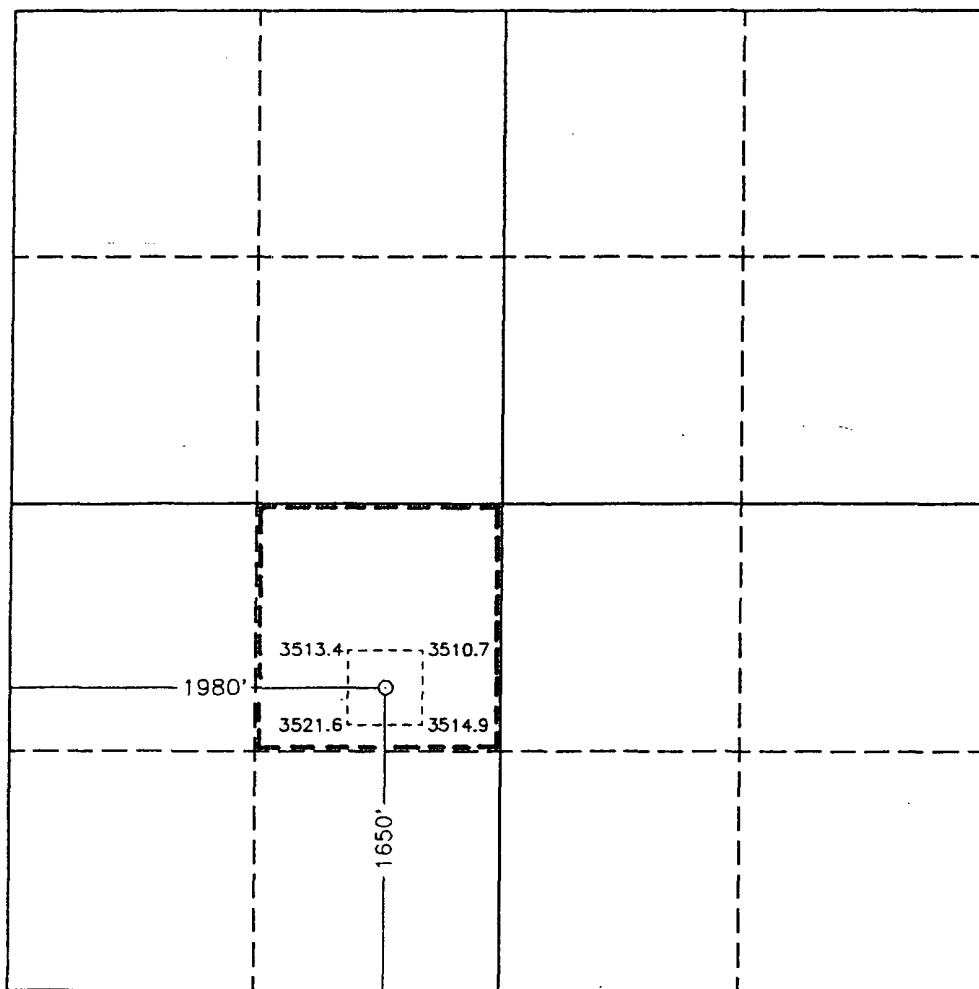
All Distances must be from the outer boundaries of the section

Operator POGO PRODUCING COMPANY		Lease CAL-MON		Well No. 13
Unit Letter K	Section 35	Township 23 SOUTH	Range 31 EAST NMPM	County EDDY
Actual Footage Location of Well:				
1650 feet from the SOUTH line and 1980 feet from the WEST line				
Ground Level Elev. 3517.8	Producing Formation DELAWARE	Pool UNDES. INGLE WELLS DELAWARE		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. 33745
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
- ☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.

No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Signature Richard L. Wright

Printed Name _____

Richard L. Wright

Position

Division Operations Supr.

Company

POGO PRODUCING COMPANY

Date _____

December 14, 1992

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 supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

NOVEMBER 4, 1992

Signature & Seal of
Professional Supervisor

Certificate No. 7977

7977

Certificate No. JOHN W. WEBB 676
DONALD J. EDSON 8239

92-11-1685

SUPPLEMENTAL DRILLING DATA

POGO PRODUCING COMPANY

CAL-MON WELL NO.13

1. SURFACE FORMATION: Quaternary.

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Rustler Anhydrite	750'
Base Salt	4200'
Delaware Lime	4440'
Bell Canyon	4480'
Cherry Canyon	5300'
Brushy Canyon	6650'

3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Delaware Oil

4. PROPOSED CASING AND CEMENTING PROGRAM:

CASING SIZE	SETTING DEPTH		WEIGHT	GRADE	JOINT
	FROM	TO			
13-3/8"	0	950'	54.5#	J-55	STC
8-5/8"	0	1000'	32#	J-55	STC
"	1000'	2200'	24#	J-55	STC
"	2200'	4300'	32#	J-55	STC
5-1/2"	0	1000'	17#	J-55	LTC
"	1000'	6000'	15.5#	J-55	LTC
"	6000'	8500'	17#	N-80	LTC

MINIMUM DESIGN FACTORS: Collapse 1.125 Burst 1.1 Tension 1.7

13-3/8" casing to be cemented with 500 sacks of Lite cement tailed in with 200 sacks of Class "C" with 2% CaCl. Cement to circulate.

8-5/8" casing to be cemented with 1200 sacks of Lite cement with 10% salt tailed in with 200 sacks of Class "C" with 1 % CaCl. Cement to circulate.

5-1/2" casing is to be cemented with approximately 500 sacks of Light cement tailed in with 700 sacks of Class "H" with the top of the Class "H" calculated to be at or above the shoe of the intermediate casing. If need for a stage tool is indicated, it will be positioned to best suit hole conditions. Cement to circulate.

Cement may have lost circulation or other additives depending on hole conditions at the time casing is run.

5. PRESSURE CONTROL EQUIPMENT:

Blowout prevention equipment, while drilling the 11" hole, will be either a 3000 psi working pressure double ram type preventer or a 3000 psi working pressure annular type preventer.

Blow out prevention equipment, while drilling below the 8-5/8" casing seat, will be a 3000 psi working pressure BOP stack. A BOP sketch is attached.

6. CIRCULATING MEDIUM: *LB 6/8/04*

950
Surface to 800 feet: Fresh water spud mud. Viscosity 30 to 36 as required for hole cleaning.

800 feet to 4300 feet: Brine conditioned as necessary for control of viscosity. Weight 9.8 to 10. pH 9 to 10. Viscosity 32 to 36.

4300 feet to T.D.: Water base drilling fluid conditioned as necessary for control of weight, viscosity, pH and water-loss. Weight 9 to 10. Viscosity 38-45. pH 9 to 10. Filtrate while drilling pay zone 6 to 15.

7. AUXILIARY EQUIPMENT:

A mud logging trailer will be in use while drilling below the intermediate casing.

8. TESTING, LOGGING, AND CORING PROGRAMS:

Drill stem tests will be made when well data indicate a test is warranted.

It is planned that electric logs will include GR-CNL-Density logs and GR-DLL logs.

No coring is planned.

9. ABNORMAL PRESSURES, TEMPERATURES, OR HYDROGEN SULFIDE GAS:

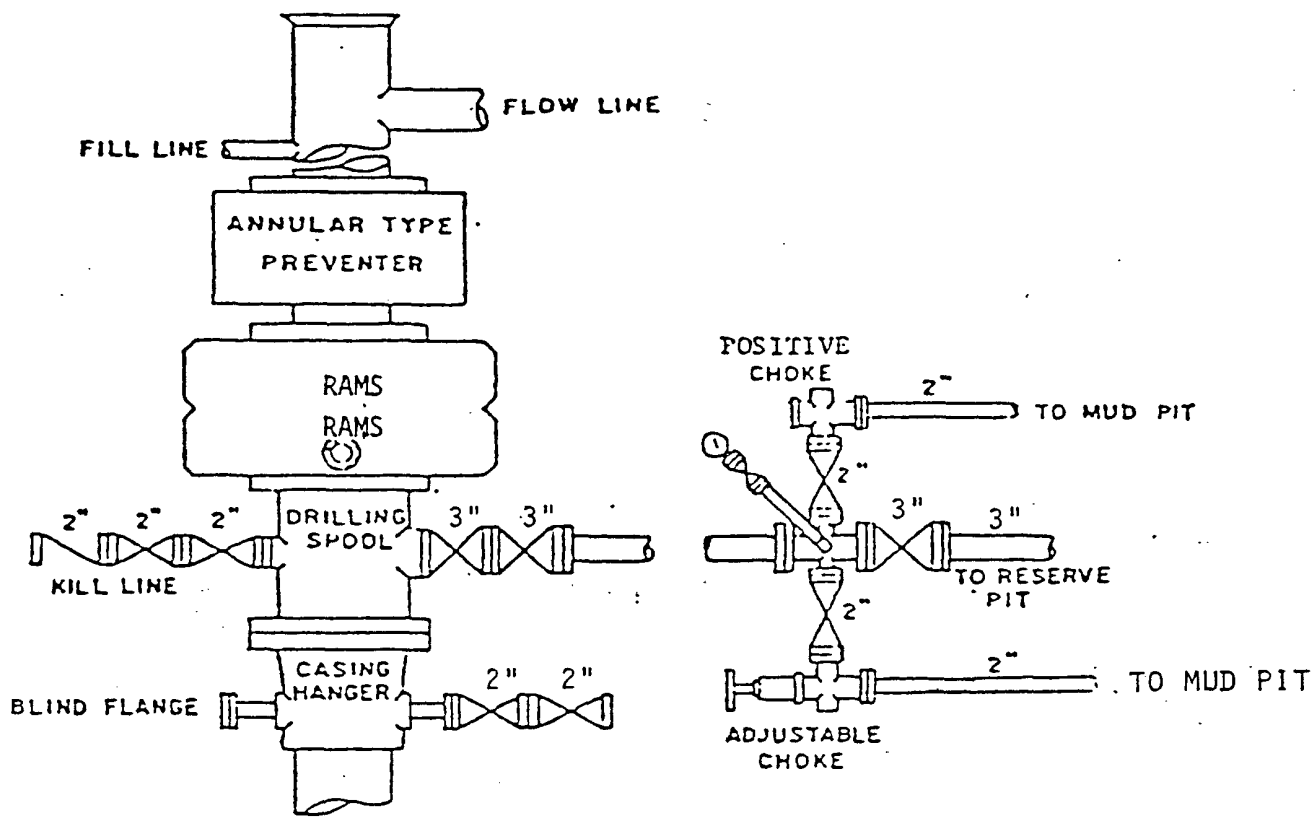
None anticipated.

Expected bottom hole pressure is about 3600 psi.

Expected bottom hole temperature is about 127degrees Fahr.

10. ANTICIPATED STARTING DATE:

It is planned that operations will commence upon approval of this application, with drilling and completion operations lasting about 30 days.



BOP STACK

3000 PSI WORKING PRESSURE

BOP ARRANGEMENT

SURFACE USE AND OPERATIONS PLAN

FOR

POGO PRODUCING COMPANY

CAL-MON WELL NO.13

1650'FSL & 1980'FWL SEC.35, T.23 S., R.31 E.

EDDY COUNTY, NEW MEXICO

LOCATED: 20 miles east of Loving, New Mexico.

FEDERAL LEASE NUMBER: NM-19199.

LEASE DATE: October 1, 1973. Lease is in producing status.

ACRES IN LEASE: 640.

LESSEE: Pogo Producing Company.

SURFACE OWNERSHIP: Federal.

GRAZING PERMITTEE: Charles F. James (505-885-3938)
1207 W. Riverside Drive
Carlsbad, New Mexico 88220

POOL: Undesignated Ingle Wells Delaware

POOL RULES: Statewide Rules. 40 acre spacing for oil.

EXHIBITS: A. Road Map
B. Plat Showing Existing Wells and Existing Roads
C. Drilling Rig Layout
D. Topo Plat

1. EXISTING ROADS:

A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. Point "A" on the plat is on State highway 128 at Mile post 16.6, approximately 20 miles east of Loving, New Mexico, where a caliche road goes southwest through a cattle guard. This point is about 0.2 mile west of the west end of the roadside park. Also see Exhibits "B" and "D". To go to the proposed well site from this point, exit 128 to the southwest and go about 200 feet. The proposed well site is southeast of this point at about 1300 feet.

B. Exhibit "B" shows existing pertinent roads in the vicinity of the proposed well site. Existing roads are color coded.

2. PLANNED ACCESS ROAD:

A. Length and Width: The new road will be 12 feet wide and about 1300 feet long, and is shown labeled and color coded red on Exhibit "B". The centerline of the proposed new road is staked and flagged.

B. Surfacing Material: Caliche. Watered, compacted, and graded.

C. Maximum Grade: Less than one percent.

D. Turnouts: Probably one.

E. Drainage Design: The new road will be crowned with drainage to the side.

F. Culverts: None needed.

G. Cuts and Fills: None necessary.

H. Gates and Cattle Guards: None necessary. No fences involved.

3. LOCATION OF EXISTING WELLS:

A. Existing wells in the immediate area are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Production from this well will be delivered to a lease tank battery

planned for construction on the well pad at well No. 11. The flow line will be 3" SDR-7 polyethylene pipe laid on the ground alongside existing and proposed roads and will extend from the well to the tank battery as shown on exhibit "B". The anticipated flow line pressure is about 60 psi.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is not planned that a water well will be drilled. Water necessary for drilling operations will be purchased and trucked to the well site, or will be moved to the well site by temporary pipeline laid on the ground alongside existing and proposed roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche needed for construction work will be taken, if present, from a pit opened on-site within the archaeologically cleared work area. Otherwise, caliche will be taken from an existing pit on Federal land in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 1, T.23 S., R.31 E., Eddy County, New Mexico, and will be trucked to the well site over existing and proposed roads.

7. METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits or will be stored in tanks for disposal in an approved disposal system.
- D. Oil produced during tests will be stored in test tanks until sold.
- E. All trash, junk, and other waste material will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary land fill.

8. ANCILLARY FACILITIES:

- A. None necessary.

9. WELL SITE LAYOUT:

A. Exhibit "C" shows the relative location and dimensions of the well pad and reserve pit and the proposed well location with relation to the roadside park.

B. Clearing and levelling of the pad and pit area will be necessary. There is an archaeological site south and west of the well location and a fence is to be constructed, as shown, to prevent construction work and drilling operations from impacting the site.

C. The pad and pit area is staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed from the well site. Pits will be filled and the location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.

B. Any unguarded pits containing fluids will be fenced.

C. After abandonment, all equipment, trash, and junk will be removed and the well site will be cleaned. Any special rehabilitation requirements of the surface management agency will be complied with and accomplished as rapidly as possible.

11. OTHER INFORMATION:

A. Topography: The land surface in the general area is gently undulating and dunny. In the immediate area of the well site the land surface slopes gently to the northeast. Regionally, drainage is to the west and the southwest.

B. Soil: Top soil at the well site is sand.

C. Flora and Fauna: The vegetative cover is moderate and includes mesquite, shinnery oak, sand sage, yucca, weeds, and range grasses. Wildlife in the area is that typical of semi-desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and Streams: There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures: There are no occupied dwellings or other structures within a mile of the proposed well site.

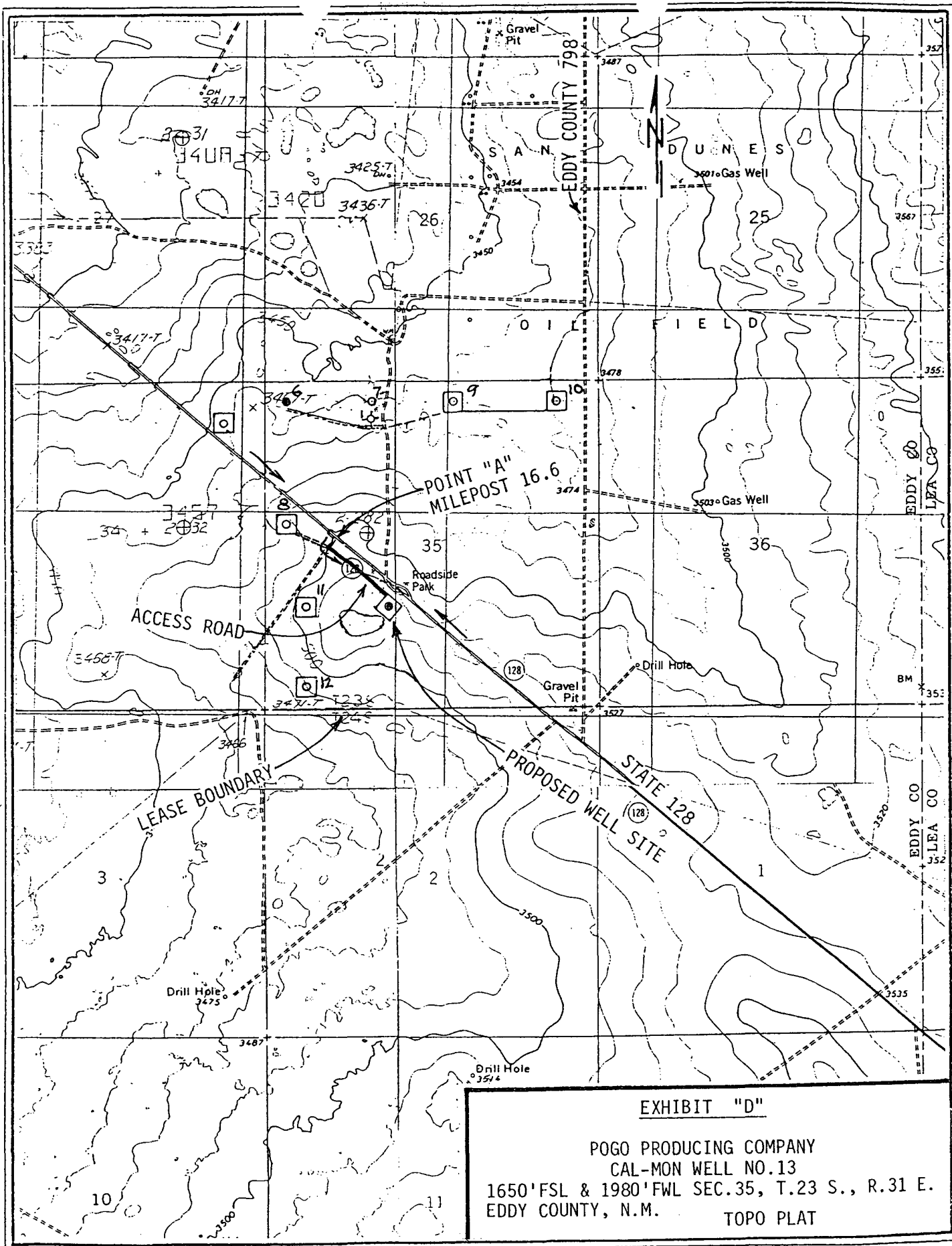
F. Archaeological, Historical, and Cultural Sites: An archeological reconnaissance is to be accomplished and a report furnished.

G. Land Use: Grazing and wildlife habitat.

H. Surface Ownership: Federal

12. OPERATOR'S REPRESENTATIVE:

Richard L. Wright
Division Operations Manager
Pogo Producing Company
P.O. Box 10340
Midland, Texas 79702
432-685-8100



CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Pogo Producing Company
Well Name & No. Calmon #13
Location: 1650' FSL, 1980' FWL, Section 35, T. 23 S., R. 31 E., Eddy County, New Mexico
Lease: NM-19199

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:
 - A. Well spud
 - B. Cementing casing: 13-3/8 inch 8-5/8 inch 5-1/2 inch
 - C. BOP tests
2. 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.
3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.
4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
5. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 13-3/8 inch surface casing shall be set at approximately 950 feet except if halite is encountered at a lesser depth in which case set surface casing just above the halite and cement circulated to the surface. If cement does not circulate to the surface the appropriate 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. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is to be circulated to the surface.
3. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.
4. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.