LDB 6/7/06

0904

RESUBMITTAL

H-06-75

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-99017

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

7. UNIT AGREEMENT NAME:

b. TYPE OF WELL: OIL WELL [X] GAS WELL [X] OTHER SINGLE ZONE [ ] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO. 34466: Red Man 18 Federal #2

2. NAME OF OPERATOR: Pogo Producing Company 17891

9. API WELL NO.: 30-015-35024

3. ADDRESS AND TELEPHONE NO.: P. O. Box 10340, Midland,TX 79702-7340 432-685-8100

10. FIELD AND POOL, OR WILDCAT: Cemetary Morrow

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 660' FNL & 660' FEL, Section 18, T20S, R25E
At proposed prod. zone: same

RECEIVED
JUL 20 2006
OCD-ARTESIA

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Section 18, T20S, R25E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 20 miles NW of Carlsbad New Mexico

12. COUNTY OR PARISH: Eddy County

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660	240	320

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
4000	9900	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3541' GR

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	QUANTITY OF CEMENT
25	Conductor	NA	40	Cmt to surface w/ redi-mix
17-1/2	13-3/8 H-40	48	500	550 sks - circ cmt to surface
11	8-5/8 J-55	32	2200	600 sks - circ cmt to surface
7-7/8	5-1/2 L-80	17	9900	1000 sks - Est TOC 2000'

WITNESS

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cmt to surface w/ Redi-mix.
2. Drill 17-1/2" hole to 500'. Run & set 500' of 13-3/8" 48# H-40 ST&C csg. Cmt w/ 550 sks Cl "C" cmt + ¼# Flocele/sx + 2% CaCl2. Circ cmt to surface.
3. Drill 11" hole to 2200'. Run & set 2200' of 8-5/8" 32# J-55 ST&C csg. Cmt w/ 600 sks Cl "C" cmt + add. Circ cmt to surface.
4. Drill 7-7/8" hole to 9900'. Run & set 9900' of 5-1/2" 17# L-80 LT&C csg. Cmt in 2 stages w/ DV tool @ ±4500'. Cmt 1st stage w/ 650 sxs Cl "H" cmt + add. Cmt 2nd stage w/ 350 sxs Cl "C" cmt + add. Est TOC 2000' FS.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

CARLSBAD CONTROLLED WATER BASIN

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 05/26/06

If an earthen pit(s) will be utilized in association with this work, a permit must be obtained prior to pit construction.

APPROVAL DATE

lds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

APPROVED BY /s/ Tony J. Herrell TITLE FIELD MANAGER DATE JUL 13 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.

29.5

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	74640	CEMETARY-MORROW (GAS)

Property Code	Property Name	Well Number
	RED MAN 18 FEDERAL	2

OGRID No.	Operator Name	Elevation
17891	POGO PRODUCING COMPANY	3541'

Surface Location

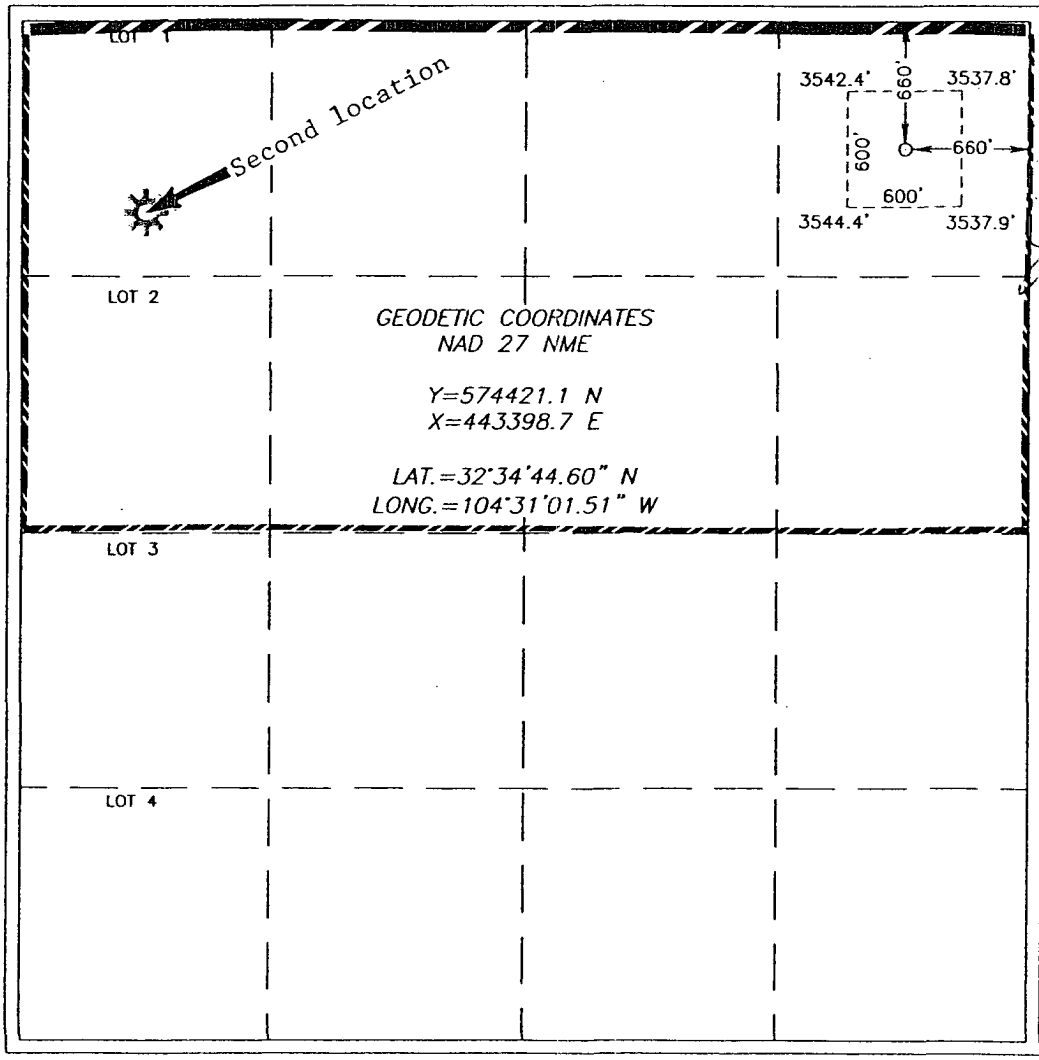
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	18	20-S	25-E		660	NORTH	660	EAST	EDDY

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	Order No.
320			

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

Signature

Joe T. Janica
Printed Name

Agent
Title

09/27/04
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.

SEPTEMBER 9, 2004
Date Surveyed JR

Signature & Seal of Professional Surveyor

Gary B. Edson 9/11/04

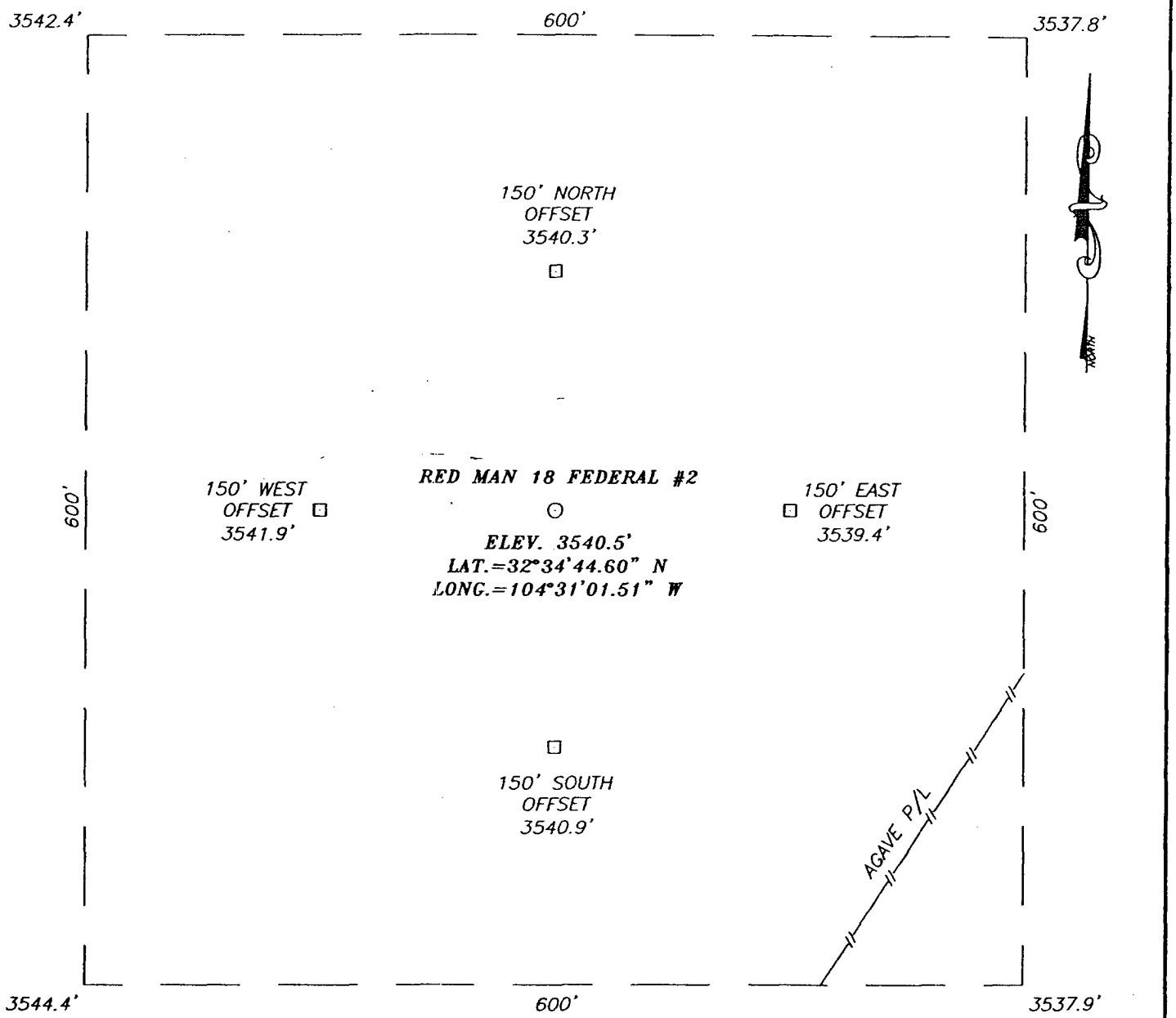
04.11.1165

Certificate No. GARY EDSON 12641

EXHIBIT "A"

SECTION 18, TOWNS..IP 20 SOUTH, RANGE _5 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY #285 AND CO. RD. #28 (WHITE PINE RD.) GO WEST ON CO. RD. #28 FOR APPROX. 4.0 MILES TO CO. RD. #27 (PICKETT RD.) TURN RIGHT (NORTH) ON CO. RD. #27 AND FOLLOW ROAD NORTH TO WEST. GO WEST APPROX. 2.5 MILES TO CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) ON CALICHE ROAD AND GO TO THE POGO OSAGE #1 WELL. FOLLOW AGAVE P/L AND TRAIL ROAD @ THE NE CORNER OF PAD AND GO APPROX. 0.5 MILES NE. PROPOSED LOCATION IS APPROX. 500 NORTH.

100 0 100 200 Feet

Scale: 1"=100'

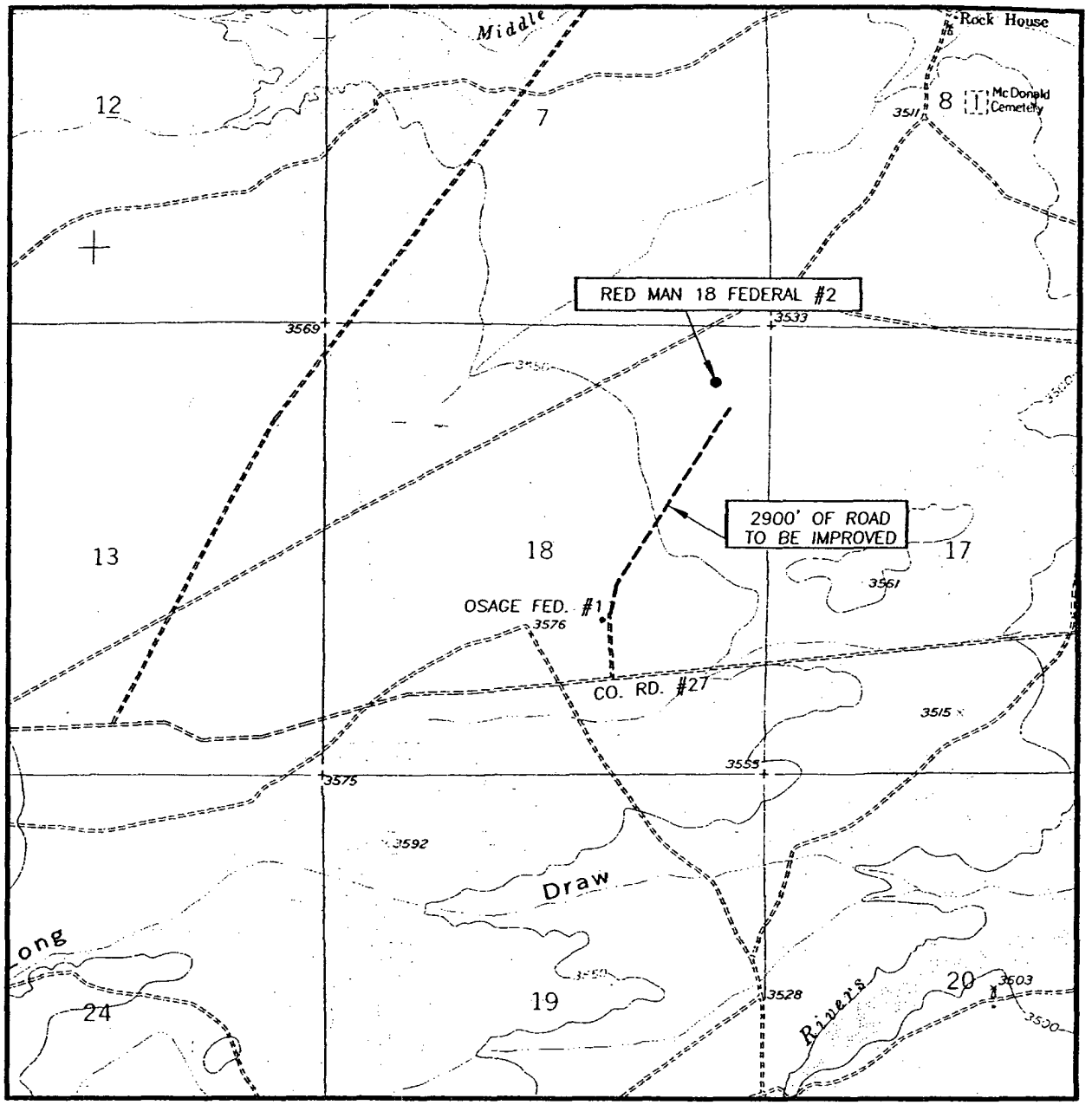
PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

POGO PRODUCING COMPANY

RED MAN 18 FEDERAL #2 WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 660 FEET FROM THE EAST LINE OF SECTION 18,
TOWNSHIP 20 SOUTH, RANGE 25 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Survey Date: 09/9/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.1165	Dr By: J.R.	Rev 1:N/A	
Date: 09/10/04	Disk: CD#10	04111165	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
FOSTER RANCH, N.M. – 10'

SEC. 18 TWP. 20-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 660' FEL

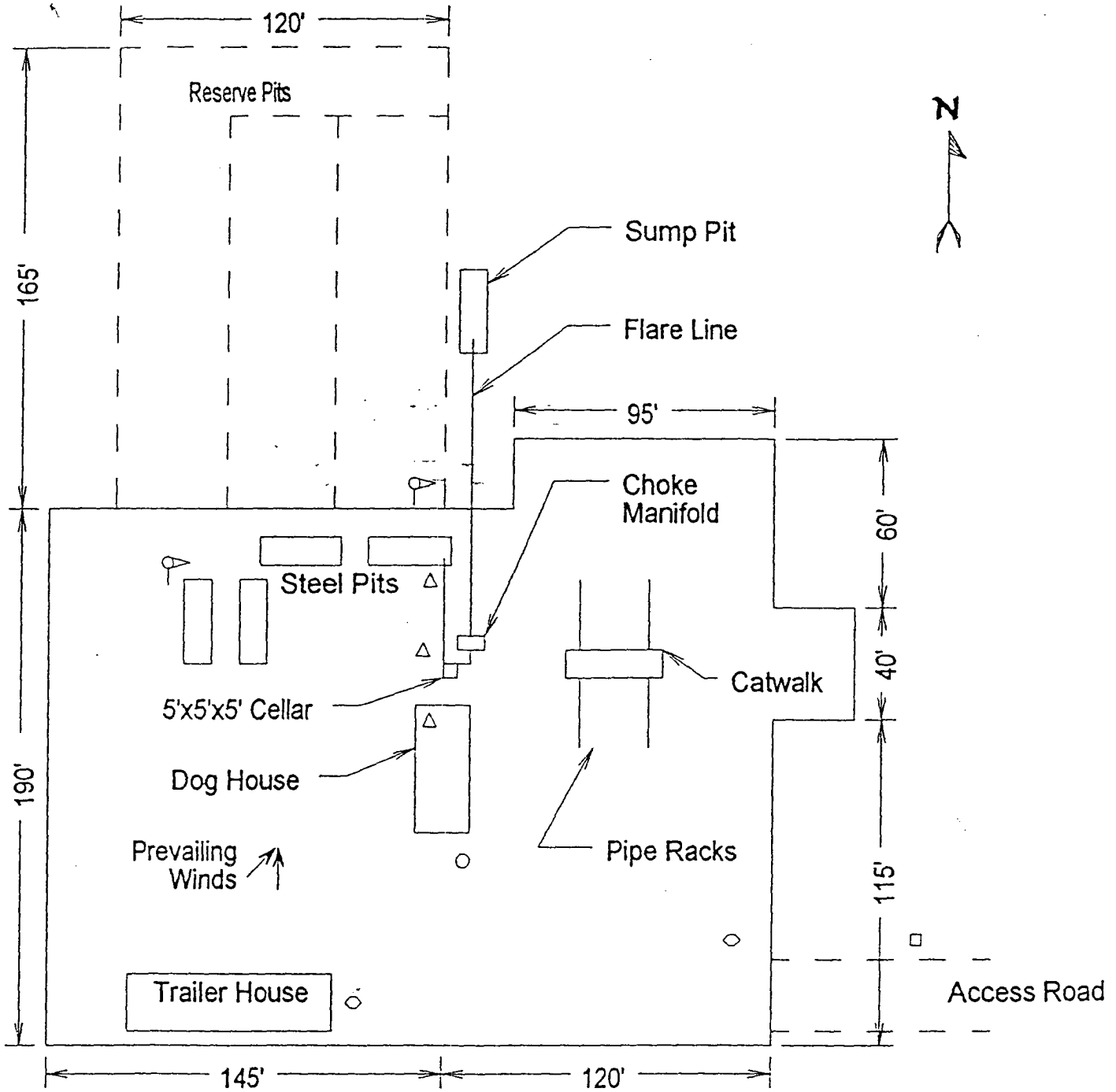
ELEVATION 3541'

OPERATOR POGO PRODUCING COMPANY

LEASE RED MAN 18 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
FOSTER RANCH, N.M.

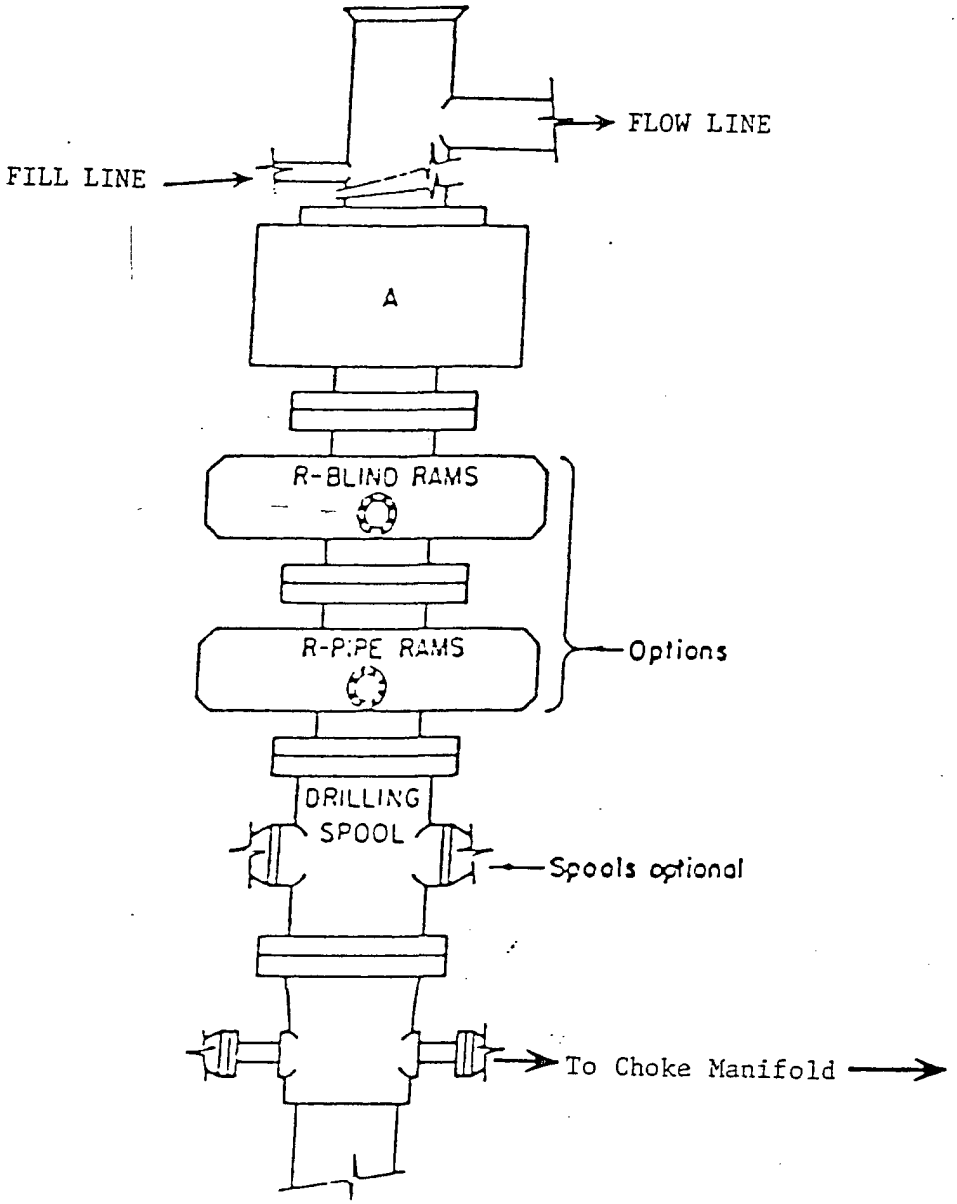
PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117



- 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

EXHIBIT "D"
RIG LAY OUT PLAT

POGO PRODUCING COMPANY
RED MAN "18" FEDERAL # 2
UNIT "A" SECTION 18
T20S-R25E EDDY CO. NM

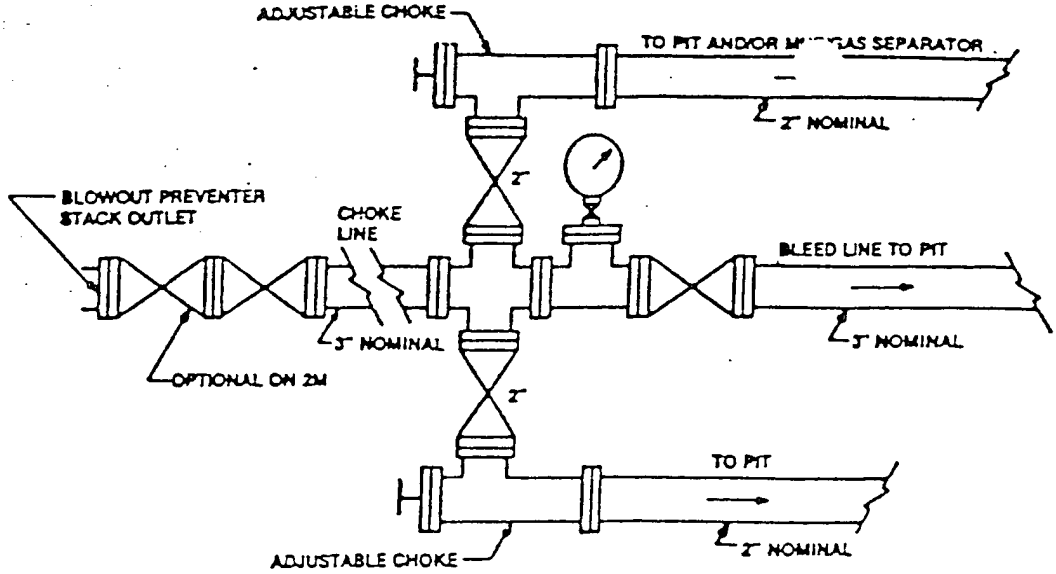


ARRANGEMENT SRRA

900 Series
3000 PSI WP

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

POGO PRODUCING COMPANY
RED MAN "18" FEDERAL # 2
UNIT "A" SECTION 18
T20S-R25E EDDY CO. NM



Typical choke manifold assembly for 3M WP system

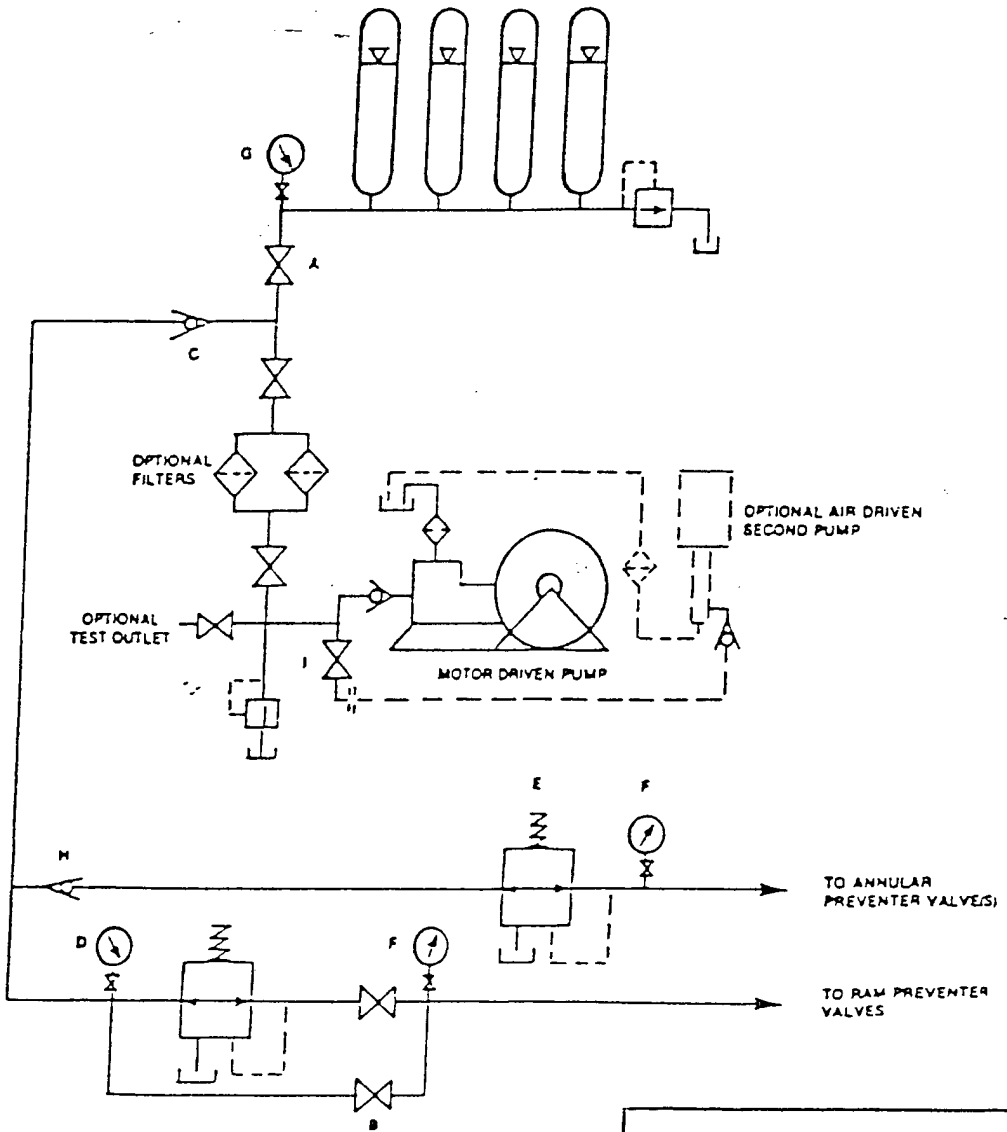


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

POGO PRODUCING COMPANY
RED MAN "18" FEDERAL # 2
UNIT "A" SECTION 18
T20S-R25E EDDY CO. NM

APPLICATION TO DRILL

POGO PRODUCING COMPANY
RED MAN "18" FEDERAL # 2
UNIT "A" SECTION 18
T20S-R25E EDDY CO. NM

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

1. Location of well: 660' FNL & 660' FEL SECTION 18 T20S-R25E EDDY CO. NM

2. Ground Elevation above Sea Level: 3541' 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: 9900'

6. Estimated tops of geological markers:

Queen	600'	3rd Bone Spring Sd.	6570'
Grayburg	910'	Wolfcamp Lime	7020'
San Andres	1310'	Cisco	7850'
Bone Spring Lime	2230'	Morrow Clastics	9420'
		Mississippian	9800'

7. Possible mineral bearing formations:

Wolfcamp	Gas
Cisco	Gas
Morrow	Gas

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
25"	0-40'	20"	NA	NA	NA	Conductor
17½"	0-500'	13 3/8"	48	8-R	ST&C	H-40
11"	0-2200'	8 5/8"	32	8-R	ST&C	J-55
7 7/8"	0-9900'	5½"	17	8-R	LT&C	J-55

APPLICATION TO DRILL

POGO PRODUCING COMPANY
RED MAN "18" FEDERAL # 2
UNIT "A" SECTION 18
T20S-R25E EDDY CO. NM

9. CASING CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 500' of 13 3/8" 48# H-40 ST&C casing. Cement with 550 Sx. of Class "C" cement + additives, circulate cement to surface.
8 5/8"	Intermediate	Set 2200' of 8 5/8" 32# J-55 ST&C casing. Cement with 600 Sx of Class "C" cement + ¼# Flocele/Sx., + 2% CaCl, circulate cement to surface.
5½"	Production	Set 9900' of 5½" 17# L-80 LT&C casing. Cement in 2 stages set DV Tool at 4500'±. Cement 1st stage with 650 Sx. of Class "H" Premium Plus cement + additives, cement 2nd stage with 350 Sx. of Class "C" cement + additives, estimate top of cement 2000' from surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 series 3000 PSI working perssure B.O.P. consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. The B.O.P. will be nipped up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once each 24 Hr. period and the blind rams will be operated when the drill pipe is out of on trips. Full opening stabbing valve and upper kelly cock will be available in case if needed. Exhibit "E-1" shows a hydraulically operated closing unit and a 3" 3000 PSI choke manifold with adjustable chokes. No abnormal pressures or temperatures are expected while drilling this well. No problems in offset wells.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-500'	8.4-8.7	29-38	NC	Fresh water spud mud use paper to control seepage.
500-2200'	10-10.2	29-40	NC	Brine ~~water~~ Fresh Water use paper to control seepage and high viscosity sweeps to clean Hole.
2200-8700'	8.4-8.7	29-40	NC	Fresh water use Gel for viscosity control and high viscosity sweeps to clean hole.
8700-9900'	8.4-8.7	32-40	6-10 cc or less	Same as above use Gel for viscosity control and Dris-Pac for water loss control.

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 water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

POGO PRODUCING COMPANY
RED MAN "18" FEDERAL # 2
UNIT "A" SECTION 18
T20S-R25E EDDY CO. NM

12. LOGGING , CORING, AND TESTING:

A. Open hole logs: Dual induction, SNP, LDT, Gamma Ray, and Caliper from TD Back to 8 5/7" casing shoe.

B. Cased hole logs: Gamma Ray, Neutron from 8 5/8" casing shoe to surface.

C. Mud logger may be rigged up on hole at 2200' and remain on hole to TD.

D. DST's may be taken as shows dictate. Cores may be taken as geologist determines.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S 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 4500 PSI, and Estimated BHT 170°.

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 MORROW formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as a gas well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S 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. H_2S 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, H_2S 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.

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S 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 H_2S scavengers if necessary.

SURFACE USE PLAN

POGO PRODUCING COMPANY
RED MAN "18" FEDERAL # 2
UNIT "A" SECTION 18
T20S-R25E 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 the junction of State Hi-way 200 (Relief By-pass) and U.S. Hi-way 285 North of Carlsbad New Mexico, go North 12 miles to CR-28 (White Pine Road) turn Left go 4 miles to CR-27 (Pickett Road) turn Right go .5 miles . turn West go 2.6 miles±, turn North go by existing well and follow road along pipe-line 2900' to location on the WEST side of road.

   C. See Exhibit "C" for proposed flow line into gas sales line.

2. PLANNED ACCESS ROADS: Approximately 2900' 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 mimimum 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 utilaze 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 mile 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"

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".

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 quaters will be drained into holes with a minium 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 furthed 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 pips 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.

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
RED MAN "18" FEDERAL # 2
UNIT "A" SECTION 18
T20S-R25E EDDY CO. NM

11. OTHER INFORMATION:

A. Topography consists of low lying Limestone hills with drainage toward to the Southeast into the South Seven Rivers drainage system. Vegetation consists of creosote, yucca, sumac, and mesquite.

B. Surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is used for grazing livestock and the production of oil and gas.

C. An archaeological survey will be conducted on the location and access roads. This report will be filed with The Bureau of Land Management in the Carlsbad field office.

D. There are no dwellings in the near vicinity of this location.

12. OPERATORS REPRESENTIVES:

Before construction:

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

During and after construction:

POGO PRODUCING COMPANY
P.O. BOX 10340
MIDLAND, TEXAS 79702-7340
OFFICE Ph. 432-685-8100
Mr. RICHARD WRIGHT 432-685-8140

13. CERTIFICATION: I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access roads, and that I am fimiliar 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 the operations proposed herein will be performed by POGO PRODUCING COMPANY it's contractors/subcontractors is in compformity 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 report.

NAME : Joe T Janica
DATE : 09/27/04
TITLE : Agent

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Pogo Producing Company
Well Name & No: Red man 18 Federal No 02
Location: Surface 660' FNL & 660' FEL, Sec.18, T. 20 S., R. 25 E.
Lease: NMNM 99017
Eddy County, New Mexico

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13 ⅜ inch; 8 ⅝ inch; 5 ½ inch.

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan is not required for this well bore.

3. 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.

4. 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.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A communitization agreement must be filed in this office for approval prior to an sales from this well.

II. CASING:

1. The 13 ⅜ inch shall be set at 500 Feet with 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 ⅝ inch Intermediate casing is to **circulate to surface.**

3. The minimum required fill of cement behind the 5 ½ inch Production casing is to **Tie Back to 8 ⅝ shoe by at least 200 ft.**

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 ⅜ 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.

(III Cont):

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3 M psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

-The test 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 safe workman-like manner. Hard line connections shall be required.
-Both low pressure and high pressure testing of BOPE is required.

***G. Gourley* RFO 06/06/2006**