

THIS IS A RE-ENTRY

OCD-ARTESIA

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

J-06-23
FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒ *

DEEPEN ☐

2-11-POTASH

b. TYPE OF WELL

*Kick off and drill horizontal hole

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' FSL & 1980' FWL SECTION 27 T23S-R29E EDDY CO. NM

At proposed prod. zone 660' FSL & 330' FEL T23S-R29E EDDY CO. NM

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

Approximately 8 miles East of Loving New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 660'

(Also to nearest drlg. unit line, if any)
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. NA

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED TO THIS WELL

120

19. PROPOSED DEPTH

MD-10717' MD-7890'

20. ROTARY OR CABLE TOOLS

ROTARY

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

3012' GR.

22. APPROX. DATE WORK WILL START*

WHEN APPROVED

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
17 1/2"	H-40 13 3/8"	48#	363' *	650 Sx. cemented to surface
12 1/4"	K-55, N-80 10 3/4"	51#	2901' *	1200 Sx. " " "
9 1/2"	O-95 7 7/8"	29.7# & 33.7#	10,745' *	1825 Sx. TOC 6450' Temp Survey.

* These casing strings were run and ceemented by previous operator.

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

SEE ATTACHED SHEET FOR DETAIL OF

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 Joet. Janice TITLE Agent

DATE 07/10/06

(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:

/s/ Linda S.C. Rundell

STATE DIRECTOR

DEC 19 2008

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Exxon Lse. No. _____ NE EXICO OIL CONSERVATION COMMISSION
State Lse. No. _____ WELL LOCATION AND ACREAGE DEDICATION PLAT
Federal Lse. No. **NM 23177** NM-105557
All distances must be from the outer boundaries of the Section.

Form C-102
Supersedes C-128
Effective 1-1-65

Operator Exxon Corporation		Lease Laguna Grande Unit (Exxon)		Well No. 2
Unit Letter N	Section 27	Township 23-S	Range 29-E	County Eddy
Actual Footage Location of Well: 660 feet from the South line and 1980 feet from the West line				
Ground Level Elev. 3012'	Producing Formation Morrow	Pool Laguna Grande Morrow Gas		Dedicated Acreage: 320 Acres

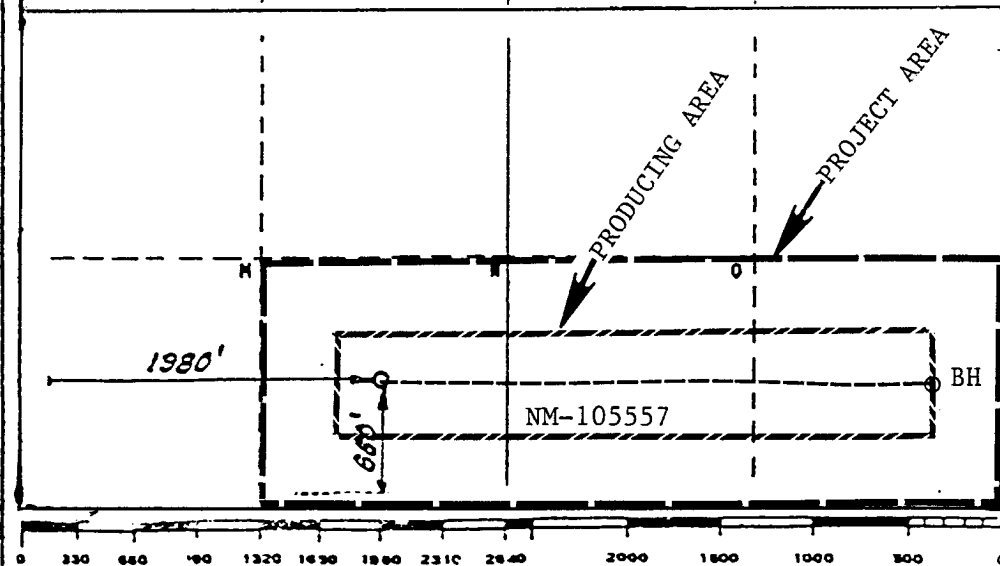
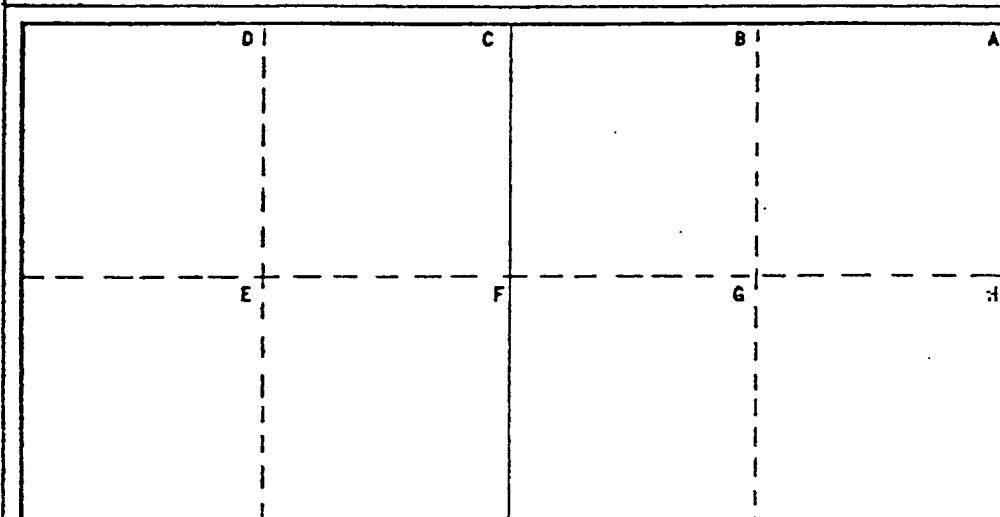
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

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

RECEIVED
MAR 28 1977
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO



CERTIFICATION

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

Name
Melba Kripling
Position
Proration Specialist
Company **Exxon Corporation**
Box 1600 Midland, Texas
Date
3-28-77

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
3/24/77

Registered Professional Engineer and/or Land Surveyor

H. S. Westerfield
Certificate No.
1582

A-6963

09/20/06

Mr Whitlock,

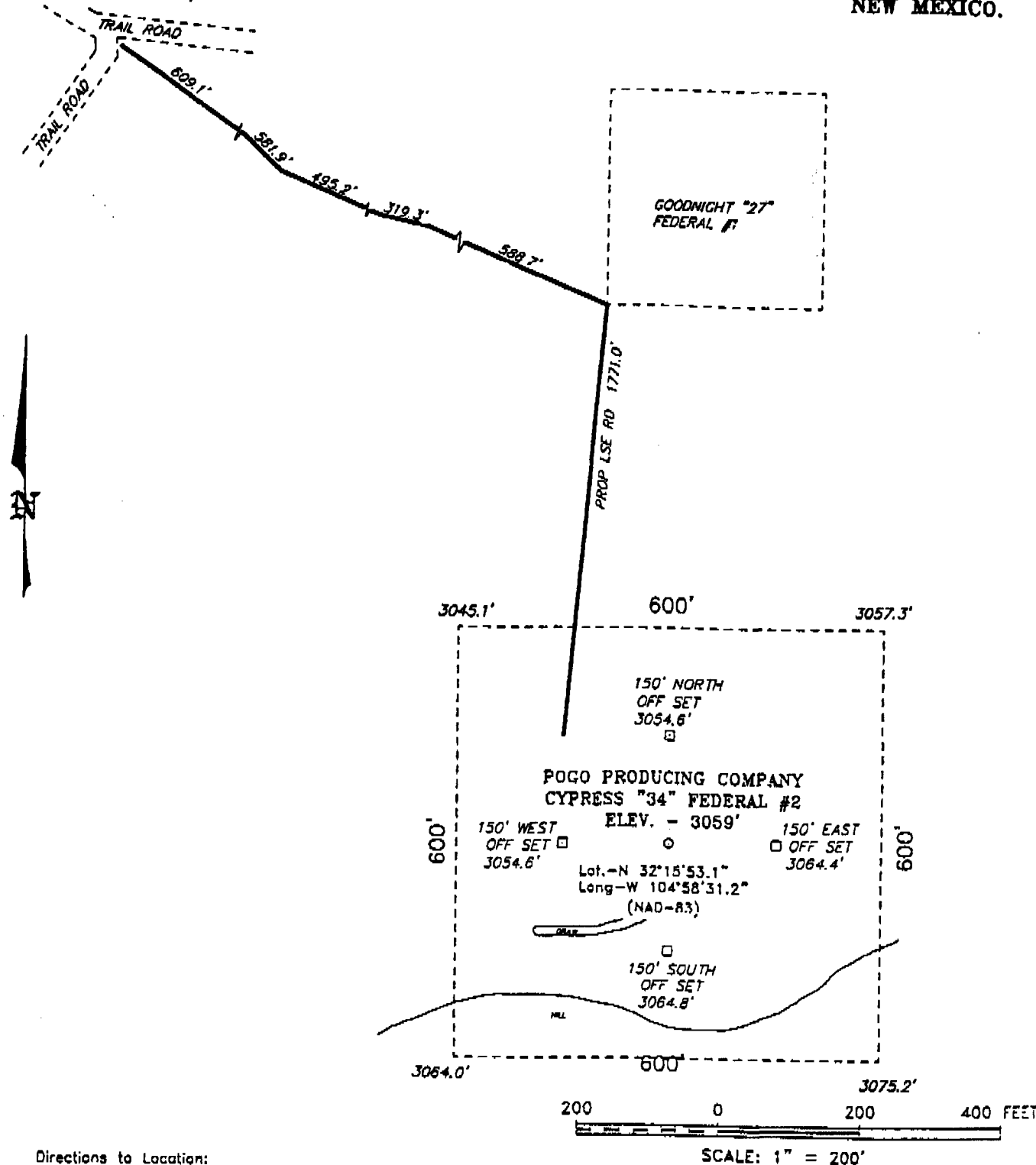
Enclosed is a plot of
The road that leads
To The Goodnight Inn
Federal # 2 Re-Entry.

Please find 2 copies
and forward to APD

Recall.

Joel Janice

SECTION 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY,
NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF CO. RD. 793 (RAWHIDE)
AND STATE HWY 128, PROCEED SOUTH 3.1 MILE TO
END OF PAVEMENT; THENCE WEST 3.3 MILE; THENCE
SOUTH 0.4 MILE TO PROPOSED LEASE ROAD.

POGO PRODUCING CO.

REF: CYPRESS "34" FEDERAL #2 / Well Pad Topo

THE CYPRESS "34" FEDERAL #2 LOCATED 1400' FROM
THE NORTH LINE AND 1800' FROM THE WEST LINE OF
SECTION 34, TOWNSHIP 23 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

O. Number: 7073 Drawn By: J. SMALL

e: 06-22-2006 Disk: JMS 7073W

Survey Date: 06-21-2006

Sheet 1 of 1 Sheets

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

DUPLICATE
CARD

MGMT
OFFICE

2006 JUL 11 PM 3:10

OPERATOR NAME: POGO PRODUCING COMPANY

RECEIVED

ADDRESS: P.O. BOX 10340

CITY, STATE, & ZIP: MIDLAND, TEXAS 79702-7340

The above operator accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No: NM-105557

Well name: GOODNIGHT "27" FEDERAL # 1

Legal Description of land: SE/4 of SE/4, SW/4 of SE/4, SE/4 of SW/4

Bond coverage: NATION WIDE

B.L.M. Bond File No : WYB-000238

Authorized Signature

Joe T. Janica
Joe T. Janica
Title: Agent

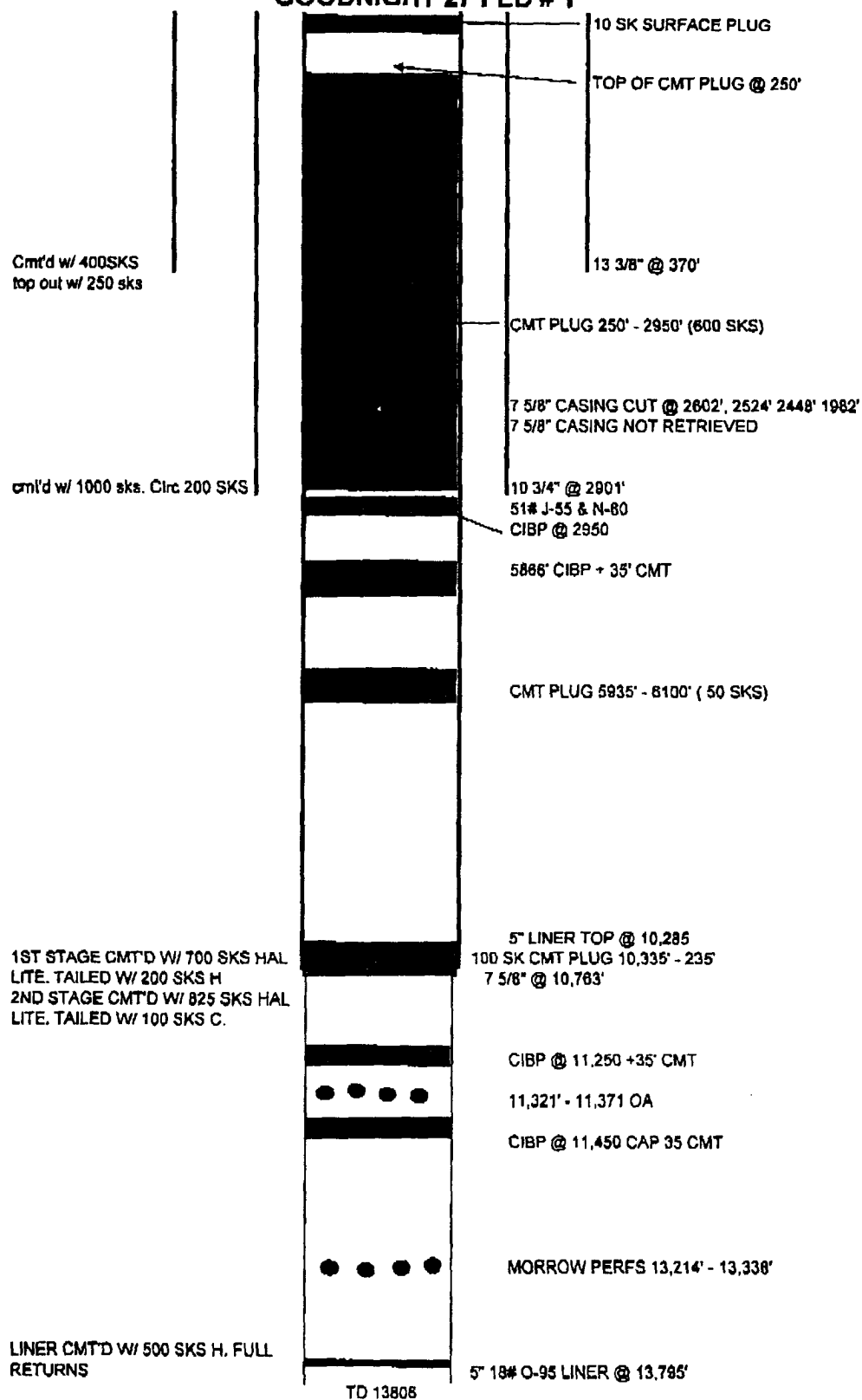
Date: 07/10/06

GOODNIGHT 27 FED # 1 RE ENTRY AND HORIZONTAL BONE SPRINGS

Summary: Re enter existing plugged Exxon well. Drill out cement plugs to KOP. RIH w/ Gauge water melon Mill. Run Gyro. Run Coorelation log. Set Whipstock 10' above collar. Drill window and curve. Intersec formation and drill lateral to a BHL of 660 FSL & 330 FEL. Zone @ toe 7860 & TOE 7890

STEPS	DESCRIPTION
1	LOCATE WELL HEAD. DIG OUT CELLAR. INSTALL HEAD ON 7 5/8" CASING. N/U BOP'S.
2	RIH W/ CEMENT 6 1/2" CEMENT MILL, DC'S & 2 7/8" WORKSTRING. CLEAN OUT TO 7800'. POH
3	RIH W/ 6 1/2" WATERMELLON MILL AND DRESS OFF TO 7800'. RUN GYRO. POH.
4	RUN CORRELATION LOGS. SET CIBP @ $\pm 7590'$. 10' ABOVE COLLAR. R/D WELL SERVICE UNIT
6	MIRU DRILLING TOOLS. N/U BOP'S. TEST SAME W/ 3RD PARTY.
7	R/U WITH 3 1/2" DRILL PIPE TO CIBP @ $\pm 7590'$. POH.
8	TIH W/ WHIPSTOCK. ORIENT W/ GYRO. SET SAME ON WHIPSTOCK. DRILL OUT WINDOW. POH.
9	TIH W/ WATERMELON MILL. OPEN WINDOW. POH.
10	TIH W/ DIRECTIONAL ASSEMBLY & 6 1/8" BIT. KEEP TOOL FACE ORIENTED W/ GYRO UNTIL MWD IS USEABLE.
11	DRILL LATERAL AS PER DIRECTIONAL PLAN TO A BHL OF 660 FSL & 330 FEL. MUD LOGGER ON LOCATION
12	RIH W/ 4 1/2" N-80 CASING. BTC THROUGH CURVE. CEMENT W/ 1000 SKS "C" W/ 8 PPS GILSONITE 14.1 PPG
13	R/D ROTARY TOOLS. M/O ROTARY TOOLS.

GOODNIGHT 27 FEB # 1



APPLICATION TO DRILL

POGO PRODUCING COMPANY
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E 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' FSL & 1980' FWL SECTION 27 T23S-R29E EDDY CO. NM

2. Ground Elevation above Sea Level:

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: MD. 10,717' TVD. 7900'

6. Estimated tops of geological markers:

Rustler	210'	Brushy Canyon	5113'
Basal Anhydrite	2720'	Bone Spring	6790'
Bell Canyon	3055'	1st Bone Spring Sd.	7860'
Cherry Canyon	3952;		

7. Possible mineral bearing formations:

Brushy Canyon	Oil
Bone Spring	Oil

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
17½"	0-363'	13 3/8"	48#	8-R	ST&C	H-40
12½"	0-2901'	10 3/4"	51#	8-R	ST&C	K-55 N-80
9½"	0-10,745'	7 7/8"	33.7# 29.7#	?	?	O-95

ALL CASING WAS SET BY PREVIOUS OPERATOR

APE GOODNIGHT 27 FEB #1 REENTRY.xls

MITCHELL ENGINEERING PROGRAMS

COPYRIGHT 1980 MITCHELL ENGINEERING, PO BOX 1432, GOLDEN, CO. 80402, USA (303) 273 3744

LONG'S METHOD OF SURVEY COMPUTATION**OBLIQUE CIRCULAR ARC INTERPOLATION**

0	MD OF INTERPOLATION DEPTH, (feet)
#N/A	TVD COORDINATE OF THE DEPTH (feet)
#N/A	N/S COORDINATE OF DEPTH (feet)
#N/A	E/W COORDINATE OF DEPTH (feet)

3 D DISTANCE BETWEEN STATION A AND STATION B

DISTANCE TABLE

STATION A	STATION B
0.00	ft

TABLE OF SURVEY STATIONS

Calculator =

STA #	ΔMD ft	INCL deg	AZIM deg	MD ft	TVD ft	N+/- ft	E+/- ft	DLS deg/100FT
1	TIE POINT =>	0	0	7600.00	7600.00	0.00	0.00	-
2	100	22	90	7700.00	7697.58	0.00	18.98	22.00
3	100	44	90	7800.00	7780.91	0.00	73.09	22.00
4	100	66	90	7900.00	7837.92	0.00	154.51	22.00
5	100	88	90	8000.00	7860.28	0.00	251.35	22.00
6	20	89	90	8020.00	7860.80	0.00	271.34	5.00
7	100	89.4213	90	8120.00	7862.18	0.00	371.33	0.42
8	100	89.4213	90	8220.00	7863.19	0.00	471.32	0.00
9	100	89.4213	90	8320.00	7864.20	0.00	571.32	0.00
10	100	89.4213	90	8420.00	7865.21	0.00	671.31	0.00
11	100	89.4213	90	8520.00	7866.22	0.00	771.31	0.00
12	100	89.4213	90	8620.00	7867.23	0.00	871.30	0.00
13	100	89.4213	90	8720.00	7868.24	0.00	971.30	0.00
14	100	89.4213	90	8820.00	7869.25	0.00	1071.29	0.00
15	100	89.4213	90	8920.00	7870.26	0.00	1171.29	0.00
16	100	89.4213	90	9020.00	7871.27	0.00	1271.28	0.00
17	100	89.4213	90	9120.00	7872.28	0.00	1371.28	0.00
18	100	89.4213	90	9220.00	7873.29	0.00	1471.27	0.00
19	100	89.4213	90	9320.00	7874.30	0.00	1571.27	0.00
20	100	89.4213	90	9420.00	7875.31	0.00	1671.26	0.00
21	100	89.4213	90	9520.00	7876.32	0.00	1771.26	0.00
22	100	89.4213	90	9620.00	7877.33	0.00	1871.25	0.00
23	100	89.4213	90	9720.00	7878.34	0.00	1971.25	0.00
24	100	89.4213	90	9820.00	7879.35	0.00	2071.24	0.00
25	100	89.4213	90	9920.00	7880.36	0.00	2171.24	0.00
26	100	89.4213	90	10020.00	7881.37	0.00	2271.23	0.00
27	100	89.4213	90	10120.00	7882.38	0.00	2371.23	0.00
28	100	89.4213	90	10220.00	7883.39	0.00	2471.22	0.00
29	100	89.4213	90	10320.00	7884.40	0.00	2571.22	0.00
30	100	89.4213	90	10420.00	7885.41	0.00	2671.21	0.00
31	100	89.4213	90	10520.00	7886.42	0.00	2771.21	0.00
32	100	89.4213	90	10620.00	7887.43	0.00	2871.20	0.00
33	97	89.4213	90	10717.00	7888.41	0.00	2968.20	0.00
34								

APPLICATION TO DRILL

POGO PRODUCING COMPANY
 GOODNIGHT "27" FEDERAL # 1
 UNIT "N" SECTION 27
 T23S-R29E EDDY CO. NM

9. CEMENTING & SETTING DEPTH:

13 3/8"	Surface	13 3/8" 48# H-40 ST&C casing previously set at 363' and cemented with 650 Sx. of Class "C" cement top of cement at surface.
10 3/4"	1st Intermediate	10 3/4" 51# K-55 & N-80 ST&C casing previously set at 2901' and cemented with 1200 Sx. of Class "C" cement, top of cement surface.
7 5/8"	2nd Intermediate	7 7/8" 33.7# & 29.7# O-95 casing set at 10,745' and cemented in 2 stages. 1st stage cemented with 900 Sx. 2nd stage cemented with 925 Sx. cement top 6450' by Temp. survey.
4 1/2"	Production	Set 10,717' of 4 1/2" 11.6# N-80 BT&C. Cement with 1000 Sx. of Class "C" cement + 8# Gilsonite/Sx., Mixed at 14.1 PPG.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 900 Series 3000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nipped up on the 7 5/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 3000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

<u>DEPTH</u>	<u>MUD WT.</u>	<u>VISC.</u>	<u>FLUID LOSS</u>	<u>TYPE MUD SYSTEM</u>
7590-10717'±	9.0-10.0	29-38	10 cc or* less.	Cut Brine clean hole with high viscosity sweeps, use a Dris-Pac system to control water loss if needed.

* If water loss control is needed to protect formation from damage, to run casing, or other requirements.

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

APPLICATION TO DRILL

POGO PRODUCING COMPANY
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Run correlation logs after total cleanout depth is reached.
- B. Rig up mud logger on hole when new hole is started.

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 3700 PSI, and Estimated BHT 175°.

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 28 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 H_2S safety instructor to the following:
 - A. Characteristics of H_2S
 - B. Physical effects and hazards
 - 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"
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 location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

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 separator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

POGO PRODUCING COMPANY
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E 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-wqy 62-180 West toward Carlsbad New Mexico go 42± miles to WIPP Road, turn Left go 13 miles to CR 802 turn Right go 3.7± miles to State Hi-way 128, turn Right go 6± miles to Rawhide Road (CR-793), turn Left (South) go 3.4 miles, turn Right (West) follow caliche road 3.5 miles, turn Left (South) go .6± miles bear Left (Southeast) go .5 miles to location.

C. Exhibit "C" shows the proposed routes of new road, flowlines, and powerline.

2. PLANNED ACCESS ROADS: Approximately .5 miles of road will be reclaimed.

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 | - None known |
| 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
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E 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. Exhibit "C" shows proposed routes of roads, flowlines and powerlines.

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 approved 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
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E EDDY CO. NM

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the proposed well site layout.
- B. This Exhibit shows the location of reserve pit, sump pits, and living facilities.
- C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encountered during pit construction indicate that a plastic liner is required to contain lateral migration.
- D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.
- E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completion phases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out. If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E 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 future erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

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
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E EDDY CO. NM

11. OTHER INFORMATION:

- A. Topography shows a slight dip to the West & North towards Salt lakes. Soils are sandy clays, intermixed with Pecos Rivergravels. Vegetation consists of acacia, mesquite, snakeweed, yucca and native grasses.
- 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 on the access roads and location. Results of the findings will be filed with the Bureau of Land Management office in Carlsbad New Mexico.
- D. There are no dwellings within 2 miles of the 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 : 07/10/06

TITLE : Agent

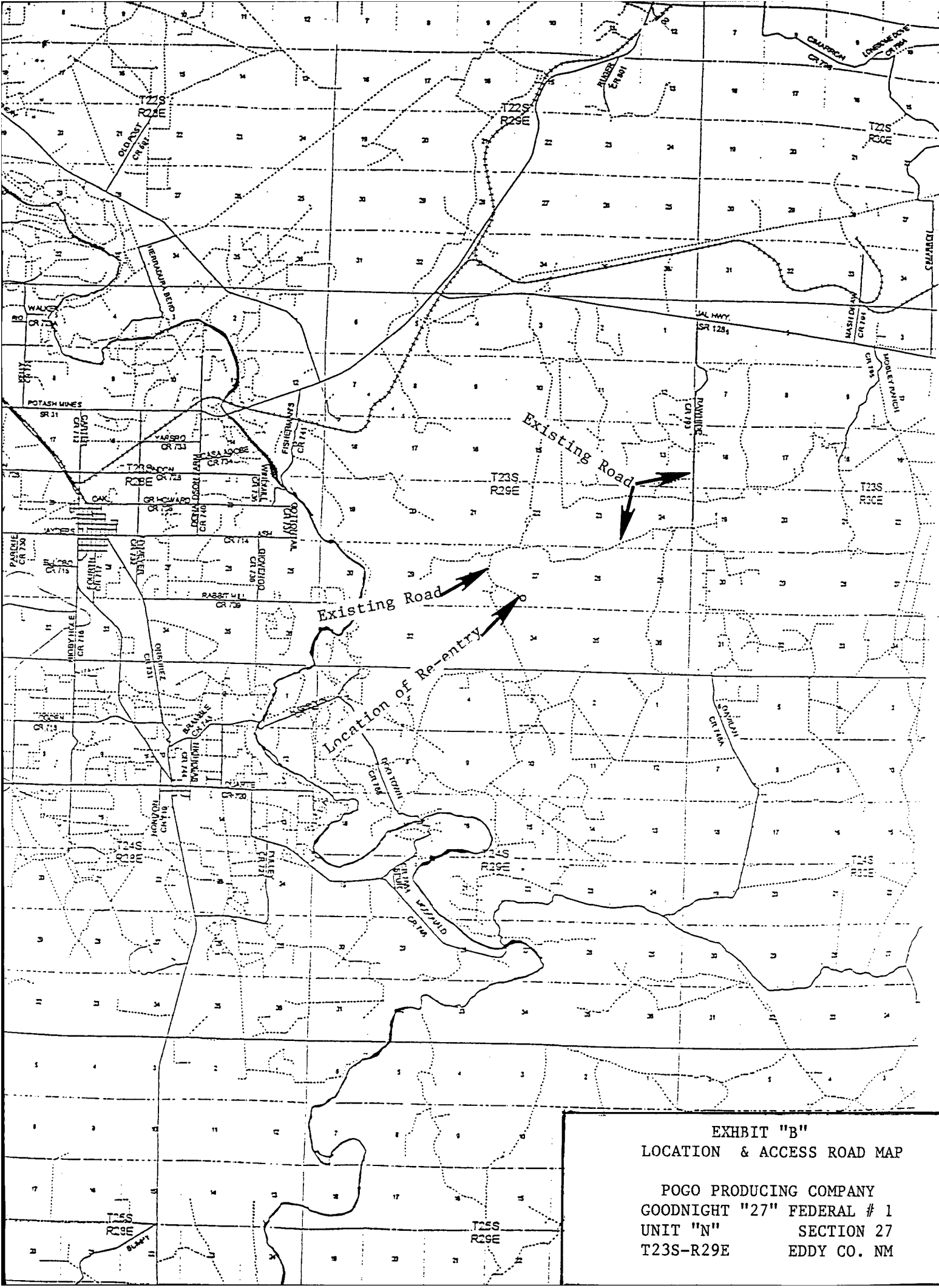


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

POGO PRODUCING COMPANY
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E EDDY CO. NM

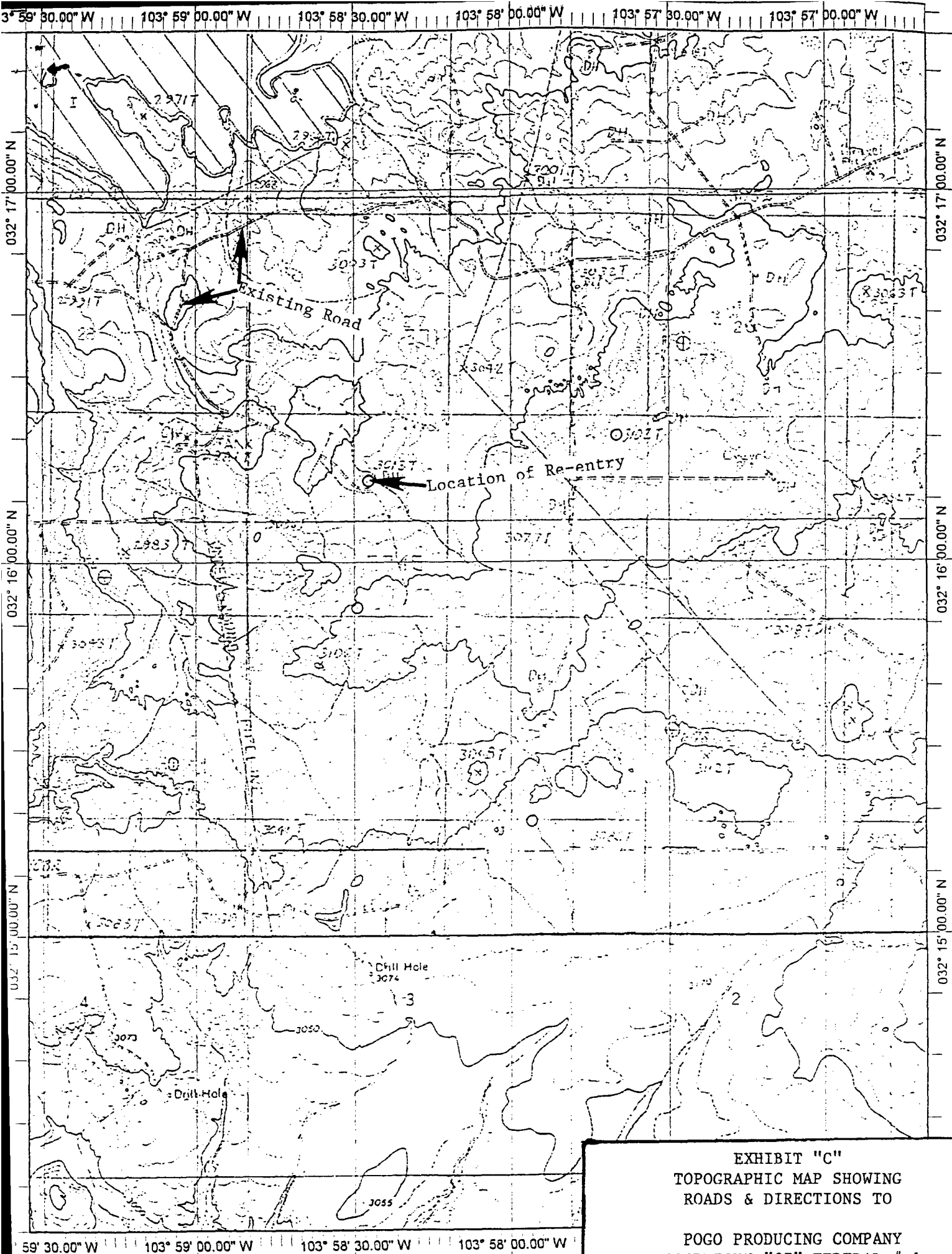
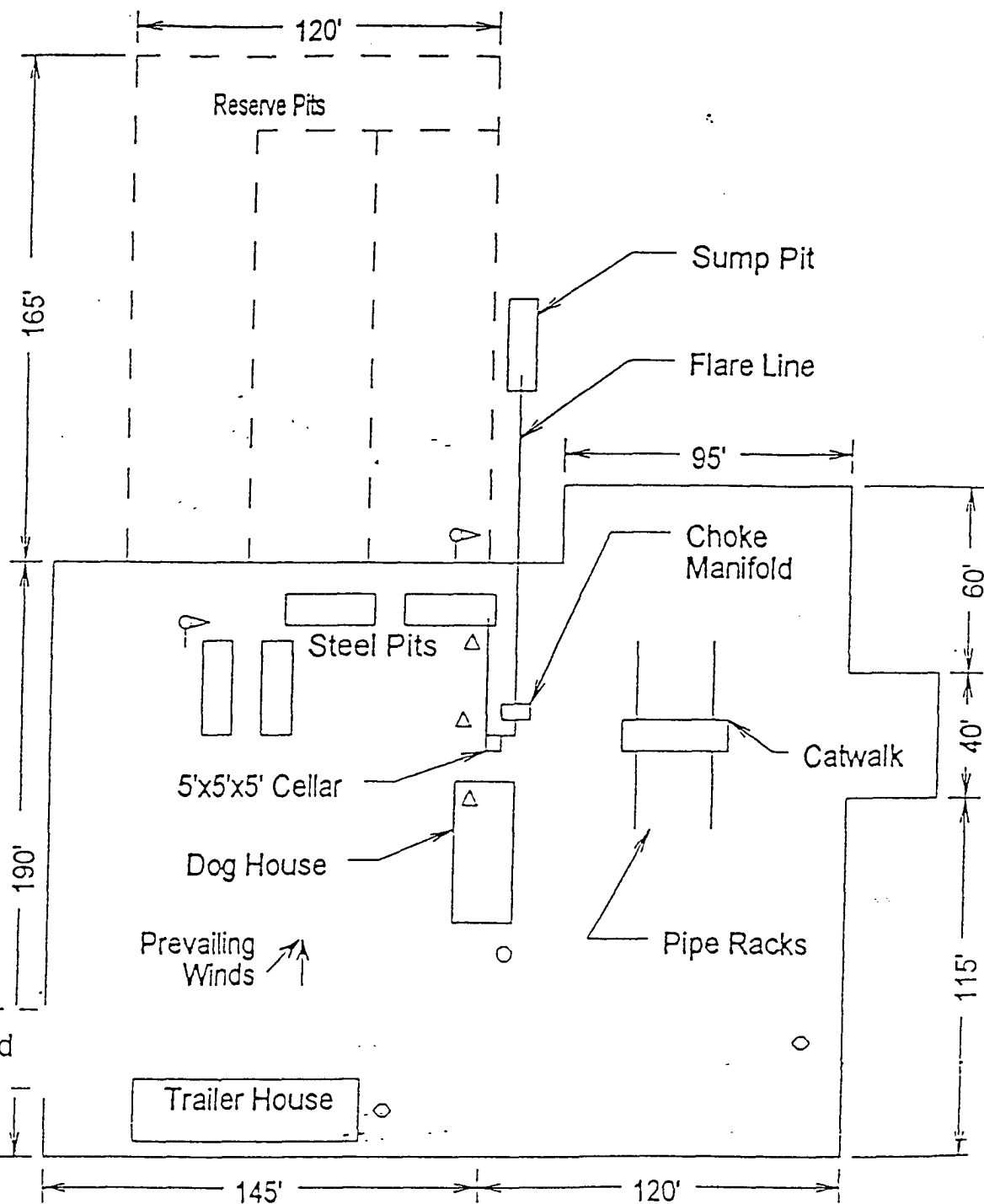


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

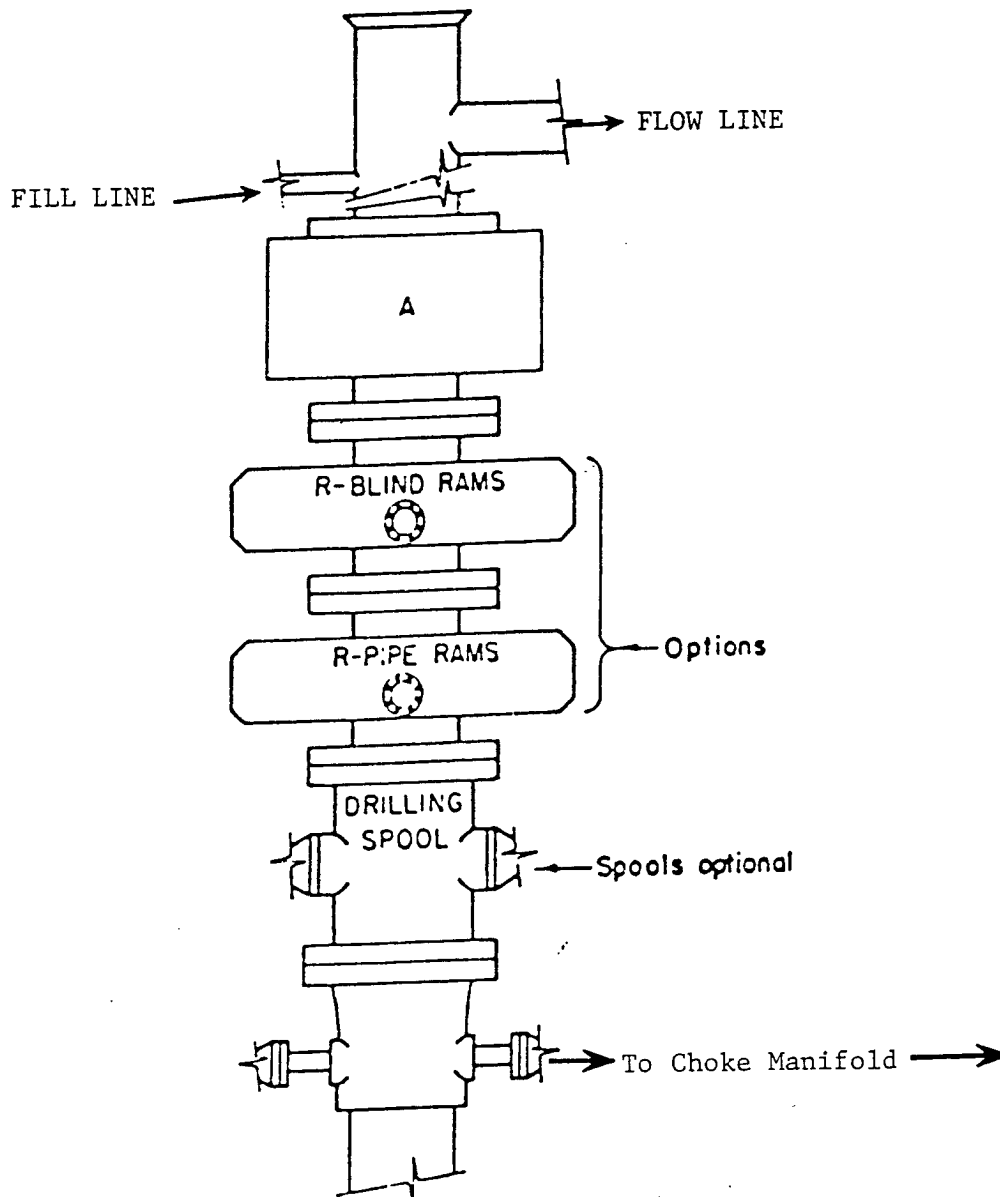
POGO PRODUCING COMPANY
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E EDDY CO. NM



- ⤴ 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
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E EDDY CO. NM

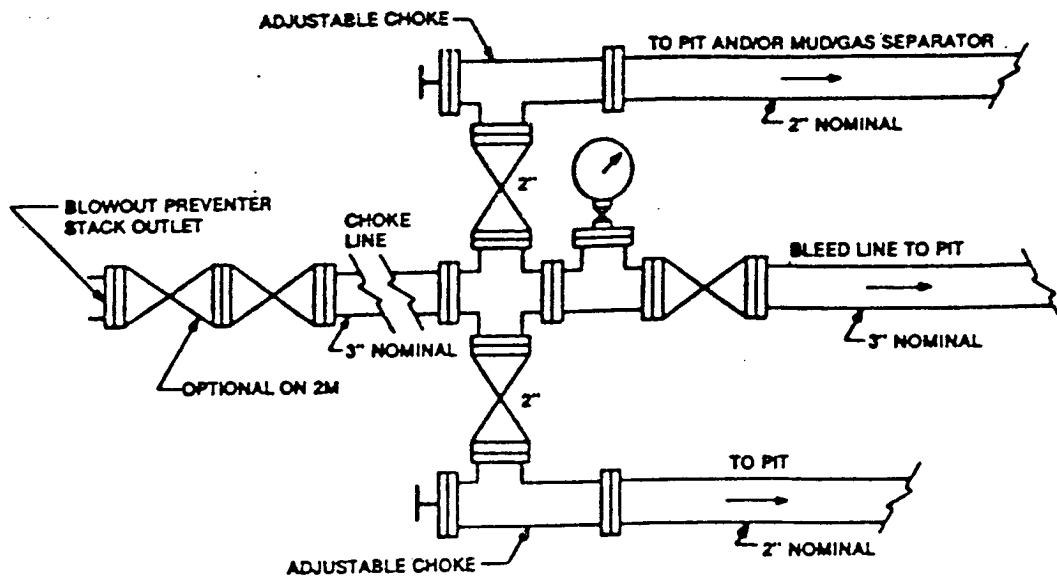


ARRANGEMENT SRRA

900 Series
3000 PSI WP

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

POGO PRODUCING COMPANY
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E EDDY CO. NM



Typical choke manifold assembly for 3M WP system

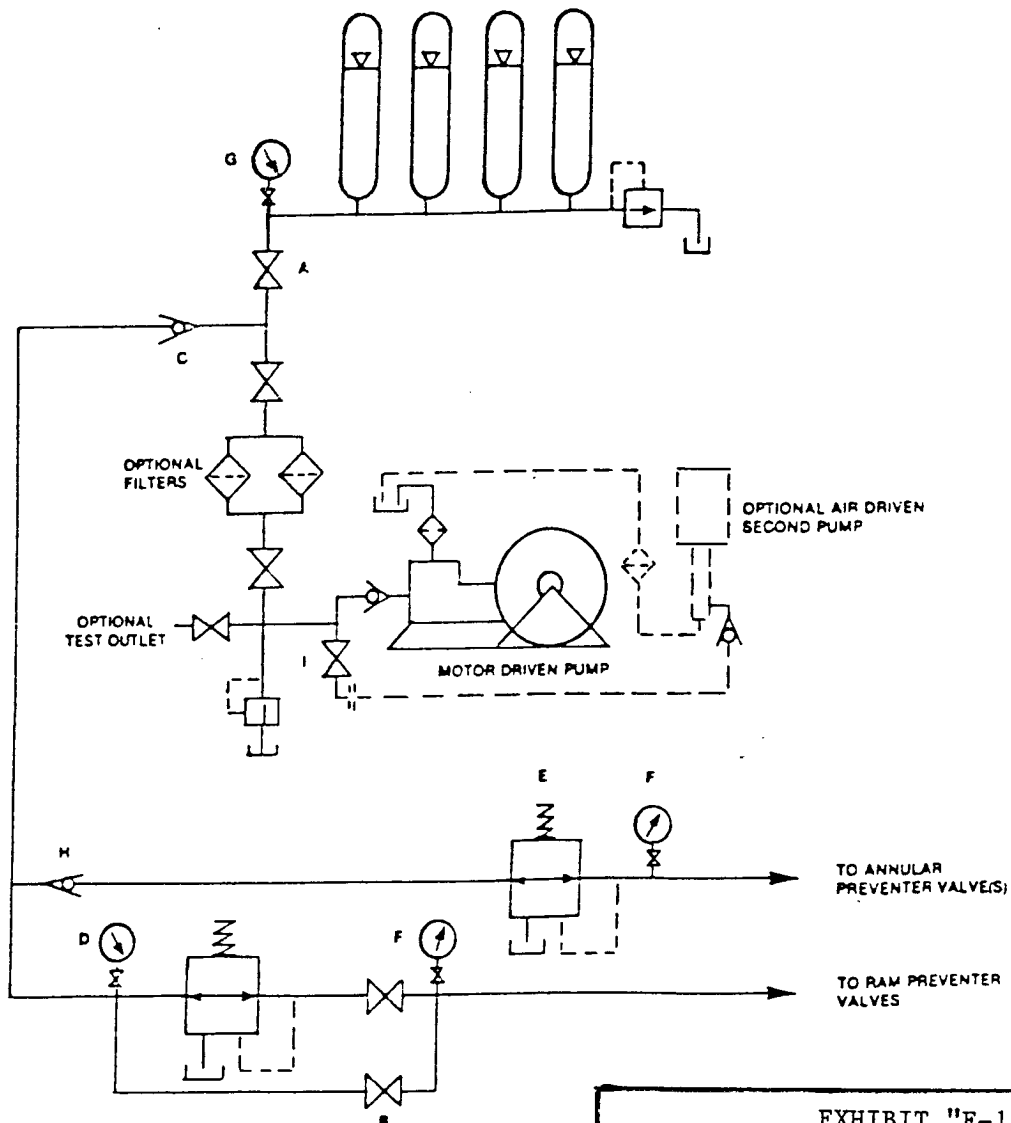


EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

POGO PRODUCING COMPANY
GOODNIGHT "27" FEDERAL # 1
UNIT "N" SECTION 27
T23S-R29E EDDY CO. NM

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Pogo Producing Company Well Name & #: Goodnight 27 Fed. #1H
Location 660 F S L & 1980 F W L; Sec. 27, T. 23 S., R. 29 E.
Lease #: NM-105557 County: Eddy State: New Mexico
Bottom Hole: 660 FSL & 330 FEL, Section 27, T. 23 S., R. 29 E

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- () Lesser Prairie Chicken (stips attached) () Flood plain (stips attached)
() San Simon Swale (stips attached) (x) Other **See attached Cave/Karst stipulations**

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(x) The BLM will monitor construction of this drill site. Notify the (x) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(x) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(x) Other. **V-Door East (Pits north). Construct a trench and earthen berm along side the east edge of the well pad to divert the drainage around pad.**

III. WELL COMPLETION REQUIREMENTS

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the cuttings pit will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

- | | |
|---|---|
| () A. Seed Mixture 1 (Loamy Sites) | () B. Seed Mixture 2 (Sandy Sites) |
| Side Oats Grama (<i>Bouteloua curtipendula</i>) 5.0 | Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 |
| Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 | Sand Lovegrass (<i>Eragrostis trichodes</i>) 1.0 |
| | Plains Bristlegrass (<i>Setaria magrostachya</i>) 2.0 |
| () C. Seed Mixture 3 (Shallow Sites) | (x) D. Seed Mixture 4 (Gypsum Sites) |
| Side oats Grama (<i>Boute curtipendula</i>) 1.0 | Alkali Sacaton (<i>Sporobollud airoides</i>) 1.0 |
| | Four-Wing Saltbush (<i>Atriplex canescens</i>) 5.0 |

() OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

() Other

CUTTINGS PIT CONSTRUCTION STANDARDS

The cuttings pit shall be constructed entirely in cut material and lined with 20-mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Conditions of Approval
Cave and Karst
EA#: NM-520-06-1138
Lease #: NM-105557
Pogo Producing Company
Goodnight 27 Fed. #1H (Re-entry)

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Berming:

Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 20 mil plastic liner.

Buried Cuttings Pit: No reserve pits

A 70X100 foot cuttings pit will be utilized for this location. The cuttings pit will be lined with a layer of 20 mil. plastic. Upon completion of the well all excess fluids will be vacuumed off the cuttings pit and allowed to dry. The pit liner will then be folded over the cuttings, covered with a 20 mil plastic cover and then covered with at least three feet of top soil. Steel tanks will be used for reserve fluids.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. This is expected to be 500 feet.

Casing:

All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

Cementing:

All casing strings will be cemented to the surface.

Lost Circulation:


ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Pogo Producing Company
Well Name & No. Goodnight 27 Federal #1 RE-ENTRY
SH Location: 660' FSL, 1980' FWL, Section 27, T. 23 S., R. 29 E., Eddy County, New Mexico
BH Location: 660' FSL, 1980' FEL, Section 27, T. 23 S., R. 29 E., Eddy County, New Mexico
Lease: NM-105557 330' 

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: 4-1/2 inch to be set at approximately 10,717 feet

C. BOP tests

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.

II. CASING:

1. Casing in place: 13-3/8 inch set at 363 feet, cemented to surface
10-3/4 inch set at 2901 feet, cemented to surface
7-7/8 inch set at 10,745 feet, TOC at 6450 feet

3. The minimum required fill of cement behind the 4-1/2 inch production casing is to reach 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 10-3/4 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.

7/25/2006

acs