U. S. GEOLOGICAL SURVEY
P. O. Box 1157
Hobbs, New Mexico 88240

<u>HOBBS DISTRICT</u>

<u>CONDITIONS OF APPROVAL</u>

1. Drilling operations authorized are subject to the attached sheet for general requirements for drilling and producing operations.

2. Notify this office (telephone (505) 393-3612) when the well is spudded and in sufficient time for a representative to witness cementing operations.

3. Immediate notice is required of all blowouts, fires, spills, and accidents involving life-threatening injuries or loss of life.

4. Secure prior approval before changing the approved drilling program or commencing plugging operations, plug-back work, casing repair work, or corrective cementing operations.

5. Blowout prevention equipment is to be installed, tested, and in working order before drilling below the surface casing and shall be maintained ready for use until drilling operations are completed.

6. A kill-line is to be properly installed and is not to be used as a fill-up line.

7. Blowout preventers are to have proper casing rams when running casing.

8. Drill string safety valve(s) to fit all pipe in the drill string to be maintained on the rig floor while drilling operations are in progress.

9. Blowout prevention drills are to be conducted as necessary to assure that equipment is operational and that each crew is properly trained to carry out emergency duties. All BOP tests and drills are to be recorded on the driller' log.

10. Drilling must be in compliance with the attached "Drilling Well Control Requirements" dated 6-22-73.

11. After drilling plugs in 8-5/8" casing, the casing is to be tested to 1500 psi with satisfactory results, before proceeding further.

12. This well is at a non-standard location for a Morrow formation spacing unit. An allowable for the well will not be assigned until an exception to the appropriate New Mexico Oil Conservation rules and regulations is obtained.