

U. S. Geological Survey

HOBBS DISTRICT

Amoco Production Company
No. 3 Nellis Federal
SE $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 6-19S-33E
Lea County, New Mexico

Above Data Required on Well Sign

CONDITIONS OF APPROVAL

1. Drilling operations authorized are subject to compliance with the attached General Requirements for Drilling Operations on Federal Oil and Gas Leases, dated January 1, 1977.
2. Notify this office (telephone (505) 393-3612) when the well is to be spudded and in sufficient time for a representative to witness all cementing operations. Attached are names and telephone numbers of Geological Survey and Bureau of Land Management personnel who are available for consultation during construction, drilling, completion, and rehabilitation activities.
3. Immediate notice is required of all blowouts, fires, spills, and accidents involving life-threatening injuries or loss of life.
4. Secure prior approval of the District Engineer for variance from the approved drilling program and before commencing plugging operations, plug-back work, casing repair work, corrective cementing operations, or suspending drilling operations indefinitely.
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. Operator will provide the dirt contractor with a copy of the enclosed Geological Survey "General Requirements For Drilling Operations on Federal Oil and Gas Leases, Hobbs District" prior to commencing construction of road, pad, or other associated developments.
7. In the event the oil or gas test results in a dry hole, the drill pad and access road will be ripped in accordance with "BLM Roswell District's Ripping Recommendations for Caliche or Compacted Drill Pads and Access Roads". (Re seeding of the affected areas may be required at the discretion of the BLM authorized officer).

All ripped surfaces are to be protected from vehicular travel by constructing a dead-end ditch and earthen barricade at the entrance to these ripped areas. The barricade is to be constructed using spoil material from the ditch and should be of sufficient magnitude to discourage vehicle entry.
8. All above ground structures, not subject to applicable conservation and safety requirements, shall be painted to blend with the natural surroundings unless alternate colors for specific equipment are requested and approved. The paint used should be a nonglare, nonreflective, flat, or semi gloss that simulates Fed. Stand. No. 595, color 30318.

9. After setting the 9-5/8" casing string and before drilling into the Pennsylvanian formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures by an independent service company. Any equipment failing to test satisfactorily shall be repaired or replaced. This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.
10. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the Pennsylvanian formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
 - (1) A recording pit level indicator to determine pit volume gains and losses.
 - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
 - (3) A flow sensor on the flow-line to warn of any abnormal mud returns from the well.



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