

OPER. LOG NO. 17891

UNIT PROPERTY NO. 22506

LOCATE.
ions on

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

DEPARTMENT
BUREAU OF L

POOL CODE ✓

EFF. DATE 3/2/98

API NO. 30-025-3438

APPLICATION FOR PE

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

1b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Pogo Producing Company

3. ADDRESS AND TELEPHONE NO.

P.O. Box 10340, Midland, Texas 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *)

At surface 1980' FSL & 660' FWL of Section 36

At proposed prod. zone

Same

Unit L

SECRETARY'S POTASH

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

35 miles east of Carlsbad, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drilg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1320'

19. PROPOSED DEPTH

9100'

20. ROTARY OR CABLE TOOLS

Rotary

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

3679' Ground Level

CARLSBAD CONTROLLED WATER BASIN

PROX. DATE WORK WILL START*

Upon Approval

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4"	10-3/4" H-40	32.75#	750'	WITNESsx Class "C"(Circulate)
9-7/8"	7-5/8" J-55	26.40#	4,950'	1200 sx (Circulate)
6-3/4"	4-1/2" J-55,N-80	11.60#	9,100'	1200 sx (4700')

The Operator proposes to drill to a depth sufficient to test the Delaware and Bone Springs for oil. Specific programs are outlined in the following attachments:

DRILLING PROGRAM

SURFACE USE AND OPERATING PLAN

EXHIBIT "A" - ROAD MAP

EXHIBIT "B" - EXISTING WELL MAP

EXHIBIT "C" - LOCATION AND DEDICATION PLAT

EXHIBIT "C-1" - TOPO MAP

EXHIBIT "D" - DRILLING RIG LAYOUT

EXHIBIT "E" - 3M BOP EQUIPMENT

**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 deeper directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

James M. C. Rozy

TITLE

Agent

DATE

1/12/98

(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

5/15/98

TITLE

Acting State Director

DATE

2-19-98

*See Instructions On Reverse Side
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.

DRILLING PROGRAM

Attached to Form 3160-3

Pogo Producing Company

Arrow "36" Federal No. 2
1980' FSL & 660' FWL
Unit Letter L, NW/SW
Section 36, T21S, R32E
Lea County, New Mexico

1. Geologic Name of Surface Formation: Permian
2. Estimated Tops of Important Geologic Markers and
3. Estimated Depths of Fresh Water, Oil, and Gas:

<u>Formation</u>	<u>Depth</u>	<u>Fluid Content</u>
Permian	Surface	Fresh water at $\pm 250'$
Rustler Anhydrite	500'	-----
Top of Salt	900'	-----
Delaware Lime	4740'	-----
Bell Canyon	4890'	-----
Bone Springs	8740'	Oil
Total Depth	9100'	

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 10-3/4" casing at 750' into the Rustler anhydrite and circulating cement to surface. Potash will be protected by the setting of 7-5/8" intermediate casing at 4950' and circulating cement to surface. 4-1/2" production casing will be set at TD, and cement will be tied back to at least 200' into the 7-5/8" intermediate casing, thus ensuring that all zones are adequately isolated. The pore pressure gradient is normal (+8.4 ppg) down through the Delaware. No abnormal pressures are anticipated.

4. Casing and Cementing Program

<u>Hole Size</u>	<u>Casing</u>		<u>Casing OD</u>	<u>Weight, Grade, Coupling</u>
	<u>From</u>	<u>To</u>		
14-3/4"	0'	750'	10-3/4"	32.75# H-40 STC
9-7/8"	0'	4950'	7-5/8"	26.40# J-55 STC
6-3/4"	0'	1000'	4-1/2"	11.60# N-80 LTC
6-3/4"	1000'	7500'	4-1/2"	11.60# J-55 LTC
6-3/4"	7500'	9100'	4-1/2"	11.60# N-80 LTC

All used casing will be drifted and hydrostatically tested to at least 90% of new pipe rating.

Minimum Design Factors: Collapse 1.125, Burst 1.1, Tension 1.7

10-3/4" surface casing set at 750'

The surface casing will be set into the Rustler anhydrite to protect all fresh water formations.

Centralize the bottom 3 joints and every 4th joint to surface.

Cement to surface with 500 sx of Class "C" cement.

7-5/8" intermediate casing set at 4950'

The intermediate casing will be set within 100' of the top of the Delaware to isolate all salt stringers. Centralize the bottom 3 joints and every third joint thereafter. Cement to surface with 1200 sx Class "C" cement.

4-1/2" production casing set at 9100'

Centralize the bottom 3 joints and every third thereafter to the bottom of the intermediate casing. Cement to tie back into 7-5/8" intermediate casing at least 200'. Cement with 1200 sx Class "H" cement.

5. Minimum Specifications for Pressure Control:

9-7/8" hole

The following BOP equipment will be nipped up on the 10-3/4" casing and used continuously until TD is reached for the 9-7/8" hole.

The blowout preventer equipment (BOP) shown in Exhibit E will consist of a 3000-psi WP double ram type preventer. BOP will be hydraulically operated. H2S trim will not be required.

Before drilling out from under the 10-3/4" surface casing, all BOP's and accessory equipment will be tested to 1500 psi. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

BLM method to calculate minimum BOP requirements:

$(.052)(10.0 \text{ ppg})(4950') - (0.22 \text{ psi/ft})(4950') = 1485 \text{ psi}$

Minimum BOP requirements: 2M BOP stack and manifold system

6-3/4" hole

The following BOP equipment will be nipped up on the 7-5/8" casing and used continuously until TD is reached for the 6-3/4" hole.

The blowout preventer equipment (BOP) shown in Exhibit E will consist of a 3000-psi WP double ram type preventer. BOP will be hydraulically operated. H2S trim will not be required.

Before drilling out from under the 7-5/8" intermediate casing, the BOP and accessory equipment will be tested to 2000 psi. Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets.

BLM method to calculate minimum BOP requirements:

$(.052)(8.4 \text{ ppg})(9100') - (0.22 \text{ psi/ft})(9100') = 1973 \text{ psi}$

Minimum BOP requirements: 2M BOP stack and manifold system

6. Proposed Mud System:

The well will be drilled to TD with a combination of fresh water and 10# brine. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec)</u>	<u>Water Loss (cc)</u>
0-750'	Fresh water	8.4	28	NC
750'-4950'	Brine	10.0	29	NC
4950'-TD	Fresh	8.4	28-32	20

Sufficient mud materials to maintain mud properties and meet minimum lost circulation requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- A kelly cock will be kept in the string at all times.
- A full opening drill pipe stabbing valve (TIW/inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- An electronic pit volume totalizer system will not be used.
The drilling fluids system will be visually monitored at all times.
- A mudlogging unit might be monitoring drilling penetration rate and hydrocarbon shows from 4950' to TD.

8. Logging, Testing, and Coring Program:

- Drillstem tests will be run on the basis of drilling shows.

- b) The electric logging program will consist of:
 - 1) 6-3/4" hole - Gamma ray, dual induction log, compensated neutron and litho-density logs.
- c) No conventional cores are planned. Selected intervals may be sidewall cored based upon shows and openhole logs.
- d) Further testing procedures will be determined after the 4-1/2" production casing has been cemented at TD.

9. Abnormal Conditions, Pressures, Temperatures, and Potential Hazards:

No abnormal pressures, temperatures, or other potential hazard are anticipated.

No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported, or are known to exist at this depth in this area. No major lost circulation zones have been reported in offsetting wells.

The maximum anticipated bottom hole pressure is approximately 3940 psi. (9100' x .433 psi/ft = 3940 psi.)

The maximum anticipated bottom hole temperature is 118° F.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is February 20, 1998. Once commenced, the drilling operation should be complete in 15 days. If the well is productive, an additional 30 days will be required for completion, testing, and installation of permanent facilities.

SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3

Pogo Producing Company

Arrow "36" Federal No. 2
1980' FSL & 660' FWL
NW/SW Unit Letter L
Section 36, T21S, R32E
Lea County, New Mexico

Located: 35 miles east of Carlsbad, New Mexico

Federal Lease Number: NM-85935

Lease Issued: N/A

Acres in Lease: 640 acres

Record Lessee: Pogo Producing Company

Surface Ownership: U.S.A.

Grazing Permittee: J.C. Mills
P.O. Box 190
Abernathy, Texas 79311

Pool: Wildcat (Delaware/Bone Springs)

Pool Rules: The 40 acre oil well spacing rules apply to this location, being 330' to the nearest side boundary or 1/4-1/4 section line, nor closer than 330' to the nearest well capable of producing from the same formation.

Exhibits:

- A. Road Map
- B. Existing Wells Map
- C. Well Location and Acreage Dedication Plat
- C-1. Topo Map
- D. Drilling Rig Layout Diagram
- E. BOP Equipment

1. Existing Roads:

- a) The well site and elevation plat for the proposed well is shown in Exhibit C. It was staked by John West Engineering, Hobbs, N.M.
- b) All roads to the location are shown on Exhibit B. The existing roads are illustrated in black and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- c) Directions to Location: Go east of Carlsbad, New Mexico on Highway 62/180 30 miles to Highway 176. Turn right and go east-southeast 6 miles to caliche road heading south. Go south on caliche road 5.6 miles to pipeline road on right. Turn right and go west southwest 4500' to flagging on right side of road. This is the beginning of the access road.
- d) Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit C-1 shows the new access road to be constructed and is illustrated in green. The proposed access road as shown in Exhibit C-1 has been centerline flagged by John West Engineering, Hobbs, N.M. The road will be constructed as follows:

- a) Length and Width: The access road will be 1577' long and 15' wide.
- b) Surfacing Material: Caliche material will be used to surface the proposed road. It will be watered, compacted, and graded. Caliche will be obtained from either the reserve pit or a borrow pit on the proposed location as described in Item 6 of the Surface Use and Operating Plan.
- c) Drainage Design: The new road will be crowned at the center to direct drainage to ditches on both sides of the roadway with turnout ditches to be constructed as required. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspections.
- d) Culverts: None required.
- e) Cuts and Fills: A slight amount of leveling will be required as the access road crosses several small sized sand dunes on the way to the proposed location.
- f) Gates and Cattle Guards: There will be no gates or cattleguards needed at this location.

3. Location of Existing Wells:

Exhibit No. B shows all existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

- a) Pogo Producing Company does not operate a production facility on the Arrow "36" Federal lease. A battery will be set up on well #1.
- b) If the well is productive, contemplated facilities will be as follows:
A polyline will be laid alongside approved access roads to battery.
- c) An electric power line will be constructed as shown on Exhibit C-1.

5. Location and Type of Water Supply:

The well will be drilled with a combination of brine and fresh water mud system as outlined in the drilling program.

The water necessary for drilling operations will be purchased and trucked to the wellsite, or will be moved to the wellsite by way of a temporary pipeline laid on the ground alongside existing and proposed roads.

6. Source of Construction Materials:

Caliche needed for the road and well pad will be taken from the proposed reserve pit. An alternate plan will be to obtain caliche from a borrow pit located within the 400' x 400' archaeologically cleared tract at the proposed well site. If sufficient quality or quantity of caliche is not available, it will be transported to the proposed road and well site from an existing BLM approved caliche pit. The BLM will be notified and consulted if caliche must be obtained off location.

7. Method of Handling Waste Disposal:

- a) Drill cuttings will be disposed into the reserve pit.
- b) Drilling fluids will be contained in the reserve pit. The reserve pit will be an earthen pit, approximately 150' x 150' x 6' deep and fenced on three sides prior to drilling. The fourth side will be fenced immediately following rig removal. The reserve pit will be lined with plastic (5-7 mil thickness) to minimize loss of drilling fluids.
- c) Water produced from the well during completion may be disposed into the reserve pit or a steel tank (depending upon rates).

- d) Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- e) Oil produced during testing will be stored in steel test tanks until sold.
- f) Trash, waste paper, garbage, and junk will be placed in a trash bin located on the drill site pad. It will be transported to an approved landfill for disposal within 30 days after completion of drilling and/or completion of operations. All waste material will be contained to prevent scattering by the wind.
- g) A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.

8. **Ancillary Facilities:**

No other facilities will be built as a result of the operations on this well.

9. **Well Site Layout:**

- a) Exhibit D shows the relative location and dimensions of the well pad, mud pits, reserve pit, location of the major rig components, and location of parking areas.
- b) Cut and fill requirements will be minor, but clearing and leveling of the well site will be necessary. Topsoil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection.
- c) The reserve pit will be lined with a high quality plastic sheeting (5-7 mil thickness).
- d) The pad and pit area are staked and flagged.

10. **Plans for Reclamation of the Surface:**

- a) After completion of drilling and/or completion of operations, all equipment and other material not needed for operations will be removed. The pit area will be allowed to dry before reclamation. If the borrow pit is constructed, the cuttings in the reserve pit will be deep buried in the borrow pit, and the reserve pit and borrow pit will be broken out, filled, and leveled. The location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.
- b) Three sides of the reserve pit will be fenced prior to and during drilling operations. The borrow pit will be fenced on all four sides after the location is built. At the time the rig is removed, the reserve pit will be fenced on the fourth side to prevent livestock or wildlife from being entrapped in the pits. The fencing will remain in place until the pits are cleaned up and leveled.

- c) After abandonment, all equipment, trash, and junk will be removed and the well site will be cleaned.
- d) Topsoil removed from the drill site will be used to re-contour the pit area to the original natural level. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.

11. Other Information:

- a) Topography: The land surface in the area is undulating with small sand dunes. In the immediate area of the well site, the land slope is to the southwest.
- b) Soil: Topsoil at the well site is loamy sand.
- c) Flora and Fauna: The vegetation cover is moderate. It includes range grasses, weeds, scrub oak bushes, and mesquite bushes. Wildlife in the area is that typical of a semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, hawks, dove, quail, and other small birds.
- d) Ponds and Streams: There are no ponds or streams in the immediate area of the proposed location.
- e) Residences and Other Structures: There are no occupied dwellings or other structures within a mile of the proposed well site.
- f) Archaeological, Historical, or other Cultural Sites: None are known of in the area. An Archaeological survey has been conducted.
- g) Land Use: Grazing, oil and gas production, and wildlife habitat.
- h) Surface Ownership: U.S.A.

12. Operator's Representative:

Richard L. Wright
Division Operations Supervisor
Pogo Producing Company
P.O. Box 10340
Midland, Texas 79702
(915) 685-8100

ARROW "36" FEDERAL No. 2
SURFACE USE AND OPERATING PLAN
PAGE 6 OF 6

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; 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 and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of false statement.

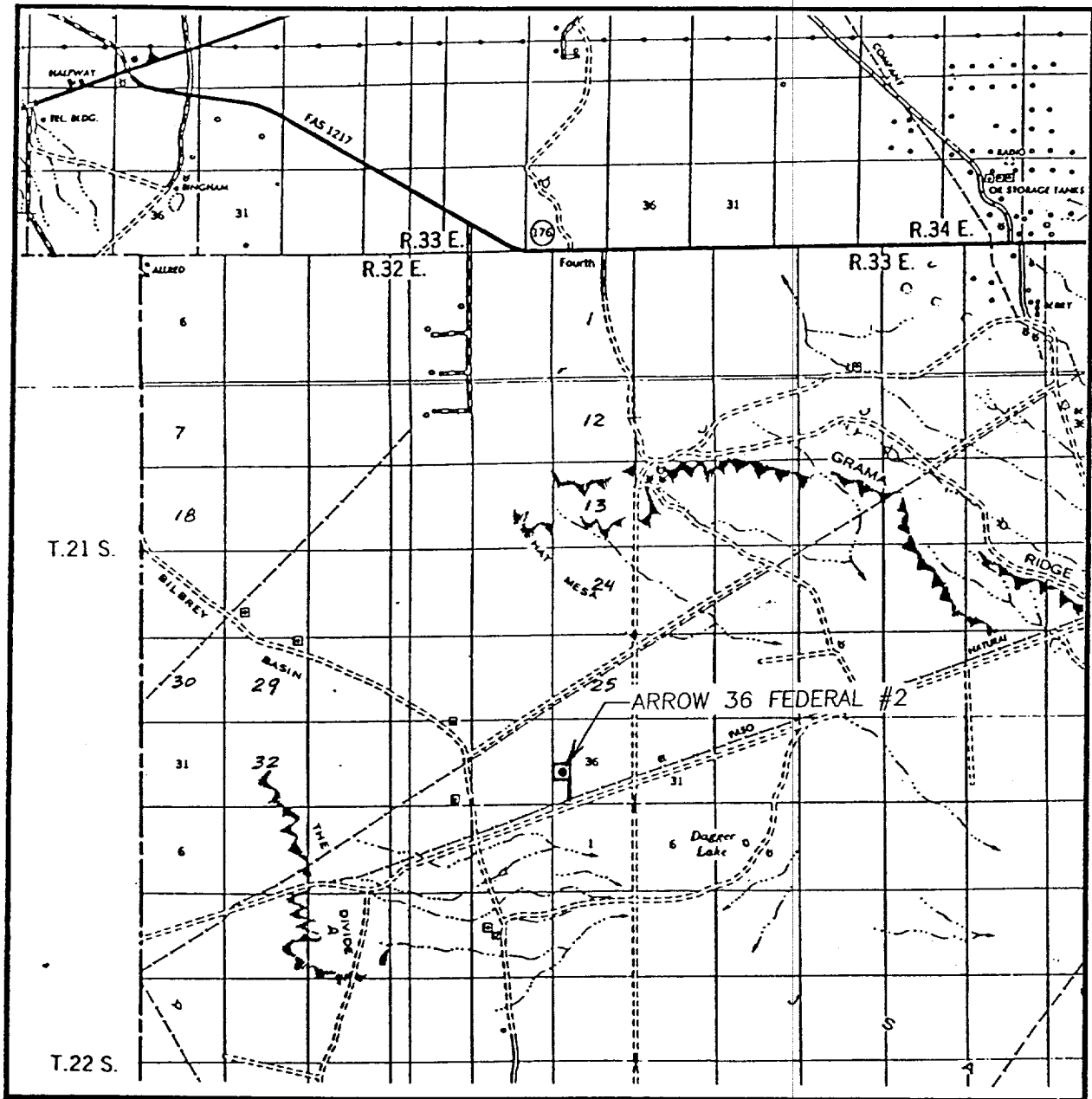
Date

1-12-98

James M.C. Ritchie, Jr.
Agent

Enclosures

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 36 TWP. 21-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

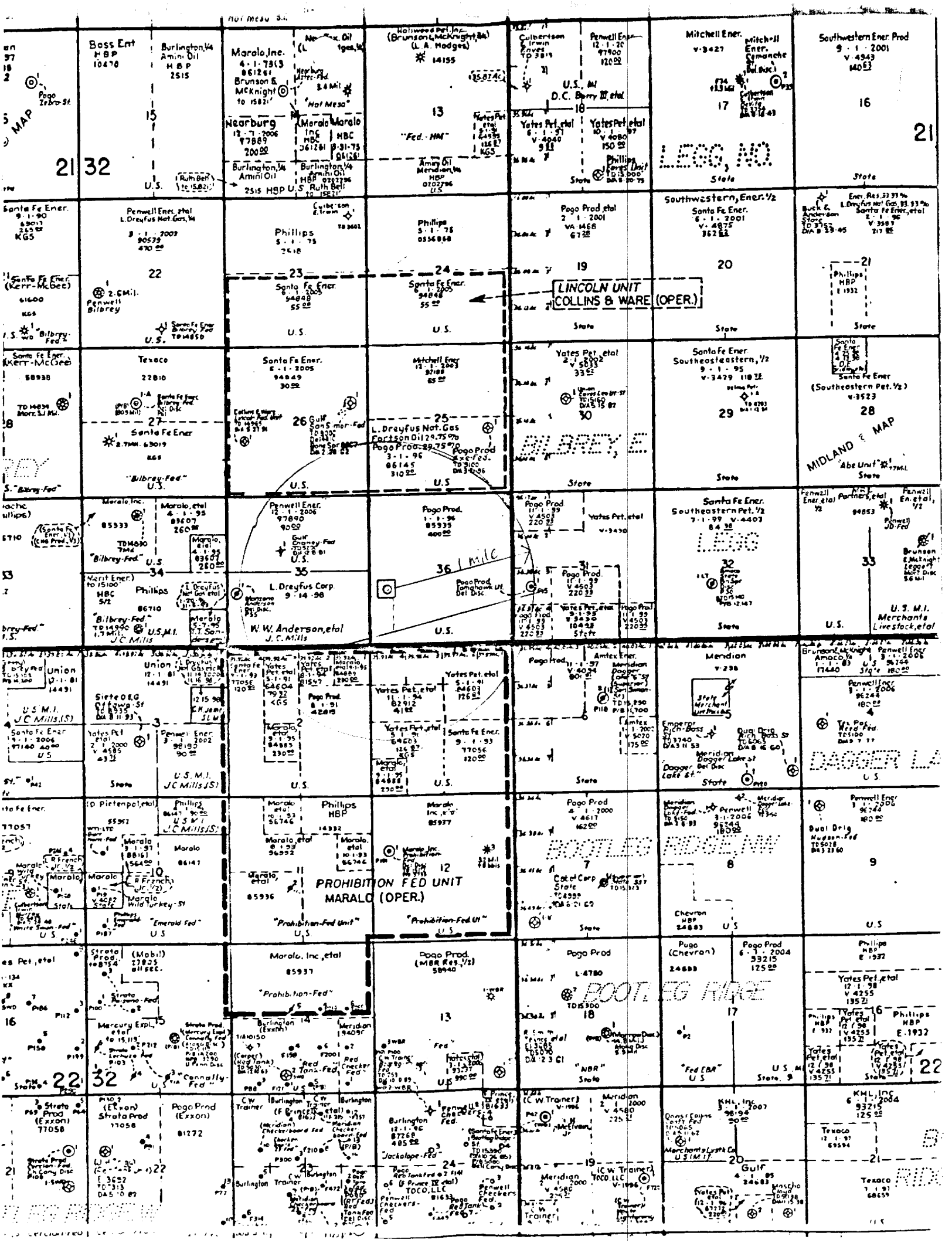
DESCRIPTION 1980' FSL & 660' FWL

ELEVATION 3679'

OPERATOR POGO PRODUCING CO.

LEASE ARROW 36 FEDERAL

Exhibit "A"
JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117



DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34318	Pool Code ✓	Pool Name WILDCAT (DELAWARE/BONE SPRINGS)
Property Code 22506	Property Name ARROW 36 FEDERAL	Well Number 2
OGRID No. 017891	Operator Name POGO PRODUCING CO.	Elevation 3679'

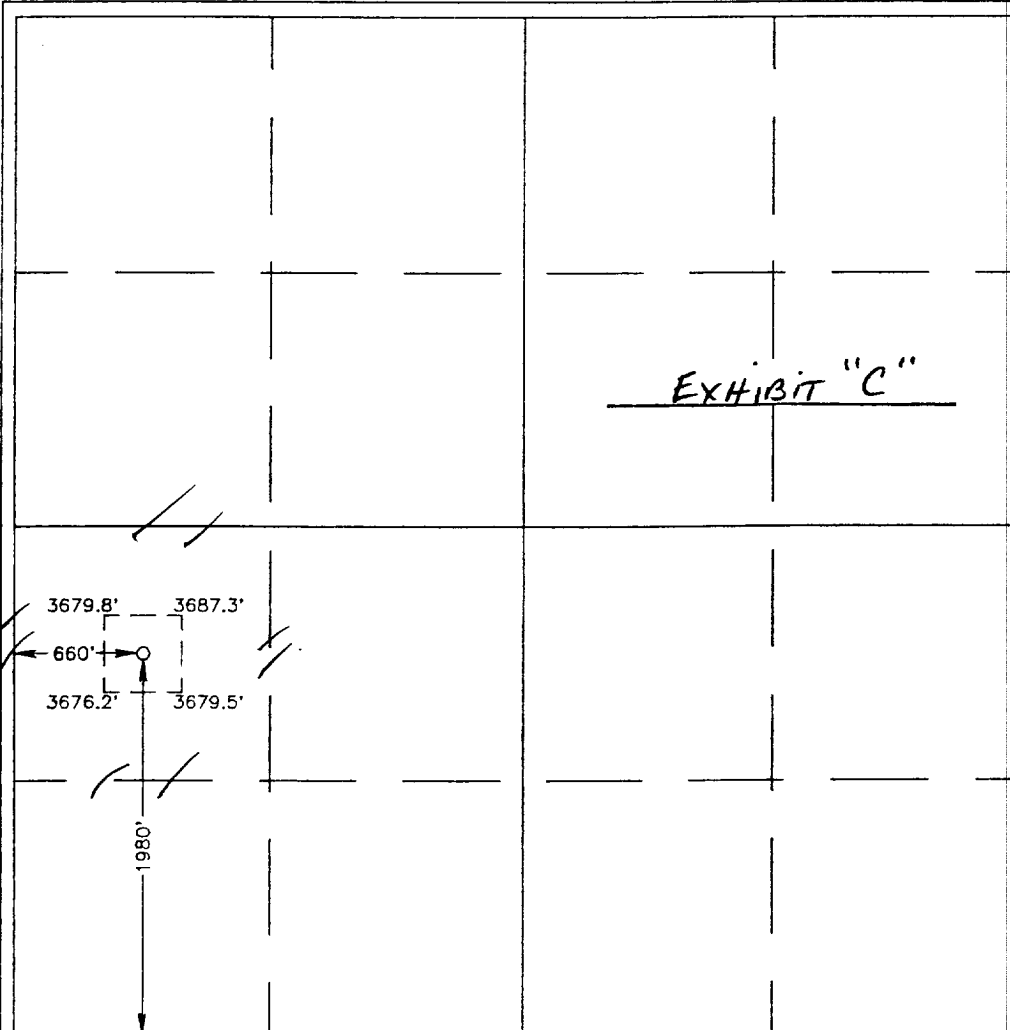
Surface Location

UL or lot No. L	Section 36	Township 21 S	Range 32 E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 660	East/West line WEST	County LEA
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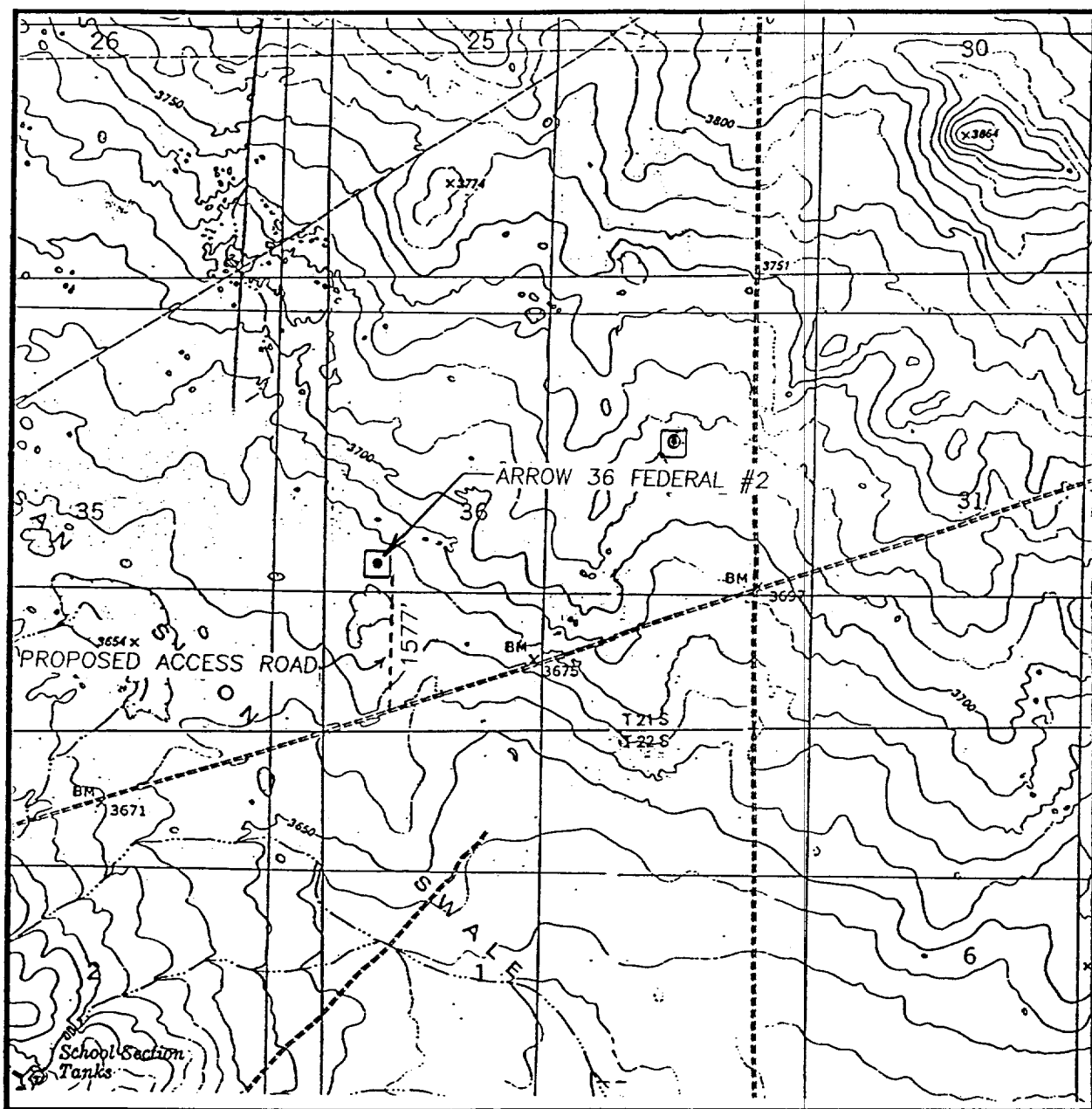
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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

				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>James M.C. Ritchie Jr.</i> Signature JAMES M.C. Ritchie Jr. Printed Name AGENT Title 1-12-98 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>DECEMBER, 31 1997</p> <p>Date Surveyed Signature & Seal of Professional Surveyor <i>Ronald J. Edison</i> 97-11-2109 Certificate No. RONALD J. EDISON 3239 GARY EDISON 12641</p>	
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LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL - 10'

SEC. 36 TWP. 21-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980' FSL & 660' FWL

ELEVATION 3679'

OPERATOR POGO PRODUCING CO.

LEASE ARROW 36 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

GRAMA RIDGE, THE DIVIDE, NM

EXHIBIT "C-1"

JOHN WEST ENGINEERING

HOBBS, NEW MEXICO

(505) 393-3117

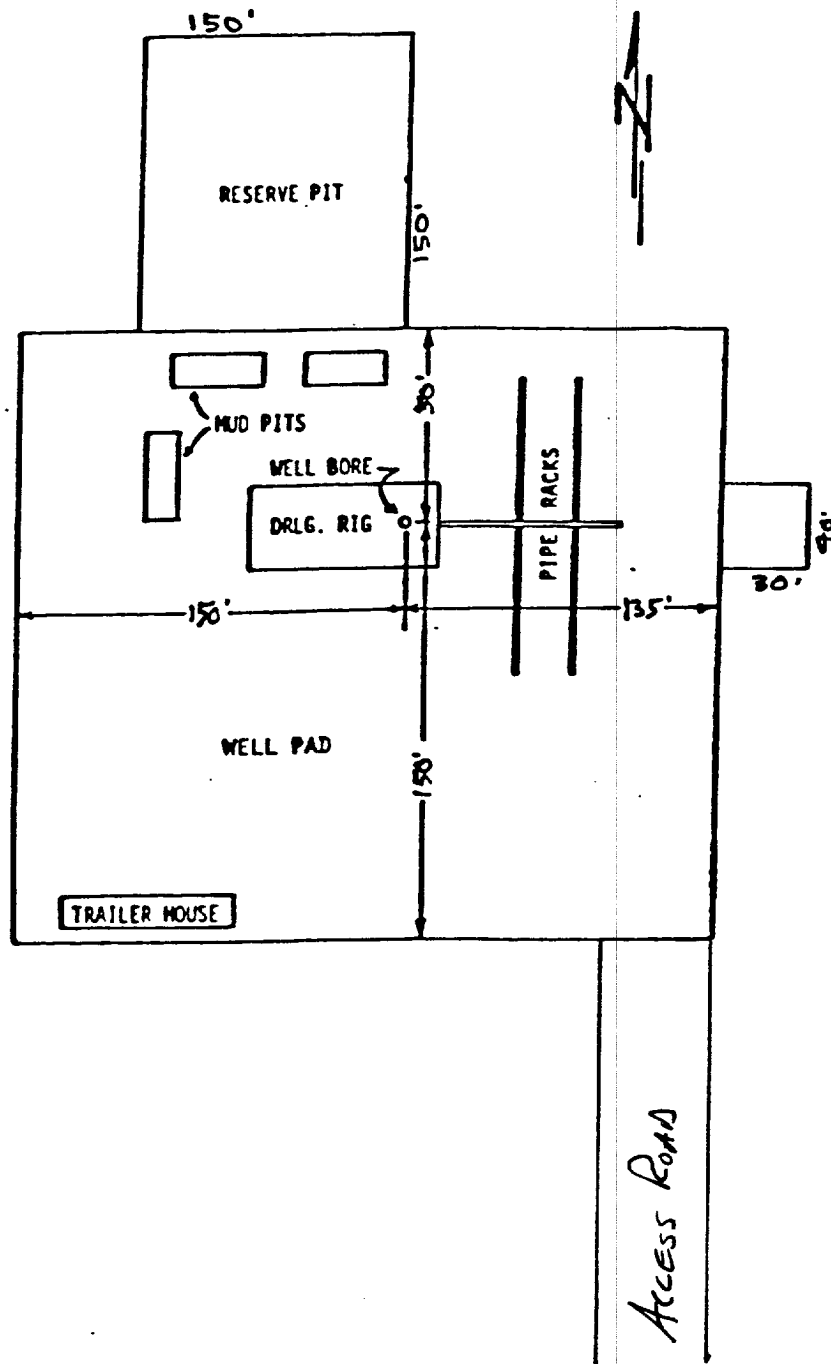
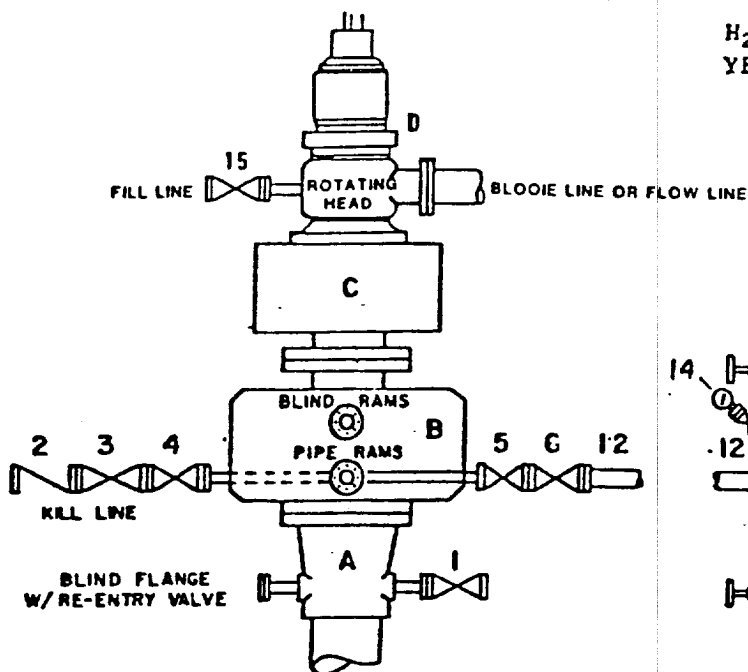


EXHIBIT "D"
 Pogo Producing Company
 ARROW "36" F&D. No. 2
 DRILLING RIG LAYOUT
 SCALE: None

DRILLING CONTROL **CONDITION III-B 3000 PSI WP**



H₂S TRIM REQUIRED
 YES _____ NO _____

DRILLING CONTROL

MATERIAL LIST - CONDITION III - B

- | | |
|----------------|--|
| A | Wellhead |
| B | 3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where substructure height is adequate, 2 - 3000# W.P. single ram preventers may be utilized with 3000# W.P. drilling spool with 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line. The drilling spool is to be installed below the single ram type preventers). |
| C | 3000# W.P. Annular Preventer with 1" steel, 3000# W.P. control lines. |
| D | Rotating Head with fill up outlet and extended Bleed line. |
| 1,3,4,
7,8, | 2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve. |
| 2 | 2" minimum 3000# W.P. back pressure valve. |
| 5,6,9 | 3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve. |
| 12 | 3" minimum Schedule 80, Grade B, seamless line pipe. |
| 13 | 2" minimum x 3" minimum 3000# W.P. flanged cross. |
| 10,11 | 2" minimum 3000# W.P. adjustable choke bodies. |
| 14 | Cameron Mud Gauge or equivalent (location optional in Choke line). |
| 15 | 2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve. |

SCALE	DATE	EST. NO.	DRG. NO.
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT E

RECEIVED
FBI - J. Edgar Hoover
JAN 15 1998

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Operators Name Pogo Producing Company
Street or Box P.O. Box 10340
City, State Midland, Texas
Zip Code 79702

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

Lease No. NM- ~~8455~~ 85935

Legal Description of Land: NW/SW of Section 36, T-21S, R-32E

Formation(s) (if applicable): Delaware / Bone Springs

Bond Coverage: (State if individual bonded or another's bond) Individual

BLM Bond file No. 0405

Authorized Signature:

Richard Wright

Title: Division Operations Supr.

Date: 1-12-98