



**EOG Resources, Inc.**  
5509 Champions Drive  
Midland, Texas 79706  
(432) 686-3600

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

June 3, 2014

Working Interest Owner  
See Attached List

RE: Well Proposal  
Osprey 10 #1H  
Sec. 10, T25S, R34E  
Lea County, NM

Gentlemen:

Attached for your review and further handling please find EOG Resources, Inc.'s (hereafter "EOG") cost estimate for the captioned well along with a copy of the C-102 plat for same filed with the permit application.

The captioned EOG – Osprey 10 #1H well is hereby proposed as a horizontal Leonard Shale test from a surface hole location 220' FSL & 190' FWL of Section 10, T24S, R34E, Lea County, New Mexico and a proposed bottom hole location 230' FNL & 380' FWL of Section 10, T25S, R34E, Lea County, New Mexico. Estimated total vertical depth for this well is 9,500 feet and estimated measured depth is 14,400 feet. Project area for a successful completion will be the W/2W/2 of said Section 10.

A check of the Lea County records indicates that you are the owner of unleased minerals or leasehold estate in Section 10. EOG proposes to form a working interest covering all of Section 10, T25S, R34E, Lea County, New Mexico under an operating agreement naming EOG as Operator and providing, among other provisions, for 100%/300%/300% non-consent penalties. A draft operating agreement will be forwarded to you for review after a positive response to this proposal is received.

BEFORE THE OIL CONVERSATION  
DIVISION  
Santa Fe, New Mexico  
Exhibit No. 4  
Submitted by: EOG RESOURCES, INC.  
Hearing Date: September 4, 2014

June 3, 2014  
Page 2 of 2

Thank you in advance for your early consideration of this proposal. If you have any questions, please call the undersigned at 432-686-3649 or by sending email to [matthew\\_phillips@eogresources.com](mailto:matthew_phillips@eogresources.com).

Sincerely,

EOG Resources, Inc.

A handwritten signature in black ink, appearing to read "Matthew C. Phillips". The signature is written in a cursive, flowing style.

Matthew C. Phillips  
Landman I

MCP:hs  
Encl.



MIDLAND

Printed: 05/15/2014

AFE No.	106136	Original
Property No.	072364-000	
EOG W.L.(BCP)	100 %	(ACP) 100%
EOG AFE Amt:	(Drig)	\$2,712,996
	(Land)	\$5,000
	(Completion)	\$2,997,220
	(Facility)	\$790,500
	(Flowback)	\$0
	Total Cost	\$6,505,716

AFE Type : DEVELOPMENT DRILLING	AFE Name : OSPREY 10 #1H D&C	AFE Date : 05/03/2014	Budget Year : 2014
Reg. Lease No. :	Prospect Name : RED HILLS	TVD / MD : 9500 / 14400	Begin Date :
Location : Section 10-T25S-R34E, 220 F&L & 190 F&L	BHLocation : BH(LATERAL #1): Section 10-T25S-R34E, 230 F&L & 380 F&L		
Formation :	DD&A Field : LEONARD SHALE		
Operator : EOG RESOURCES, INC	County & State : LEA / NEW MEXICO	Field : UNASSIGNED	Water Depth :
AFE Description : OSPREY 10 #1H D&C TO 9,500' TVD, 14,400' MD TO BE COMPLETED IN THE LEONARD A FORMATION. THE WELL IS LOCATED IN SEC. 10, T25S, R34E, LEA CO., NM.			
	Product : OIL	Days : 0 / 0	

DESCRIPTION	SUB ACT	DRILLING	LAND	COMPLETION	FACILITY	FLOWBACK	TOTAL
ACCESS LOCATION,ROADS & SURVEY	401	140,000	0	0	0	0	140,000
COMP-FAC-LOCATION AND ROADS	401	0	0	0	53,000	0	53,000
\$130K RIG MOVE + \$49.05K MIRU	402	179,050	0	0	0	0	179,050
RIG CREW SAFETY BONUS	404	442,400	0	0	0	0	442,400
BITS & PHA	405	98,142	0	4,500	0	0	102,642
FUEL	406	110,951	0	165,000	0	0	275,951
WATER 150,000 EACH @ \$ 2	407	21,752	0	375,000	0	0	396,752
MUD & CHEMICALS	408	120,000	0	80,000	0	0	200,000
CEMENTING & SERVICE	409	195,886	0	0	0	0	195,886
COMP-Logging and Testing	411	0	0	10,000	0	0	10,000
MUD LOGGING	412	21,600	0	0	0	0	21,600
COMP-PERFORATING 28 EACH @ \$ 10,000	413	0	0	280,000	0	0	280,000
COMP-STIMULATION 55,365 EACH @ \$ 28	414	0	0	1,550,220	0	0	1,550,220
TRANSPORTATION	415	30,107	0	10,000	0	0	40,107
DRILLING OVERHEAD	416	7,000	0	0	0	0	7,000
COMP-EQUIPMENT RENTAL	417	0	0	150,000	0	0	150,000
FAC-EQUIP RNTL/FAC CONSTR	417	89,840	0	0	5,000	0	94,840
COMP-COMPLETION RIG 10 DAYS @ \$ 10,000	418	0	0	100,000	0	0	100,000
OTHER DRILLING EXPENSE	419	81,415	0	0	0	0	81,415
ENVIRONMENTAL & SAFETY CHARGES	421	8,179	0	2,500	0	0	10,679
DIRECTIONAL DRILLING	422	245,155	0	0	0	0	245,155
COMP-SUPERVISION 10. DAYS @ \$ 1,500	424	0	0	15,000	0	0	15,000
SUPERVISION	424	105,000	0	0	2,000	0	107,000
COMP-COMMUNICATIONS	431	0	0	5,000	0	0	5,000
TUBULAR INSPECTION/HANDLING	436	10,000	0	0	0	0	10,000
SPECIALTY SERVICES	441	92,419	0	0	0	0	92,419
COMP-DISPOSAL COSTS 100,000 EACH @ \$ 2	447	0	0	250,000	0	0	250,000
DISPOSAL COSTS	447	226,000	0	0	0	0	226,000
COMP-LAND DRILLSITE TITLE OPINION	480	0	5,000	0	0	0	5,000
TOTAL INTANGIBLES		\$2,224,896	\$5,000	\$2,997,220	\$80,000	\$0	\$5,287,116

UOM	QTY	SIZE	SIZE	GRADE	RATE						
13-3/8" 54.5# J55 SYC	FEET	1,000	13-3/8"	54.5# J55	34.50	102	34,500	0	0	0	34,500
9-5/8" 40# J55 LTC	FEET	4,000	9-5/8"	40# J55	23.50	103	94,000	0	0	0	94,000
9-5/8" 54.5# HCK55 LTC	FEET	1,000	9-5/8"	54.5 HCK55	29.95	103	30,000	0	0	0	30,000
5-1/2" 17# HCP110 LTC	FEET	14,250	5-1/2"	17# HCP110	20.25	104	288,600	0	0	0	288,600
COMP-FAC-TUBING					108	0	0	0	65,500	0	65,500
WELLHEAD EQUIPMENT					107	41,000	0	0	25,000	0	66,000
COMP-FAC-TANKS					108	0	0	0	72,000	0	72,000
COMP-FAC-FLOW LINES					109	0	0	0	12,000	0	12,000
COMP-FAC-VALVES & FITTINGS					110	0	0	0	65,000	0	65,000
COMP-FAC-PUMP EQUIP/SUBSURFAC					113	0	0	0	26,000	0	26,000
COMP-FAC-HEATERS,TREATRS,SEPRS					115	0	0	0	79,500	0	79,500
COMP-FAC-OTHER EQUIPMENT					116	0	0	0	18,000	0	18,000
COMP-FAC-METERING EQUIPMENT					118	0	0	0	75,500	0	75,500
COMP-FAC-NONCONTROLLABLE EQP					119	0	0	0	3,000	0	3,000
COMP-FAC-CONSTRUCTION COST					122	0	0	0	75,000	0	75,000
COMP-FAC-AUTOMATION EQUIPMENT					123	0	0	0	18,000	0	18,000
COMP-FAC-LABR/ELEC MEAS/AUTOMA					124	0	0	0	9,000	0	9,000
COMP-FAC-EMISSIONS EQUIPMENT					127	0	0	0	112,500	0	112,500
COMP-FAC-TRANSPORTATION					415	0	0	0	10,000	0	10,000
COMP-FAC-ENVIRONMENTAL & SAFETY					421	0	0	0	59,000	0	59,000
COMP-FAC-POWER INSTALLATION					459	0	0	0	7,500	0	7,500
TOTAL TANGIBLES							\$488,100	\$0	\$0	\$730,500	\$0
TOTAL COST							\$2,712,996	\$5,000	\$2,997,220	\$790,500	\$0

By	Date 5/15/14	By	Date
By	Date	By	Date

JOINT OPERATOR APPROVAL



MIDLAND		Printed: 05/15/2014	
AFE No.	106138	Original	
Property No.	072364-000		
EOG W.L.(BCP)	100 %	(ACP)	100%
EOG AFE Amt:	(Drig)	\$2,712,998	
	(Land)	\$5,000	
	(Completion)	\$2,997,220	
	(Facility)	\$790,500	
	(Flowback)	\$0	
	Total Cost	\$8,505,716	

Firm :	By	Title	Date
--------	----	-------	------



P.O. Box 2267, Midland, Texas 79702  
Phone: (432) 686-3600 Fax: (432) 686-3773

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

June 24, 2014

Working Interest Owner  
See Attached List

RE: Amendment to Well Proposal  
Osprey 10 #1H  
Sec. 10, T25S, R34E  
Lea County, NM

Gentlemen:

With reference to our well proposal for the captioned well dated June 3, 2014, please be advised that the surface hole location for this well is located 220' FSL & 190' FWL of Section 10, T25S, R34E, Lea County, New Mexico rather than the location stated in Paragraph 2 of the original letter.

A correct C-102 plat for the captioned well is also enclosed.

I regret the error.

Sincerely,

EOG Resources, Inc.

A handwritten signature in black ink, appearing to read "Matthew C. Phillips".

Matthew C. Phillips  
Landman I

MCP:hs

SCANNED



**EOG Resources, Inc.**  
P. O. Box 2267  
Midland, TX 79702

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

July 11, 2014

Working Interest Owner  
See Attached List

RE: Amendment to Well Proposal  
Osprey 10 #1H  
Sec. 10, T25S, R34E  
Lea County, NM

Gentlemen:

Attached for your review and further handling please find EOG's amended AFE to replace the original for the captioned well originally proposed by letter dated June 3, 2014.

The original proposal is hereby amended to allow for a 3<sup>rd</sup> Bone Spring Sand test. The well will be drilled from the originally proposed SHL to the original BHL. Estimated total vertical depth will be 12,200 feet and estimated measured depth will be 17,100 feet.

As an owner of unleased minerals or leasehold estate in Section 10, EOG reasserts its proposal to form a working interest unit covering all of Section 10, T25S, R34E, Lea County, NM under an operating agreement naming EOG as Operator and providing, among other provisions, for 100%/300%/300% non-consent penalties. A draft operating agreement will be forwarded to you for review after a positive response to this proposal is received.

Thank you in advance for your early consideration of this proposal. If you have any questions, please call the undersigned at 432-686-3649 or by sending email to [matthew\\_phillips@eogresources.com](mailto:matthew_phillips@eogresources.com).

Sincerely,

EOG Resources, Inc.

A handwritten signature in black ink, appearing to read "Matthew C. Phillips".

Matthew C. Phillips  
Landman I

SCANNED



MIDLAND

Printed: 07/11/2014

AFE No.	106136	Original
Property No.	072364-000	
EOG W.I.(BCP)	100 %	(ACP) 100%
EOG AFE Amt:	(Drig)	\$3,534,750
	(Land)	\$5,000
	(Completion)	\$2,997,220
	(Facility)	\$790,500
	(Flowback)	\$0
	Total Cost	\$7,327,470

AFE Type : DEVELOPMENT DRILLING	AFE Name : OSPREY 10 #1H D&C	AFE Date : 05/05/2014	Budget Year : 2014
Reg. Lease No. :	Prospect Name : RED HILLS	TVD / MD : 9500 / 14400	Begin Date :
Location : Section 10-T25S-R34E, 220 FSL & 190 FWL		BH Location : BH(LATERAL #1): Section 10-T25S-R34E, 230 FNL & 380 FWL	
Formation : 3RD BONE SPRING SAND		DD&A Field : LEONARD SHALE	
Operator : EOG RESOURCES, INC	County & State : LEA / NEW MEXICO	Field : UNASSIGNED	Water Depth :
AFE Description : OSPREY 10 #1H D&C TO 12,200' TVD, 17,100' MD TO BE COMPLETED IN THE 3RD BONE SPRING SAND FORMATION. THE WELL IS LOCATED IN SEC. 10, T25S, R34E, LEA CO., NM.		Product : OIL	Days : 0 / 0

DESCRIPTION	SUB ACT	DRILLING	LAND	COMPLETION	FACILITY	FLOWBACK	TOTAL
ACCESS LOCATION,ROADS & SURVEY	401	145,000	0	0	0	0	145,000
COMP-FAC-LOCATION AND ROADS	401	0	0	0	53,000	0	53,000
RIG MOVE	402	100,000	0	0	0	0	100,000
DAY WORK COST	404	675,000	0	0	0	0	675,000
BITS & PHA	405	115,000	0	4,500	0	0	119,500
FUEL	406	164,000	0	165,000	0	0	329,000
WATER 150,000 EACH @ \$ 2	407	96,000	0	375,000	0	0	471,000
MUD & CHEMICALS	408	315,000	0	80,000	0	0	395,000
CEMENTING & SERVICE	409	270,000	0	0	0	0	270,000
COMP-Logging and Testing	411	0	0	10,000	0	0	10,000
MUD LOGGING	412	35,000	0	0	0	0	35,000
COMP. PERFORATING 28 EACH @ \$ 10,000	413	0	0	280,000	0	0	280,000
COMP. STIMULATION 55,365 EACH @ \$ 28	414	0	0	1,550,220	0	0	1,550,220
TRANSPORTATION	415	48,000	0	10,000	0	0	58,000
DRILLING OVERHEAD	416	7,500	0	0	0	0	7,500
COMP-EQUIPMENT RENTAL	417	0	0	150,000	0	0	150,000
FAC-EQUIP RNTL/FAC CONSTR	417	205,000	0	0	5,000	0	210,000
COMP-COMPLETION RIG 10 DAYS @ \$ 10,000	418	0	0	100,000	0	0	100,000
OTHER DRILLING EXPENSE	419	120,000	0	0	0	0	120,000
ENVIRONMENTAL & SAFETY CHARGES	421	45,000	0	2,500	0	0	47,500
DIRECTIONAL DRILLING	422	287,500	0	0	0	0	287,500
COMP. SUPERVISION 10 DAYS @ \$ 1,500	424	0	0	15,000	0	0	15,000
SUPERVISION	424	112,500	0	0	2,000	0	114,500
COMP. COMMUNICATIONS	431	0	0	5,000	0	0	5,000
TUBULAR INSPECTION/HANDLING	436	31,250	0	0	0	0	31,250
SPECIALTY SERVICES	441	90,000	0	0	0	0	90,000
COMP-DISPOSAL COSTS 100,000 EACH @ \$ 2	447	0	0	250,000	0	0	250,000
DISPOSAL COSTS	447	94,000	0	0	0	0	94,000
COMP-LAND DRILLSITE TITLE	480	0	5,000	0	0	0	5,000
OPINION							
TOTAL INTANGIBLES		\$2,955,750	\$5,000	\$2,997,220	\$60,000	\$0	\$6,017,970

ITEM	UOM	QTY	SIZE	SIZE	GRADE	RATE						
13-3/8" 54.5# J55 STC			13-3/8"	54.5# J55	102	30,000	0	0	0	0	0	30,000
9-5/8" 40# J55 LTC	FEET	4,000	9-5/8"	40# J55	23.50	103	94,000	0	0	0	0	94,000
9-5/8" 54.5# HCK55 LTC	FEET	1,000	9-5/8"	54.5# HCK55	29.95	103	30,000	0	0	0	0	30,000
5-1/2" 17# HCP110 LTC			5-1/2"	17# HCP110	104	325,000	0	0	0	0	0	325,000
COMP-FAC-TUBING					106	0	0	0	65,500	0	0	65,500
WELLHEAD EQUIPMENT					107	100,000	0	0	25,000	0	0	125,000
COMP-FAC-TANKS					108	0	0	0	72,000	0	0	72,000
COMP-FAC-FLOW LINES					109	0	0	0	12,000	0	0	12,000
COMP-FAC-VALVES & FITTINGS					110	0	0	0	65,000	0	0	65,000
COMP-FAC-PUMP EQUIP/SUBSURFAC					113	0	0	0	26,000	0	0	26,000
COMP-FAC-HEATERS,TREATRS,SEPRS					115	0	0	0	79,500	0	0	79,500
COMP-FAC-OTHER EQUIPMENT					116	0	0	0	18,000	0	0	18,000
COMP-FAC-METERING EQUIPMENT					118	0	0	0	75,500	0	0	75,500
COMP-FAC-NONCONTROLLABLE EQP					119	0	0	0	3,000	0	0	3,000
COMP-FAC-CONSTRUCTION COST					122	0	0	0	75,000	0	0	75,000
COMP-FAC-AUTOMATION EQUIPMENT					123	0	0	0	16,000	0	0	16,000
COMP-FAC-LABR/ELEC MEAS/AUTOMA					124	0	0	0	9,000	0	0	9,000
COMP-FAC-EMISSIONS EQUIPMENT					127	0	0	0	112,500	0	0	112,500
COMP-FAC-TRANSPORTATION					415	0	0	0	10,000	0	0	10,000
COMP-FAC-ENVIRONMENTAL & SAFETY					421	0	0	0	59,000	0	0	59,000
COMP-FAC-POWER INSTALLATION					459	0	0	0	7,500	0	0	7,500
TOTAL TANGIBLES							\$579,000	\$0	\$0	\$730,500	\$0	\$1,309,500
TOTAL COST							\$3,534,750	\$5,000	\$2,997,220	\$790,500	\$0	\$7,327,470

By <u>Ezra Yacob</u>	Date <u>7-11-14</u>	By	Date
JOINT OPERATOR APPROVAL			
Firm :	By	Title	Date