

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB NO. 1004-0137
Expires July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

HOBBS OCD

SUBMIT IN TRIPLICATE - Other instructions on page 2

OCT 16 2012

| | | | |
|--|--|---|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other Water Injection | | RECEIVED | 5. Lease Serial No. NM18640 |
| 2. Name of Operator EOG Resources Inc. | | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address P.O. Box 2267 Midland, Texas 79702 | | 3b. Phone No. (include area code) 432-686-3689 | 7. If Unit or CA/Agreement, Name and/or No. Red Hills North Unit |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) S/L 660 FSL & 500 FWL, Sec 8, T25S, R34E BHL 121 FNL & 2400 FEL, Sec 18, T25S, R34E | | 8. Well Name and No. Red Hills North 811 Unit | |
| | | 9. API Well No. 30-025-32980 | |
| | | 10. Field and Pool, or Exploratory Area Red Hills; Bone Spring | |
| | | 11. County or Parish, State Lea NM | |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

EOG Resources is unable to comply at this time with the attached BLM order dated 9/4/12.

The Red Hill North Unit #811 is currently shut-in, pending workover. This well was shut-in 5/1/2012 due to failure. A workover to repair the well is not scheduled as of this date.

see attached "order"

SUBJECT TO LIKE
APPROVAL BY STATE

| | | |
|--|---------------------|--|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Stan Wagner | | Title Regulatory Analyst |
| Signature <i>Stan Wagner</i> | Date 9/19/12 | ACCEPTED FOR RECORD |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | | |
| Approved by | Title | OCT 12 2012 |
| Conditions of approval, if any, are attached. Approval of this notice 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. | Office <i>KZ</i> | WESLEY W. INGRAM PETROLEUM ENGINEER |
| Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, 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. | | |

FEB 01 2013

Order of the Authorized Officer

**EOG Resources Inc.
Red Hills North Unit - 811
API 30-025-32980
September 4, 2012**

On or before October 15, 2012, provide BLM with an electronic copy (Adobe Acrobat Document) of an injection profile survey taken within the last six months and verify water is being injected only into the 3rd Bone Spring sand interval 11,334' to 12,259' TVD.

Well with a Packer – Operations

- 1) Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
- 2) The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
- 3) Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
- 4) Make arrangements 24 hours before the test for BLM witness: email Andy Cortez acortez@blm.gov, (phone 575-393-3612 or 575-631-5801). If no answer, leave a voice mail with the API#, workover purpose, and a call back phone number. Note the contact, time, & date in your subsequent report.
- 5) Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
- 6) Use of tubing internal protection, tubing on/off equipment just above the packer, a profile nipple, and an in line tubing check valve below the packer or between the on/off tool and packer is a "Best Management Practice". The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore workover.

- 7) **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
- 8) Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization. Approved injection pressure compliance is required. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
- 9) When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
- 10) Unexplained significant variations of rate or pressure to be reported within 5 days of notice.
- 11) The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity. A BLM inspector may request verification of the annular fluid level at any time.
- 12) A "Best Management Practice" is to maintain the annulus full of packer fluid at atmospheric pressure. Equipment that will display on site, continuous open to the air fluid level is necessary to achieve this goal.
- 13) Loss of packer fluid above five barrels per month indicates a developing problem. Notify BLM Carlsbad Field Office, Petroleum Engineering within 5 days.
- 14) A suggested format for monthly records documenting that the casing annulus is fluid filled is available from the BLM Carlsbad Field Office.
- 15) Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of 0psia. Notify the BLM's authorized officer ("Paul R. Swartz" <pswartz@blm.gov>, cell phone 575-200-7902). If there is no response phone 575-361-2822.
- 16) Submit a (Sundry Form 3160-5) subsequent report (daily reports) describing all wellbore activity and Mechanical Integrity Test as per item 1) above. Include the date(s) of the well work, and the setting depths of equipment: internally corrosive protected tubing, tubing on/off equipment just above the packer, and an in line tubing check valve below the packer or between the on/off tool and packer. The setting depths and descriptions of each are to be included in the subsequent sundry. List the daily descriptions of any previously unreported wellbore workover(s).

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.

Order of the Authorized Officer

**EOG Resources Inc.
Red Hills North Unit - 811
API 30-025-32980
T25S-R34E, Sec 08
October 12, 2012**

This well's recorded activity has been inactive/shut-in for more than 30 days without authorization and was shut in due to failure on 05/01/2012.

This well's recorded activity has been inactive/shut-in for more than 30 days without authorization. An inactive/shut-in well bore is a non-producing completion that is capable of production in **paying quantities** or of service use.

Consider the beneficial use prospects and the wellbore integrity of this well. Submit your plan for BLM approval on the Sundry Notice Form 3160-5 (an original and 3 copies).

As the operator you are required to: **Prove the production casing integrity from no more than 100 feet above the perforations or open hole with a documented minimum pressure test of 500 psig for 30 minutes. Return the well to production or beneficial use on or before 11/15/2012.**

Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Pressure leakoff will be evaluated site specifically and may restrict continued operation approval. Twenty four hours before the test contact BLM to witness; email Andy Cortez acortez@blm.gov or phone 575-393-3612 or 575-631-5801. If no answer, leave a voice mail with the API#, workover purpose and a call back phone number. Note the contact, time, & date in your subsequent report.

Should the mechanical integrity test fail or not be conducted submit a procedure to plug and abandon the well for BLM approval on or before 11/15/2012.

A detailed justification is required to receive and extension of this date.

PRS/WWI 101012