

NOV 30 2017

Form 3160-3
(March 2012)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|---|---|---|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. NMNM66927 |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator EOG RESOURCES INCORPORATED (7377) | | 7. If Unit or CA Agreement, Name and No. |
| 3a. Address 1111 Bagby Sky Lobby2 Houston TX 77002 | | 8. Lease Name and Well No. (319663) NAUTILUS 16 FED COM 706H |
| 3b. Phone No. (include area code) (713)651-7000 | | 9. API Well No. 30-025-44294 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SESW / 280 FSL / 1855 FWL / LAT 32.0369522 / LONG -103.4773763 At proposed prod. zone NESW / 2413 FSL / 2120 FWL / LAT 32.0573336 / LONG -103.4765377 | | 10. Field and Pool, or Exploratory RED HILLS / WC-025 S263416B UPPEF |
| 14. Distance in miles and direction from nearest town or post office* 17.5 miles | | 11. Sec., T. R. M. or Blk. and Survey or Area SEC 16 / T26S / R34E / NMP |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 280 feet | 16. No. of acres in lease 2480 | 17. Spacing Unit dedicated to this well 240 |
| 18. Distance from proposed location* to nearest well, drilling, completed, 570 feet applied for, on this lease, ft. | 19. Proposed Depth 12772 feet / 20229 feet | 20. BLM/BIA Bond No. on file FED: NM2308 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3315 feet | 22. Approximate date work will start* 01/01/2018 | 23. Estimated duration 25 days |
| 24. Attachments | | |

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

| | | |
|--|---|--------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) Stan Wagner / Ph: (432)686-3689 | Date 03/24/2017 |
| Title Regulatory Specialist | | |
| Approved by (Signature) (Electronic Submission) | Name (Printed/Typed) Cody Layton / Ph: (575)234-5959 | Date 09/27/2017 |
| Title Supervisor Multiple Resources CARLSBAD | | |

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Continued on page 2)

*(Instructions on page 2)

APPROVED WITH CONDITIONS

KCB
12/01/17

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

Additional Operator Remarks

Location of Well

1. SHL: SESW / 280 FSL / 1855 FWL / TWSP: 26S / RANGE: 34E / SECTION: 16 / LAT: 32.0369522 / LONG: -103.4773763 (TVD: 0 feet, MD: 0 feet)
PPP: SESW / 330 FSL / 2120 FWL / TWSP: 26S / RANGE: 34E / SECTION: 16 / LAT: 32.0370905 / LONG: -103.4765302 (TVD: 12741 feet, MD: 12858 feet)
BHL: NESW / 2413 FSL / 2120 FWL / TWSP: 26S / RANGE: 34E / SECTION: 9 / LAT: 32.0573336 / LONG: -103.4765377 (TVD: 12772 feet, MD: 20229 feet)

BLM Point of Contact

Name: Tenille Ortiz

Title: Legal Instruments Examiner

Phone: 5752345983

Email: tortiz@blm.gov

Review and Appeal Rights

A person contesting a decision shall request a State Director review. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

CONFIDENTIAL



U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Drilling Plan Data Report

09/28/2017

APD ID: 10400012612

Submission Date: 03/24/2017

Highlighted data
reflects the most
recent changes

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - Geologic Formations

| Formation ID | Formation Name | Elevation | True Vertical Depth | Measured Depth | Lithologies | Mineral Resources | Producing Formation |
|--------------|------------------------|-----------|---------------------|----------------|-------------|-------------------|---------------------|
| 17706 | PERMIAN | 3315 | 0 | 0 | | NONE | No |
| 17746 | RUSTLER | 2645 | 670 | 670 | ANHYDRITE | NONE | No |
| 17718 | TOP SALT | 2055 | 1260 | 1260 | SALT | NONE | No |
| 17722 | BASE OF SALT | -1795 | 5110 | 5110 | SALT | NONE | No |
| 17719 | LAMAR | -2010 | 5325 | 5325 | LIMESTONE | NONE | No |
| 15332 | BELL CANYON | -2043 | 5358 | 5358 | SANDSTONE | NATURAL GAS,OIL | No |
| 15316 | CHERRY CANYON | -3080 | 6395 | 6395 | SANDSTONE | NATURAL GAS,OIL | No |
| 17713 | BRUSHY CANYON | -4789 | 8104 | 8104 | SANDSTONE | NATURAL GAS,OIL | No |
| 17721 | BONE SPRING LIME | -6289 | 9604 | 9604 | LIMESTONE | NONE | No |
| 17770 | FIRST BONE SPRING SAND | -7283 | 10598 | 10598 | SANDSTONE | NATURAL GAS,OIL | No |
| 17737 | BONE SPRING 2ND | -7806 | 11121 | 11121 | SANDSTONE | NATURAL GAS,OIL | No |
| 17738 | BONE SPRING 3RD | -8875 | 12190 | 12190 | SANDSTONE | NATURAL GAS,OIL | No |
| 17709 | WOLFCAMP | -9302 | 12617 | 12617 | SHALE | NATURAL GAS,OIL | Yes |

Section 2 - Blowout Prevention

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Pressure Rating (PSI): 10M

Rating Depth: 12785

Equipment: The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (10,000 psi WP) preventer and an annular preventer (10,000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil and Gas order No. 2.

Requesting Variance? YES

Variance request: Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line). Variance is requested to wave the centralizer requirements for the 7-5/8" FJ casing in the 8-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 8-3/4" hole interval to maximize cement bond and zonal isolation. Variance is also requested to wave any centralizer requirements for the 5-1/2" FJ casing in the 6-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 6-3/4" hole interval to maximize cement bond and zonal isolation.

Testing Procedure: Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 5000/ 250 psig. The surface casing will be tested to 1500 psi for 30 minutes. Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 5000/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes. 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. A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

Choke Diagram Attachment:

10M_Choke_Manifold_07-18-2017.pdf

BOP Diagram Attachment:

10M_BOPE_07-18-2017.pdf

Section 3 - Casing

| Casing ID | String Type | Hole Size | Csg Size | Condition | Standard | Tapered String | Top Set MD | Bottom Set MD | Top Set TVD | Bottom Set TVD | Top Set MSL | Bottom Set MSL | Calculated casing length MD | Grade | Weight | Joint Type | Collapse SF | Burst SF | Joint SF Type | Joint SF | Body SF Type | Body SF |
|-----------|--------------|-----------|----------|-----------|----------|----------------|------------|---------------|-------------|----------------|-------------|----------------|-----------------------------|---------|--------|----------------------|-------------|----------|---------------|----------|--------------|---------|
| 1 | SURFACE | 14.75 | 10.75 | NEW | API | N | 0 | 695 | 0 | 695 | 3315 | 2620 | 695 | J-55 | 40.5 | STC | 1.125 | 1.25 | BUOY | 1.6 | BUOY | 1.6 |
| 2 | INTERMEDIATE | 9.875 | 7.625 | NEW | API | N | 0 | 1000 | 0 | 1000 | 3315 | 2315 | 1000 | HCP-110 | 29.7 | LTC | 1.125 | 1.25 | BUOY | 1.6 | BUOY | 1.6 |
| 3 | INTERMEDIATE | 9.875 | 7.625 | NEW | API | N | 1000 | 3000 | 1000 | 3000 | 2315 | 315 | 2000 | OTHER | 29.7 | OTHER - SLIJ II | 1.125 | 1.25 | BUOY | 1.6 | BUOY | 1.6 |
| 4 | PRODUCTION | 6.75 | 5.5 | NEW | API | N | 0 | 11200 | 0 | 11200 | 3315 | -7885 | 11200 | OTHER | 20 | OTHER - DWC/C-IS MS | 1.125 | 1.25 | BUOY | 1.6 | BUOY | 1.6 |
| 5 | INTERMEDIATE | 8.75 | 7.625 | NEW | API | N | 3000 | 11700 | 3000 | 11700 | 315 | -8385 | 8700 | HCP-110 | 29.7 | OTHER - Flushmax III | 1.125 | 1.25 | BUOY | 1.6 | BUOY | 1.6 |
| 6 | PRODUCTION | 6.75 | 5.5 | NEW | API | N | 11200 | 20229 | 11200 | 12772 | -7885 | -9457 | 9029 | OTHER | 20 | OTHER - VAM SFC | 1.125 | 1.25 | BUOY | 1.6 | BUOY | 1.6 |

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Casing Attachments

Casing ID: 1 **String Type:** SURFACE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Nautilus_16_Fed_Com_706H_BLM_Plan_03-24-2017.pdf

Casing ID: 2 **String Type:** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Nautilus_16_Fed_Com_706H_BLM_Plan_03-24-2017.pdf

Casing ID: 3 **String Type:** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Nautilus_16_Fed_Com_706H_BLM_Plan_03-24-2017.pdf

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Casing Attachments

Casing ID: 4 **String Type:** PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Nautilus_16_Fed_Com_706H_BLM_Plan_03-24-2017.pdf

Casing ID: 5 **String Type:** INTERMEDIATE

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Nautilus_16_Fed_Com_706H_BLM_Plan_03-24-2017.pdf

Casing ID: 6 **String Type:** PRODUCTION

Inspection Document:

Spec Document:

Tapered String Spec:

Casing Design Assumptions and Worksheet(s):

Nautilus_16_Fed_Com_706H_BLM_Plan_03-24-2017.pdf

Section 4 - Cement

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

| String Type | Lead/Tail | Stage Tool Depth | Top MD | Bottom MD | Quantity(sx) | Yield | Density | Cu Ft | Excess% | Cement type | Additives |
|--------------|-----------|------------------|-----------|-----------|--------------|-------|---------|-------|---------|-------------|---|
| INTERMEDIATE | Lead | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PRODUCTION | Lead | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INTERMEDIATE | Lead | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SURFACE | Lead | | 0 | 695 | 325 | 1.73 | 13.5 | 562 | 25 | Class C | Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| SURFACE | Tail | | 695 | 695 | 200 | 1.34 | 14.8 | 268 | 25 | Class C | Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate |
| INTERMEDIATE | Lead | | 0 | 1170 0 | 2250 | 1.38 | 14.8 | 3105 | 25 | Class C | Class C + 5% Gypsum + 3% CaCl ₂ pumped via bradenhead (TOC@surface) |
| INTERMEDIATE | Tail | | 1170 0 | 1170 0 | 550 | 1.2 | 14.4 | 660 | 25 | Class H | 50:50 Class H:Poz + 0.25% CPT20A + 0.40% CPT49 + 0.20% CPT35 + 0.80% CPT16A + 0.25% CPT503P pumped conventionally |
| PRODUCTION | Lead | | 1120 0 | 2022 9 | 850 | 1.26 | 14.1 | 1071 | 25 | Class H | Class H + 0.1% C-20 + 0.05% CSA-1000 + 0.20% C-49 + 0.40% C-17 (TOC @ 11200') |

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Section 5 - Circulating Medium

Mud System Type: Closed

Will an air or gas system be Used? NO

Description of the equipment for the circulating system in accordance with Onshore Order #2:

Diagram of the equipment for the circulating system in accordance with Onshore Order #2:

Describe what will be on location to control well or mitigate other conditions: (A) A Kelly cock will be kept in the drill string at all times. (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times. (C) H2S monitoring and detection equipment will be utilized from surface casing point to TD.

Describe the mud monitoring system utilized: An electronic pit volume totalizer (PVT) will be utilized on the circulating system to monitor pit volume, flow rate, pump pressure and stroke rate.

Circulating Medium Table

| Top Depth | Bottom Depth | Mud Type | Min Weight (lbs/gal) | Max Weight (lbs/gal) | Density (lbs/cu ft) | Gel Strength (lbs/100 sqft) | PH | Viscosity (CP) | Salinity (ppm) | Filtration (cc) | Additional Characteristics |
|-----------|--------------|--------------------|----------------------|----------------------|---------------------|-----------------------------|----|----------------|----------------|-----------------|----------------------------|
| 695 | 1170 0 | SALT SATURATED | 8.8 | 10 | | | | | | | |
| 1170 0 | 2022 9 | OIL-BASED MUD | 10 | 14 | | | | | | | |
| 0 | 695 | WATER-BASED MUD | 8.6 | 8.8 | | | | | | | |

Section 6 - Test, Logging, Coring

List of production tests including testing procedures, equipment and safety measures:

Open-hole logs are not planned for this well.

List of open and cased hole logs run in the well:

DS

Coring operation description for the well:

None

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Section 7 - Pressure

Anticipated Bottom Hole Pressure: 7645

Anticipated Surface Pressure: 4835.16

Anticipated Bottom Hole Temperature(F): 181

Anticipated abnormal pressures, temperatures, or potential geologic hazards? NO

Describe:

Contingency Plans geohazards description:

Contingency Plans geohazards attachment:

Hydrogen Sulfide drilling operations plan required? YES

Hydrogen sulfide drilling operations plan:

Nautilus_16_Fed_Com_706H_H2S_Plan_Summary_03-24-2017.pdf

Section 8 - Other Information

Proposed horizontal/directional/multi-lateral plan submission:

Nautilus_16_Fed_Com_706H_Planning_Report_03-24-2017.pdf

Nautilus_16_Fed_Com_706H_Wall_Plot_03-24-2017.pdf

Other proposed operations facets description:

Other proposed operations facets attachment:

Nautilus_16_Fed_Com_706H_5.500in_20.00_VST_P110EC_DWC_C_IS_MS_Spec_Sheet_03-24-2017.pdf

Nautilus_16_Fed_Com_706H_5.500in_20.00_VST_P110EC_VAM_SFC_Spec_Sheet_03-24-2017.pdf

Nautilus_16_Fed_Com_706H_7.625in_29.7_P110EC_VAM_SLIJ_II_03-24-2017.pdf

Nautilus_16_Fed_Com_706H_7.625in_29.70_P_110_FlushMax_III_Spec_Sheet_03-24-2017.pdf

Nautilus_16_Fed_Com_706H_Proposed_Wellbore_03-24-2017.pdf

Nautilus_16_Fed_Com_706H_BLM_Plan_03-24-2017.pdf

Nautilus_16_Fed_Com_706H_Rig_Layout_03-24-2017.pdf

Nautilus_16_FC_706_deficiency_response_07-18-2017.pdf

Other Variance attachment:

Nautilus_16_Fed_Com_706H_Co_Flex_Hose_Certification_03-24-2017.PDF

Nautilus_16_Fed_Com_706H_Co_Flex_Hose_Test_Chart_03-24-2017.pdf

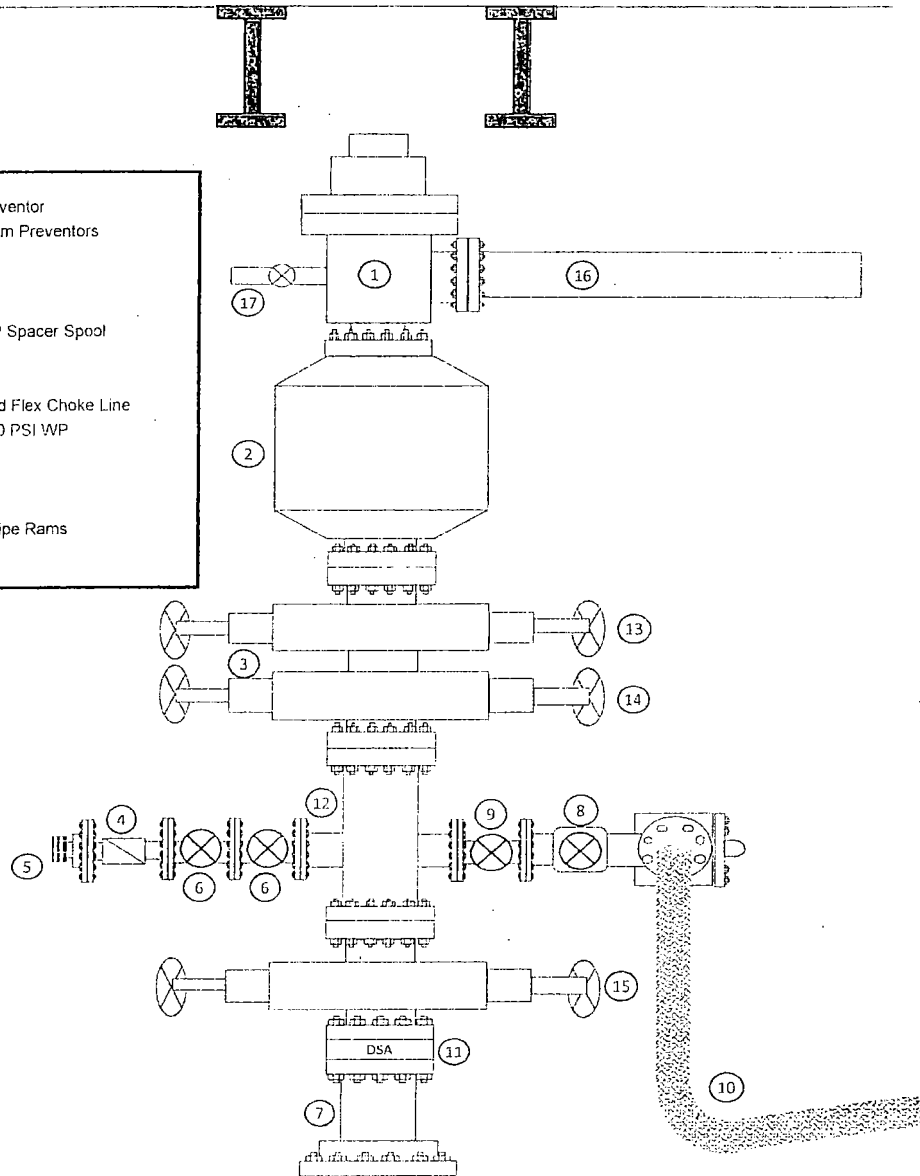
Exhibit 1

EOG Resources

10M BOPE

Rig Floor

1. 13 5/8" Rotating Head
2. Hydril 13 5/8" 10,000 PSI WP GK Annular Preventor
3. 13 5/8" Cameron Type "U" 10,000 PSI WP Ram Preventors
4. 2 1/16" - 10,000 PSI WP Check Valve
5. 10,000 PSI WP - 1502 Union to kill line
6. 2 1/16" - 10,000 PSI WP Manual Valves
7. 13 5/8" 3,000 PSI WP x 13 5/8" 5,000 PSI WP Spacer Spool
8. 4 1/16" 10,000 PSI WP HCR Valve
9. 4 1/16" 10,000 PSI WP Manual Valve
10. 6" OD x 3" ID 10,000 PSI WP Steel Armoured Flex Choke Line
11. DSA - 13 5/8" 10,000 PSI WP x 13 5/8" 5,000 PSI WP
12. Mud Cross - 13 5/8" 10,000 PSI WP
13. Blind Rams
14. Pipe Rams
15. 13 5/8" Cameron Type "U" 10,000 PSI WP Pipe Rams
16. Flow Line
17. 2" Fill Line



EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

| | |
|-----------------------------------|---------|
| Rustler | 670' |
| Top of Salt | 1,260' |
| Base of Salt / Top Anhydrite | 5,110' |
| Base Anhydrite | 5,325' |
| Lamar | 5,325' |
| Bell Canyon | 5,358' |
| Cherry Canyon | 6,395' |
| Brushy Canyon | 8,104' |
| Bone Spring Lime | 9,604' |
| 1 st Bone Spring Sand | 10,598' |
| 2 nd Bone Spring Shale | 10,785' |
| 2 nd Bone Spring Sand | 11,121' |
| 3 rd Bone Spring Carb | 11,585' |
| 3 rd Bone Spring Sand | 12,190' |
| Wolfcamp | 12,617' |
| TD | 12,785' |

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

| | | |
|-----------------------------------|---------|-------------|
| Upper Permian Sands | 0- 400' | Fresh Water |
| Cherry Canyon | 6,395' | Oil |
| Brushy Canyon | 8,104' | Oil |
| 1 st Bone Spring Sand | 10,598' | Oil |
| 2 nd Bone Spring Shale | 10,785' | Oil |
| 2 nd Bone Spring Sand | 11,121' | Oil |
| 3 rd Bone Spring Carb | 11,585' | Oil |
| 3 rd Bone Spring Sand | 12,190' | Oil |
| Wolfcamp | 12,617' | Oil |

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 10.75" casing at 695' and circulating cement back to surface.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

4. CASING PROGRAM - NEW

| Hole Size | Interval | Csg OD | Weight | Grade | Conn | DF _{min} Collapse | DF _{min} Burst | DF _{min} Tension |
|-----------|------------------|--------|--------|---------|--------------|----------------------------|-------------------------|---------------------------|
| 14.75" | 0 – 695' | 10.75" | 40.5# | J55 | STC | 1.125 | 1.25 | 1.60 |
| 9.875" | 0 – 1,000' | 7.625" | 29.7# | HCP-110 | LTC | 1.125 | 1.25 | 1.60 |
| 9.875" | 1,000' – 3,000' | 7.625" | 29.7# | P-110EC | SLIJ II | 1.125 | 1.25 | 1.60 |
| 8.75" | 3,000' – 11,700' | 7.625" | 29.7# | HCP-110 | FlushMax III | 1.125 | 1.25 | 1.60 |
| 6.75" | 0' – 11,200' | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |
| 6.75" | 11,200'-20,229' | 5.5" | 20# | P-110EC | VAM SFC | 1.125 | 1.25 | 1.60 |

Variance is requested to wave the centralizer requirements for the 7-5/8" FJ casing in the 8-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 8-3/4" hole interval to maximize cement bond and zonal isolation.

Variance is also requested to wave any centralizer requirements for the 5-1/2" FJ casing in the 6-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 6-3/4" hole interval to maximize cement bond and zonal isolation.

Cementing Program:

| Depth | No. Sacks | Wt. ppg | Yld Ft ³ /ft | Mix Water Gal/sk | Slurry Description |
|-------------------|-----------|---------|-------------------------|------------------|---|
| 10-3/4" 695' | 325 | 13.5 | 1.73 | 9.13 | Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| | 200 | 14.8 | 1.34 | 6.34 | Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate |
| 7-5/8" 11,700' | 250 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead (TOC @ Surface) |
| | 2000 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead |
| | 550 | 14.4 | 1.20 | 4.81 | 50:50 Class H:Poz + 0.25% CPT20A + 0.40% CPT49 + 0.20% CPT35 + 0.80% CPT16A + 0.25% CPT503P pumped Conventionally |
| 5-1/2" 20,229' | 850 | 14.1 | 1.26 | 5.80 | Class H + 0.1% C-20 + 0.05% CSA-1000 + 0.20% C-49 + 0.40% C-17 (TOC @ 11,200') |

Note: Cement volumes based on bit size plus at least 25% excess in the open hole plus 10% excess in the cased-hole overlap section.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line).

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (10,000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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.

A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal.

The applicable depths and properties of the drilling fluid systems are as follows.

| Depth | Type | Weight (ppg) | Viscosity | Water Loss |
|------------------------------|-------------|--------------|-----------|------------|
| 0 – 695' | Fresh - Gel | 8.6-8.8 | 28-34 | N/c |
| 695' – 11,700' | Brine | 8.8-10.0 | 28-34 | N/c |
| 11,700' – 20,229' Lateral | Oil Base | 10.0-14.0 | 58-68 | 3 - 6 |

The highest mud weight needed to balance formation is expected to be 11.5 ppg. In order to maintain hole stability, mud weights up to 14.0 ppg may be utilized.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) H₂S monitoring and detection equipment will be utilized from surface casing point to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

Open-hole logs are not planned for this well.

GR-CCL Will be run in cased hole during completions phase of operations.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom-hole temperature (BHT) at TD is 181 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 7645 psig (based on 11.5 ppg MW). No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. Severe loss circulation is expected from 7,300' to Intermediate casing point.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 60-90 days will be required for completion and testing before a decision is made to install permanent facilities.

- (A) EOG Resources requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. If the timing between rigs is such that EOG Resources would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

11. WELLHEAD:

A multi-bowl wellhead system will be utilized.

After running the 10-3/4" surface casing, a 13-5/8" BOP/BOPE system with a minimum working pressure of 5000 psi will be installed on the wellhead system and will be pressure tested to 250 psi low followed by a 5000 psi pressure test. This pressure test will be repeated at least every 30 days, as per Onshore Order No. 2

The minimum working pressure of the BOP and related BOPE required for drilling below the surface casing shoe shall be 5000 psi.

The multi-bowl wellhead will be installed by vendor's representative(s). A copy of the installation instructions for the Stream Flo FBD100 Multi-Bowl WH system has been sent to the NM BLM office in Carlsbad, NM.

The wellhead will be installed by a third party welder while being monitored by WH vendor's representative.

All BOP equipment will be tested utilizing a conventional test plug. Not a cup or J-packer type.

A solid steel body pack-off will be utilized after running and cementing the intermediate casing. After installation the pack-off and lower flange will be pressure tested to 5000 psi.

Both the surface and intermediate casing strings will be tested as per Onshore Order No. 2 to at least 0.22 psi/ft or 1500 psi, whichever is greater.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

| | |
|-----------------------------------|---------|
| Rustler | 670' |
| Top of Salt | 1,260' |
| Base of Salt / Top Anhydrite | 5,110' |
| Base Anhydrite | 5,325' |
| Lamar | 5,325' |
| Bell Canyon | 5,358' |
| Cherry Canyon | 6,395' |
| Brushy Canyon | 8,104' |
| Bone Spring Lime | 9,604' |
| 1 st Bone Spring Sand | 10,598' |
| 2 nd Bone Spring Shale | 10,785' |
| 2 nd Bone Spring Sand | 11,121' |
| 3 rd Bone Spring Carb | 11,585' |
| 3 rd Bone Spring Sand | 12,190' |
| Wolfcamp | 12,617' |
| TD | 12,785' |

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

| | | |
|-----------------------------------|---------|-------------|
| Upper Permian Sands | 0- 400' | Fresh Water |
| Cherry Canyon | 6,395' | Oil |
| Brushy Canyon | 8,104' | Oil |
| 1 st Bone Spring Sand | 10,598' | Oil |
| 2 nd Bone Spring Shale | 10,785' | Oil |
| 2 nd Bone Spring Sand | 11,121' | Oil |
| 3 rd Bone Spring Carb | 11,585' | Oil |
| 3 rd Bone Spring Sand | 12,190' | Oil |
| Wolfcamp | 12,617' | Oil |

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 10.75" casing at 695' and circulating cement back to surface.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

4. CASING PROGRAM - NEW

| Hole Size | Interval | Csg OD | Weight | Grade | Conn | DF _{min} Collapse | DF _{min} Burst | DF _{min} Tension |
|-----------|------------------|--------|--------|---------|--------------|----------------------------|-------------------------|---------------------------|
| 14.75" | 0 – 695' | 10.75" | 40.5# | J55 | STC | 1.125 | 1.25 | 1.60 |
| 9.875" | 0 – 1,000' | 7.625" | 29.7# | HCP-110 | LTC | 1.125 | 1.25 | 1.60 |
| 9.875" | 1,000' – 3,000' | 7.625" | 29.7# | P-110EC | SLIJ II | 1.125 | 1.25 | 1.60 |
| 8.75" | 3,000' – 11,700' | 7.625" | 29.7# | HCP-110 | FlushMax III | 1.125 | 1.25 | 1.60 |
| 6.75" | 0' – 11,200' | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |
| 6.75" | 11,200'-20,229' | 5.5" | 20# | P-110EC | VAM SFC | 1.125 | 1.25 | 1.60 |

Variance is requested to wave the centralizer requirements for the 7-5/8" FJ casing in the 8-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 8-3/4" hole interval to maximize cement bond and zonal isolation.

Variance is also requested to wave any centralizer requirements for the 5-1/2" FJ casing in the 6-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 6-3/4" hole interval to maximize cement bond and zonal isolation.

Cementing Program:

| Depth | No. Sacks | Wt. ppg | Yld Ft ³ /ft | Mix Water Gal/sk | Slurry Description |
|-------------------|-----------|---------|-------------------------|------------------|---|
| 10-3/4" 695' | 325 | 13.5 | 1.73 | 9.13 | Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| | 200 | 14.8 | 1.34 | 6.34 | Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate |
| 7-5/8" 11,700' | 250 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead (TOC @ Surface) |
| | 2000 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead |
| | 550 | 14.4 | 1.20 | 4.81 | 50:50 Class H:Poz + 0.25% CPT20A + 0.40% CPT49 + 0.20% CPT35 + 0.80% CPT16A + 0.25% CPT503P pumped Conventionally |
| 5-1/2" 20,229' | 850 | 14.1 | 1.26 | 5.80 | Class H + 0.1% C-20 + 0.05% CSA-1000 + 0.20% C-49 + 0.40% C-17 (TOC @ 11,200') |

Note: Cement volumes based on bit size plus at least 25% excess in the open hole plus 10% excess in the cased-hole overlap section.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line).

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (10,000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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.

A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal.

The applicable depths and properties of the drilling fluid systems are as follows.

| Depth | Type | Weight (ppg) | Viscosity | Water Loss |
|------------------------------|-------------|--------------|-----------|------------|
| 0 – 695' | Fresh - Gel | 8.6-8.8 | 28-34 | N/c |
| 695' – 11,700' | Brine | 8.8-10.0 | 28-34 | N/c |
| 11,700' – 20,229' Lateral | Oil Base | 10.0-14.0 | 58-68 | 3 - 6 |

The highest mud weight needed to balance formation is expected to be 11.5 ppg. In order to maintain hole stability, mud weights up to 14.0 ppg may be utilized.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) H₂S monitoring and detection equipment will be utilized from surface casing point to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

Open-hole logs are not planned for this well.

GR-CCL Will be run in cased hole during completions phase of operations.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom-hole temperature (BHT) at TD is 181 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 7645 psig (based on 11.5 ppg MW). No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. Severe loss circulation is expected from 7,300' to Intermediate casing point.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 60-90 days will be required for completion and testing before a decision is made to install permanent facilities.

- (A) EOG Resources requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. If the timing between rigs is such that EOG Resources would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

11. WELLHEAD:

A multi-bowl wellhead system will be utilized.

After running the 10-3/4" surface casing, a 13-5/8" BOP/BOPE system with a minimum working pressure of 5000 psi will be installed on the wellhead system and will be pressure tested to 250 psi low followed by a 5000 psi pressure test. This pressure test will be repeated at least every 30 days, as per Onshore Order No. 2

The minimum working pressure of the BOP and related BOPE required for drilling below the surface casing shoe shall be 5000 psi.

The multi-bowl wellhead will be installed by vendor's representative(s). A copy of the installation instructions for the Stream Flo FBD100 Multi-Bowl WH system has been sent to the NM BLM office in Carlsbad, NM.

The wellhead will be installed by a third party welder while being monitored by WH vendor's representative.

All BOP equipment will be tested utilizing a conventional test plug. Not a cup or J-packer type.

A solid steel body pack-off will be utilized after running and cementing the intermediate casing. After installation the pack-off and lower flange will be pressure tested to 5000 psi.

Both the surface and intermediate casing strings will be tested as per Onshore Order No. 2 to at least 0.22 psi/ft or 1500 psi, whichever is greater.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

| | |
|-----------------------------------|---------|
| Rustler | 670' |
| Top of Salt | 1,260' |
| Base of Salt / Top Anhydrite | 5,110' |
| Base Anhydrite | 5,325' |
| Lamar | 5,325' |
| Bell Canyon | 5,358' |
| Cherry Canyon | 6,395' |
| Brushy Canyon | 8,104' |
| Bone Spring Lime | 9,604' |
| 1 st Bone Spring Sand | 10,598' |
| 2 nd Bone Spring Shale | 10,785' |
| 2 nd Bone Spring Sand | 11,121' |
| 3 rd Bone Spring Carb | 11,585' |
| 3 rd Bone Spring Sand | 12,190' |
| Wolfcamp | 12,617' |
| TD | 12,785' |

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

| | | |
|-----------------------------------|---------|-------------|
| Upper Permian Sands | 0- 400' | Fresh Water |
| Cherry Canyon | 6,395' | Oil |
| Brushy Canyon | 8,104' | Oil |
| 1 st Bone Spring Sand | 10,598' | Oil |
| 2 nd Bone Spring Shale | 10,785' | Oil |
| 2 nd Bone Spring Sand | 11,121' | Oil |
| 3 rd Bone Spring Carb | 11,585' | Oil |
| 3 rd Bone Spring Sand | 12,190' | Oil |
| Wolfcamp | 12,617' | Oil |

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 10.75" casing at 695' and circulating cement back to surface.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

4. CASING PROGRAM - NEW

| Hole Size | Interval | Csg OD | Weight | Grade | Conn | DF _{min} Collapse | DF _{min} Burst | DF _{min} Tension |
|-----------|------------------|--------|--------|---------|--------------|----------------------------|-------------------------|---------------------------|
| 14.75" | 0 – 695' | 10.75" | 40.5# | J55 | STC | 1.125 | 1.25 | 1.60 |
| 9.875" | 0 – 1,000' | 7.625" | 29.7# | HCP-110 | LTC | 1.125 | 1.25 | 1.60 |
| 9.875" | 1,000' – 3,000' | 7.625" | 29.7# | P-110EC | SLIJ II | 1.125 | 1.25 | 1.60 |
| 8.75" | 3,000' – 11,700' | 7.625" | 29.7# | HCP-110 | FlushMax III | 1.125 | 1.25 | 1.60 |
| 6.75" | 0' – 11,200' | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |
| 6.75" | 11,200'-20,229' | 5.5" | 20# | P-110EC | VAM SFC | 1.125 | 1.25 | 1.60 |

Variance is requested to wave the centralizer requirements for the 7-5/8" FJ casing in the 8-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 8-3/4" hole interval to maximize cement bond and zonal isolation.

Variance is also requested to wave any centralizer requirements for the 5-1/2" FJ casing in the 6-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 6-3/4" hole interval to maximize cement bond and zonal isolation.

Cementing Program:

| Depth | No. Sacks | Wt. ppg | Yld Ft ³ /ft | Mix Water Gal/sk | Slurry Description |
|-------------------|-----------|---------|-------------------------|------------------|---|
| 10-3/4" 695' | 325 | 13.5 | 1.73 | 9.13 | Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| | 200 | 14.8 | 1.34 | 6.34 | Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate |
| 7-5/8" 11,700' | 250 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead (TOC @ Surface) |
| | 2000 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead |
| | 550 | 14.4 | 1.20 | 4.81 | 50:50 Class H:Poz + 0.25% CPT20A + 0.40% CPT49 + 0.20% CPT35 + 0.80% CPT16A + 0.25% CPT503P pumped Conventionally |
| 5-1/2" 20,229' | 850 | 14.1 | 1.26 | 5.80 | Class H + 0.1% C-20 + 0.05% CSA-1000 + 0.20% C-49 + 0.40% C-17 (TOC @ 11,200') |

Note: Cement volumes based on bit size plus at least 25% excess in the open hole plus 10% excess in the cased-hole overlap section.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line).

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (10,000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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.

A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal.

The applicable depths and properties of the drilling fluid systems are as follows.

| Depth | Type | Weight (ppg) | Viscosity | Water Loss |
|------------------------------|-------------|--------------|-----------|------------|
| 0 – 695' | Fresh - Gel | 8.6-8.8 | 28-34 | N/c |
| 695' – 11,700' | Brine | 8.8-10.0 | 28-34 | N/c |
| 11,700' – 20,229' Lateral | Oil Base | 10.0-14.0 | 58-68 | 3 - 6 |

The highest mud weight needed to balance formation is expected to be 11.5 ppg. In order to maintain hole stability, mud weights up to 14.0 ppg may be utilized.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) H₂S monitoring and detection equipment will be utilized from surface casing point to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

Open-hole logs are not planned for this well.

GR-CCL Will be run in cased hole during completions phase of operations.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom-hole temperature (BHT) at TD is 181 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 7645 psig (based on 11.5 ppg MW). No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. Severe loss circulation is expected from 7,300' to Intermediate casing point.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 60-90 days will be required for completion and testing before a decision is made to install permanent facilities.

- (A) EOG Resources requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. If the timing between rigs is such that EOG Resources would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

11. WELLHEAD:

A multi-bowl wellhead system will be utilized.

After running the 10-3/4" surface casing, a 13-5/8" BOP/BOPE system with a minimum working pressure of 5000 psi will be installed on the wellhead system and will be pressure tested to 250 psi low followed by a 5000 psi pressure test. This pressure test will be repeated at least every 30 days, as per Onshore Order No. 2

The minimum working pressure of the BOP and related BOPE required for drilling below the surface casing shoe shall be 5000 psi.

The multi-bowl wellhead will be installed by vendor's representative(s). A copy of the installation instructions for the Stream Flo FBD100 Multi-Bowl WH system has been sent to the NM BLM office in Carlsbad, NM.

The wellhead will be installed by a third party welder while being monitored by WH vendor's representative.

All BOP equipment will be tested utilizing a conventional test plug. Not a cup or J-packer type.

A solid steel body pack-off will be utilized after running and cementing the intermediate casing. After installation the pack-off and lower flange will be pressure tested to 5000 psi.

Both the surface and intermediate casing strings will be tested as per Onshore Order No. 2 to at least 0.22 psi/ft or 1500 psi, whichever is greater.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

| | |
|-----------------------------------|---------|
| Rustler | 670' |
| Top of Salt | 1,260' |
| Base of Salt / Top Anhydrite | 5,110' |
| Base Anhydrite | 5,325' |
| Lamar | 5,325' |
| Bell Canyon | 5,358' |
| Cherry Canyon | 6,395' |
| Brushy Canyon | 8,104' |
| Bone Spring Lime | 9,604' |
| 1 st Bone Spring Sand | 10,598' |
| 2 nd Bone Spring Shale | 10,785' |
| 2 nd Bone Spring Sand | 11,121' |
| 3 rd Bone Spring Carb | 11,585' |
| 3 rd Bone Spring Sand | 12,190' |
| Wolfcamp | 12,617' |
| TD | 12,785' |

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

| | | |
|-----------------------------------|---------|-------------|
| Upper Permian Sands | 0- 400' | Fresh Water |
| Cherry Canyon | 6,395' | Oil |
| Brushy Canyon | 8,104' | Oil |
| 1 st Bone Spring Sand | 10,598' | Oil |
| 2 nd Bone Spring Shale | 10,785' | Oil |
| 2 nd Bone Spring Sand | 11,121' | Oil |
| 3 rd Bone Spring Carb | 11,585' | Oil |
| 3 rd Bone Spring Sand | 12,190' | Oil |
| Wolfcamp | 12,617' | Oil |

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 10.75" casing at 695' and circulating cement back to surface.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

4. CASING PROGRAM - NEW

| Hole Size | Interval | Csg OD | Weight | Grade | Conn | DF _{min} Collapse | DF _{min} Burst | DF _{min} Tension |
|-----------|------------------|--------|--------|---------|--------------|----------------------------|-------------------------|---------------------------|
| 14.75" | 0 – 695' | 10.75" | 40.5# | J55 | STC | 1.125 | 1.25 | 1.60 |
| 9.875" | 0 – 1,000' | 7.625" | 29.7# | HCP-110 | LTC | 1.125 | 1.25 | 1.60 |
| 9.875" | 1,000' – 3,000' | 7.625" | 29.7# | P-110EC | SLIJ II | 1.125 | 1.25 | 1.60 |
| 8.75" | 3,000' – 11,700' | 7.625" | 29.7# | HCP-110 | FlushMax III | 1.125 | 1.25 | 1.60 |
| 6.75" | 0' – 11,200' | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |
| 6.75" | 11,200'-20,229' | 5.5" | 20# | P-110EC | VAM SFC | 1.125 | 1.25 | 1.60 |

Variance is requested to wave the centralizer requirements for the 7-5/8" FJ casing in the 8-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 8-3/4" hole interval to maximize cement bond and zonal isolation.

Variance is also requested to wave any centralizer requirements for the 5-1/2" FJ casing in the 6-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 6-3/4" hole interval to maximize cement bond and zonal isolation.

Cementing Program:

| Depth | No. Sacks | Wt. ppg | Yld Ft ³ /ft | Mix Water Gal/sk | Slurry Description |
|-------------------|-----------|---------|-------------------------|------------------|---|
| 10-3/4" 695' | 325 | 13.5 | 1.73 | 9.13 | Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| | 200 | 14.8 | 1.34 | 6.34 | Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate |
| 7-5/8" 11,700' | 250 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead (TOC @ Surface) |
| | 2000 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead |
| | 550 | 14.4 | 1.20 | 4.81 | 50:50 Class H:Poz + 0.25% CPT20A + 0.40% CPT49 + 0.20% CPT35 + 0.80% CPT16A + 0.25% CPT503P pumped Conventionally |
| 5-1/2" 20,229' | 850 | 14.1 | 1.26 | 5.80 | Class H + 0.1% C-20 + 0.05% CSA-1000 + 0.20% C-49 + 0.40% C-17 (TOC @ 11,200') |

Note: Cement volumes based on bit size plus at least 25% excess in the open hole plus 10% excess in the cased-hole overlap section.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line).

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (10,000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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.

A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal.

The applicable depths and properties of the drilling fluid systems are as follows.

| Depth | Type | Weight (ppg) | Viscosity | Water Loss |
|------------------------------|-------------|--------------|-----------|------------|
| 0 – 695' | Fresh - Gel | 8.6-8.8 | 28-34 | N/c |
| 695' – 11,700' | Brine | 8.8-10.0 | 28-34 | N/c |
| 11,700' – 20,229' Lateral | Oil Base | 10.0-14.0 | 58-68 | 3 - 6 |

The highest mud weight needed to balance formation is expected to be 11.5 ppg. In order to maintain hole stability, mud weights up to 14.0 ppg may be utilized.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) H₂S monitoring and detection equipment will be utilized from surface casing point to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

Open-hole logs are not planned for this well.

GR-CCL Will be run in cased hole during completions phase of operations.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom-hole temperature (BHT) at TD is 181 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 7645 psig (based on 11.5 ppg MW). No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. Severe loss circulation is expected from 7,300' to Intermediate casing point.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 60-90 days will be required for completion and testing before a decision is made to install permanent facilities.

- (A) EOG Resources requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. If the timing between rigs is such that EOG Resources would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

11. WELLHEAD:

A multi-bowl wellhead system will be utilized.

After running the 10-3/4" surface casing, a 13-5/8" BOP/BOPE system with a minimum working pressure of 5000 psi will be installed on the wellhead system and will be pressure tested to 250 psi low followed by a 5000 psi pressure test. This pressure test will be repeated at least every 30 days, as per Onshore Order No. 2.

The minimum working pressure of the BOP and related BOPE required for drilling below the surface casing shoe shall be 5000 psi.

The multi-bowl wellhead will be installed by vendor's representative(s). A copy of the installation instructions for the Stream Flo FBD100 Multi-Bowl WH system has been sent to the NM BLM office in Carlsbad, NM.

The wellhead will be installed by a third party welder while being monitored by WH vendor's representative.

All BOP equipment will be tested utilizing a conventional test plug. Not a cup or J-packer type.

A solid steel body pack-off will be utilized after running and cementing the intermediate casing. After installation the pack-off and lower flange will be pressure tested to 5000 psi.

Both the surface and intermediate casing strings will be tested as per Onshore Order No. 2 to at least 0.22 psi/ft or 1500 psi, whichever is greater.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

| | |
|-----------------------------------|---------|
| Rustler | 670' |
| Top of Salt | 1,260' |
| Base of Salt / Top Anhydrite | 5,110' |
| Base Anhydrite | 5,325' |
| Lamar | 5,325' |
| Bell Canyon | 5,358' |
| Cherry Canyon | 6,395' |
| Brushy Canyon | 8,104' |
| Bone Spring Lime | 9,604' |
| 1 st Bone Spring Sand | 10,598' |
| 2 nd Bone Spring Shale | 10,785' |
| 2 nd Bone Spring Sand | 11,121' |
| 3 rd Bone Spring Carb | 11,585' |
| 3 rd Bone Spring Sand | 12,190' |
| Wolfcamp | 12,617' |
| TD | 12,785' |

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

| | | |
|-----------------------------------|---------|-------------|
| Upper Permian Sands | 0- 400' | Fresh Water |
| Cherry Canyon | 6,395' | Oil |
| Brushy Canyon | 8,104' | Oil |
| 1 st Bone Spring Sand | 10,598' | Oil |
| 2 nd Bone Spring Shale | 10,785' | Oil |
| 2 nd Bone Spring Sand | 11,121' | Oil |
| 3 rd Bone Spring Carb | 11,585' | Oil |
| 3 rd Bone Spring Sand | 12,190' | Oil |
| Wolfcamp | 12,617' | Oil |

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 10.75" casing at 695' and circulating cement back to surface.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

4. CASING PROGRAM - NEW

| Hole Size | Interval | Csg OD | Weight | Grade | Conn | DF _{min} Collapse | DF _{min} Burst | DF _{min} Tension |
|-----------|------------------|--------|--------|---------|--------------|----------------------------|-------------------------|---------------------------|
| 14.75" | 0 – 695' | 10.75" | 40.5# | J55 | STC | 1.125 | 1.25 | 1.60 |
| 9.875" | 0 – 1,000' | 7.625" | 29.7# | HCP-110 | LTC | 1.125 | 1.25 | 1.60 |
| 9.875" | 1,000' – 3,000' | 7.625" | 29.7# | P-110EC | SLIJ II | 1.125 | 1.25 | 1.60 |
| 8.75" | 3,000' – 11,700' | 7.625" | 29.7# | HCP-110 | FlushMax III | 1.125 | 1.25 | 1.60 |
| 6.75" | 0' – 11,200' | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |
| 6.75" | 11,200'-20,229' | 5.5" | 20# | P-110EC | VAM SFC | 1.125 | 1.25 | 1.60 |

Variance is requested to wave the centralizer requirements for the 7-5/8" FJ casing in the 8-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 8-3/4" hole interval to maximize cement bond and zonal isolation.

Variance is also requested to wave any centralizer requirements for the 5-1/2" FJ casing in the 6-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 6-3/4" hole interval to maximize cement bond and zonal isolation.

Cementing Program:

| Depth | No. Sacks | Wt. ppg | Yld Ft ³ /ft | Mix Water Gal/sk | Slurry Description |
|-------------------|-----------|---------|-------------------------|------------------|---|
| 10-3/4" 695' | 325 | 13.5 | 1.73 | 9.13 | Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| | 200 | 14.8 | 1.34 | 6.34 | Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate |
| 7-5/8" 11,700' | 250 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead (TOC @ Surface) |
| | 2000 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead |
| | 550 | 14.4 | 1.20 | 4.81 | 50:50 Class H:Poz + 0.25% CPT20A + 0.40% CPT49 + 0.20% CPT35 + 0.80% CPT16A + 0.25% CPT503P pumped Conventionally |
| 5-1/2" 20,229' | 850 | 14.1 | 1.26 | 5.80 | Class H + 0.1% C-20 + 0.05% CSA-1000 + 0.20% C-49 + 0.40% C-17 (TOC @ 11,200') |

Note: Cement volumes based on bit size plus at least 25% excess in the open hole plus 10% excess in the cased-hole overlap section.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line).

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (10,000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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.

A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal.

The applicable depths and properties of the drilling fluid systems are as follows.

| Depth | Type | Weight (ppg) | Viscosity | Water Loss |
|------------------------------|-------------|--------------|-----------|------------|
| 0 - 695' | Fresh - Gel | 8.6-8.8 | 28-34 | N/c |
| 695' - 11,700' | Brine | 8.8-10.0 | 28-34 | N/c |
| 11,700' - 20,229' Lateral | Oil Base | 10.0-14.0 | 58-68 | 3 - 6 |

The highest mud weight needed to balance formation is expected to be 11.5 ppg. In order to maintain hole stability, mud weights up to 14.0 ppg may be utilized.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) H₂S monitoring and detection equipment will be utilized from surface casing point to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

Open-hole logs are not planned for this well.

GR-CCL Will be run in cased hole during completions phase of operations.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom-hole temperature (BHT) at TD is 181 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 7645 psig (based on 11.5 ppg MW). No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. Severe loss circulation is expected from 7,300' to Intermediate casing point.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 60-90 days will be required for completion and testing before a decision is made to install permanent facilities.

- (A) EOG Resources requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. If the timing between rigs is such that EOG Resources would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

11. WELLHEAD:

A multi-bowl wellhead system will be utilized.

After running the 10-3/4" surface casing, a 13-5/8" BOP/BOPE system with a minimum working pressure of 5000 psi will be installed on the wellhead system and will be pressure tested to 250 psi low followed by a 5000 psi pressure test. This pressure test will be repeated at least every 30 days, as per Onshore Order No. 2

The minimum working pressure of the BOP and related BOPE required for drilling below the surface casing shoe shall be 5000 psi.

The multi-bowl wellhead will be installed by vendor's representative(s). A copy of the installation instructions for the Stream Flo FBD100 Multi-Bowl WH system has been sent to the NM BLM office in Carlsbad, NM.

The wellhead will be installed by a third party welder while being monitored by WH vendor's representative.

All BOP equipment will be tested utilizing a conventional test plug. Not a cup or J-packer type.

A solid steel body pack-off will be utilized after running and cementing the intermediate casing. After installation the pack-off and lower flange will be pressure tested to 5000 psi.

Both the surface and intermediate casing strings will be tested as per Onshore Order No. 2 to at least 0.22 psi/ft or 1500 psi, whichever is greater.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

| | |
|-----------------------------------|---------|
| Rustler | 670' |
| Top of Salt | 1,260' |
| Base of Salt / Top Anhydrite | 5,110' |
| Base Anhydrite | 5,325' |
| Lamar | 5,325' |
| Bell Canyon | 5,358' |
| Cherry Canyon | 6,395' |
| Brushy Canyon | 8,104' |
| Bone Spring Lime | 9,604' |
| 1 st Bone Spring Sand | 10,598' |
| 2 nd Bone Spring Shale | 10,785' |
| 2 nd Bone Spring Sand | 11,121' |
| 3 rd Bone Spring Carb | 11,585' |
| 3 rd Bone Spring Sand | 12,190' |
| Wolfcamp | 12,617' |
| TD | 12,785' |

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

| | | |
|-----------------------------------|---------|-------------|
| Upper Permian Sands | 0- 400' | Fresh Water |
| Cherry Canyon | 6,395' | Oil |
| Brushy Canyon | 8,104' | Oil |
| 1 st Bone Spring Sand | 10,598' | Oil |
| 2 nd Bone Spring Shale | 10,785' | Oil |
| 2 nd Bone Spring Sand | 11,121' | Oil |
| 3 rd Bone Spring Carb | 11,585' | Oil |
| 3 rd Bone Spring Sand | 12,190' | Oil |
| Wolfcamp | 12,617' | Oil |

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 10.75" casing at 695' and circulating cement back to surface.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

4. CASING PROGRAM - NEW

| Hole Size | Interval | Csg OD | Weight | Grade | Conn | DF _{min} Collapse | DF _{min} Burst | DF _{min} Tension |
|-----------|------------------|--------|--------|---------|--------------|----------------------------|-------------------------|---------------------------|
| 14.75" | 0 – 695' | 10.75" | 40.5# | J55 | STC | 1.125 | 1.25 | 1.60 |
| 9.875" | 0 – 1,000' | 7.625" | 29.7# | HCP-110 | LTC | 1.125 | 1.25 | 1.60 |
| 9.875" | 1,000' – 3,000' | 7.625" | 29.7# | P-110EC | SLIJ II | 1.125 | 1.25 | 1.60 |
| 8.75" | 3,000' – 11,700' | 7.625" | 29.7# | HCP-110 | FlushMax III | 1.125 | 1.25 | 1.60 |
| 6.75" | 0' – 11,200' | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |
| 6.75" | 11,200' -20,229' | 5.5" | 20# | P-110EC | VAM SFC | 1.125 | 1.25 | 1.60 |

Variance is requested to wave the centralizer requirements for the 7-5/8" FJ casing in the 8-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 8-3/4" hole interval to maximize cement bond and zonal isolation.

Variance is also requested to wave any centralizer requirements for the 5-1/2" FJ casing in the 6-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 6-3/4" hole interval to maximize cement bond and zonal isolation.

Cementing Program:

| Depth | No. Sacks | Wt. ppg | Yld Ft ³ /ft | Mix Water Gal/sk | Slurry Description |
|-------------------|-----------|---------|-------------------------|------------------|---|
| 10-3/4" 695' | 325 | 13.5 | 1.73 | 9.13 | Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| | 200 | 14.8 | 1.34 | 6.34 | Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate |
| 7-5/8" 11,700' | 250 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead (TOC @ Surface) |
| | 2000 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead |
| | 550 | 14.4 | 1.20 | 4.81 | 50:50 Class H:Poz + 0.25% CPT20A + 0.40% CPT49 + 0.20% CPT35 + 0.80% CPT16A + 0.25% CPT503P pumped Conventionally |
| 5-1/2" 20,229' | 850 | 14.1 | 1.26 | 5.80 | Class H + 0.1% C-20 + 0.05% CSA-1000 + 0.20% C-49 + 0.40% C-17 (TOC @ 11,200') |

Note: Cement volumes based on bit size plus at least 25% excess in the open hole plus 10% excess in the cased-hole overlap section.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line).

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (10,000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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.

A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal.

The applicable depths and properties of the drilling fluid systems are as follows.

| Depth | Type | Weight (ppg) | Viscosity | Water Loss |
|------------------------------|-------------|--------------|-----------|------------|
| 0 – 695' | Fresh - Gel | 8.6-8.8 | 28-34 | N/c |
| 695' – 11,700' | Brine | 8.8-10.0 | 28-34 | N/c |
| 11,700' – 20,229' Lateral | Oil Base | 10.0-14.0 | 58-68 | 3 - 6 |

The highest mud weight needed to balance formation is expected to be 11.5 ppg. In order to maintain hole stability, mud weights up to 14.0 ppg may be utilized.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) H₂S monitoring and detection equipment will be utilized from surface casing point to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

Open-hole logs are not planned for this well.

GR-CCL Will be run in cased hole during completions phase of operations.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom-hole temperature (BHT) at TD is 181 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 7645 psig (based on 11.5 ppg MW). No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. Severe loss circulation is expected from 7,300' to Intermediate casing point.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 60-90 days will be required for completion and testing before a decision is made to install permanent facilities.

- (A) EOG Resources requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. If the timing between rigs is such that EOG Resources would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

11. WELLHEAD:

A multi-bowl wellhead system will be utilized.

After running the 10-3/4" surface casing, a 13-5/8" BOP/BOPE system with a minimum working pressure of 5000 psi will be installed on the wellhead system and will be pressure tested to 250 psi low followed by a 5000 psi pressure test. This pressure test will be repeated at least every 30 days, as per Onshore Order No. 2

The minimum working pressure of the BOP and related BOPE required for drilling below the surface casing shoe shall be 5000 psi.

The multi-bowl wellhead will be installed by vendor's representative(s). A copy of the installation instructions for the Stream Flo FBD100 Multi-Bowl WH system has been sent to the NM BLM office in Carlsbad, NM.

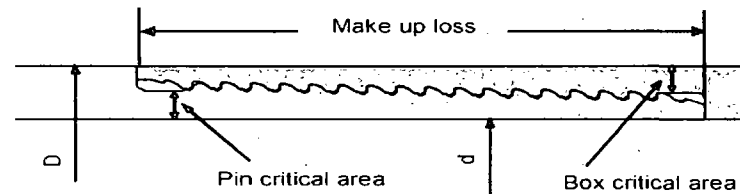
The wellhead will be installed by a third party welder while being monitored by WH vendor's representative.

All BOP equipment will be tested utilizing a conventional test plug. Not a cup or J-packer type.

A solid steel body pack-off will be utilized after running and cementing the intermediate casing. After installation the pack-off and lower flange will be pressure tested to 5000 psi.

Both the surface and intermediate casing strings will be tested as per Onshore Order No. 2 to at least 0.22 psi/ft or 1500 psi, whichever is greater.

| | | | |
|----------------|--|------|----------|
| Metal One Corp | FLUSHMAX-III Connection Data Sheet | Page | 44-0 |
| | | Date | 1-Oct-15 |
| | | Rev. | N-0 |



| Pipe Body | Imperial | | S.I. | |
|-------------------------|----------|-----------------|--------|-----------------|
| Grade | P110 | | P110 | |
| Pipe OD (D) | 7 5/8 | in | 193.68 | mm |
| Weight | 29.7 | lb/ft | 44.25 | kg/m |
| Actual weight | 29.0 | lb/ft | 43.26 | kg/m |
| Wall thickness (t) | 0.375 | in | 9.53 | mm |
| Pipe ID (d) | 6.875 | in | 174.63 | mm |
| Pipe body cross section | 8.537 | in ² | 5,508 | mm ² |
| Drift Dia. | 6.750 | in | 171.45 | mm |

| Connection | | | | |
|-----------------------|------------------------|-----------------|--------|-----------------|
| Box OD (W) | 7.625 | in | 193.68 | mm |
| PIN ID | 6.875 | in | 174.63 | mm |
| Pin critical area | 4.420 | in ² | 2,852 | mm ² |
| Box critical area | 4.424 | in ² | 2,854 | mm ² |
| Joint load efficiency | 60 | % | 60 | % |
| Make up loss | 3.040 | in | 77.22 | mm |
| Thread taper | 1/16 (3/4 in per ft) | | | |
| Number of threads | 5 thread per in. | | | |

Connection Performance Properties

| | | | | |
|--------------------|-------|------|-------|-----|
| Tensile Yield load | 563.4 | kips | 2,506 | kN |
| M.I.Y.P. | 7,574 | psi | 52.2 | MPa |
| Collapse strength | 5,350 | psi | 36.9 | MPa |

Note

M.I.Y.P. = Minimum Internal Yield Pressure of the connection

Torque Recommended

| | | | | |
|------------------|--------|-------|--------|-----|
| Min. | 8,700 | ft-lb | 11,700 | N-m |
| Opti. | 9,700 | ft-lb | 13,100 | N-m |
| Max. | 10,700 | ft-lb | 14,500 | N-m |
| Operational Max. | 23,600 | ft-lb | 32,000 | N-m |

Note : Operational Max. torque can be applied for high torque application

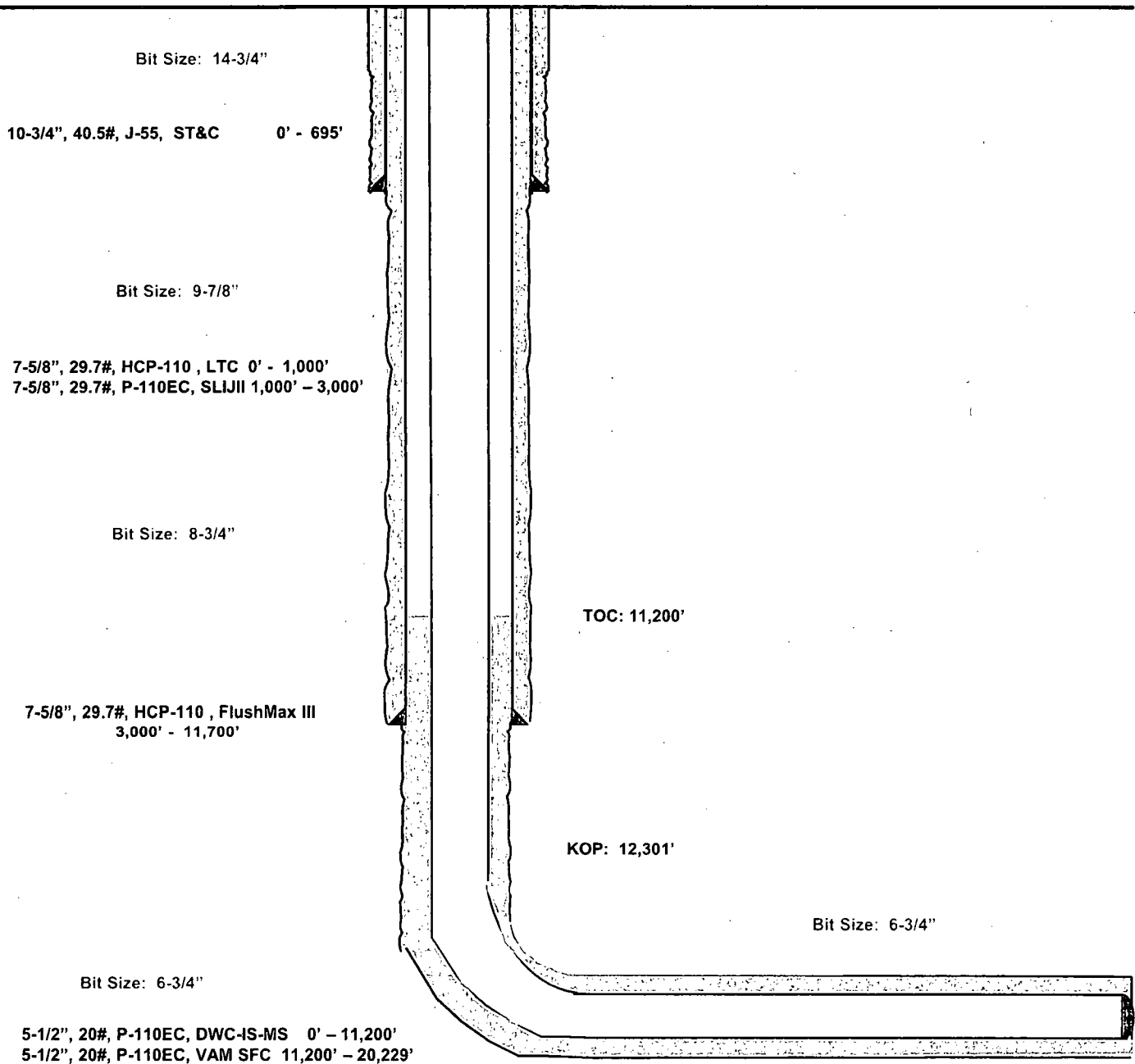
Nautilus 16 Fed Com #706H

**280' FSL
1855' FWL
Section 16
T-26-S, R-34-E**

**Lea County, New Mexico
Proposed Wellbore**

API: 30-025-*****

**KB: 3,340'
GL: 3,315'**



Lateral: 20,229' MD, 12,772' TVD
Upper Most Perf:
330' FSL & 2120' FWL Sec. 16
Lower Most Perf:
2313' FSL & 2120' FWL Sec. 9
BH Location: 2413' FSL & 2120' FWL
Section 9
T-26-S, R-34-E

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

| | |
|-----------------------------------|---------|
| Rustler | 670' |
| Top of Salt | 1,260' |
| Base of Salt / Top Anhydrite | 5,110' |
| Base Anhydrite | 5,325' |
| Lamar | 5,325' |
| Bell Canyon | 5,358' |
| Cherry Canyon | 6,395' |
| Brushy Canyon | 8,104' |
| Bone Spring Lime | 9,604' |
| 1 st Bone Spring Sand | 10,598' |
| 2 nd Bone Spring Shale | 10,785' |
| 2 nd Bone Spring Sand | 11,121' |
| 3 rd Bone Spring Carb | 11,585' |
| 3 rd Bone Spring Sand | 12,190' |
| Wolfcamp | 12,617' |
| TD | 12,785' |

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

| | | |
|-----------------------------------|---------|-------------|
| Upper Permian Sands | 0- 400' | Fresh Water |
| Cherry Canyon | 6,395' | Oil |
| Brushy Canyon | 8,104' | Oil |
| 1 st Bone Spring Sand | 10,598' | Oil |
| 2 nd Bone Spring Shale | 10,785' | Oil |
| 2 nd Bone Spring Sand | 11,121' | Oil |
| 3 rd Bone Spring Carb | 11,585' | Oil |
| 3 rd Bone Spring Sand | 12,190' | Oil |
| Wolfcamp | 12,617' | Oil |

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 10.75" casing at 695' and circulating cement back to surface.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

4. CASING PROGRAM - NEW

| Hole Size | Interval | Csg OD | Weight | Grade | Conn | DF _{min} Collapse | DF _{min} Burst | DF _{min} Tension |
|-----------|------------------|--------|--------|---------|--------------|----------------------------|-------------------------|---------------------------|
| 14.75" | 0 – 695' | 10.75" | 40.5# | J55 | STC | 1.125 | 1.25 | 1.60 |
| 9.875" | 0 – 1,000' | 7.625" | 29.7# | HCP-110 | LTC | 1.125 | 1.25 | 1.60 |
| 9.875" | 1,000' – 3,000' | 7.625" | 29.7# | P-110EC | SLIJ II | 1.125 | 1.25 | 1.60 |
| 8.75" | 3,000' – 11,700' | 7.625" | 29.7# | HCP-110 | FlushMax III | 1.125 | 1.25 | 1.60 |
| 6.75" | 0' – 11,200' | 5.5" | 20# | P-110EC | DWC/C-IS MS | 1.125 | 1.25 | 1.60 |
| 6.75" | 11,200'-20,229' | 5.5" | 20# | P-110EC | VAM SFC | 1.125 | 1.25 | 1.60 |

Variance is requested to wave the centralizer requirements for the 7-5/8" FJ casing in the 8-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 8-3/4" hole interval to maximize cement bond and zonal isolation.

Variance is also requested to wave any centralizer requirements for the 5-1/2" FJ casing in the 6-3/4" hole size. An expansion additive will be utilized, in the cement slurry, for the entire length of the 6-3/4" hole interval to maximize cement bond and zonal isolation.

Cementing Program:

| Depth | No. Sacks | Wt. ppg | Yld Ft ³ /ft | Mix Water Gal/sk | Slurry Description |
|-------------------|-----------|---------|-------------------------|------------------|---|
| 10-3/4" 695' | 325 | 13.5 | 1.73 | 9.13 | Class C + 4.0% Bentonite + 0.6% CD-32 + 0.5% CaCl ₂ + 0.25 lb/sk Cello-Flake (TOC @ Surface) |
| | 200 | 14.8 | 1.34 | 6.34 | Class C + 0.6% FL-62 + 0.25 lb/sk Cello-Flake + 0.2% Sodium Metasilicate |
| 7-5/8" 11,700' | 250 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead (TOC @ Surface) |
| | 2000 | 14.8 | 1.38 | 6.48 | Class C + 5% Gypsum + 3% CaCl ₂ pumped via Bradenhead |
| | 550 | 14.4 | 1.20 | 4.81 | 50:50 Class H:Poz + 0.25% CPT20A + 0.40% CPT49 + 0.20% CPT35 + 0.80% CPT16A + 0.25% CPT503P pumped Conventionally |
| 5-1/2" 20,229' | 850 | 14.1 | 1.26 | 5.80 | Class H + 0.1% C-20 + 0.05% CSA-1000 + 0.20% C-49 + 0.40% C-17 (TOC @ 11,200') |

Note: Cement volumes based on bit size plus at least 25% excess in the open hole plus 10% excess in the cased-hole overlap section.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Variance is requested to use a co-flex line between the BOP and choke manifold (instead of using a 4" OD steel line).

The minimum blowout preventer equipment (BOPE) shown in Exhibit #1 will consist of a single ram, mud cross and double ram-type (10,000 psi WP) preventer and an annular preventer (5000-psi WP). Both units will be hydraulically operated and the ram-type will be equipped with blind rams on bottom and drill pipe rams on top. All BOPE will be tested in accordance with Onshore Oil & Gas order No. 2.

Before drilling out of the surface casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The surface casing will be tested to 1500 psi for 30 minutes.

Before drilling out of the intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/ 250 psig and the annular preventer to 3500/ 250 psig. The intermediate casing will be tested to 2000 psi for 30 minutes.

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.

A hydraulically operated choke will be installed prior to drilling out of the intermediate casing shoe.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

During this procedure we plan to use a Closed-Loop System and haul contents to the required disposal.

The applicable depths and properties of the drilling fluid systems are as follows.

| Depth | Type | Weight (ppg) | Viscosity | Water Loss |
|------------------------------|-------------|--------------|-----------|------------|
| 0 - 695' | Fresh - Gel | 8.6-8.8 | 28-34 | N/c |
| 695' - 11,700' | Brine | 8.8-10.0 | 28-34 | N/c |
| 11,700' - 20,229' Lateral | Oil Base | 10.0-14.0 | 58-68 | 3 - 6 |

The highest mud weight needed to balance formation is expected to be 11.5 ppg. In order to maintain hole stability, mud weights up to 14.0 ppg may be utilized.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

An electronic pit volume totalizer (PVT) will be utilized on the circulating system, to monitor pit volume, flow rate, pump pressure and stroke rate.

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) H₂S monitoring and detection equipment will be utilized from surface casing point to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

Open-hole logs are not planned for this well.

GR-CCL Will be run in cased hole during completions phase of operations.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom-hole temperature (BHT) at TD is 181 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 7645 psig (based on 11.5 ppg MW). No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. Severe loss circulation is expected from 7,300' to Intermediate casing point.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 60-90 days will be required for completion and testing before a decision is made to install permanent facilities.

- (A) EOG Resources requests the option to contract a Surface Rig to drill, set surface casing, and cement on the subject well. If the timing between rigs is such that EOG Resources would not be able to preset the surface, the Primary Rig will MIRU and drill the well in its entirety per the APD.

EOG RESOURCES, INC.
NAUTILUS 16 FED COM NO. 706H

11. WELLHEAD:

A multi-bowl wellhead system will be utilized.

After running the 10-3/4" surface casing, a 13-5/8" BOP/BOPE system with a minimum working pressure of 5000 psi will be installed on the wellhead system and will be pressure tested to 250 psi low followed by a 5000 psi pressure test. This pressure test will be repeated at least every 30 days, as per Onshore Order No. 2

The minimum working pressure of the BOP and related BOPE required for drilling below the surface casing shoe shall be 5000 psi.

The multi-bowl wellhead will be installed by vendor's representative(s). A copy of the installation instructions for the Stream Flo FBD100 Multi-Bowl WH system has been sent to the NM BLM office in Carlsbad, NM.

The wellhead will be installed by a third party welder while being monitored by WH vendor's representative.

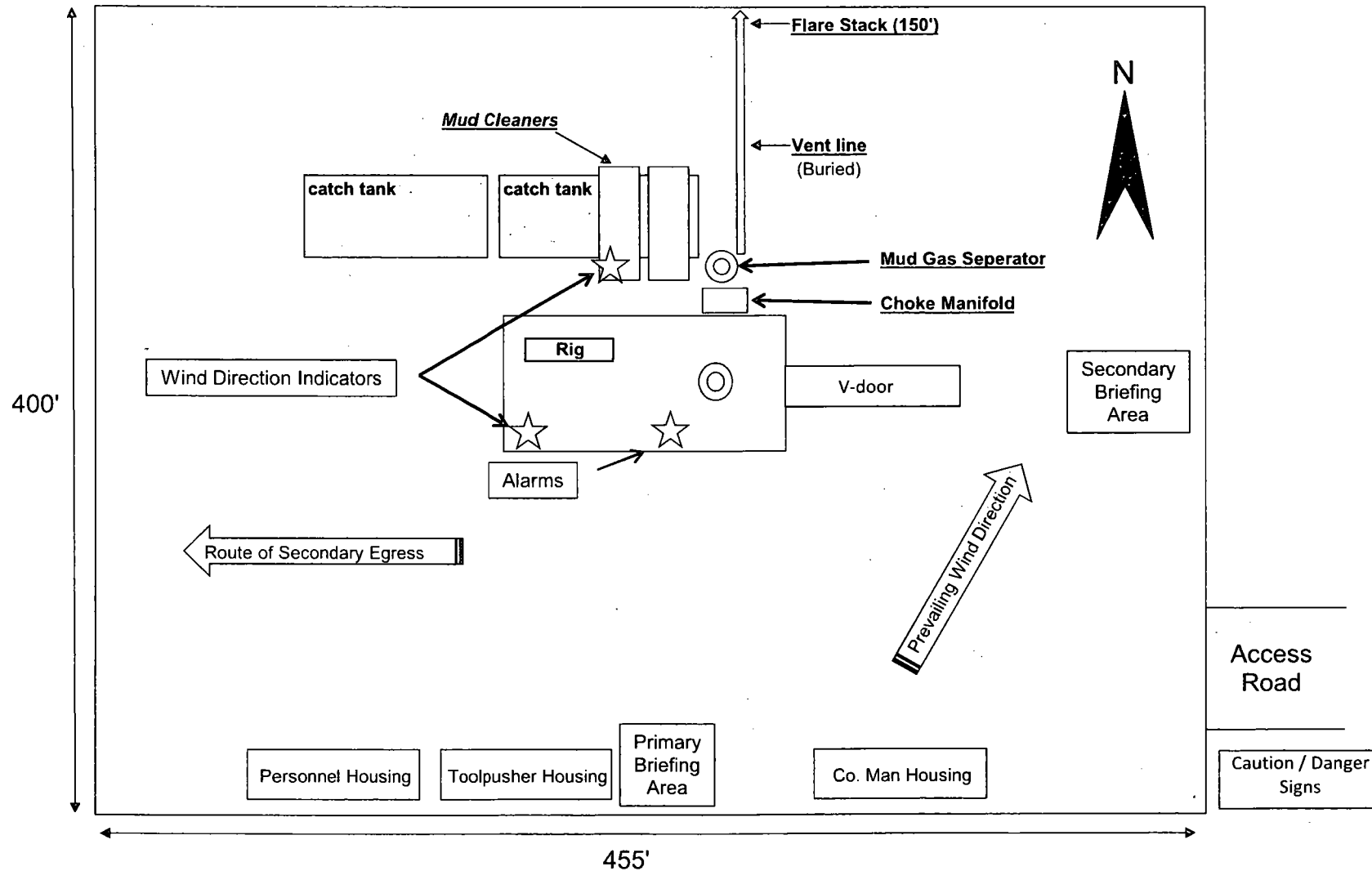
All BOP equipment will be tested utilizing a conventional test plug. Not a cup or J-packer type.

A solid steel body pack-off will be utilized after running and cementing the intermediate casing. After installation the pack-off and lower flange will be pressure tested to 5000 psi.

Both the surface and intermediate casing strings will be tested as per Onshore Order No. 2 to at least 0.22 psi/ft or 1500 psi, whichever is greater.

Exhibit 4
EOG Resources
Nautilus 16 Fed Com #706H

Well Site Diagram





United States Department of the Interior

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

620 E. GREENE ST.

CARLSBAD, NM 88220

BLM_NM_CFO_APD@BLM.GOV



In Reply To:

3160 (Office Code)

[NMNM66927]

06/02/2017

Attn: STAN WAGNER

EOG RESOURCES INC

1111 BAGBY SKY LOBBY2

HOUSTON, TX 77002

Re: Receipt and Acceptability of Application for Permit to Drill (APD)

FEDERAL - NMNM66927

Well Name / Number: **NAUTILUS 16 FED COM / 706H**

Legal Description: T26S, R34E, SEC 16, SESW

County, State: LEA, NM

Date APD Received: 03/24/2017

Dear Operator:

The BLM received your Application for Permit to Drill (APD) for the referenced well on 03/24/2017. The BLM reviewed the APD package pursuant to part III.D of Onshore Oil and Gas Order No.1 and it is:

1. ☒ Incomplete/Deficient *(The BLM cannot process the APD until you submit the identified items within 45 calendar days of the date of this notice or the BLM will return your APD.)*

- ☐ Well Plat
- ☒ Drilling Plan
- ☐ Surface Use Plan of Operations (SUPO)
- ☐ Certification of Private Surface Owner Access Agreement
- ☐ Bonding
- ☐ Onsite (The BLM has scheduled the onsite to be on _____)
This requirement is exempt of the 45-day timeframe to submit deficiencies. This requirement will be satisfied on the date of the onsite.
- ☒ Other

[Please See Addendum for further clarification of deficiencies]

2. ☐ Missing Necessary Information *(The BLM can start, but cannot complete the analysis until you submit the identified items. This is an early notice and the BLM will restate this in a 30-day deferral letter, if you have not submitted the information at that time. You will have two (2) years from the date of the deferral to submit this information or the BLM will deny your APD.)*

[Please See Addendum for further clarification of deficiencies]

NOTE: The BLM will return your APD package to you, unless you correct all deficiencies identified above (item 1) within 45 calendar days.

- The BLM will not refund an APD processing fee or apply it to another APD for any returned APD.

Extension Requests:

- If you know you will not be able to meet the 45-day timeframe for reasons beyond your control, you must submit a written request through email/standard mail for extension prior to the 45th calendar day from this notice, 07/17/2017.
- The BLM will consider the extension request if you can demonstrate your diligence (providing reasons and examples of why the delay is occurring beyond your control) in attempting to correct the deficiencies and can provide a date by which you will correct the deficiencies. If the BLM determines that the request does not warrant an extension, the BLM will return the APD as incomplete after the 45 calendar days have elapsed.
 - The BLM will determine whether to grant an extension beyond the required 45 calendar days and will document this request in the well file. If you fail to submit deficiencies by the date defined in the extension request, the BLM will return the APD.

APDs remaining Incomplete:

- If the APD is still not complete, the BLM will notify you and allow 10 additional business days to submit a written request to the BLM for an extension. The request must describe how you will address all outstanding deficiencies and the timeframe you request to complete the deficiencies.
 - The BLM will consider the extension request if you can prove your diligence (providing reasons and examples of why the delay is occurring) in attempting to correct the deficiencies and you can provide a date by which you will correct the deficiencies. If the BLM determines that the request does not warrant an additional extension, the BLM will return the APD as incomplete.

If you have any questions, please contact Alana Baker at (575) 234-5922.

Sincerely,

Cody Layton
Assistant Field Manager
Lands and Minerals

cc: Official File

ADDENDUM - Deficient

Engineering Comments

- BOP requirements are not met
 - 1. BOP Schematic must have a 10M Annular. Please resubmit with correction. ✓
- Engineering Review: Other identified drilling plan deficiencies
 - Not a deficiency but cannot approve APD without a waste minimization plan. Please attach state submitted gas capture plan (this will be a sufficient substitute for waste minimization plan). ✓

ADDENDUM - Incomplete or Necessary Information

Adjudication Comments

- Adjudicator additional information:
 - Lease number listed on 3160-3 is incorrect. Should be MM66927. Must be corrected in Section 1 of the application data. *corrected*
 - SHL is on unleased Federal land (no Federal minerals are located in this area). Rights-of-Way will be required for all surface disturbance in the south half of Sec. 16 T26S R34E.

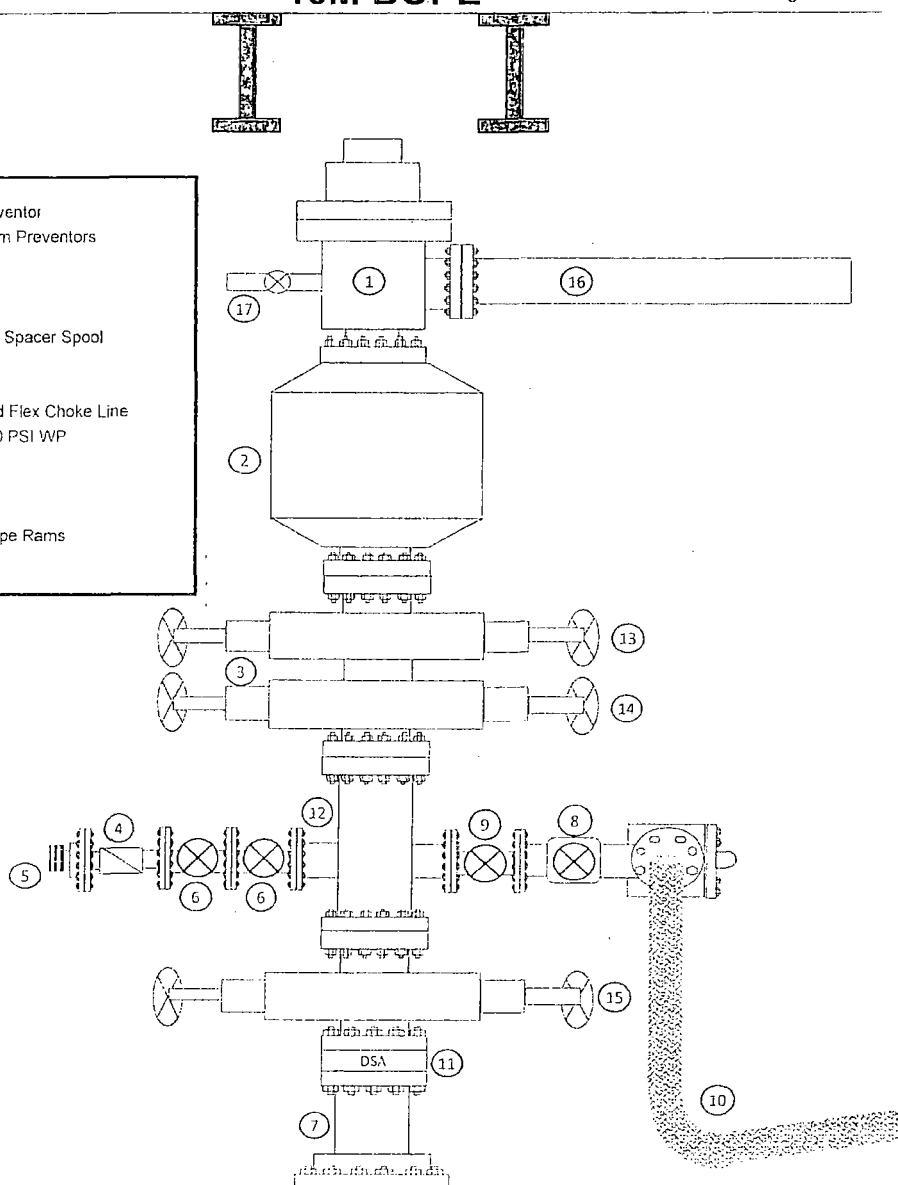
Exhibit 1

EOG Resources

10M BOPE

Rig Floor

1. 13 5/8" Rotating Head
2. Hydril 13 5/8" 10,000 PSI WP GK Annular Preventor
3. 13 5/8" Cameron Type "U" 10,000 PSI WP Ram Preventors
4. 2 1/16" - 10,000 PSI WP Check Valve
5. 10,000 PSI WP - 1502 Union to kill line
6. 2 1/16" - 10,000 PSI WP Manual Valves
7. 13 5/8" 3,000 PSI WP x 13 5/8" 5,000 PSI WP Spacer Spool
8. 4 1/16" 10,000 PSI WP HCR Valve
9. 4 1/16" 10,000 PSI WP Manual Valve
10. 6" OD x 3" ID 10,000 PSI WP Steel Armoured Flex Choke Line
11. DSA - 13 5/8" 10,000 PSI WP x 13 5/8" 5,000 PSI WP
12. Mud Cross - 13 5/8" 10,000 PSI WP
13. Blind Rams
14. Pipe Rams
15. 13 5/8" Cameron Type "U" 10,000 PSI WP Pipe Rams
16. Flow Line
17. 2" Fill Line



MIDWEST

HOSE AND SPECIALTY INC.

| INTERNAL HYDROSTATIC TEST REPORT | | | |
|--|-----------------------------|---|----------------------------|
| Customer: CACTUS | | P.O. Number: RIG #123 Asset # M10761 | |
| HOSE SPECIFICATIONS | | | |
| Type: CHOK LINE | | Length: 35' | |
| I.D. 4" INCHES | | O.D. 8" INCHES | |
| WORKING PRESSURE 10,000 PSI | TEST PRESSURE 15,000 PSI | | BURST PRESSURE PSI |
| COUPLINGS | | | |
| Type of End Fitting 4 1/16 10K FLANGE | | | |
| Type of Coupling: SWEDGED | | MANUFACTURED BY MIDWEST HOSE & SPECIALTY | |
| PROCEDURE | | | |
| <i>Hose assembly pressure tested with water at ambient temperature.</i> | | | |
| TIME HELD AT TEST PRESSURE 1 MIN. | | ACTUAL BURST PRESSURE: 0 PSI | |
| COMMENTS: SN#90067 M10761 Hose is covered with stainless steel armour cover and wrapped with fire resistant vermiculite coated fiberglass insulation rated for 1500 degrees complete with lifting eyes | | | |
| Date: 6/6/2011 | Tested By: BOBBY FINK | | Approved: MENDI JACKSON |



Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Graph

Customer: CACTUS

SALES ORDER# 90067

Hose Specifications

Hose Type

C & K

I.D.

4"

Working Pressure

10000 PSI

Length

35'

O.D.

8"

Burst Pressure

Standard Safety Multiplier Applies

Verification

Type of Fitting

4 1/16 10K

Die Size

6.62"

Hose Serial

Coupling Method

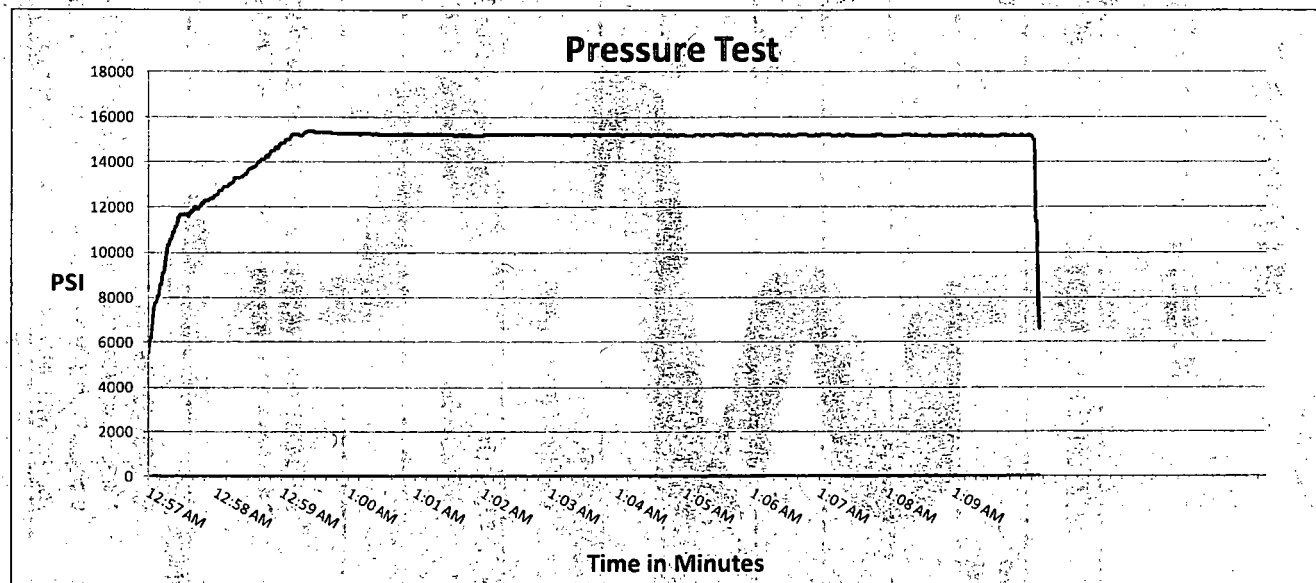
Swage

Final O.D.

6.68"

Hose Assembly Serial

90067



Test Pressure

15000 PSI

Time Held at Test Pressure

11 1/4 Minutes

Actual Burst Pressure

Peak Pressure

15439 PSI

Comments: Hose assembly pressure tested with water at ambient temperature.

Tested By: Bobby Fink

Approved By: Mendi Jackson

Bobby Fink

Mendi Jackson



APD ID: 10400012612

Submission Date: 03/24/2017

Highlighted data
reflects the most
recent changes

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - Existing Roads

Will existing roads be used? YES

Existing Road Map:

NAUTILUS_16_FED_COM_706H_vicinity_map_03-23-2017.pdf

Existing Road Purpose: ACCESS, FLUID TRANSPORT

Row(s) Exist? NO

ROW ID(s)

ID:

Do the existing roads need to be improved? NO

Existing Road Improvement Description:

Existing Road Improvement Attachment:

Section 2 - New or Reconstructed Access Roads

Will new roads be needed? YES

New Road Map:

NAUTILUS_16_FED_COM_706H_well_site_03-23-2017.pdf

Nautilus_16_Fed_Com_infrastructure_sketch_03-23-2017.pdf

New road type: RESOURCE

Length: 3981

Feet

Width (ft.): 24

Max slope (%): 2

Max grade (%): 20

Army Corp of Engineers (ACOE) permit required? NO

ACOE Permit Number(s):

New road travel width: 24

New road access erosion control: Newly constructed or reconstructed roads will be constructed as outlined in the BLM "Gold Book" and to meet the standards of the anticipated traffic flow and all anticipated weather requirements as needed. Construction will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-constructed and safe road. We plan to grade and water twice a year.

New road access plan or profile prepared? NO

New road access plan attachment:

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Access road engineering design? NO

Access road engineering design attachment:

Access surfacing type: OTHER

Access topsoil source: ONSITE

Access surfacing type description: 6" of Compacted Caliche

Access onsite topsoil source depth: 6

Offsite topsoil source description:

Onsite topsoil removal process: An adequate amount of topsoil/root zone will be stripped by dozer from the proposed well location and stockpiled along the side of the well location as depicted on the well site diagram / survey plat.

Access other construction information:

Access miscellaneous information:

Number of access turnouts:

Access turnout map:

Drainage Control

New road drainage crossing: OTHER

Drainage Control comments: No drainage crossings

Road Drainage Control Structures (DCS) description: N/A

Road Drainage Control Structures (DCS) attachment:

Access Additional Attachments

Additional Attachment(s):

Section 3 - Location of Existing Wells

Existing Wells Map? YES

Attach Well map:

NAUTILUS_16_FED_COM_706H_radius_map_03-23-2017.pdf

Existing Wells description:

Section 4 - Location of Existing and/or Proposed Production Facilities

Submit or defer a Proposed Production Facilities plan? SUBMIT

Estimated Production Facilities description:

Production Facilities description: Nautilus 16 Fed Com central tank battery is located in the NE/4 of section 16

Production Facilities map:

Nautilus_16_Fed_Com_infrastructure_sketch_03-23-2017.pdf

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Section 5 - Location and Types of Water Supply

Water Source Table

Water source use type: OTHER

Water source type: RECYCLED

Describe type:

Source latitude:

Source longitude:

Source datum:

Water source permit type: WATER RIGHT

Source land ownership: FEDERAL

Water source transport method: PIPELINE,TRUCKING

Source transportation land ownership: FEDERAL

Water source volume (barrels): 0

Source volume (acre-feet): 0

Source volume (gal): 0

Water source and transportation map:

Nautilus_16_Fed_Com_Water_Source_and_Caliche_Map_03-23-2017.pdf

Water source comments:

New water well? NO

New Water Well Info

Well latitude:

Well Longitude:

Well datum:

Well target aquifer:

Est. depth to top of aquifer(ft):

Est thickness of aquifer:

Aquifer comments:

Aquifer documentation:

Well depth (ft):

Well casing type:

Well casing outside diameter (in.):

Well casing inside diameter (in.):

New water well casing?

Used casing source:

Drilling method:

Drill material:

Grout material:

Grout depth:

Casing length (ft.):

Casing top depth (ft.):

Well Production type:

Completion Method:

Water well additional information:

State appropriation permit:

Additional information attachment:

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Section 6 - Construction Materials

Construction Materials description: Caliche will be supplied from pits shown on the attached caliche source map. Caliche utilized for the drilling pad will be obtained either from an existing approved mineral pit, or by benching into a hill, which will allow the pad to be level with existing caliche from the cut, or extracted by "Flipping" the well location. A mineral material permit will be obtained from BLM prior to excavating any caliche on Federal Lands. Amount will vary for each pad. The procedure for "Flipping" a well location is as follows: * -An adequate amount of topsoil/root zone (usually top 6 inches of soil) will be stripped from the proposed well location and stockpiled along the side of the well location as depicted on the well site diagram/survey plat. -An area will be used within the proposed well site dimensions to excavate caliche. Subsoil will be removed and stockpiled within the surveyed well pad dimensions. -Once caliche/surfacing mineral is found, the mineral material will be excavated and stock piled within the approved drilling pad dimensions. -Then, subsoil will be pushed back in the excavated hole and caliche will be spread accordingly across the entire well pad and road (if available). -Neither caliche, nor subsoil will be stock piled outside of the well pad dimensions. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat. * In the event that no caliche is found onsite, caliche will be hauled in from a BLM approved caliche pit or other established mineral pit. A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or federal land.

Construction Materials source location attachment:

Nautilus_16_Fed_Com_Water_Source_and_Caliche_Map_03-23-2017.pdf

Section 7 - Methods for Handling Waste

Waste type: DRILLING

Waste content description: Drill fluids and produced oil and water from the well during drilling and completion operations will be stored safely and disposed of properly in an NMOCD approved disposal facility. Garbage and trash produced during drilling and completion operations will be collected in a trash container and disposed of properly. Human waste and grey water will be properly contained of and disposed of properly. After drilling and completion operations; trash, chemicals, salts, frac sand, and other waste material will be removed and disposed of properly at a state approved disposal facility.

Amount of waste: 0 barrels

Waste disposal frequency : Daily

Safe containment description: Steel Tanks

Safe containmant attachment:

Waste disposal type: HAUL TO COMMERCIAL FACILITY **Disposal location ownership:** COMMERCIAL

Disposal type description:

Disposal location description: Trucked to NMOCD approved disposal facility

Reserve Pit

Reserve Pit being used? NO

Temporary disposal of produced water into reserve pit?

Reserve pit length (ft.) **Reserve pit width (ft.)**

Reserve pit depth (ft.) **Reserve pit volume (cu. yd.)**

Is at least 50% of the reserve pit in cut?

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Reserve pit liner

Reserve pit liner specifications and installation description

Cuttings Area

Cuttings Area being used? NO

Are you storing cuttings on location? YES

Description of cuttings location Closed Loop System. Drill cuttings will be disposed of into steel tanks and taken to an NMOCD approved disposal facility.

Cuttings area length (ft.)

Cuttings area width (ft.)

Cuttings area depth (ft.)

Cuttings area volume (cu. yd.)

Is at least 50% of the cuttings area in cut?

WCuttings area liner

Cuttings area liner specifications and installation description

Section 8 - Ancillary Facilities

Are you requesting any Ancillary Facilities?: NO

Ancillary Facilities attachment:

Comments:

Section 9 - Well Site Layout

Well Site Layout Diagram:

NAUTILUS_16_FED_COM_706H_pad_site_03-23-2017.pdf

NAUTILUS_16_FED_COM_706H_well_site_03-23-2017.pdf

Nautilus_16_Fed_Com_706H_Rig_Layout_03-24-2017.pdf

Comments: Exhibit 2A-Wellsite & Exhibit 2B-Padsite Rig Layout Exhibit 4

Section 10 - Plans for Surface Reclamation

Type of disturbance: NEW

Recontouring attachment:

NAUTILUS_16_FED_COM_706H_interim_reclamation_03-23-2017.pdf

Drainage/Erosion control construction: Proper erosion control methods will be used on the area to control erosion, runoff, and siltation of the surrounding area.

Drainage/Erosion control reclamation: The interim reclamation will be monitored periodically to ensure that vegetation has reestablished and that erosion is controlled.

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Wellpad long term disturbance (acres): 2.772039

Wellpad short term disturbance (acres): 4.178145

Access road long term disturbance (acres): 2.193388

Access road short term disturbance (acres): 2.193388

Pipeline long term disturbance (acres): 2.7417355

Pipeline short term disturbance (acres): 4.569559

Other long term disturbance (acres): 0

Other short term disturbance (acres): 0

Total long term disturbance: 7.7071624

Total short term disturbance: 10.9410925

Reconstruction method: In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads. Areas planned for interim reclamation will be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed slopes may be much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.

Topsoil redistribution: Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts and fills. To seed the area, the proper BLM seed mixture, free of noxious weeds, will be used. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.

Soil treatment: Re-seed according to BLM standards. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, and that erosion is controlled.

Existing Vegetation at the well pad: Grass, forbs, and small woody vegetation, such as mesquite will be excavated as the topsoil is removed. Large woody vegetation will be stripped and stored separately and respreads evenly on the site following topsoil resspreading. Topsoil depth is defined as the top layer of soil that contains 80% of the roots. In areas to be heavily disturbed, the top 6 inches of soil material, will be stripped and stockpiled on the perimeter of the well location and along the perimeter of the access road to control run-on and run-off, to keep topsoil viable, and to make redistribution of topsoil more efficient during interim reclamation. Stockpiled topsoil should include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils.

Existing Vegetation at the well pad attachment:

Existing Vegetation Community at the road: All disturbed areas, including roads, pipelines, pads, will be recontoured to the contour existing prior to the initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.

Existing Vegetation Community at the road attachment:

Existing Vegetation Community at the pipeline: All disturbed areas, including roads, pipelines, pads, will be recontoured to the contour existing prior to the initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.

Existing Vegetation Community at the pipeline attachment:

Existing Vegetation Community at other disturbances: All disturbed areas, including roads, pipelines, pads, will be recontoured to the contour existing prior to the initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.

Existing Vegetation Community at other disturbances attachment:

Non native seed used? NO

Non native seed description:

Seedling transplant description:

Will seedlings be transplanted for this project? NO

Seedling transplant description attachment:

Will seed be harvested for use in site reclamation? NO

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Seed harvest description:

Seed harvest description attachment:

Seed Management

Seed Table

Seed type:

Seed source:

Seed name:

Source name:

Source address:

Source phone:

Seed cultivar:

Seed use location:

PLS pounds per acre:

Proposed seeding season:

Seed Summary

Total pounds/Acre:

| Seed Type | Pounds/Acre |
|------------------|--------------------|
|------------------|--------------------|

Seed reclamation attachment:

Operator Contact/Responsible Official Contact Info

First Name: Stan

Last Name: Wagner

Phone: (432)686-3689

Email: stan_wagner@eogresources.com

Seedbed prep:

Seed BMP:

Seed method:

Existing invasive species? NO

Existing invasive species treatment description:

Existing invasive species treatment attachment:

Weed treatment plan description: All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, erosion is controlled, and free of noxious weeds. Weeds will be treated if found.

Weed treatment plan attachment:

Monitoring plan description: Reclamation will be completed within 6 months of well plugging. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, erosion is controlled, and free of noxious weeds.

Monitoring plan attachment:

Success standards: N/A

Pit closure description: NA

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Pit closure attachment:

Section 11 - Surface Ownership

Disturbance type: WELL PAD

Describe:

Surface Owner: BUREAU OF LAND MANAGEMENT

Other surface owner description:

BIA Local Office:

BOR Local Office:

COE Local Office:

DOD Local Office:

NPS Local Office:

State Local Office:

Military Local Office:

USFWS Local Office:

Other Local Office:

USFS Region:

USFS Forest/Grassland:

USFS Ranger District:

Fee Owner: Oliver Kiehne

Fee Owner Address: P.O. Box 135 Orla, TX 79770

Phone: (575)399-9281

Email:

Surface use plan certification: NO

Surface use plan certification document:

Surface access agreement or bond: Agreement

Surface Access Agreement Need description: surface use agreement

Surface Access Bond BLM or Forest Service:

BLM Surface Access Bond number:

USFS Surface access bond number:

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Section 12 - Other Information

Right of Way needed? NO

Use APD as ROW?

ROW Type(s):

ROW Applications

SUPO Additional Information: An onsite meeting was conducted 1/17/17. Poly lines are planned to transport water for operations. Will truck if necessary. See attached SUPO Plan.

Use a previously conducted onsite? NO

Previous Onsite information:

Other SUPO Attachment

NAUTILUS_16_FED_COM_706H_combined_03-23-2017.PDF

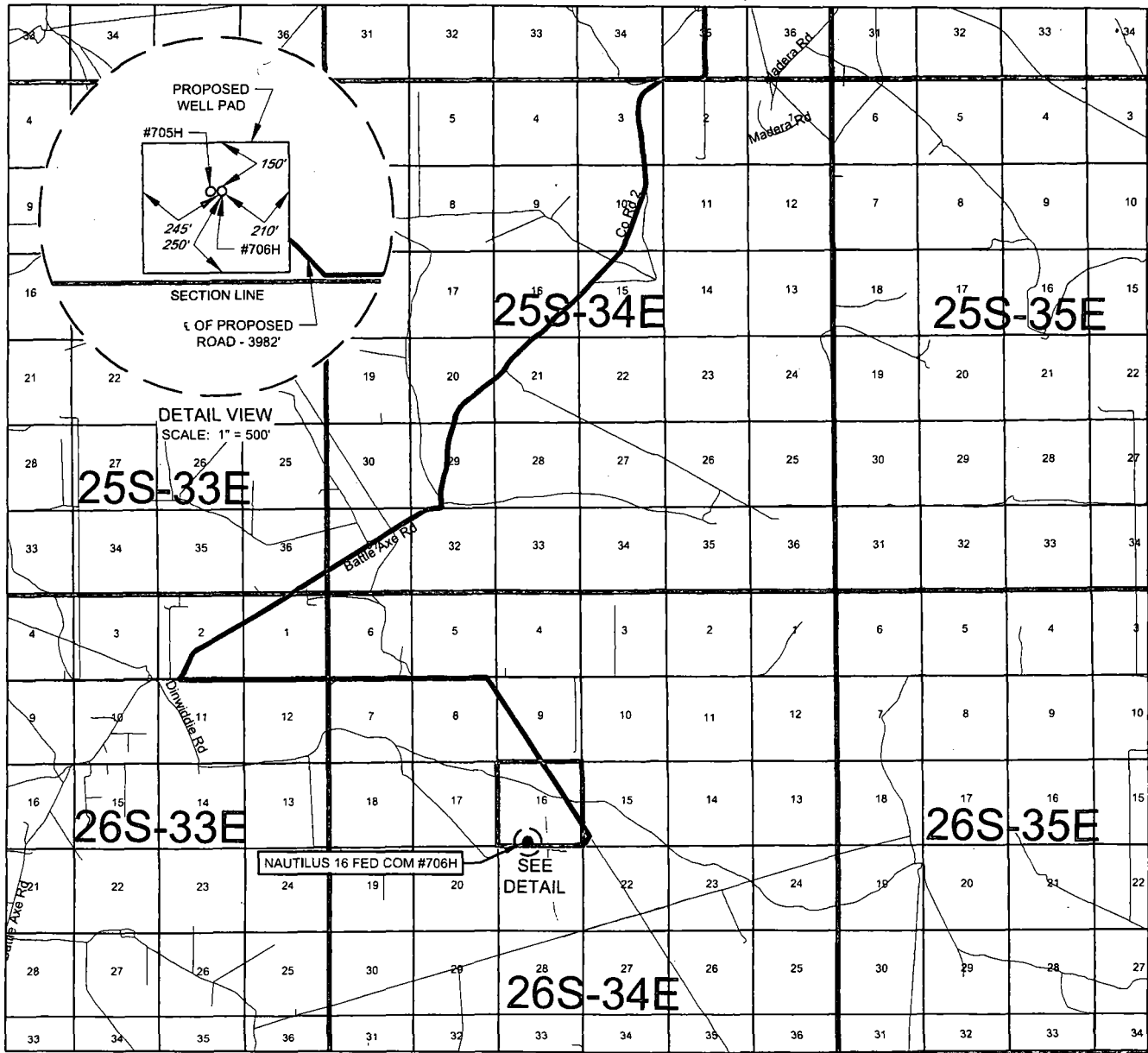
Nautilus_16_Fed_Com_infrastructure_sketch_03-23-2017.pdf

SUPO_Nautilus_16_Fed_Com_706H_03-23-2017.pdf

Nautilus_16_Fed_Com_706H_signed_C_102_03-24-2017.pdf

Nautilus_16_FC_706_deficiency_response_06-05-2017.pdf

EXHIBIT 2 VICINITY MAP



LEASE NAME & WELL NO.: NAUTILUS 16 FED COM #706H

SECTION 16 TWP 26-S RGE 34-E SURVEY N.M.P.M.
 COUNTY LEA STATE NM
 DESCRIPTION 280' FSL & 1855' FWL

DISTANCE & DIRECTION

FROM INT. OF NM-18 N. & NM-128, GO WEST ON NM-128 ±14.1 MILES,
THENCE SOUTH (LEFT) ON BATTLE AXE RD. ±10.1 MILES, THENCE
SOUTHEAST (LEFT) ON LEASE RD. ±4.3 MILES, THENCE SOUTHWEST
ON A PROPOSED RD. ±3982 FEET TO A POINT ±258 FEET SOUTHEAST
OF THE LOCATION.

THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY EOG RESOURCES, INC. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE OF THE NORTH AMERICAN DATUM 1927, U.S. SURVEY FEET.



SCALE: 1" = 10000'
 0' 5000' 10000'



TOPOGRAPHIC
 LOYALTY INNOVATION LEGACY

1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140

TELEPHONE: (817) 744-7512 • FAX (817) 744-7548

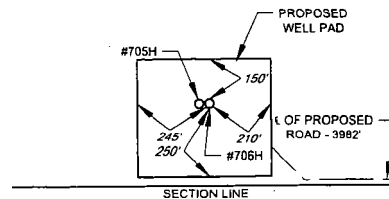
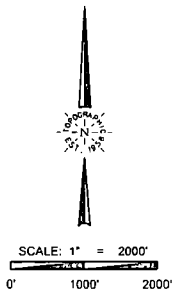
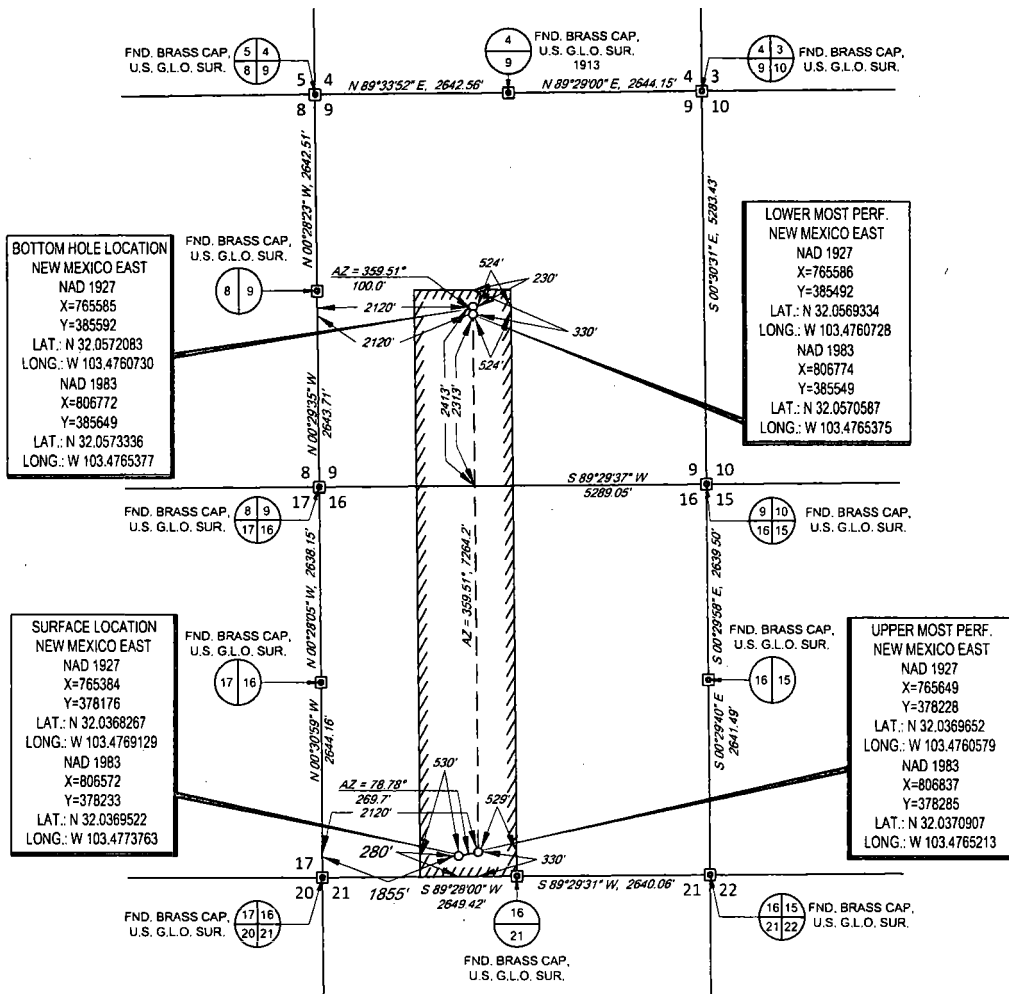
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705

TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743

WWW.TOPOGRAPHIC.COM

EXHIBIT 2A

SECTION 16, TOWNSHIP 26-S, RANGE 34-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



LEASE NAME & WELL NO.: NAUTILUS 16 FED COM #706H

SECTION 16 TWP 26-S RGE 34-E SURVEY N.M.P.M.
COUNTY LEA STATE NM
DESCRIPTION 280' FSL & 1855' FWL

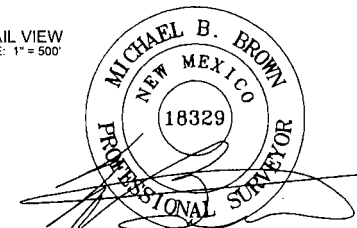
DISTANCE & DIRECTION

FROM INT. OF NM-18 N. & NM-128. GO WEST ON NM-128 ±14.1 MILES.
THENCE SOUTH (LEFT) ON BATTLE AXE RD. ±10.1 MILES. THENCE
SOUTHEAST (LEFT) ON LEASE RD. ±4.3 MILES. THENCE SOUTHWEST
ON A PROPOSED RD. ±3982 FEET TO A POINT ±258 FEET SOUTHEAST
OF THE LOCATION.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID
BASED UPON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE OF THE
NORTH AMERICAN DATUM 1927, U.S. SURVEY FEET.

THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND
UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF
SURVEY, AND DATA PROVIDED BY EOG RESOURCES, INC. THIS CERTIFICATION IS MADE AND LIMITED
TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE.
THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.

DETAIL VIEW
SCALE: 1" = 500'



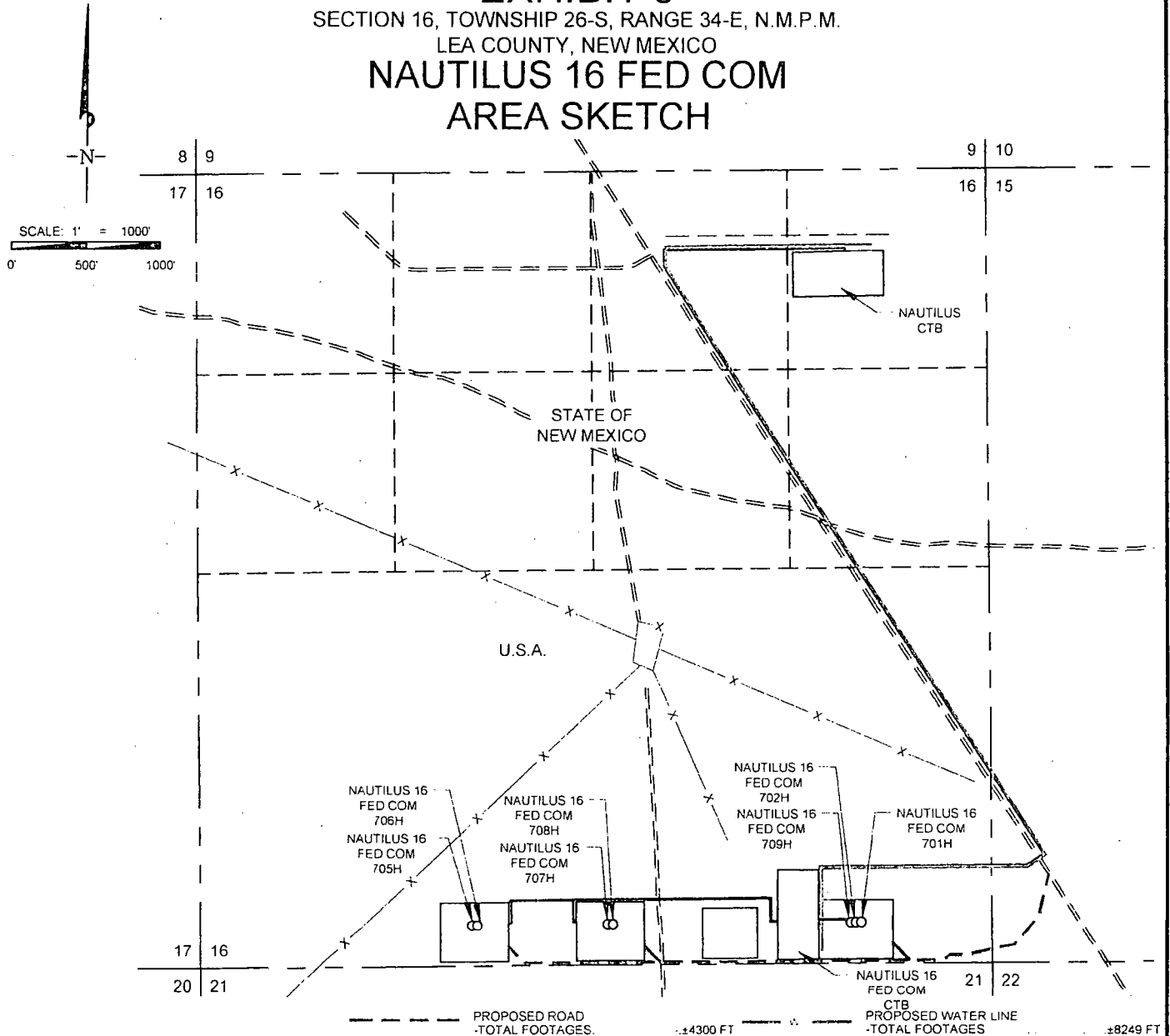
Michael Blake Brown, P.S. No. 18329
FEBRUARY 01, 2017

TOPOGRAPHIC
LOYALTY INNOVATION LEGACY
1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX: (817) 744-7548
2905 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

EXHIBIT 5

SECTION 16, TOWNSHIP 26-S, RANGE 34-E, N.M.P.M.
LEA COUNTY, NEW MEXICO

NAUTILUS 16 FED COM AREA SKETCH



PROPOSED FLOWLINE
-TOTAL FOOTAGES.±2514 FT

NAUTILUS 16 FED COM
#707H & #708H TO CTB. ±1687 FT

NAUTILUS 16 FED COM
#705H & #706H TO CTB.....±2107 FT

NAUTILUS 16 FED COM
#701H, #702 & #709H TO CTB.±245 FT

NAUTILUS 16 FED COM
#705H & #706H TO LEASE ROAD.±3981 FT

NAUTILUS 16 FED COM
#707H & #708H TO
#705H & #706H PROPOSED ROAD.±158 FT

NAUTILUS 16 FED COM
#701H, #702H, & #707H TO
#705H & #706H PROPOSED ROAD.±158 FT

SECTION 16, T-26-S, R-34-E.....±3601 FT
SECTION 15, T-26-S, R-34-E.....±699 FT

NAUTILUS 16 FED COM CTB
CTB TO NAUTILUS CTB.....±8249 FT

SECTION 16, T-26-S, R-34-E
U.S.A.....±3299 FT
SE/4 NE/4.....±856 FT
SW/4 NE/4.....±708 FT
NW/4 NE/4.....±1760 FT
NE/4 NE/4.....±566 FT

SECTION 15, T-26-S, R-34-E.....±1060 FT



PROPOSED GAS LINE
-TOTAL FOOTAGES.±7880 FT

NAUTILUS 16 FED COM CTB
CTB TO NAUTILUS CTB.±7880 FT

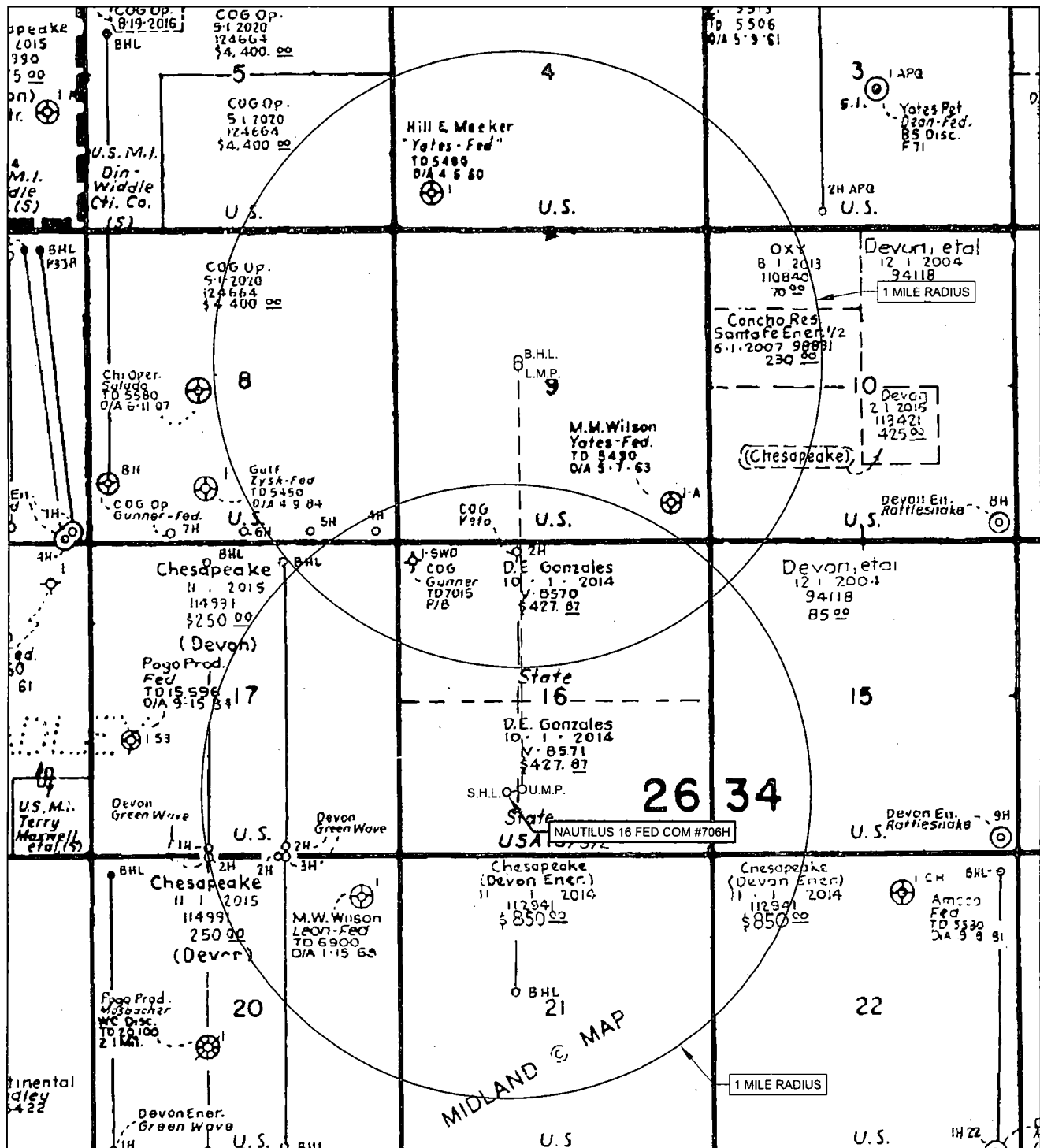
SECTION 16, T-26-S, R-34-E
U.S.A.....±3158 FT
SE/4 NE/4.....±834 FT
SW/4 NE/4.....±730 FT
NW/4 NE/4.....±1750 FT
NE/4 NE/4.....±390 FT

SECTION 15, T-26-S, R-34-E.....±1018 FT

| NAUTILUS FED COM AREA SKETCH | REVISION: | |
|---|-----------|----------|
| | A.C.C | 03/21/17 |
| DATE: 02/22/17 | | |
| FILE: SK\NAUTILUS_16_FED_COM\AREA_SKETCH_REV1 | | |
| DRAWN BY: EAH | | |
| SHEET: 1 OF 1 | | |

EXHIBIT 3

SECTION 16, TOWNSHIP 26-S, RANGE 34-E, N.M.P.M.
LEA COUNTY, NEW MEXICO



LEASE NAME & WELL NO.: NAUTILUS 16 FED COM #706H

SCALE: NTS

#706H LATITUDE N 32.0368267

#706H LONGITUDE W 103.4769129

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE OF THE NORTH AMERICAN DATUM 1927, U.S. SURVEY FEET

THIS EASEMENT/SERVITUDE LOCATION SHOWN HEREON HAS BEEN SURVEYED ON THE GROUND UNDER MY SUPERVISION AND PREPARED ACCORDING TO THE EVIDENCE FOUND AT THE TIME OF SURVEY, AND DATA PROVIDED BY EOG RESOURCES, INC. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.



TOPOGRAPHIC
LOYALTY INNOVATION LEGACY

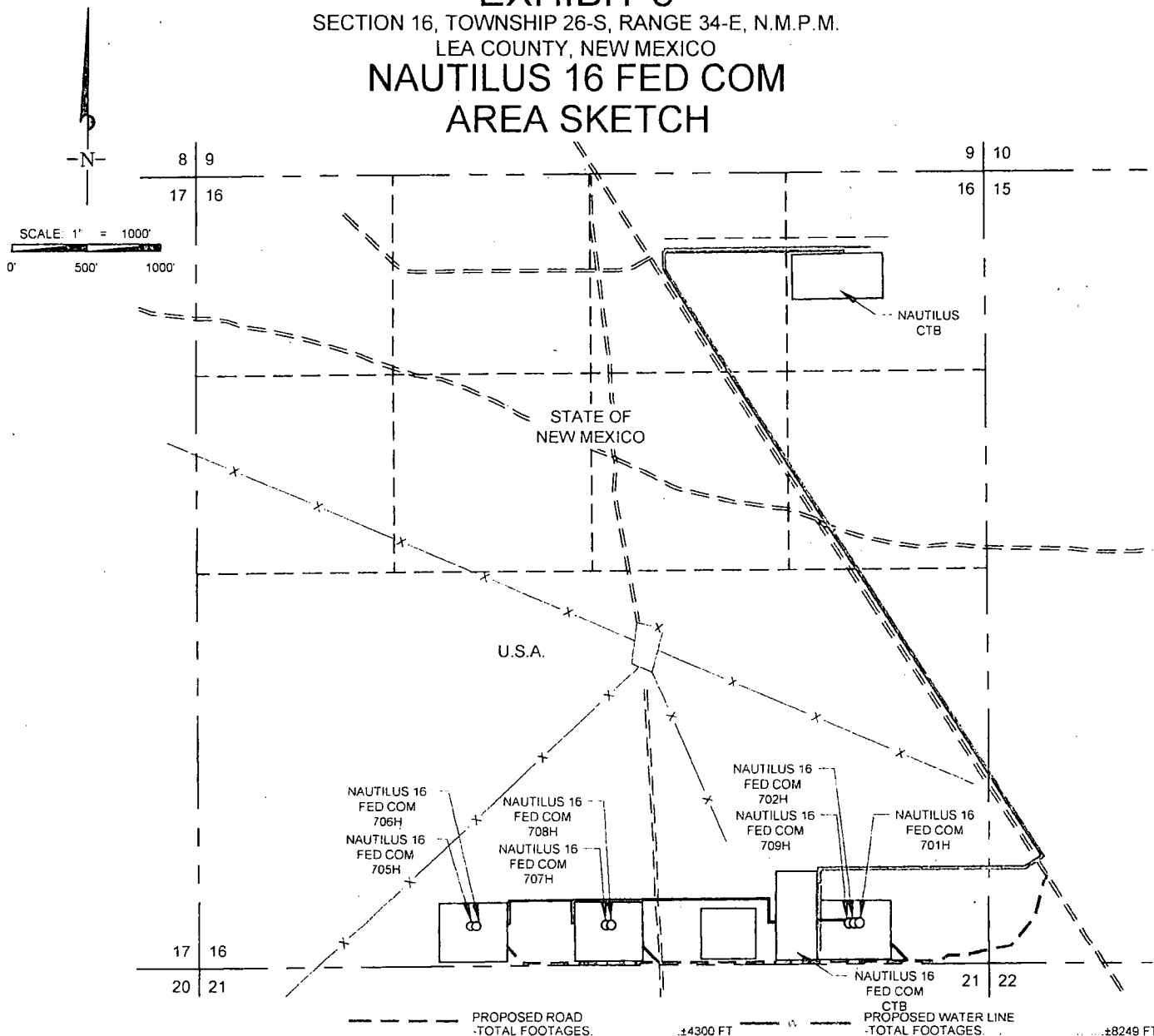
1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 OR (800) 767-1653 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

EXHIBIT 5

SECTION 16, TOWNSHIP 26-S, RANGE 34-E, N.M.P.M.

LEA COUNTY, NEW MEXICO

NAUTILUS 16 FED COM AREA SKETCH



PROPOSED FLOWLINE
-TOTAL FOOTAGES.±2514 FT

NAUTILUS 16 FED COM
#707H & #708H TO CTB.±1687 FT

NAUTILUS 16 FED COM
#705H & #706H TO CTB.±12107 FT

NAUTILUS 16 FED COM
#701H, #702 & #709H TO CTB.±245 FT

NAUTILUS 16 FED COM
#705H & #706H TO LEASE ROAD.±3981 FT

NAUTILUS 16 FED COM
#707H & #708H TO
#705H & #706H PROPOSED ROAD.±158 FT

NAUTILUS 16 FED COM
#701H, #702H, & #707H TO
#705H & #706H PROPOSED ROAD.±158 FT

SECTION 16, T-26-S, R-34-E.±3601 FT
SECTION 15, T-26-S, R-34-E.±699 FT

PROPOSED GAS LINE
-TOTAL FOOTAGES.±7880 FT

NAUTILUS 16 FED COM CTB
CTB TO NAUTILUS CTB.±7880 FT

SECTION 16, T-26-S, R-34-E
U.S.A.±3158 FT
SE/4 NE/4.±834 FT
SW/4 NE/4.±730 FT
NW/4 NE/4.±1750 FT
NE/4 NE/4.±390 FT

SECTION 15, T-26-S, R-34-E.±1018 FT

NAUTILUS 16 FED COM CTB
CTB TO NAUTILUS CTB.±8249 FT

SECTION 16, T-26-S, R-34-E
U.S.A.±3299 FT
SE/4 NE/4.±856 FT
SW/4 NE/4.±708 FT
NW/4 NE/4.±1760 FT
NE/4 NE/4.±566 FT

SECTION 15, T-26-S, R-34-E.±1060 FT



| NAUTILUS FED COM AREA SKETCH | REVISION: | |
|---|-----------|----------|
| | A.C.C | 03/21/17 |
| DATE: 02/22/17 | | |
| FILE: SK NAUTILUS 16 FED COM AREA SKETCH_REV1 | | |
| DRAWN BY: EAH | | |
| SHEET: 1 OF 1 | | |



U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Application Data Report

09/28/2017

APD ID: 10400012612

Submission Date: 03/24/2017

Highlighted data
reflects the most
recent changes

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

[Show Final Text](#)

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - General

APD ID: 10400012612

Tie to previous NOS?

Submission Date: 03/24/2017

BLM Office: CARLSBAD

User: Stan Wagner

Title: Regulatory Specialist

Federal/Indian APD: FED

Is the first lease penetrated for production Federal or Indian? FED

Lease number: NMNM66927

Lease Acres: 2480

Surface access agreement in place?

Allotted?

Reservation:

Agreement in place? NO

Federal or Indian agreement:

Agreement number:

Agreement name:

Keep application confidential? YES

Permitting Agent? NO

APD Operator: EOG RESOURCES INCORPORATED

Operator letter of designation:

Operator Info

Operator Organization Name: EOG RESOURCES INCORPORATED

Operator Address: 1111 Bagby Sky Lobby2

Zip: 77002

Operator PO Box:

Operator City: Houston

State: TX

Operator Phone: (713)651-7000

Operator Internet Address:

Section 2 - Well Information

Well in Master Development Plan? NO

Master Development Plan name:

Well in Master SUPO? NO

Master SUPO name:

Well in Master Drilling Plan? NO

Master Drilling Plan name:

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Well API Number:

Field/Pool or Exploratory? Field and Pool

Field Name: RED HILLS

Pool Name: WC-025 S263416B
UPPER WC

Is the proposed well in an area containing other mineral resources? NATURAL GAS,OIL

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

Describe other minerals:

Is the proposed well in a Helium production area? N

Use Existing Well Pad? NO

New surface disturbance?

Type of Well Pad: MULTIPLE WELL

Multiple Well Pad Name:

Number: 705H/706H

Well Class: HORIZONTAL

NAUTILUS 16 FED COM

Number of Legs: 1

Well Work Type: Drill

Well Type: OIL WELL

Describe Well Type:

Well sub-Type: INFILL

Describe sub-type:

Distance to town: 17.5 Miles

Distance to nearest well: 570 FT

Distance to lease line: 280 FT

Reservoir well spacing assigned acres Measurement: 240 Acres

Well plat: Nautilus_16_Fed_Com_706H_signed_C_102_03-24-2017.pdf

Well work start Date: 01/01/2018

Duration: 25 DAYS

Section 3 - Well Location Table

Survey Type: RECTANGULAR

Describe Survey Type:

Datum: NAD83

Vertical Datum: NAVD88

Survey number:

| | NS-Foot | NS Indicator | EW-Foot | EW Indicator | Twsp | Range | Section | Aliquot/Lot/Tract | Latitude | Longitude | County | State | Meridian | Lease Type | Lease Number | Elevation | MD | TVD |
|------------------|---------|--------------|----------|--------------|------|-------|---------|-------------------|----------------|----------------------|--------|-------------------|-------------------|------------|--------------|---------------|-----------|-----------|
| SHL Leg #1 | 280 | FSL | 185 5 | FWL | 26S | 34E | 16 | Aliquot SESW | 32.03695 22 | - 103.4773 763 | LEA | NEW MEXI CO | NEW MEXI CO | S | STATE | 331 5 | 0 | 0 |
| KOP Leg #1 | 54 | FSL | 210 5 | FWL | 26S | 34E | 16 | Aliquot SESW | 32.03632 68 | - 103.4765 735 | LEA | NEW MEXI CO | NEW MEXI CO | S | STATE | - 897 9 | 123 01 | 122 94 |
| PPP Leg #1 | 330 | FSL | 212 0 | FWL | 26S | 34E | 16 | Aliquot SESW | 32.03709 05 | - 103.4765 302 | LEA | NEW MEXI CO | NEW MEXI CO | S | STATE | - 942 6 | 128 58 | 127 41 |



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

620 E. GREENE ST.
CARLSBAD, NM 88220
BLM_NM_CFO_APD@BLM.GOV



In Reply To:
3160 (Office Code)
[NMNM66927]

06/02/2017

Attn: STAN WAGNER
EOG RESOURCES INC
1111 BAGBY SKY LOBBY2
HOUSTON, TX 77002

Re: Receipt and Acceptability of Application for Permit to Drill (APD)

FEDERAL - NMNM66927

Well Name / Number: **NAUTILUS 16 FED COM / 706H**
Legal Description: T26S, R34E, SEC 16, SESW
County, State: LEA, NM
Date APD Received: 03/24/2017

Dear Operator:

The BLM received your Application for Permit to Drill (APD), for the referenced well, on 03/24/2017. The BLM reviewed the APD package pursuant to part III.D of Onshore Oil and Gas Order No.1 and it is:

1. ☒ Incomplete/Deficient (*The BLM cannot process the APD until you submit the identified items within 45 calendar days of the date of this notice or the BLM will return your APD.*)

- ☐ Well Plat
- ☒ Drilling Plan
- ☐ Surface Use Plan of Operations (SUPO)
- ☐ Certification of Private Surface Owner Access Agreement
- ☐ Bonding
- ☐ Onsite (The BLM has scheduled the onsite to be on _____)
This requirement is exempt of the 45-day timeframe to submit deficiencies. This requirement will be satisfied on the date of the onsite.
- ☒ Other

[Please See Addendum for further clarification of deficiencies]

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-0720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|------------------------------------|---|--|
| ¹ API Number 30-025- | ² Pool Code 98105 | ³ Pool Name WC-025 G-09 S263416B; Upper Wolfcamp |
| ⁴ Property Code | ⁵ Property Name NAUTILUS 16 FED COM | ⁶ Well Number #706H |
| ⁷ OGRID No. 7377 | ⁸ Operator Name EOG RESOURCES, INC. | ⁹ Elevation 3315' |

¹⁰Surface Location

| U/L or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 16 | 26-S | 34-E | - | 280' | SOUTH | 1855' | WEST | LEA |

| U/L or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K | 9 | 26-S | 34-E | - | 2413' | SOUTH | 2120' | WEST | LEA |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹¹ Dedicated Acres 240.00 | ¹² Joint or Infill | ¹³ Consolidation Code | ¹⁴ 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>16</p> <p>BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=765585 Y=385592 LAT.: N 32.0572083 LONG.: W 103.4760730 NAD 1983 X=806772 Y=385649 LAT.: N 32.0573336 LONG.: W 103.4765377</p> | | <p>LOWER MOST PERF. NEW MEXICO EAST NAD 1927 X=765586 Y=385492 LAT.: N 32.0569334 LONG.: W 103.4760728 NAD 1983 X=806774 Y=385549 LAT.: N 32.0570587 LONG.: W 103.4765375</p> | <p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Stan Wagner</i> 3/24/17 Signature Date</p> <p>Stan Wagner Printed Name</p> <p>E-mail Address</p> |
| <p>SURFACE LOCATION NEW MEXICO EAST NAD 1927 X=765384 Y=378176 LAT.: N 32.0368267 LONG.: W 103.4769129 NAD 1983 X=806572 Y=378233 LAT.: N 32.0369522 LONG.: W 103.4773763</p> | | <p>UPPER MOST PERF. NEW MEXICO EAST NAD 1927 X=765649 Y=378228 LAT.: N 32.0369652 LONG.: W 103.4760579 NAD 1983 X=806637 Y=378285 LAT.: N 32.0370907 LONG.: W 103.4765213</p> | <p>18 SURVEYOR CERTIFICATION 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 to the best of my belief.</p> <p>12/19/2016 Date of Survey <i>Michael Brown</i> Signature and Seal of Professional Surveyor</p> <p>18329 Certificate Number</p> |

2. ☐ Missing Necessary Information (*The BLM can start, but cannot complete the analysis until you submit the identified items. This is an early notice and the BLM will restate this in a 30-day deferral letter, if you have not submitted the information at that time. You will have two (2) years from the date of the deferral to submit this information or the BLM will deny your APD.*)

[Please See Addendum for further clarification of deficiencies]

NOTE: The BLM will return your APD package to you, unless you correct all deficiencies identified above (item 1) within 45 calendar days.

- The BLM will not refund an APD processing fee or apply it to another APD for any returned APD.

Extension Requests:

- If you know you will not be able to meet the 45-day timeframe for reasons beyond your control, you must submit a written request through email/standard mail for extension prior to the 45th calendar day from this notice, **07/17/2017**.
- The BLM will consider the extension request if you can demonstrate your diligence (providing reasons and examples of why the delay is occurring beyond your control) in attempting to correct the deficiencies and can provide a date by which you will correct the deficiencies. If the BLM determines that the request does not warrant an extension, the BLM will return the APD as incomplete after the 45 calendar days have elapsed.
 - The BLM will determine whether to grant an extension beyond the required 45 calendar days and will document this request in the well file. If you fail to submit deficiencies by the date defined in the extension request, the BLM will return the APD.

APDs remaining Incomplete:

- If the APD is still not complete, the BLM will notify you and allow 10 additional business days to submit a written request to the BLM for an extension. The request must describe how you will address all outstanding deficiencies and the timeframe you request to complete the deficiencies.
 - The BLM will consider the extension request if you can prove your diligence (providing reasons and examples of why the delay is occurring) in attempting to correct the deficiencies and you can provide a date by which you will correct the deficiencies. If the BLM determines that the request does not warrant an additional extension, the BLM will return the APD as incomplete.

If you have any questions, please contact Alana Baker at (575) 234-5922.

Sincerely,

Cody Layton
Assistant Field Manager
Lands and Minerals

cc: Official File

ADDENDUM - Incomplete/Deficient

Clarifications

ADDENDUM - Deficient

Engineering Comments

- BOP requirements are not met
 - 1. BOP Schematic must have a 10M Annular. Please resubmit with correction. ✓
- Engineering Review: Other identified drilling plan deficiencies
 - Not a deficiency but cannot approve APD without a waste minimization plan. Please attach state submitted gas capture plan (this will be a sufficient substitute for waste minimization plan). ✓

ADDENDUM - Incomplete or Necessary Information

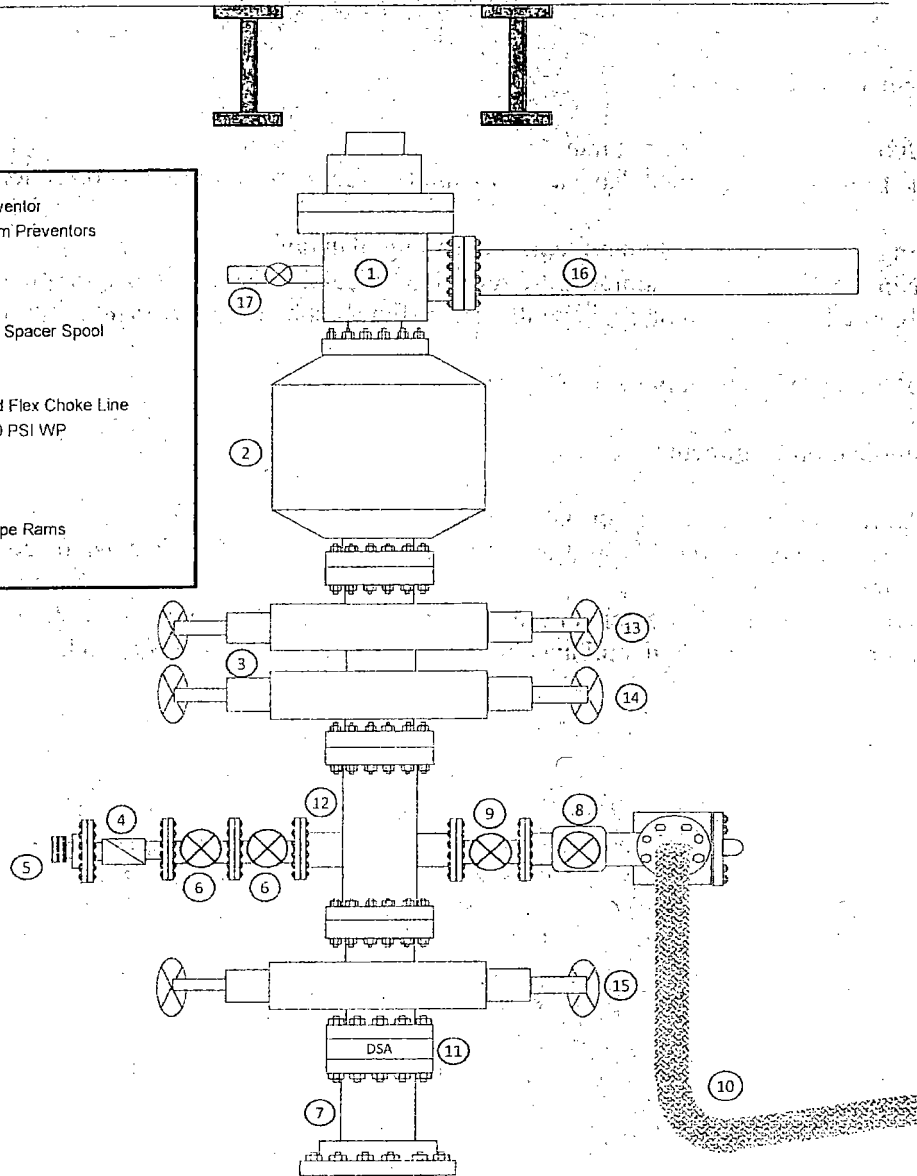
Adjudication Comments

- Adjudicator additional information:
 - Lease number listed on 3160-3 is incorrect. Should be MM66927. Must be corrected in Section 1 of the application data. *corrected*
 - SHL is on unleased Federal land (no Federal minerals are located in this area). Rights-of-Way will be required for all surface disturbance in the south half of Sec. 16 T26S R34E.

Exhibit 1 EOG Resources 10M BOPE

Rig Floor

- 1: 13 5/8" Rotating Head
- 2: Hydril 13 5/8" 10,000 PSI WP GK Annular Preventor
- 3: 13 5/8" Cameron Type "U" 10,000 PSI WP Ram Preventors
- 4: 2 1/16" - 10,000 PSI WP Check Valve
- 5: 10,000 PSI WP - 1502 Union to kill line
- 6: 2 1/16" - 10,000 PSI WP Manual Valves
- 7: 13 5/8" 3,000 PSI WP x 13 5/8" 5,000 PSI WP Spacer Spool
- 8: 4 1/16" 10,000 PSI WP HCR Valve
- 9: 4 1/16" 10,000 PSI WP Manual Valve
- 10: 6" OD x 3" ID 10,000 PSI WP Steel Armoured Flex Choke Line
- 11: DSA - 13 5/8" 10,000 PSI WP x 13 5/8" 5,000 PSI WP
- 12: Mud Cross - 13 5/8" 10,000 PSI WP
- 13: Blind Rams
- 14: Pipe Rams
- 15: 13 5/8" Cameron Type "U" 10,000 PSI WP Pipe Rams
- 16: Flow Line
- 17: 2" Fill Line



District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: 06/05/2017

☒ Original Operator & OGRID No.: EOG Resources, Inc. 7377
☐ Amended - Reason for Amendment:

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

| Well Name | API | Well Location (ULSTR) | Footages | Expected MCF/D | Flared or Vented | Comments |
|--------------------------|------------|-----------------------|--------------------|----------------|------------------|----------------|
| Nautilus 16 Fed Com 706H | 30-015-*** | N-16-26S-34E | 280 FSL & 1855 FWL | ±3000 | None Planned | APD Submission |
| | | | | | | |

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to **Enterprise Field Services** and will be connected to **EOG Resources** low/high pressure gathering system located in Eddy/Lea County, New Mexico. It will require ±7880' of pipeline to connect the facility to low/high pressure gathering system. **EOG Resources** provides (periodically) to **Enterprise Field Services** a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, **EOG Resources** and **Enterprise Field Services** have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at **Enterprise Field Services** Processing Plant located in **Lea** County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on **Enterprise Field Services** system at that time. Based on current information, it is **EOG Resources'** belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines



U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

PWD Data Report

09/28/2017

Section 1 - General

Would you like to address long-term produced water disposal? NO

Section 2 - Lined Pits

Would you like to utilize Lined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Lined pit PWD on or off channel:

Lined pit PWD discharge volume (bbl/day):

Lined pit specifications:

Pit liner description:

Pit liner manufacturers information:

Precipitated solids disposal:

Describe precipitated solids disposal:

Precipitated solids disposal permit:

Lined pit precipitated solids disposal schedule:

Lined pit precipitated solids disposal schedule attachment:

Lined pit reclamation description:

Lined pit reclamation attachment:

Leak detection system description:

Leak detection system attachment:

Lined pit Monitor description:

Lined pit Monitor attachment:

Lined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Lined pit bond number:

Lined pit bond amount:

Additional bond information attachment:

Section 3 - Unlined Pits

Would you like to utilize Unlined Pit PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Unlined pit PWD on or off channel:

Unlined pit PWD discharge volume (bbl/day):

Unlined pit specifications:

Precipitated solids disposal:

Describe precipitated solids disposal:

Precipitated solids disposal permit:

Unlined pit precipitated solids disposal schedule:

Unlined pit precipitated solids disposal schedule attachment:

Unlined pit reclamation description:

Unlined pit reclamation attachment:

Unlined pit Monitor description:

Unlined pit Monitor attachment:

Do you propose to put the produced water to beneficial use?

Beneficial use user confirmation:

Estimated depth of the shallowest aquifer (feet):

Does the produced water have an annual average Total Dissolved Solids (TDS) concentration equal to or less than that of the existing water to be protected?

TDS lab results:

Geologic and hydrologic evidence:

State authorization:

Unlined Produced Water Pit Estimated percolation:

Unlined pit: do you have a reclamation bond for the pit?

Is the reclamation bond a rider under the BLM bond?

Unlined pit bond number:

Unlined pit bond amount:

Additional bond information attachment:

Section 4 - Injection

Would you like to utilize Injection PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Injection PWD discharge volume (bbl/day):

Injection well mineral owner:

Injection well type:

Injection well number:

Injection well name:

Assigned injection well API number?

Injection well API number:

Injection well new surface disturbance (acres):

Minerals protection information:

Mineral protection attachment:

Underground Injection Control (UIC) Permit?

UIC Permit attachment:

Section 5 - Surface Discharge

Would you like to utilize Surface Discharge PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Surface discharge PWD discharge volume (bbl/day):

Surface Discharge NPDES Permit?

Surface Discharge NPDES Permit attachment:

Surface Discharge site facilities information:

Surface discharge site facilities map:

Section 6 - Other

Would you like to utilize Other PWD options? NO

Produced Water Disposal (PWD) Location:

PWD surface owner:

PWD disturbance (acres):

Other PWD discharge volume (bbl/day):

Other PWD type description:

Other PWD type attachment:

Have other regulatory requirements been met?

Other regulatory requirements attachment:



U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Bond Info Data Report

09/28/2017

Bond Information

Federal/Indian APD: FED

BLM Bond number: NM2308

BIA Bond number:

Do you have a reclamation bond? NO

Is the reclamation bond a rider under the BLM bond?

Is the reclamation bond BLM or Forest Service?

BLM reclamation bond number:

Forest Service reclamation bond number:

Forest Service reclamation bond attachment:

Reclamation bond number:

Reclamation bond amount:

Reclamation bond rider amount:

Additional reclamation bond information attachment:



United States Department of the Interior
Bureau of Land Management
Carlsbad Field Office



Refer to: 3160-3

COPY

To: AFM, Lands & Minerals, CFO
From: Geologist, CFO
Subject: Geologic Review of Application for Permit to Drill

Operator: EOG Resources Inc
Well Name and Number: NAUTILUS 16 FED COM-706H
Potash: No
Location: SHL:280'/S.& 1855'/W. SEC016 T026S, R034E.(SESW)
County Lea Lease Number: NMNM66927 APD Received: 3-24-2017
Ground Level Elevation: 3315 Surface Geology: Qe-Eolian deposits
TVD: 12772 MD: 20229 BH Mud Weight: 14
BHP: 9298 MASP: 6488

1. Geologic Marker Tops (from reports on surrounding wells):

| | | | | | Proposed Well NAUTILUS 16 FED COM-706H T026S, R034E.(SESW) SEC016 |
|------------------|---|--|--|--|---|
| | Yates Federal 1 3002520434 T26S R34E Sec 9 660FSL 660FEL | Federal CH 1 3002527376 T26S R34E Sec 22 660FNL 1980FEL | PRE-ONGARD WELL #001 3002527814 T26S R34E Sec 20 1980FSL 1980FWL | FEDERAL 53 COM #001 3002528402 T26S R34E Sec 17 1980FSL 660FWL | Unit 280'/S.& 1855'/W |
| Geologic Marker | Elevation Depth | Elevation Depth | Elevation Depth | Elevation Depth | Elevation Estimated Depth |
| Rustler | 768 | 796 | 730 | 708 | 670 |
| Top of Salt | - | - | 1320 | 1094 | 1260 |
| Castile | 2673 | 2591 | 3460 | - | 2391 |
| Lamar | 5342 | 5307 | 5320 | 5322 | 5325 |
| Bell Canyon | 5373 | 5340 | 5360 | 5366 | 5340 |
| Cherry Canyon | - | - | 6440 | 6415 | 6395 |
| Brushy Canyon | - | - | 7882 | 7874 | 8104 |
| Bone Spring Lime | - | - | 9593 | 9600 | 9604 |
| 1st BS Sand | - | - | 10574 | 10545 | 10598 |
| 2nd BS Sand | - | - | 11120 | 11093 | 11121 |
| 3rd BS Sand | - | - | 12206 | 12170 | 12190 |
| Wolfcamp | - | - | 12602 | 12607 | 12617 |
| Strawn | - | - | 16042 | - | 15010 |
| Atoka | - | - | 15058 | - | 15106 |
| Morrow | - | - | 15234 | 15095 | 14915 |

2. Fresh Water Information

a. Fresh Water: 50

b. Fresh Water Remarks:

According to well data from the New Mexico Office of the State Engineer's (NMOSE) Water Rights Reporting System, there are 18 water wells within a six-mile radius of the proposed project. Depth to water ranges from 50' to 220' Santa Rosa fm. with the deepest well drilled to 625' Dewey Lake fm. Deepest range live stock water may also be encountered in the Magenta Dolomite Member of the Rustler Formation down to a depth of approximately 705'.

c. Water Basin: Carlsbad Water Basin

3. Recommended Casing Setting Depth

a. Surface Casing Depth: 740

b. Intermediate Casing Depth: 11700

c. 2nd Interm. Casing Depth

d. Casing Depth Remarks:

The operator proposes to set surface casing to a depth of 695': BLM proposes 740' protect BLM identified groundwater zones. If salt is encountered, set casing at least 25' above the salt. The operator proposes to set intermediate casing at 11700' 3rd Bone Springs shale Formation: BLM accepts casing set depth sealing fluid mineral production inside well casing.

4. Geologic Hazards

a. Cave/Karst Occurance: Low

b. Potential Cave/Karst Depth: 350

c. Possible Water Flows: Castile, Salado,

d. Possible Lost Circulation: Rustler, Red Beds, Delaware,

e. Possible Abnormal Pressure: NO

f. H2S within 1 mile: NO

g. H2S Remarks:

To date elevated H2S has not been reported within one mile of the proposed project depth on BLM GIS layer to date.

5. Additional Remarks

SESW N 705 & 706 shared pad identical 3160 and DP.

Geologist: Mark Lewis

Sign Off Date: 5-17-2017

Operator Name: EOG RESOURCES INCORPORATED

Well Name: NAUTILUS 16 FED COM

Well Number: 706H

| | NS-Foot | NS Indicator | EW-Foot | EW Indicator | Twsp | Range | Section | Aliquot/Lot/Tract | Latitude | Longitude | County | State | Meridian | Lease Type | Lease Number | Elevation | MD | TVD |
|-------------------|----------|--------------|----------|--------------|------|-------|---------|-------------------|----------------|----------------------|--------|-------------------|-------------------|------------|---------------|-----------|-----------|-----------|
| EXIT Leg #1 | 231 3 | FSL | 212 0 | FWL | 26S | 34E | 9 | Aliquot NESW | 32.05705 82 | - 103.4765 403 | LEA | NEW MEXI CO | NEW MEXI CO | F | NMNM 66927 | 945 7 | 201 29 | 127 72 |
| BHL Leg #1 | 241 3 | FSL | 212 0 | FWL | 26S | 34E | 9 | Aliquot NESW | 32.05733 36 | - 103.4765 377 | LEA | NEW MEXI CO | NEW MEXI CO | F | NMNM 66927 | 945 7 | 202 29 | 127 72 |

HOBBES
000 2880H
Manufacturer: Midwest Hose & Specialty

Serial Number: SN#90067

Length: 35'

Size: OD = 8" ID = 4"

Ends: Flanges Size: 4-1/16"

WP Rating: 10,000 psi Anchors required by manufacturer: No