

OCD-ARTESIA

AT5 08-115
OMB No 1004-0137
Expires March 31, 2007 **EA-08-707**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SECRETARY'S POTASH

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5 Lease Serial No. NM 82896
1b Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6 If Indian, Allottee or Tribe Name
2 Name of Operator EOG Resources, Inc.		7 If Unit or CA Agreement, Name and No
3a Address P.O. Box 2267 Midland, TX 79702	3b Phone No (include area code) 432-686-3642	8 Lease Name and Well No. Gila 12 Fed 2H
4 Location of Well (Report location clearly and in accordance with any State requirements) At surface 330' FSL & 1650' FEL (U/L/D) 630' FSL & 2250' FEL At proposed prod zone 430' FSL & 660' FWL (U/L/D) 430' FSL & 330' FWL		9 API Well No. 30-015-36401
14 Distance in miles and direction from nearest town or post office* Approx 25 miles SE from Loving, NM		10 Field and Pool, or Exploratory Northwest Poker Lake Delaware
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 330' Carlsbad Controlled Water Basin		11 Sec, T R. M or Blk and Survey or Area Section 12, T24S-R30E, N.M.P.M.
16 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1,500'	19 Proposed Depth 8,000' TVD; 11,000 TMD	12 County or Parish Eddy
21 Elevations (Show whether DF, KDB, RT, GL, etc.) GL 3518'	22 Approximate date work will start* 06/01/2008	13 State NM
20 BLM/BIA Bond No. on file NM2308		17 Spacing Unit dedicated to this well S/2 SW/4, SW/4 SE/4
23 Estimated duration 30 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 <i>Donny G. Glanton</i>	Name (Printed/Typed) Donny G. Glanton	Date 03/03/2008
Title Sr. Lease Operations ROW Representative		
Approved by (Signature) <i>Linda S.C. Rundell</i>	Name (Printed/Typed) Linda S.C. Rundell	Date JUN 17 2008
Title STATE DIRECTOR		
Office NM STATE OFFICE		

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.

APPROVAL FOR TWO YEARS

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

*(Instructions on page 2)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

NOTE: NEW PIT RULE
19-15-17 NMAC PART 17
A form C-144 must be approved
before starting drilling operations.



Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No NM 82896
2. Name of Operator EOG RESOURCES, INC.		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 2267 Midland, Texas 79702	3b. Phone No. (include area code) 432 686 3642	7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec, T, R, M, or Survey Description) 630' FSL & 2250' FEL of Section 12, T24S-R30E, N.M.P.M. (UL/O) S H L 430' FSL & 330' FSL of Section 12, T24S-R30E (UL/M) B H L		8. Well Name and No GILA 12 FED 2H
		9. API Well No
		10. Field and Pool, or Exploratory Area Northwest Poker Lake Delaware
		11. County or Parish, State Eddy

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

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

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

At the request of Cody Layton of the Carlsbad BLM, EOG Resources, Inc. ("EOG") has restaked the location as identified by the plats attached hereto. This location was selected by ~~George Macdonell~~ of the Carlsbad BLM and Steve Smith of Boone Arch.

Bruce Butler

As a result of the location change, please find revised C102, area maps and amended Casing, Cementing and Mud Program.

OK c.l. 4/19/06

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Donny G. Glanton		Title Senior Lease Operations ROW Representative
Signature <i>Don G. Glanton</i>		Date 4/16/08

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <u>Is/ Linda S.C. Rundell</u>	STATE DIRECTOR	Date JUN 17 2008
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office NM STATE OFFICE	

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.

(Instructions on page 2)

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated on Federal and Indian lands pursuant to applicable Federal law 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 the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or

present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well and date well site conditioned for final inspection looking to approval of the abandonment.

NOTICES

The Privacy Act of 1974 and the 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., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan, (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c) and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

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

BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

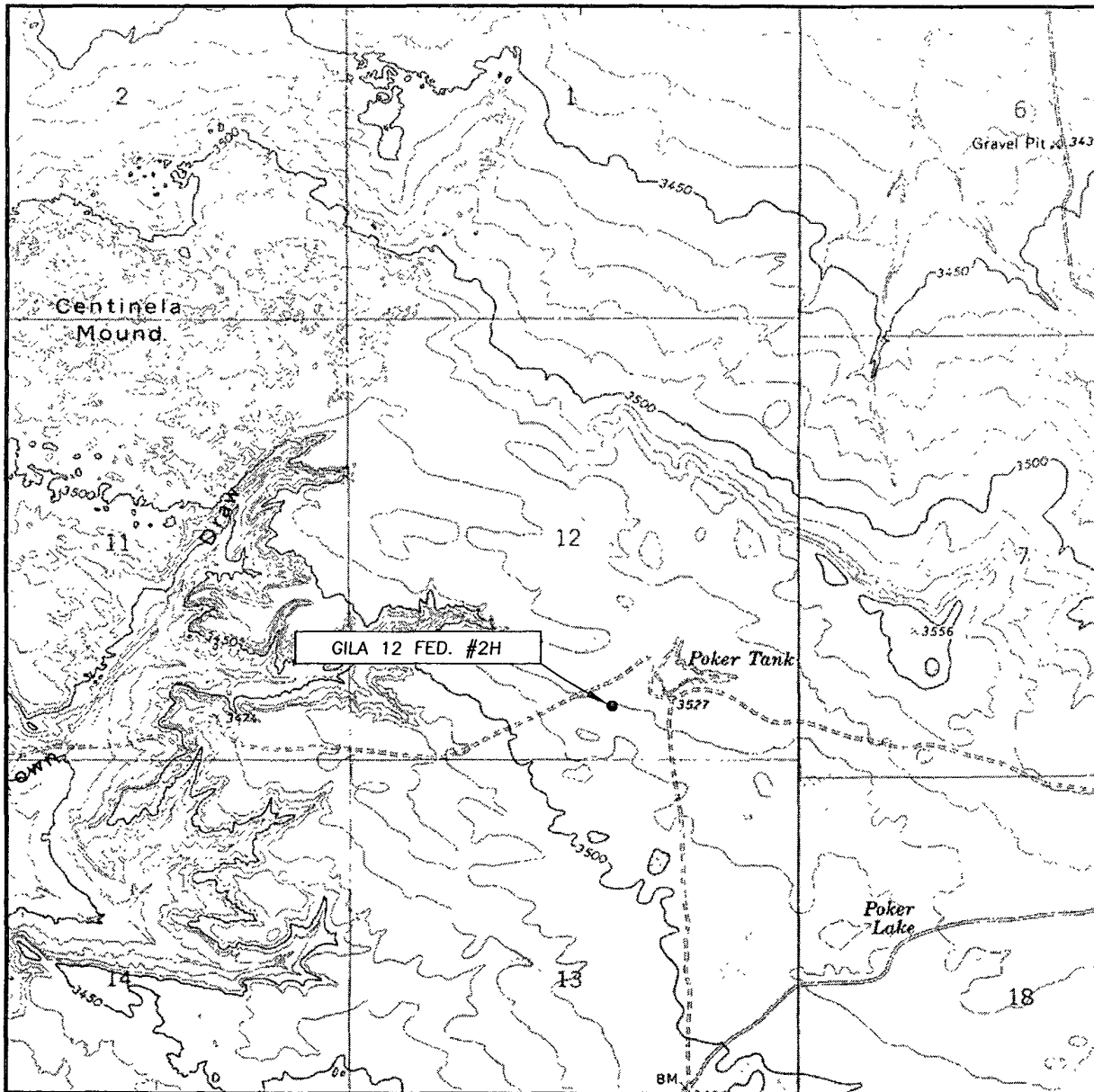
Response to this request is mandatory.

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 25 minutes 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 St., N.W., Mail Stop 401 LS, Washington D.C. 20240

WO# 080131WL (Rev. B) (KA)

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 12 TWP. 24-S RGE. 30-E

SURVEY _____ N.M.P.M.

COUNTY _____ EDDY

DESCRIPTION 630' FSL & 2250' FEL

ELEVATION _____ 3518.3'

OPERATOR _____ EOG RESOURCES INC.

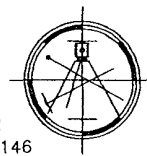
LEASE _____ GILA 12 FED. #2H

U.S.G.S. TOPOGRAPHIC MAP

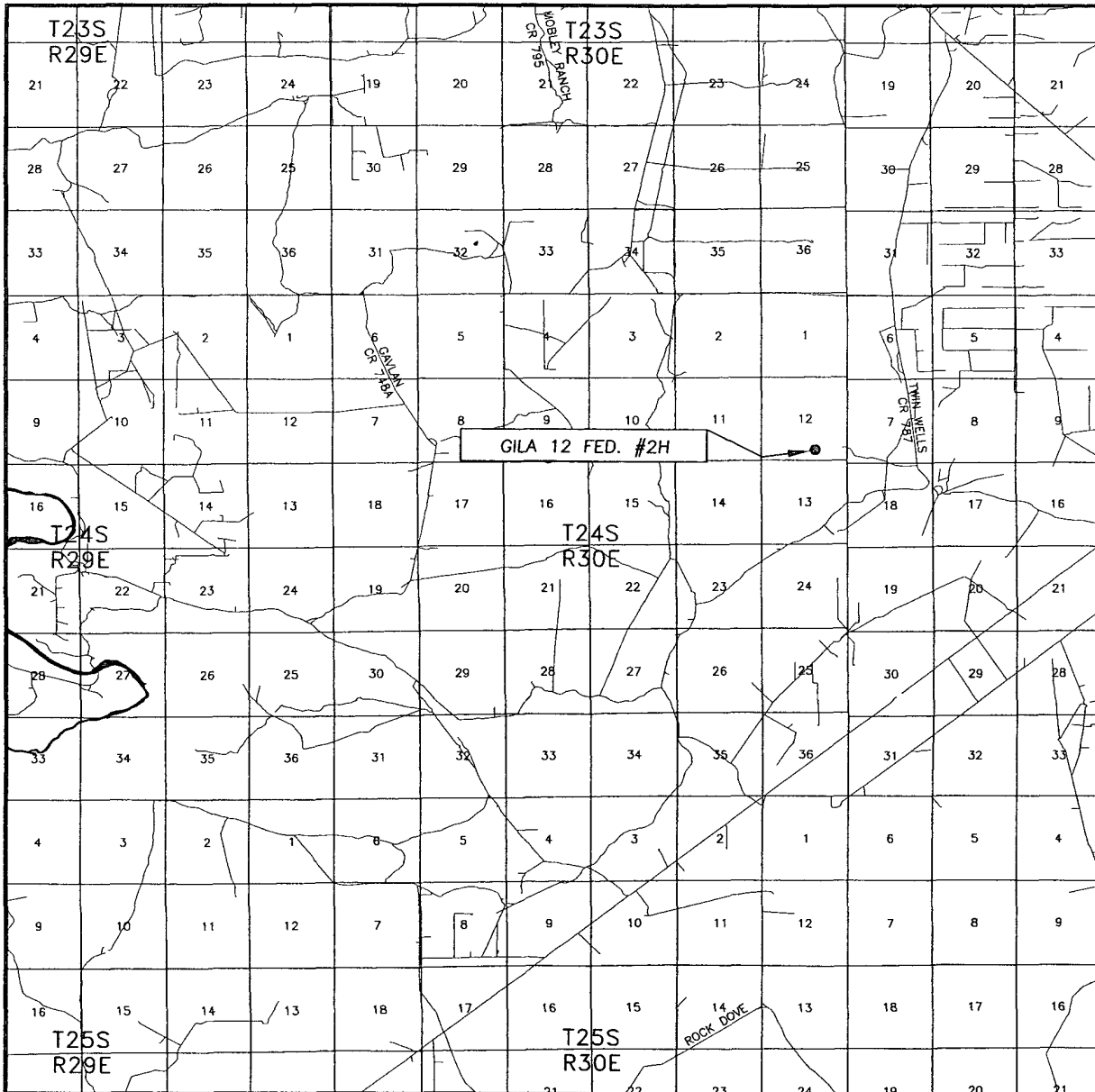
BIG SINKS, N.M.

Asel Surveying

P.O. BOX 393 - 310 W. TAYLOR
HOBBS, NEW MEXICO - 575-393-9146



VICINITY MAP

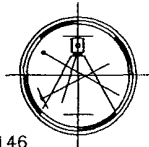


SEC. 12 TWP. 24-S RGE. 30-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 630' FSL & 2250' FEL
 ELEVATION 3518.3'
 OPERATOR EOG RESOURCES INC.
 LEASE GILA 12 FED. #2H

SCALE: 1" = 2 MILES

Asel Surveying

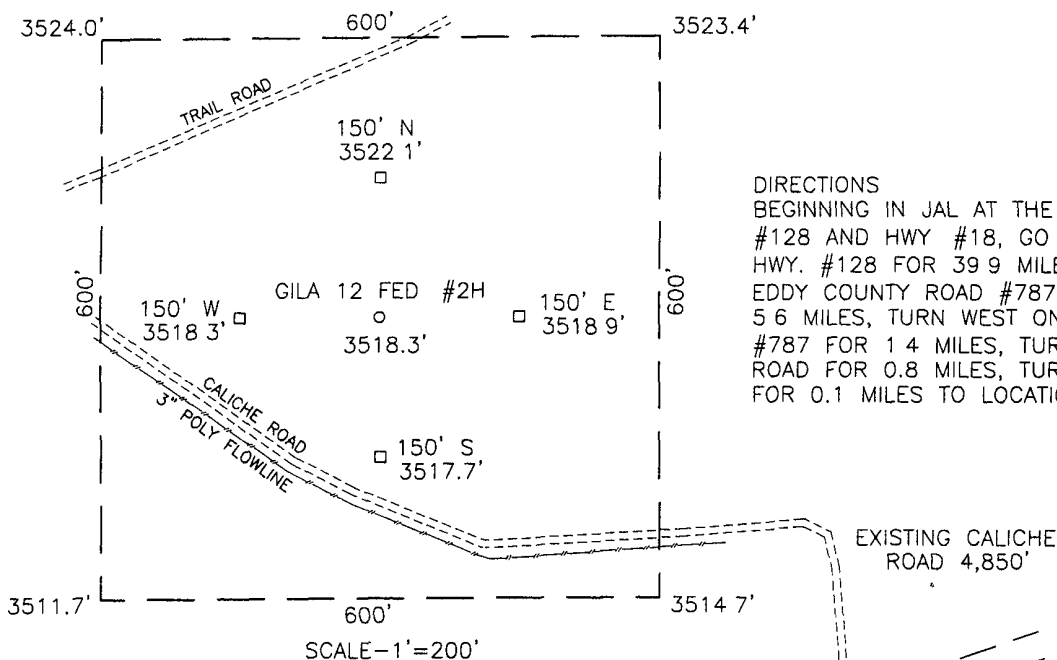
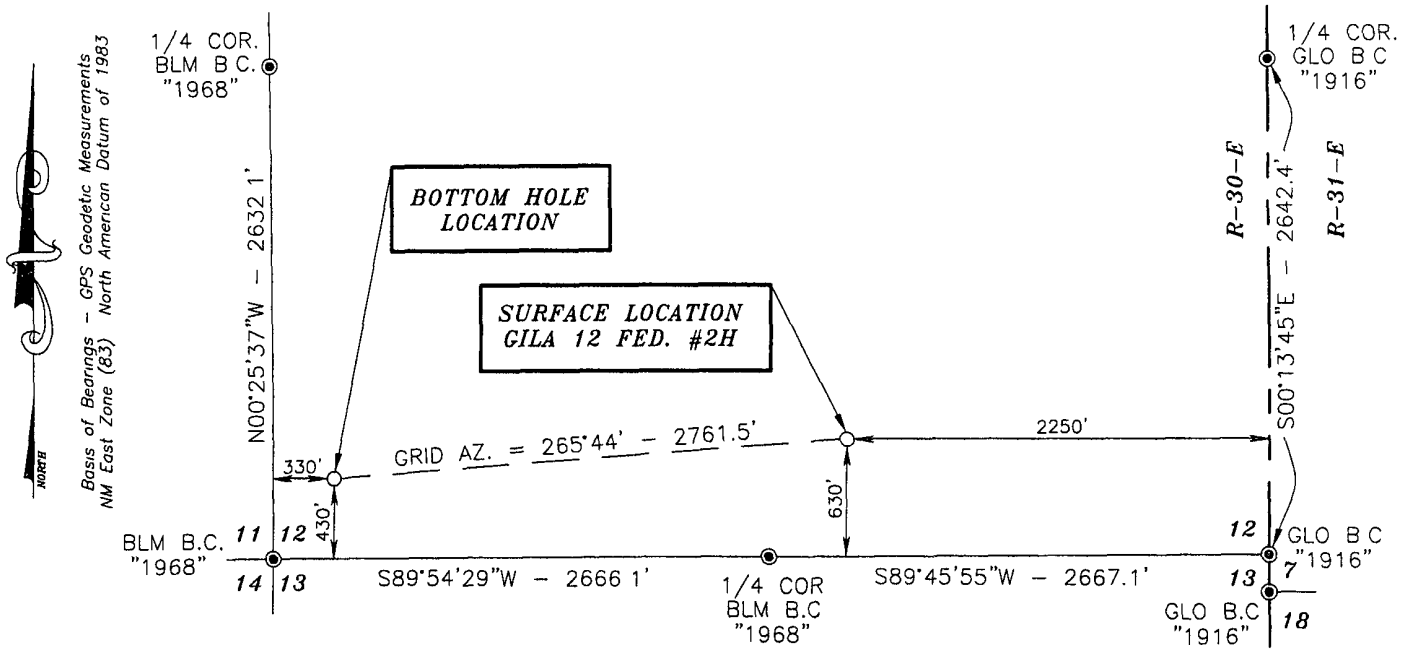
P.O. BOX 393 - 310 W. TAYLOR
 HOBBS, NEW MEXICO - 575-393-9146



DIRECTIONS BEGINNING IN JAL AT THE INTERSECTION OF HWY. #128 AND HWY. #18, GO WEST/
 NORTHWEST ON HWY. #128 FOR 39.9 MILES, TURN SOUTH ON EDDY COUNTY ROAD #787 (TWINWELLS
 ROAD) FOR 5.6 MILES, TURN WEST ON EDDY COUNTY ROAD #787 FOR 1.4 MILES, TURN NORTH ON
 LEASE ROAD FOR 0.8 MILES, TURN WEST ON LEASE ROAD FOR 0.1 MILES TO LOCATION.

SECTION 12, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY NEW MEXICO

Exhibit 26



DIRECTIONS
BEGINNING IN JAL AT THE INTERSECTION OF HWY
#128 AND HWY #18, GO WEST/NORTHWEST ON
HWY. #128 FOR 39.9 MILES, TURN SOUTH ON
EDDY COUNTY ROAD #787 (TWIN WELLS ROAD) FOR
5.6 MILES, TURN WEST ON EDDY COUNTY ROAD
#787 FOR 1.4 MILES, TURN NORTH ON LEASE
ROAD FOR 0.8 MILES, TURN WEST ON LEASE ROAD
FOR 0.1 MILES TO LOCATION

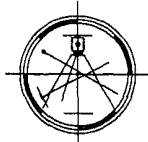


SURVEYORS CERTIFICATE

I, TERRY J. ASEL, NEW MEXICO PROFESSIONAL SURVEYOR
NO. 15079, DO HEREBY CERTIFY THAT I CONDUCTED AND AM
RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS
TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND
BELIEF, AND MEETS THE "MINIMUM STANDARDS FOR
SURVEYING IN NEW MEXICO" AS ADOPTED BY THE NEW
MEXICO STATE BOARD OF REGISTRATION FOR
PROFESSIONAL ENGINEERS AND SURVEYORS.

Terry J. Asel 4/10/2008
Terry J. Asel N.M. R.P.S. No 15079

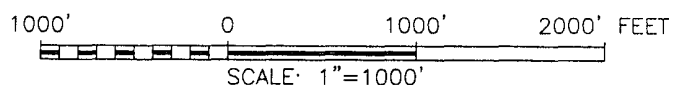
Asel Surveying



P.O. BOX 393 - 310 W TAYLOR
HOBBS, NEW MEXICO - 575-393-9146

LEGEND

● - DENOTES FOUND MONUMENT AS NOTED



EOG RESOURCES, INC.

GILA 12 FED. #2H
IN SECTION 12, TOWNSHIP 24 SOUTH,
RANGE 30 EAST, N.M.P.M., EDDY COUNTY,
NEW MEXICO

Survey Date: 04/08/08	Sheet 1 of 1 Sheets
W.O. Number: 080131WL	Drawn By: KA Rev: B
Date: 04/09/08	080131WL (Rev B) Scale: 1"=1000'

Permit Information:

Well Name: Gila Fed 12 #2H

Revised 4/15/08

Location:

SL 630' FSL & 2250' FEL, Section 12, T-24-S, R-30-E, Eddy Co., N.M.

BHL 430' FSL & 660' FWL, Section 12, T-24-S, R-30-E, Eddy Co., N.M.

Casing Program:

Casing	Setting Depth	Hole Size	Casing Size	Casing Weight	Casing Grade	Desired TOC
Surface	500'	17-1/2"	13-3/8"	48#	H-40	Surface
Intermediate	4,200'	12-1/4"	9-5/8"	40#	J-55	Surface
Production	10,470'	8-3/4" & 7-7/8"	5 1/2"	17#	N-80	3,700'

Cement Program:

Depth	No. Sacks	Slurries:
500'	210	Lead: 35:65 Poz: C + 4% Bentonite + 0.005 gps FP-6L + 0.005 pps Static Free + 5 pps LCM-1 + 5% NaCl + 5% MPA-5 + 0.8% SMS
	200	Premium Plus C + 0.005 pps Static Free + 2% CaCl ₂ + 0.25 pps CelloFlake + 0.005 gps FP-6L
4,200'	850	Lead: 50:50 Poz: C + 0.005 pps Static Free + 5% NaCl + 0.25 pps CelloFlake + 5 pps LCM-1 + 0.005 gps FP-6L + 10% Bentonite
	200	Tail: Premium Plus C + 0.005 pps Static Free + 1% CaCl ₂ + 0.25 pps CelloFlake + 0.005 gps FP-6L
10,470'	650	Lead: 50:50 Poz: C + 0.005 pps Static Free + 5% NaCl + 0.25 pps CelloFlake + 5 pps LCM-1 + 0.005 gps FP-6L + 10% Bentonite
	550	Tail: 50:50 Poz: H + 2% Bentonite + 0.005 gps FP-6L + 0.005 pps Static Free + 5% NaCl + 0.1% R-3 + 0.2% CD-32 + 0.3% FL-52A

Mud Program:

Depth	Type	Weight (ppg)	Viscosity	Water Loss
0 – 500'	Fresh - Gel	8.6-8.8	28-34	N/c
500' – 4,200'	Brine	10.0-10.2	28-34	N/c
4,200' – 7,000'	Fresh Water	8.4 – 8.6	28-34	N/c
7,000' – 7,500'	Cut Brine	8.8-9.6	28-34	N/c
7,500' – 8,200'	Cut Brine	8.8-9.6	28-34	10-15
7,433' – 10,470'	Cut Brine/ Polymer (Lateral)	8.8-9.6	40-45	10-25

EOG Resources Inc

Planning Report

Database:	EDM	Local Co-ordinate Reference:	Well Gila 12 Fed #2H
Company:	Midland - New Mexico	TVD Reference:	WELL @ 3537.30ft (Original Well Elev)
Project:	Delaware	MD Reference:	WELL @ 3537.30ft (Original Well Elev)
Site:	Gila 12 Fed #2H	North Reference:	Grid
Well:	Gila 12 Fed #2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Gila 12 Fed #2H		
Design:	Original Plan		

Project	Delaware		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	Gila 12 Fed #2H		
Site Position:		Northing:	446,573.50ft
From:	Map	Easting:	654,886.90ft
Position Uncertainty:	0.00 ft	Slot Radius:	"
		Latitude:	32° 13' 36.319 N
		Longitude:	103° 49' 56.841 W
		Grid Convergence:	0.27 ?

Well	Gila 12 Fed #2H		
Well Position	+N/-S	0.00 ft	Northing: 446,573.50 ft
	+E/-W	0.00 ft	Easting: 654,886.90 ft
Position Uncertainty	0.00 ft	Wellhead Elevation:	ft
		Latitude:	32° 13' 36.319 N
		Longitude:	103° 49' 56.841 W
		Ground Level:	3,518.30 ft

Wellbore	Gila 12 Fed #2H		
Magnetics	Model Name	Sample Date	Declination
	IGRF200510	4/15/2008	(?)
			8.07
		Dip Angle	(?)
		60.23	
		Field Strength	(nT)
		48,928	

Design	Original Plan		
Audit Notes:			
Version:	Phase:	PROTOTYPE	Tie On Depth: 0.00
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(ft)	(ft)	(ft)
	7,915.00	0.00	0.00
			Direction (°)
			265.73

Plan Sections										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7,433.00	0.00	0.00	7,433.00	0.00	0.00	0.00	0.00	0.00	0.00	
8,190.12	90.00	265.73	7,915.00	-35.89	-480.66	11.89	11.89	0.00	265.73	
8,190.22	90.00	265.73	7,915.00	-35.89	-480.75	3.00	0.00	3.00	90.00	
10,469.50	90.00	265.73	7,915.00	-205.49	-2,753.71	0.00	0.00	0.00	0.00	
10,469.59	90.00	265.73	7,915.00	-205.50	-2,753.81	3.00	0.00	-3.00	-90.00	BHL (Gila #2H)

EOG Resources Inc

Planning Report

Database: EDM
 Company: Midland - New Mexico
 Project: Delaware
 Site: Gila 12 Fed #2H
 Well: Gila 12 Fed #2H
 Wellbore: Gila 12 Fed #2H
 Design: Original Plan

Local Co-ordinate Reference: Well Gila 12 Fed #2H
 TVD Reference: WELL @ 3537.30ft (Original Well Elev)
 MD Reference: WELL @ 3537.30ft (Original Well Elev)
 North Reference: Grid
 Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (?)	Azimuth (?)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (?/100ft)	Build Rate (?/100ft)	Turn Rate (?/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00
1,000.00	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00
1,100.00	0.00	0.00	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00
1,200.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00
1,300.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
1,400.00	0.00	0.00	1,400.00	0.00	0.00	0.00	0.00	0.00	0.00
1,500.00	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
1,600.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00
1,700.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00
1,800.00	0.00	0.00	1,800.00	0.00	0.00	0.00	0.00	0.00	0.00
1,900.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	0.00	0.00
2,000.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00
2,100.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00
2,200.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	0.00	0.00
2,300.00	0.00	0.00	2,300.00	0.00	0.00	0.00	0.00	0.00	0.00
2,400.00	0.00	0.00	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00
2,500.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	0.00	0.00
2,600.00	0.00	0.00	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00
2,700.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	0.00	0.00
2,800.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00
2,900.00	0.00	0.00	2,900.00	0.00	0.00	0.00	0.00	0.00	0.00
3,000.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00
3,100.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00	0.00	0.00
3,200.00	0.00	0.00	3,200.00	0.00	0.00	0.00	0.00	0.00	0.00
3,300.00	0.00	0.00	3,300.00	0.00	0.00	0.00	0.00	0.00	0.00
3,400.00	0.00	0.00	3,400.00	0.00	0.00	0.00	0.00	0.00	0.00
3,500.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	0.00
3,600.00	0.00	0.00	3,600.00	0.00	0.00	0.00	0.00	0.00	0.00
3,700.00	0.00	0.00	3,700.00	0.00	0.00	0.00	0.00	0.00	0.00
3,800.00	0.00	0.00	3,800.00	0.00	0.00	0.00	0.00	0.00	0.00
3,900.00	0.00	0.00	3,900.00	0.00	0.00	0.00	0.00	0.00	0.00
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00
4,100.00	0.00	0.00	4,100.00	0.00	0.00	0.00	0.00	0.00	0.00
4,200.00	0.00	0.00	4,200.00	0.00	0.00	0.00	0.00	0.00	0.00
4,300.00	0.00	0.00	4,300.00	0.00	0.00	0.00	0.00	0.00	0.00
4,400.00	0.00	0.00	4,400.00	0.00	0.00	0.00	0.00	0.00	0.00
4,500.00	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00
4,600.00	0.00	0.00	4,600.00	0.00	0.00	0.00	0.00	0.00	0.00
4,700.00	0.00	0.00	4,700.00	0.00	0.00	0.00	0.00	0.00	0.00
4,800.00	0.00	0.00	4,800.00	0.00	0.00	0.00	0.00	0.00	0.00
4,900.00	0.00	0.00	4,900.00	0.00	0.00	0.00	0.00	0.00	0.00
5,000.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00
5,100.00	0.00	0.00	5,100.00	0.00	0.00	0.00	0.00	0.00	0.00
5,200.00	0.00	0.00	5,200.00	0.00	0.00	0.00	0.00	0.00	0.00
5,300.00	0.00	0.00	5,300.00	0.00	0.00	0.00	0.00	0.00	0.00

EOG Resources Inc

Planning Report

Database: EDM
Company: Midland - New Mexico
Project: Delaware
Site: Gila 12 Fed #2H
Well: Gila 12 Fed #2H
Wellbore: Gila 12 Fed #2H
Design: Original Plan

Local Co-ordinate Reference: Well Gila 12 Fed #2H
TVD Reference: WELL @ 3537 30ft (Original Well Elev)
MD Reference: WELL @ 3537.30ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (?)	Azimuth (?)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (?/100ft)	Build Rate (?/100ft)	Turn Rate (?/100ft)
5,400.00	0.00	0.00	5,400.00	0.00	0.00	0.00	0.00	0.00	0.00
5,500.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	0.00	0.00
5,600.00	0.00	0.00	5,600.00	0.00	0.00	0.00	0.00	0.00	0.00
5,700.00	0.00	0.00	5,700.00	0.00	0.00	0.00	0.00	0.00	0.00
5,800.00	0.00	0.00	5,800.00	0.00	0.00	0.00	0.00	0.00	0.00
5,900.00	0.00	0.00	5,900.00	0.00	0.00	0.00	0.00	0.00	0.00
6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	0.00	0.00	0.00
6,100.00	0.00	0.00	6,100.00	0.00	0.00	0.00	0.00	0.00	0.00
6,200.00	0.00	0.00	6,200.00	0.00	0.00	0.00	0.00	0.00	0.00
6,300.00	0.00	0.00	6,300.00	0.00	0.00	0.00	0.00	0.00	0.00
6,400.00	0.00	0.00	6,400.00	0.00	0.00	0.00	0.00	0.00	0.00
6,500.00	0.00	0.00	6,500.00	0.00	0.00	0.00	0.00	0.00	0.00
6,600.00	0.00	0.00	6,600.00	0.00	0.00	0.00	0.00	0.00	0.00
6,700.00	0.00	0.00	6,700.00	0.00	0.00	0.00	0.00	0.00	0.00
6,800.00	0.00	0.00	6,800.00	0.00	0.00	0.00	0.00	0.00	0.00
6,900.00	0.00	0.00	6,900.00	0.00	0.00	0.00	0.00	0.00	0.00
7,000.00	0.00	0.00	7,000.00	0.00	0.00	0.00	0.00	0.00	0.00
7,100.00	0.00	0.00	7,100.00	0.00	0.00	0.00	0.00	0.00	0.00
7,200.00	0.00	0.00	7,200.00	0.00	0.00	0.00	0.00	0.00	0.00
7,300.00	0.00	0.00	7,300.00	0.00	0.00	0.00	0.00	0.00	0.00
7,400.00	0.00	0.00	7,400.00	0.00	0.00	0.00	0.00	0.00	0.00
7,433.00	0.00	0.00	7,433.00	0.00	0.00	0.00	0.00	0.00	0.00
7,500.00	7.96	265.73	7,499.78	-0.35	-4.64	4.65	11.89	11.89	0.00
7,600.00	19.85	265.73	7,596.68	-2.13	-28.56	28.64	11.89	11.89	0.00
7,700.00	31.74	265.73	7,686.55	-5.37	-71.88	72.08	11.89	11.89	0.00
7,800.00	43.63	265.73	7,765.55	-9.91	-132.73	133.10	11.89	11.89	0.00
7,900.00	55.51	265.73	7,830.29	-15.57	-208.50	209.08	11.89	11.89	0.00
8,000.00	67.40	265.73	7,877.99	-22.10	-295.94	296.77	11.89	11.89	0.00
8,100.00	79.29	265.73	7,906.60	-29.22	-391.31	392.40	11.89	11.89	0.00
8,190.12	90.00	265.73	7,915.00	-35.89	-480.66	482.00	11.89	11.89	0.00
8,190.22	90.00	265.73	7,915.00	-35.89	-480.75	482.09	3.00	0.00	3.00
8,200.00	90.00	265.73	7,915.00	-36.62	-490.51	491.88	0.00	0.00	0.00
8,300.00	90.00	265.73	7,915.00	-44.06	-590.23	591.88	0.00	0.00	0.00
8,400.00	90.00	265.73	7,915.00	-51.50	-689.96	691.88	0.00	0.00	0.00
8,500.00	90.00	265.73	7,915.00	-58.95	-789.68	791.88	0.00	0.00	0.00
8,600.00	90.00	265.73	7,915.00	-66.39	-889.40	891.88	0.00	0.00	0.00
8,700.00	90.00	265.73	7,915.00	-73.83	-989.12	991.88	0.00	0.00	0.00
8,800.00	90.00	265.73	7,915.00	-81.27	-1,088.85	1,091.88	0.00	0.00	0.00
8,900.00	90.00	265.73	7,915.00	-88.71	-1,188.57	1,191.88	0.00	0.00	0.00
9,000.00	90.00	265.73	7,915.00	-96.15	-1,288.29	1,291.88	0.00	0.00	0.00
9,100.00	90.00	265.73	7,915.00	-103.59	-1,388.02	1,391.88	0.00	0.00	0.00
9,200.00	90.00	265.73	7,915.00	-111.03	-1,487.74	1,491.88	0.00	0.00	0.00
9,300.00	90.00	265.73	7,915.00	-118.47	-1,587.46	1,591.88	0.00	0.00	0.00
9,400.00	90.00	265.73	7,915.00	-125.91	-1,687.18	1,691.88	0.00	0.00	0.00
9,500.00	90.00	265.73	7,915.00	-133.35	-1,786.91	1,791.88	0.00	0.00	0.00
9,600.00	90.00	265.73	7,915.00	-140.80	-1,886.63	1,891.88	0.00	0.00	0.00
9,700.00	90.00	265.73	7,915.00	-148.24	-1,986.35	1,991.88	0.00	0.00	0.00
9,800.00	90.00	265.73	7,915.00	-155.68	-2,086.08	2,091.88	0.00	0.00	0.00
9,900.00	90.00	265.73	7,915.00	-163.12	-2,185.80	2,191.88	0.00	0.00	0.00
10,000.00	90.00	265.73	7,915.00	-170.56	-2,285.52	2,291.88	0.00	0.00	0.00
10,100.00	90.00	265.73	7,915.00	-178.00	-2,385.24	2,391.88	0.00	0.00	0.00
10,200.00	90.00	265.73	7,915.00	-185.44	-2,484.97	2,491.88	0.00	0.00	0.00
10,300.00	90.00	265.73	7,915.00	-192.88	-2,584.69	2,591.88	0.00	0.00	0.00

EOG Resources Inc

Planning Report

Database: EDM
Company: Midland - New Mexico
Project: Delaware
Site: Gila 12 Fed #2H
Well: Gila 12 Fed #2H
Wellbore: Gila 12 Fed #2H
Design: Original Plan

Local Co-ordinate Reference: Well Gila 12 Fed #2H
TVD Reference: WELL @ 3537.30ft (Original Well Elev)
MD Reference: WELL @ 3537.30ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (?)	Azimuth (?)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (?/100ft)	Build Rate (?/100ft)	Turn Rate (?/100ft)
10,400.00	90.00	265.73	7,915.00	-200.32	-2,684.41	2,691.88	0.00	0.00	0.00
10,469.50	90.00	265.73	7,915.00	-205.49	-2,753.71	2,761.37	0.00	0.00	0.00
10,469.59	90.00	265.73	7,915.00	-205.50	-2,753.81	2,761.46	3.00	0.00	-3.00

BHL (Gila #2H)

Targets

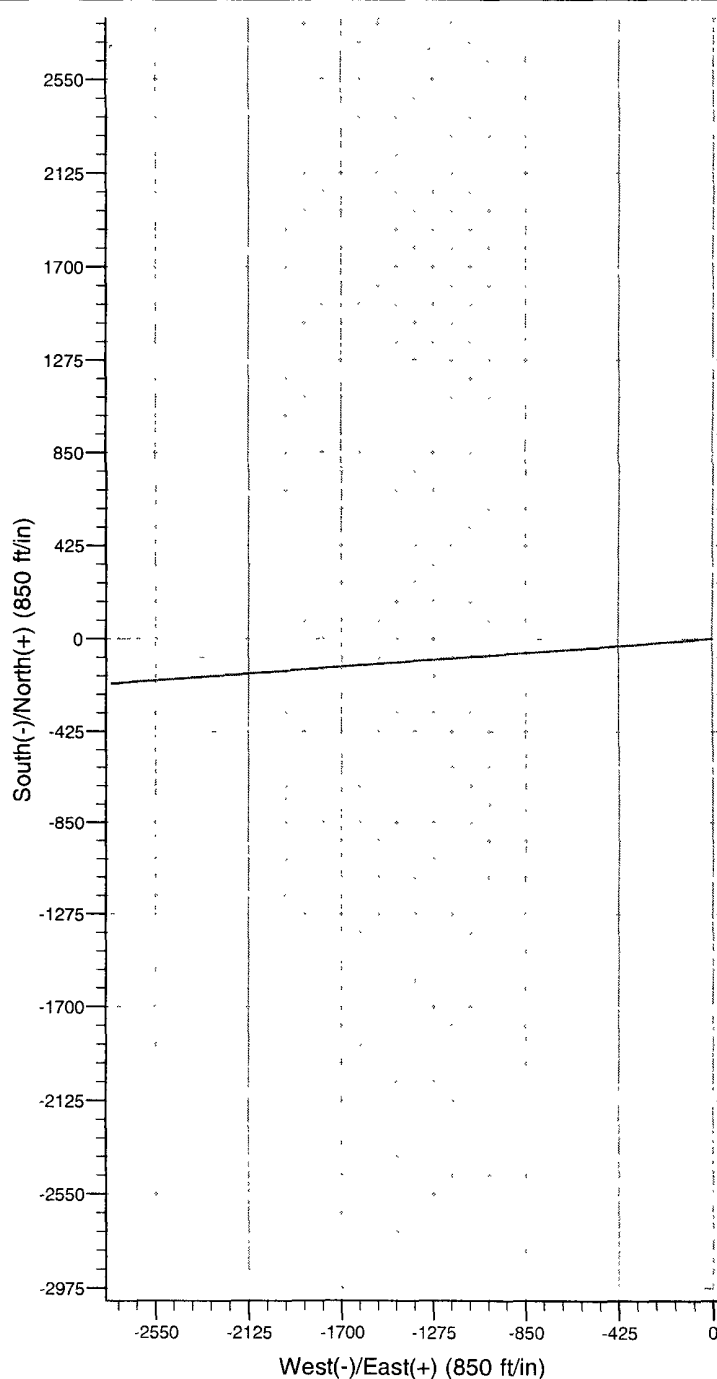
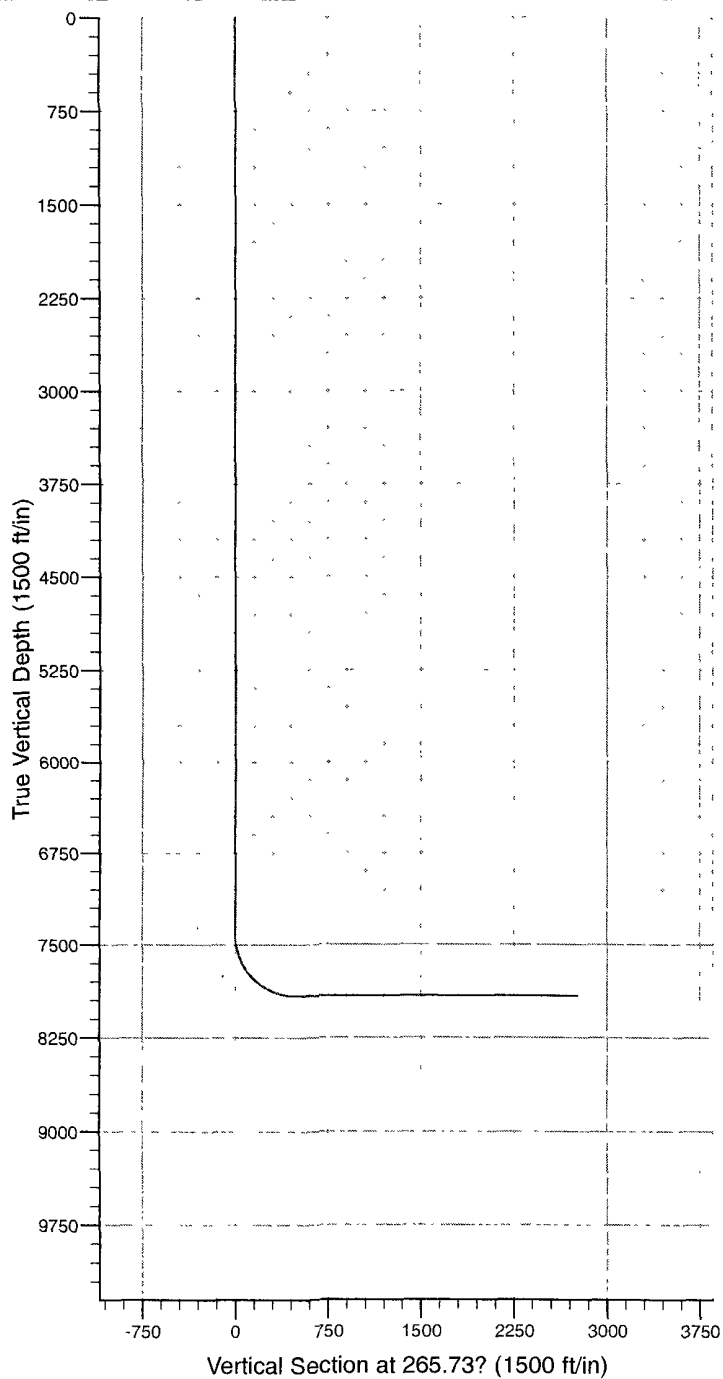
Target Name	Dip Angle (?)	Dip Dir. (?)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
- hit/miss target									
- Shape									
BHL (Gila #2H)	0.00	0.00	7,915.00	-205.50	-2,753.81	446,368.00	652,133.10	32° 13' 34.411 N	103° 50' 28.910 W
- plan hits target center									
- Point									

WELL DETAILS: Gila 12 Fed #2H

+N/-S	+E/-W	Northing	Ground Level: 3518.30	Easting	Latitude	Longitude	Slot
0.00	0.00	446573.50		654886.90	32° 13' 36.319 N	103° 49' 56.841 W	

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFac	Target	Sec
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	7433.00	0.00	0.00	7433.00	0.00	0.00	0.00	0.00	0.00	0.00
3	8190.12	90.00	265.73	7915.00	-35.89	-480.66	11.89	265.73	482.00	
4	8190.22	90.00	265.73	7915.00	-35.89	-480.75	3.00	90.00	482.09	
5	10469.50	90.00	265.73	7915.00	-205.49	-2753.71	0.00	0.00	2761.37	
6	10469.59	90.00	265.73	7915.00	-205.50	-2753.81	3.00	0.00	2761.46	



DRILLING PROGRAM

EOG RESOURCES, INC.

Gila 12 Fed 2H

Eddy Co. NM

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	520'
Lamar	4,215'
Bell Canyon	4,265'
Cherry Canyon	5,135'
Brushy Canyon	6,425'
Bone Spring	8,020'

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

Upper Permian Sands	0- 400'	Fresh Water
Bell Canyon	4,265'	Oil
Cherry Canyon	5,135'	Oil
Brushy Canyon	6,425'	Oil
Bone Spring	8,020'	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 11.75" casing at 500' and circulating cement back to surface.

4. CASING PROGRAM-NEW

<u>Hole</u>	<u>Interval</u>	<u>OD Csg</u>	<u>Weight</u>	<u>Grade</u>	<u>Conn.</u>	<u>Collapse</u>	<u>Burst</u>	<u>Tension</u>
						<u>Design</u>	<u>Design</u>	<u>Design</u>
14.750"	0-500'	11.75"	42#	H-40	ST&C	4.35	1.95	6.34
11.00"	0-4,200'	8.625"	32#	J-55	LT&C	1.14	2.44	3.77
7.875"	0-10,738'	5.5"	17#	N-80	LT&C	1.59	1.10	2.21

Cementing Program:

11.75" Surface Casing:

Cement to surface, Lead: 130 sx 35:65 Poz: C + 0.005 pps Static Free + 5% NaCl + 5 pps LCM-1 + 0.005 gps FP-6L + 5 pps MPA-5 + 0.8% SMS, 12.7 ppg, 2.02 yield
Tail: 200 sx Premium Plus C + 0.005 pps Static Free + 2% CaCl₂ + 0.25 pps CelloFlake + 0.005 gps FP-6L, 14.8 ppg, 1.33 yield

1.

DRILLING PROGRAM

EOG RESOURCES, INC.

Gila 12 Fed 2H

Eddy Co. NM

8.625" Intermediate Casing: Cement to surface, Lead: 755 sx 50:50 Poz: C + 0.005 pps Static Free + 5% NaCl + 0.25 pps CelloFlake + 5 pps LCM-1 + 0.005 gps FP-6L + 10% Bentonite, 11.8 ppg, 2.45 yield
Tail: 200 sx Prem Plus C + 0.25 pps CelloFlake + 0.005 FP-6L + 0.005 pps Static Free + 1% CaCl₂, 14.8 ppg, 1.34 yield

5.50" Production Casing: Cement to 3,700', Lead: 550 sx 50:50 Poz: C + 0.005 pps Static Free + 5% NaCl + 0.25 pps CelloFlake + 5 pps LCM-1 + 0.005 gps FP-6L + 10% Bentonite, 11.8 ppg, 2.29 yield
Tail: 600 sx 50:50 Poz: H + 2% Bentonite + 0.005 gps FP-6L + 0.005 pps Static Free + 5% NaCl + 0.1% R-3 + 0.2% CD-32 + 0.3% FL-52A, 14.2 ppg, 1.30 yield

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

(SEE EXHIBIT #1)

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (5000 psi WP) preventer and an annular preventer (5000-psi WP). Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. All BOP's and accessory equipment will be tested in accordance with Onshore Oil & Gas order No. 2. for a 2M system prior to drilling out of the surface casing shoe and while drilling the intermediate section. 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.

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.

Hydraulically operated choke will not be installed prior to the setting and cementing of the intermediate casing string, but will be installed prior to drilling out of the intermediate casing shoe.

DRILLING PROGRAM

EOG RESOURCES, INC.

Gila 12 Fed 2H

Eddy Co. NM

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

The well will be drilled to TD with a combination of brine, cut brine, and polymer mud system. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Wt</u> <u>(PPG)</u>	<u>Viscosity</u> <u>(sec)</u>	<u>Waterloss</u> <u>(cc)</u>
0- 500	Fresh -- Gel	8.6-8.8	28-34	N/c
<i>see</i> <i>COA</i> 500 '-4,200'	Brine	10.0-10.2	28-34	N/c
4,200'-7,000'	Fresh water	8.4-8.6	28-34	N/c
7,000'-7,500'	Cut Brine	8.8-9.6	28-34	N/c
7,500'-8,200'	Cut Brine	8.8-9.6	28-34	10-15
7,433'-10,738'	Polymer (Lateral)	8.8-9.6	40-45	10-25

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.

8 LOGGING, TESTING AND CORING PROGRAM:

Electric logging will consist of GR-Dual Laterlog and GR-Compensated Density-Neutron from TD to intermediate casing with a GR- Compensated Neutron run from intermediate casing to surface and optional Sonic from TD to intermediate casing. FMI from TD to 6000'.

Possible sidewall cores based on shows.

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

The estimated bottom hole temperature (BHT) at TD is 135 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 3500 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

DRILLING PROGRAM

EOG RESOURCES, INC.

Gila 12 Fed 2H

Eddy Co. NM

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 30-60 days will be required for completion and testing before a decision is made to install permanent facilities.

EXHIBIT "4"

Gila 12 Feb 24

NE

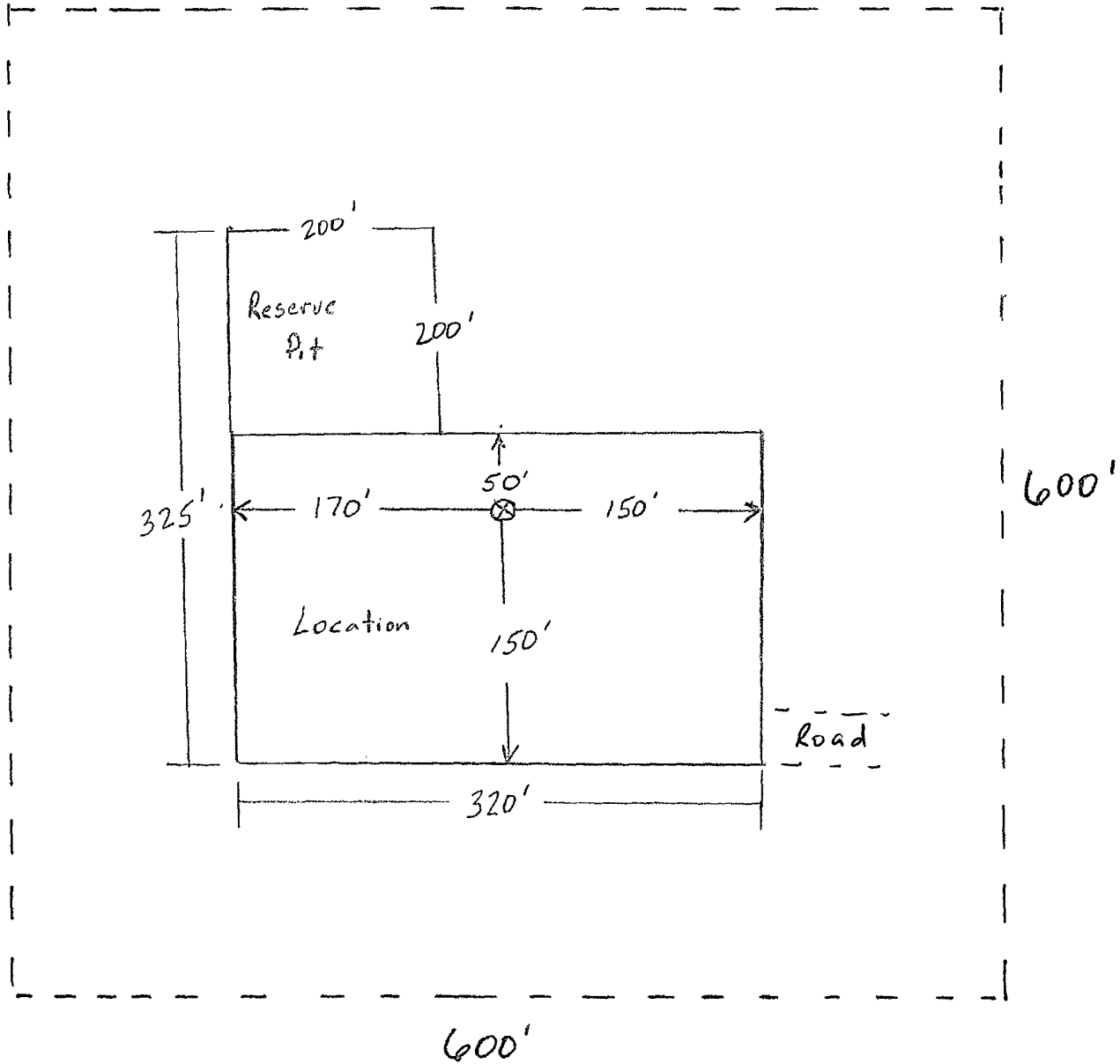
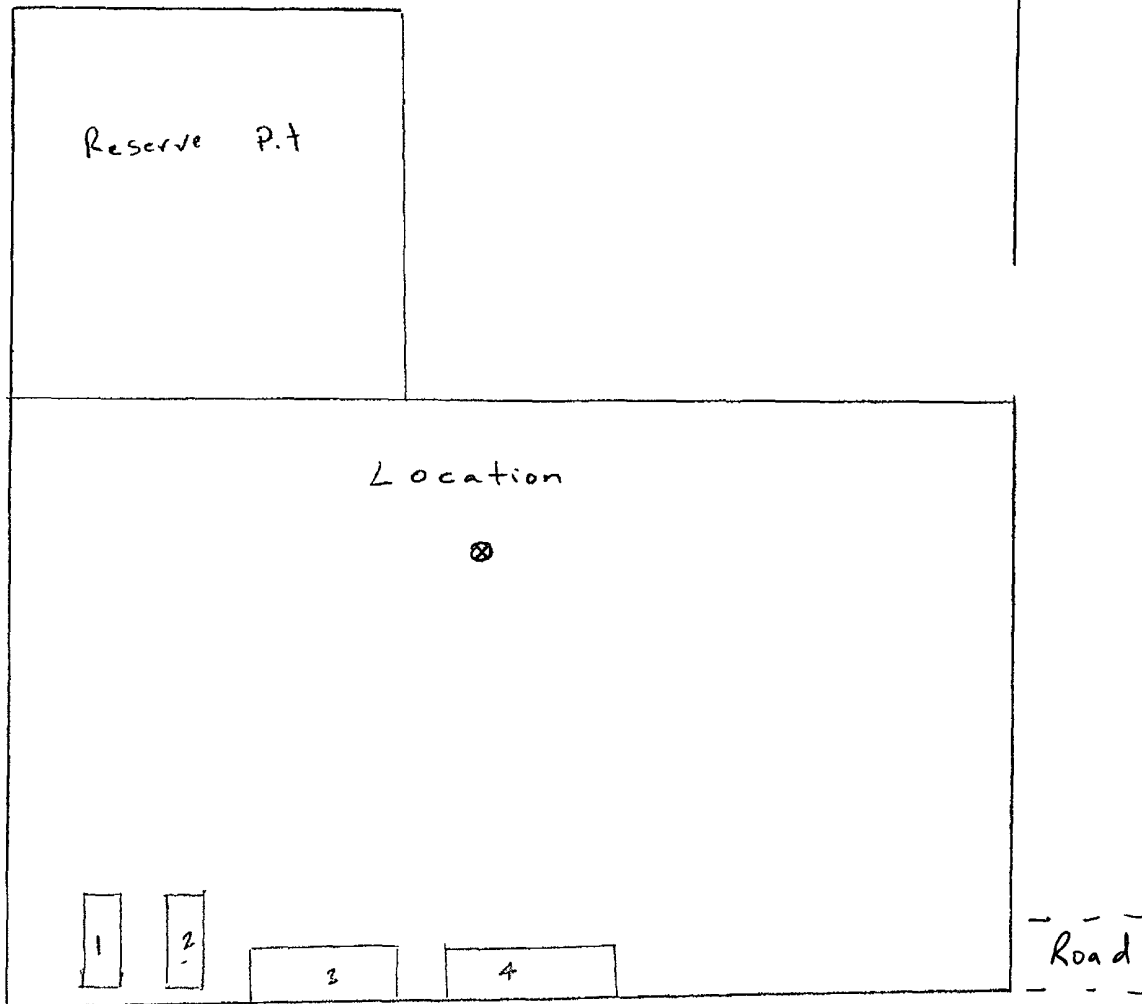


Exhibit 5

WELL NAME: Gila 12 Fed 2H

NE

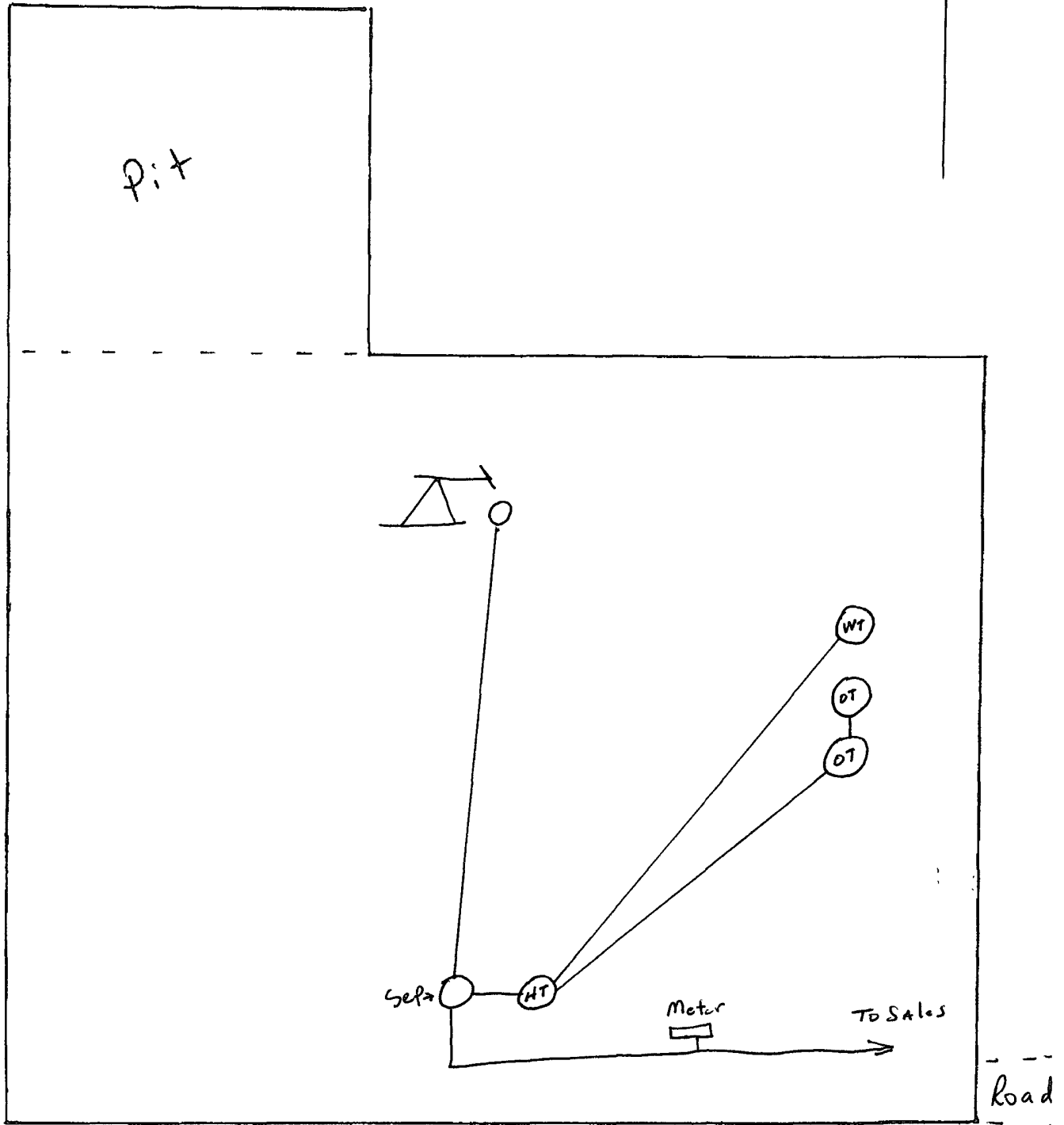


Items 1-4: Drilling Trailers

Production Facility Layout

Gila 12 Feb 2H

NE



"Not To Scale"

DRILLING PROGRAM

EOG RESOURCES, INC.

Gila 12 Fed 2H

Eddy Co. NM

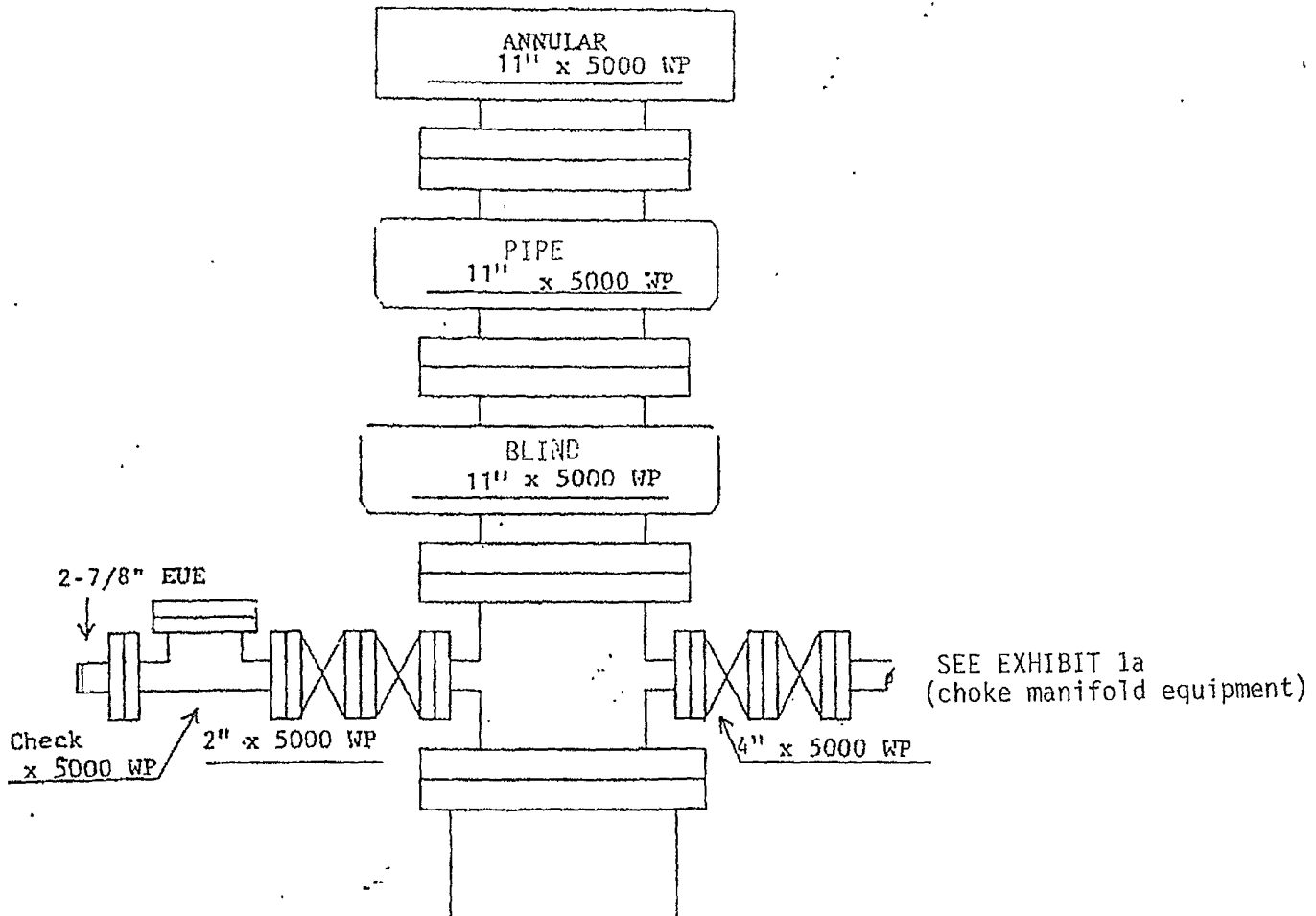
ATTACHMENT TO EXHIBIT #1

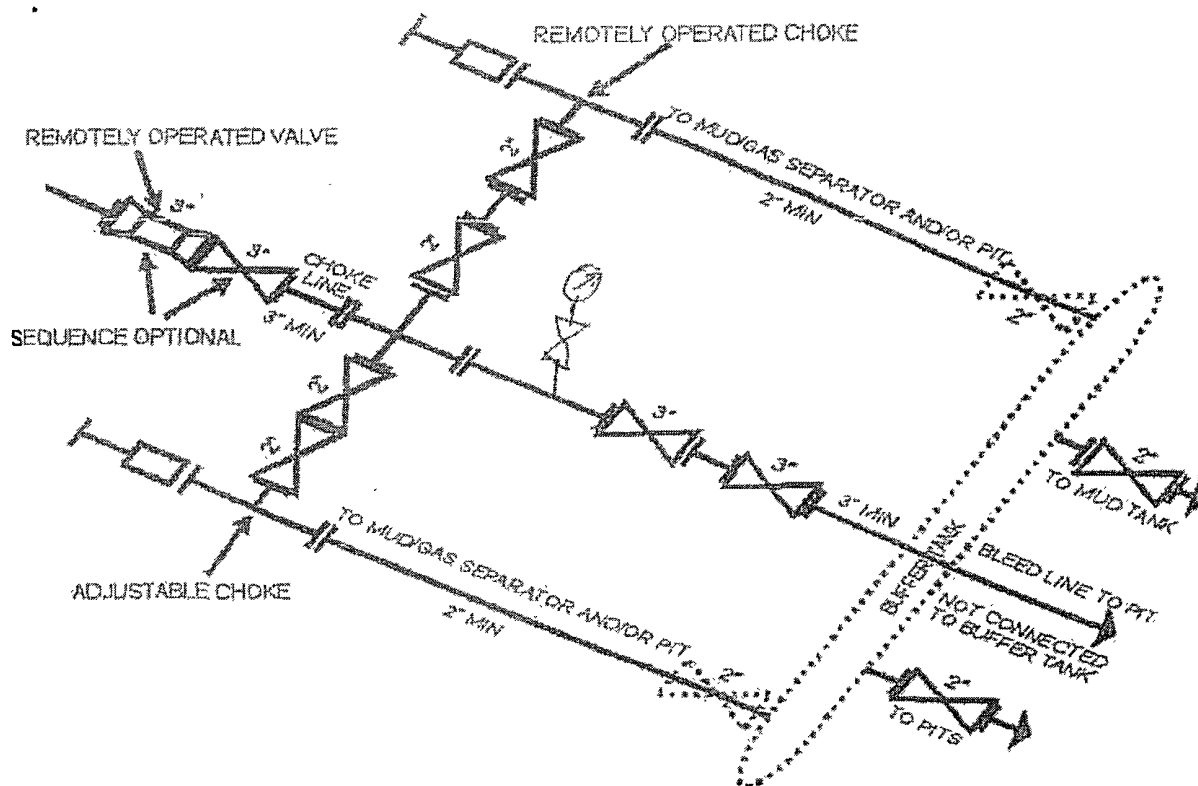
1. Wear ring to be properly installed in head.
2. Blow out preventer and all fittings must be in good condition, 5000 psi W.P. minimum. Exhibit #1.
3. All fittings to be flanged
4. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 5000 psi W.P. minimum.
5. All choke and fill lines to be securely anchored especially ends of choke lines.
6. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
7. Kelly cock on kelly.
8. Extension wrenches and hand wheels to be properly installed.
9. Blow out preventer control to be located as close to driller's position as feasible.
10. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.

EXHIBIT 1

EOG Resources, Inc.

Gila 12 Fed 2H





5M CHOKE MANIFOLD EQUIPMENT - CONFIGURATION OF CHOKES MAY VARY

Although not required for any of the choke manifold systems, buffer tanks are sometimes installed downstream of the choke assemblies for the purpose of manifolding the bleed lines together. When buffer tanks are employed, valves shall be installed upstream to isolate a failure or malfunction without interrupting flow control. Though not shown on 2M, 3M, 10M, OR 15M drawings, it would also be applicable to those situations.

[54 FR 39528, Sept. 27, 1989]

DRILLING PROGRAM

EOG RESOURCES, INC.

Gila 12 Fed 2H

Eddy Co. NM

SURFACE USE PLAN OF OPERATION

SHL: 330' FSL & 1650' FEL, Unit O, Section 12, T24S-R30E, N.M.P.M., Eddy, NM

BHL: 430' FSL & 660' FWL, Unit M, Section 12, T24S-R30E, N.M.P.M., Eddy, NM

1. EXISTING ROADS:

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Terry Asel, RPL 15079.
- b. All roads into the location are depicted on Exhibit 2 & 2a.
- c. Directions to Locations: Beginning in Jal at the intersection of Hwy 128 and Hwy 18, Go west/northwest on Hwy 128 for 39.9 miles, then turn south on Eddy County Road 787 (Twin Wells Road) for 5.6 miles, turn west on Eddy County Road 787 for 1.4 miles, turn north on existing lease road for 0.8 miles to location.

2. NEW OR RECONSTRUCTED ACCESS ROAD:

- a. The well site layout, Exhibit 2b shows the layout. The proposed access utilizing an existing lease road begins from County Road 787 and trends north to SE corner of well pad. (See 1c above for driving directions).
- b. The maximum width of the road will be 15'. It will be crowned and made of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent soil erosion.
- c. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.
- d. No cattleguards, gates or fence cuts will be required. No turnouts are planned.

3. LOCATION OF EXISTING WELLS:

Exhibit #3 shows all existing wells within a one-mile radius of this well.

4. LOCATION OF EXISTING AND/OR PROPOSED PRODUCTION FACILITIES:

- a. In the event the well is found to be productive, the Gila 12 Fed 2H tank battery would be utilized and the necessary production equipment will be installed at the well site. See Production Facilities Layout diagram.
- b. As a proposed oil well, we anticipate the need for electrical service.
- c. All flow lines will adhere to API standards.
- d. As a proposed oil well, we anticipate the need for electrical service.

DRILLING PROGRAM

EOG RESOURCES, INC.

Gila 12 Fed 2H

Eddy Co. NM

- e. If the well is productive, rehabilitation plans are as follows:
 - i. The reserve pit will be back filled after the contents of the pit are dry (within 120 days after completion, weather permitting).
 - ii. The original topsoil from the well site will be returned to the location. The drill site will be contoured as close as possible to the original state.

5. LOCATION AND TYPE OF WATER SUPPLY:

This location will be drilled using a combination of water mud systems (outlined in the drilling program). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using existing and proposed roads shown in Exhibit 2. On occasion, water will be obtained from existing water wells. In these cases where a poly pipeline is used to transport water for drilling purposes, proper authorizations will be secured. If poly pipeline is used to transport fresh water to the location, proper authorization will be secured by the contractor.

6. CONSTRUCTION MATERIALS

All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads will be constructed of rolled and compacted caliche. Will use BLM recommended use of extra caliche from other locations close by roads, if available.

7. METHODS OF HANDLING WASTE MATERIALS

- a. Drill cuttings will be disposed of in the reserve pit.
- b. All trash, junk, and other waste material will be contained in trash cages or trash bins to prevent scattering. When a job is completed, all contents will be removed and disposed of in an approved landfill.
- c. The supplier, including broken sacks, will pick up salts remaining after completion of well.
- d. If necessary, a porto-john will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.
- e. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken for further drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approved disposal site. Later pits will be broken out to speed dry. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in a storage tank and sold.
- f. Disposal of fluids to be transported by the following companies:

DRILLING PROGRAM

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- i. RGB TRUCKING
- ii. LOBO TRUCKING
- iii. I & W TRUCKING
- iv. CRANE HOT OIL & TRANSPORT

8. ANCILLARY FACILITIES:

- a. No airstrip, campsite, or other facilities will be built.

9. WELL SITE LAYOUT:

- a. Exhibit 4 shows the proposed well site layout with dimensions of the pad layout.
- b. Exhibit 5 shows proposed location of reserve and sump pits and living facilities.
- c. Mud pits in the active circulating system will be steel pits and the reserve pits will be lined.
- d. If needed, the reserve pit is to be lined with polyethylene. The pit liner will be 12 mils thick. Pit liner will extend a minimum of two feet (2') over the reserve pit's dykes where the liner will be anchored down.
- e. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down after the pit contents have dried. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR SURFACE RECLAMATION:

- a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed as directed by the BLM. The reserve pit area will be broken out and leveled after drying to a condition where these are feasible. The original top soil will again be returned to the pad and contoured, as close as possible, to the original topography. The pit will be closed per OCD compliance regulations.
- b. The pit lining will be buried or hauled away in order to return the location and road to their pristine nature. All pits will be filled and the location leveled, weather permitting, within 120 days after abandonment.

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- c. The location and road will be rehabilitated as recommended by the BLM.
- d. The reserve pit will be fenced on three sides throughout drilling operations. After the rotary rig is removed, the reserve pit will be fenced on the fourth side to preclude endangering wildlife. The fencing will be in place until the pit is reclaimed.
- e. If the well is deemed commercially productive, the reserve pit will be restored as described in 10(A) within 120 days subsequent to the completion date. Caliche from areas of the pad site not required for operations will be reclaimed. The original top soil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography.

11. SURFACE OWNERSHIP

The surface is owned by the Bureau of Land Management (BLM). The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The proposed road routes and surface location will be restored as directed by the BLM.

EOG has secured verbal consent from Grazing Lessee (Jimmy Richardson) to relocate Lessee's buried water lines at EOG's expense.

12. OTHER INFORMATION:

- a. The area surrounding the well is sparse grassland. The topsoil is sandy & rocky in nature. The vegetation is sparse with native prairie grass, some mesquite bushes and various cacti. No wildlife was observed but it is likely that deer, rabbits coyotes, and rodents transverse the area.
- b. There are not dwellings within 2 miles of location.
- c. There is no permanent or live water within 1,000 feet of the location.
- d. A Cultural Resources Examination will be completed by 4/1/2008 and forwarded to the BLM office in Carlsbad, New Mexico.

13. BOND COVERAGE:

- a. Bond Coverage is Nationwide; Bond No. NM 2308

DRILLING PROGRAM

EOG RESOURCES, INC.

Gila 12 Fed 2H

Eddy Co. NM

COMPANY REPRESENTATIVES:

Representatives responsible for ensuring compliance of the surface use plan are listed below:

Permitting & Land

Mr. Donny G. Glanton
Senior Lease Operations ROW Representative
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3642 Office
(432) 770-0602 Cell

Drilling

Mr. Steve Munsell
Drilling Engineer
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3609 Office
(432) 894-1256 Cell

Operations

Mr. Howard Kemp
Production Manager
EOG Resources, Inc
P.O. Box 2267
Midland, TX 79702
(432) 686-3704 Office
(432) 634-1001 Cell

SECTIONS 12 & 13, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY NEW MEXICO

Exhibit 2a

Basis of Bearings - GPS Geodetic Measurements
NM East Zone (83) North American Datum of 1983

0+00 BEGIN SURVEY @
EDDY CO. ROAD #787
0+95.8 P.I. 31°05'32" RT.
4+40.4 P.I. 02°01'44" RT.
10+84.6 P.I. 06°41'12" LT.
13+58.6 P.I. 04°42'39" RT.
20+55.9 P.I. 02°42'45" LT.
33+44.3 P.I. 03°41'50" LT.
39+32.0 E-W SECTION LINE
41+74.0 P.I. 43°25'28" LT.
42+37.2 END SURVEY

U.S.A. LAND

U.S.A. LAND

EOG RESOURCES, INC.
GILA 12 FED. #2H

N75°55'21"E
1172.5' (TIE)

BLM 1/4
B.C. "1968"

N07°10'52"W
829.7'

N03°29'02"W
1288.4'

N00°46'17"W
697.3'

N05°28'56"W
274.0'

N01°12'16"E
644.2'

N00°49'28"W
344.6'

N31°55'00"W
95.8'

N42°13'32"W
1849.2' (TIE)

EDDY CO. ROAD #787
(TWIN WELLS)

EXISTING
CALICHE ROAD

GLO 1/4
B.C. "1916"

S00°13'45"E
2642.4'

12 GLO B.C.
"1916"

18 GLO B.C.
"1916"

S00°12'55"E
2642.5'

GLO 1/4
B.C. "1916"

R-30-E
2641.8'

R-31-E
2641.8'

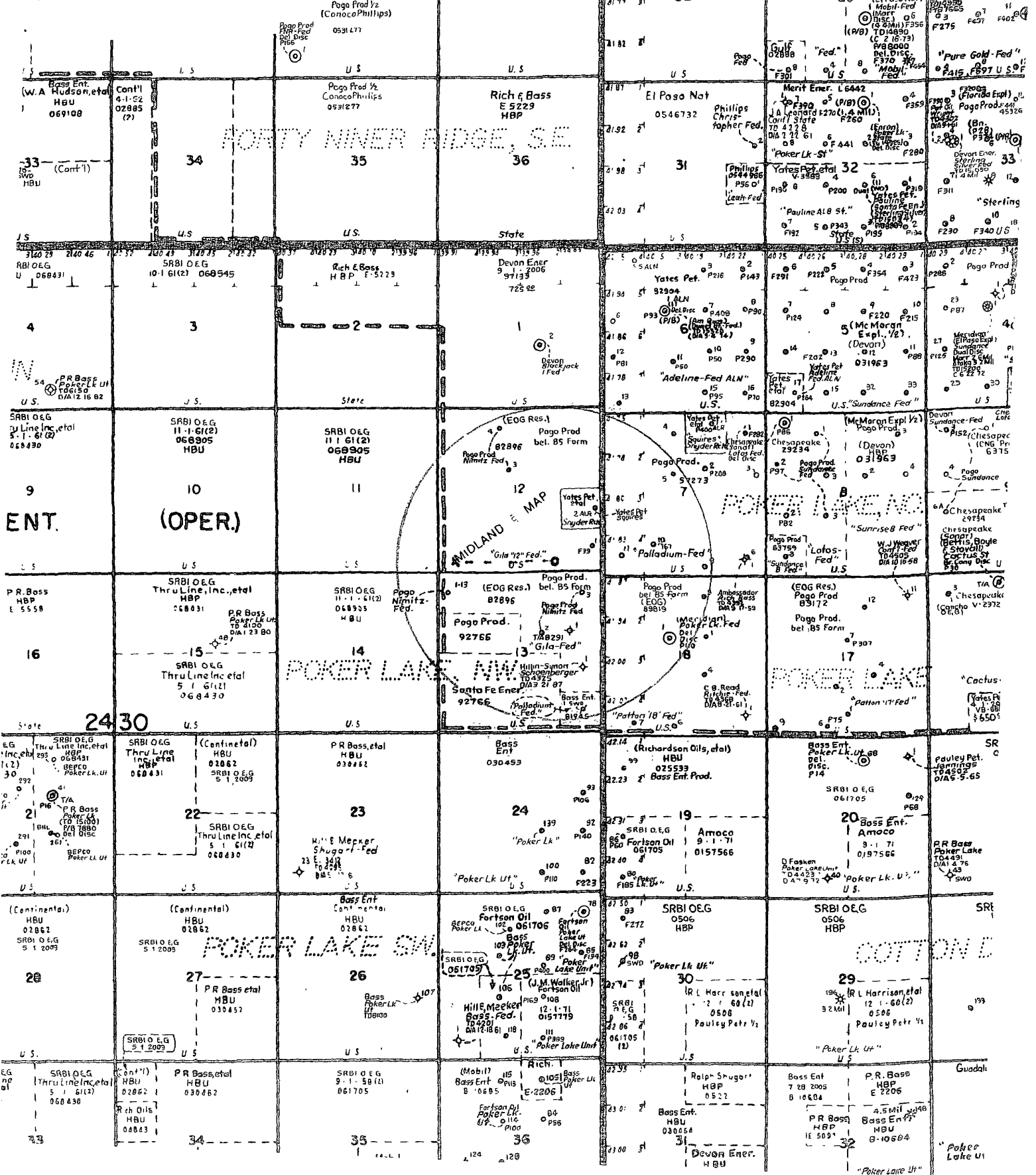
S00°14'57"E
2641.8'

13 GLO B.C.
"1916"

24

18

Exhibit 3



OPERATOR CERTIFICATION

I certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal Laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true, and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 28th day of February 2008.

Name: Donny G. Glanton

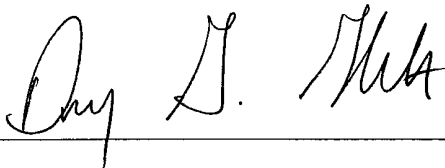
Position: Sr. Lease Operations ROW Representative

Address: P.O. Box 2267 Midland, TX 79705

Telephone: 432-686-3642

Email: donny_glanton@eogresources.com

Signed: _____



PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	EOG RESOURCES INC
LEASE NO.:	NM82896
WELL NAME & NO.:	2H-GILA 12 FED
SURFACE HOLE FOOTAGE:	630' FSL & 2250' FEL
BOTTOM HOLE FOOTAGE:	430' FSL & 330' FWL
LOCATION:	Section 12, T. 24 S., R 30 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Hydrology
- ☒ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines
- ☒ **Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Mitigation Measures: The mitigation measures include the Pecos District Conditions of Approval, and some mitigation on the pad to prevent pollution of the near by playas.

In an effort to help protect the many playas in the area it has been determined the best solution is to go with a closed loop system on the proposed well location. This will help to protect the playas in the area and specifically the playa 420 feet southwest of the center stake. In order to further protect the integrity of the hydrology in the area a berm will need to be placed on the south and west side of the proposed pad. This will provide protection from any fluids or sediments being deposited into the near by playas.

Gila 12 Federal # 2H: Closed Loop System – V - Door East

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

Closed Loop System V-Door East

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

C. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

D. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

E. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

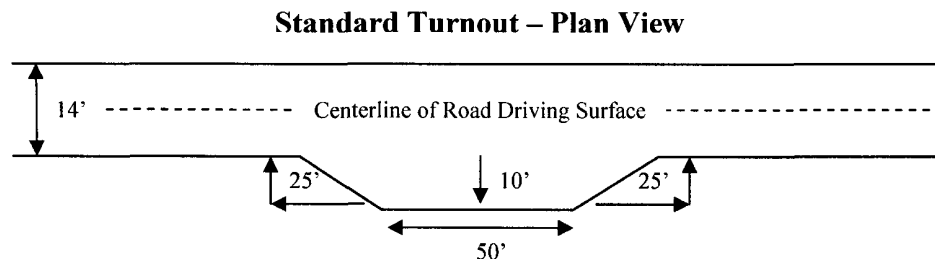
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

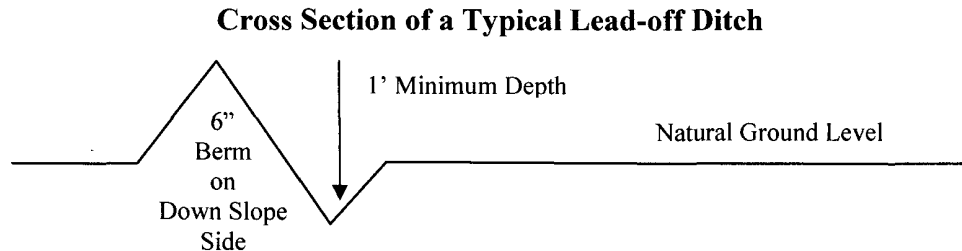
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

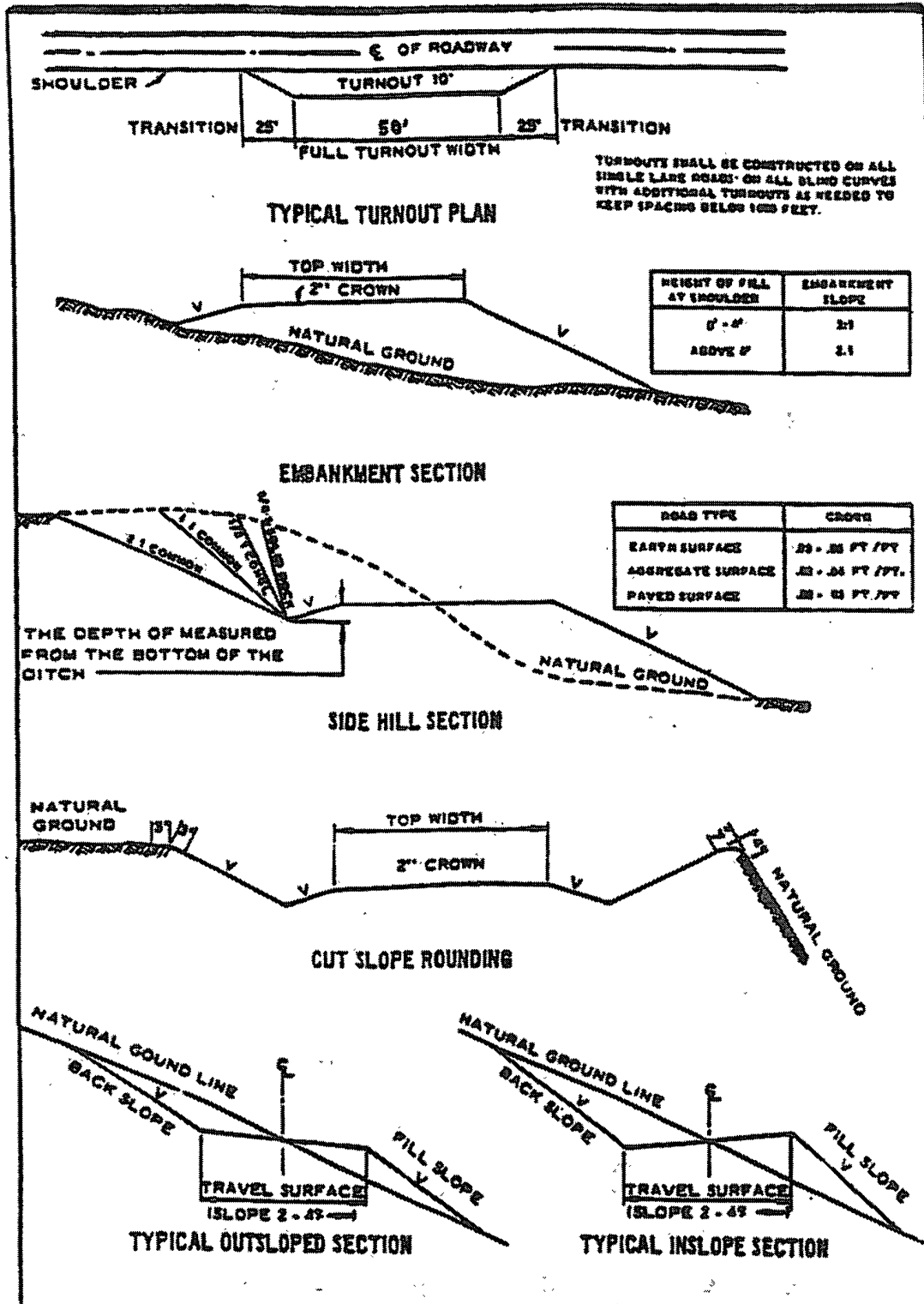
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of **4 hours** in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOP/BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work.

Centralizers required on surface casing as per Onshore Order 2.III.B.1.f

**Possible lost circulation in the Delaware and Bone Spring Formations.
Moderate potential for karst features and caves.**

1. The 11-3/4 inch surface casing shall be set at approximately 570 feet and cemented to the surface. **Fresh water to be used to setting depth.**

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing.

- a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a-d above.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing.

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:

☒ Cement should tie-back at least 200 feet into previous casing string. **Operator shall provide method of verification.**

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. The appropriate BLM office shall be notified a minimum of **4 hours** in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

LB 4/15/08

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time the well pad is to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

Seed Mixture 1, for Loamy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass (<i>Eragrostis intermedia</i>)	0.5
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sideoats grama (<i>Bouteloua curtipendula</i>)	5.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent gemination = pounds pure live seed
(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.