

SEP 12 2008
OCD-ARTESIA OCD-ARTESIA

ATS-08-847

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

S

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

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. 7377 | | 7 If Unit or CA Agreement, Name and No | |
| 3a. Address P.O. Box 2267 Midland, TX 79702 | | 8 Lease Name and Well No. Gila 12 Fed 3H 27026 | |
| 3b. Phone No. (include area code) 432-686-3642 | | 9 API Well No. 30-015-36641 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements) At surface 330' FWL & 2050' FSL (U/L L) At proposed prod zone 1650' FEL & 1650' FSL (U/L J) | | 10 Field and Pool, or Exploratory Northwest Poker Lake Delaware 96046 | |
| 14 Distance in miles and direction from nearest town or post office Approx 25 miles SE from Loving, NM | | 11. Sec, T R M. or Blk and Survey or Area Section 12, T24S-R30E, N.M.P.M. | |
| 15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drg unit line, if any) 330' | | 16 No of acres in lease 120 | 17 Spacing Unit dedicated to this well N/2 SW/4, NE/4 SW/4 |
| 18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 3,500' | | 19 Proposed Depth 7,920' TVD; 11098' TMD | 20 BLM/BIA Bond No. on file NM2308 |
| 21 Elevations (Show whether DF, KDB, RT, GL, etc) GL 3508' | | 22 Approximate date work will start* 09/01/2008 | 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 07/14/2008 |
|--------------------------------------|--|--------------------|

Title
Sr. Lease Operations ROW Representative

| | | |
|--|---|---------------------|
| Approved by (Signature) <i>/s/ Linda S. C. Rundell</i> | Name (Printed/Typed) /s/ Linda S. C. Rundell | Date SEP 09 2008 |
|--|---|---------------------|

Title
STATE DIRECTOR 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

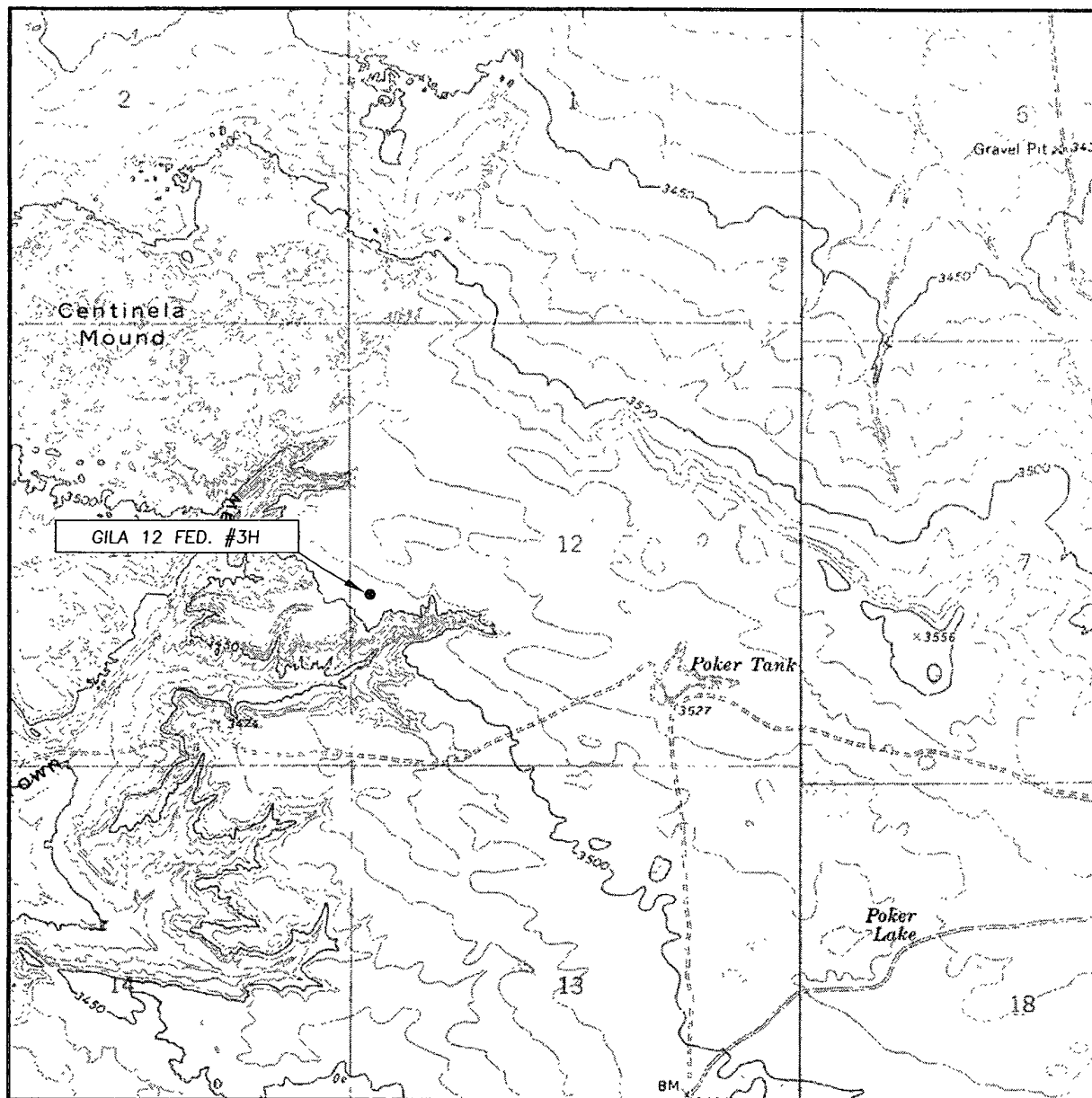
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

☐ AMENDED REPORT

WO# 080619WL (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 2050' FSL & 330' FWL

ELEVATION 3508.5'

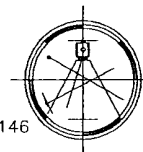
OPERATOR EOG RESOURCES INC.

LEASE GILA 12 FED. #3H

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



EOG RESOURCES, INC.
GILA 12 FED 3H

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 | 6,580' |
| Lower Brushy Canyon | 7,920' |

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 | 6,580' | Oil |
| Lower Brushy Canyon | 7,920' | 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.

13.375"

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> |
| see CoA | 17.50" | 0-500' | 13.375" | 42# | H-40 | ST&C | 4.35 | 1.95 | 6.34 |
| | 12.25" | 0-4,200' | 9.625" | 40# | J-55/ HCK-55 | LT&C | 1.14 | 2.44 | 3.77 |
| | 8.75" | 0-11,098' | 5.5" | 17# | N-80 | LT&C | 1.59 | 1.10 | 2.21 |
| | & 7-7/8" | | | | | | | | |

Cementing Program:

13.375" Surface Casing:

Cement to surface, Lead: 210 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

9.625" Intermediate Casing:

Cement to surface, Lead: 850 sx 50:50 Poz: C + 0.005 pps Static Free + 5% NaCl + 0.25 pps CelloFlake + 5

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EOG RESOURCES, INC.
GILA 12 FED 3H

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: 650 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: 500 sx 50:50 Poz: H + 2% Bentonite + 0.005 pps 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 bottom and drill pipe rams on top. 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.

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 (PPG)</u> | <u>Viscosity (sec)</u> | <u>Waterloss (cc)</u> |
|----------------|-------------------|-----------------|------------------------|-----------------------|
| 0-500' 570' | 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 |
| 7,438'-11,098' | Polymer (Lateral) | 8.8-9.6 | 40-45 | 10-25 |

EOG RESOURCES, INC.
GILA 12 FED 3H

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.

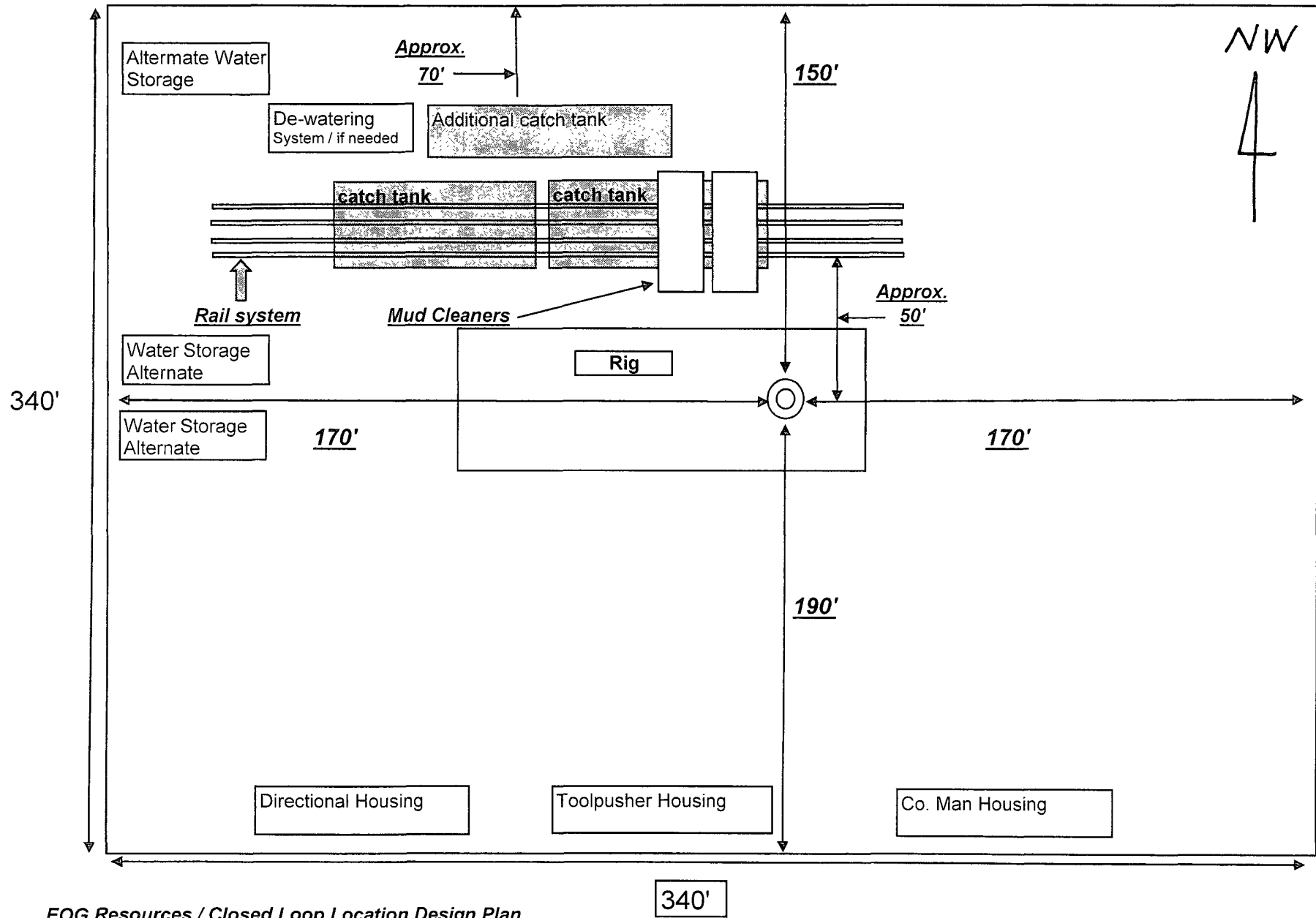
10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

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.

Gila 12 Fed 3H

Gila 12 Fed 3H

Exhibit 4



EOG Resources / Closed Loop Location Design Plan

340'

Not to scale

6/30/2008

EOG RESOURCES, INC.
GILA 12 FED 3H

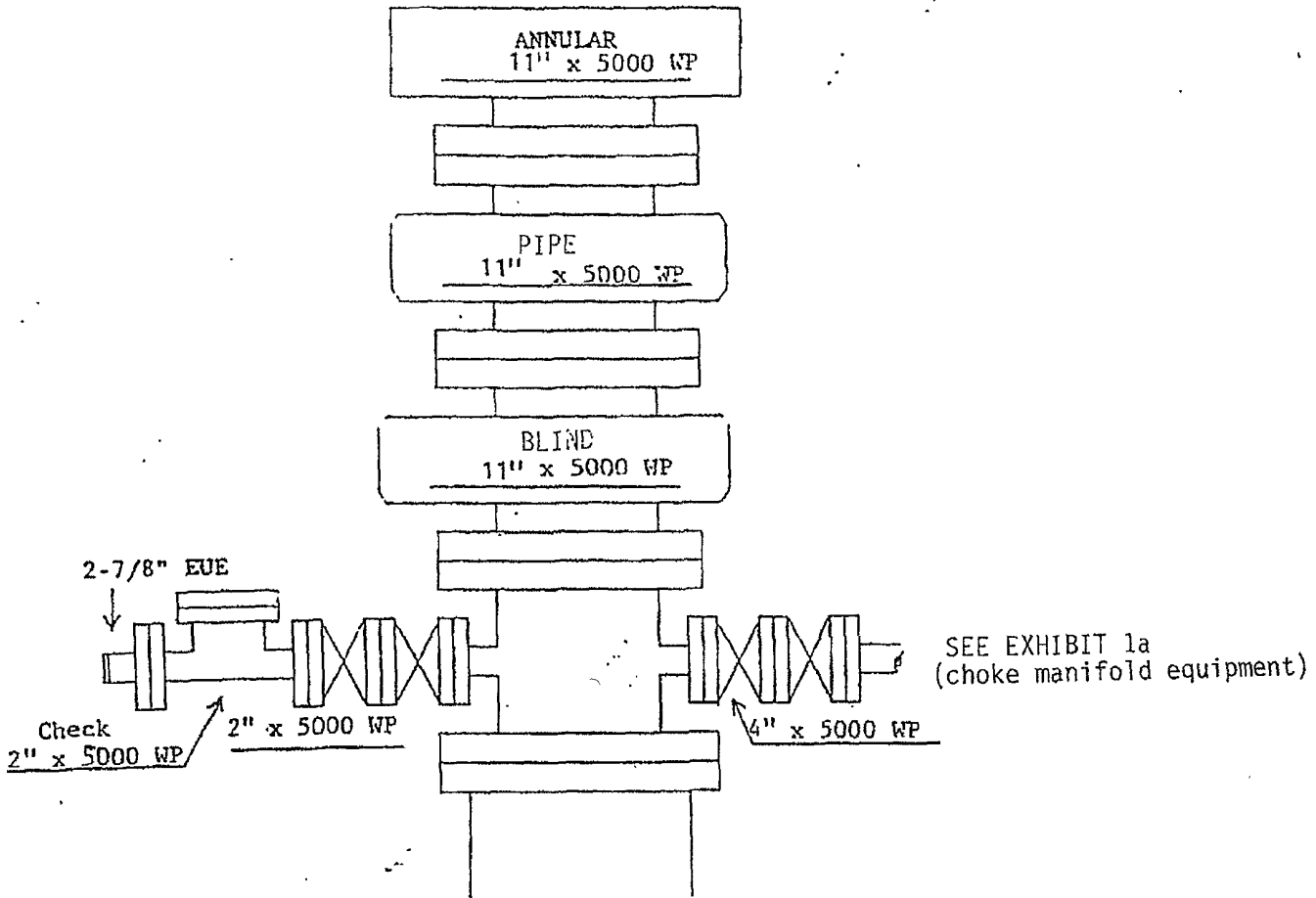
ATTACHMENT TO EXHIBIT #1

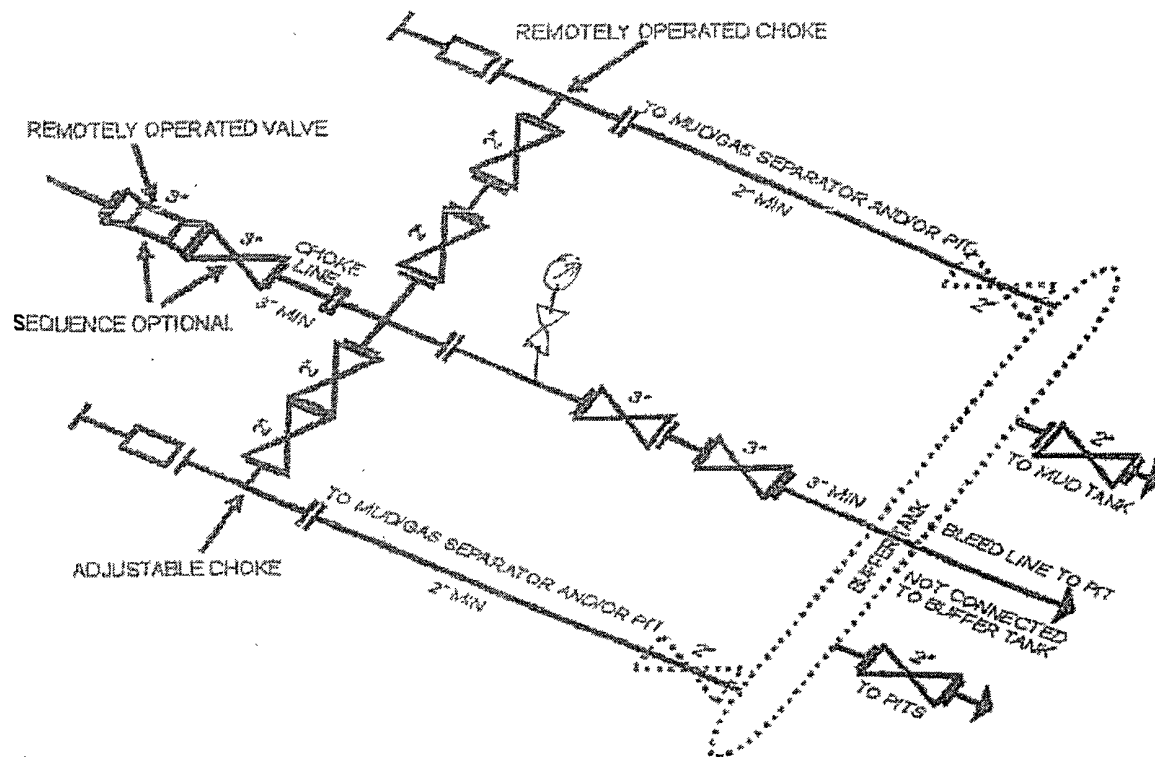
1. Wear ring to be properly installed in head.
2. Blow out preventer and all fittings must be in good condition, 5000 psi W.P. *minimum*. Exhibit #1.
3. All fittings to be flanged
4. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 5000 psi W.P. *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 3H





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]

Permit Information:

Well Name: Gila 12 Fed #3H

Location:

SL 2050' FSL & 330' FEL, Section 12, T-24-S, R-30-E, Eddy Co., N.M.

BHL 1650' FSL & 1650' FEL, 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/ HCK-55 | Surface |
| Production | 11,098' | 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 |
| 11,098' | 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 |
| 7,438' – 11,098' | 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 #3H |
| Company: | Midland - New Mexico | TVD Reference: | WELL @ 3527.50ft (Original Well Elev) |
| Project: | Delaware | MD Reference: | WELL @ 3527.50ft (Original Well Elev) |
| Site: | Gila 12 Fed #3H | North Reference: | Grid |
| Well: | Gila 12 Fed #3H | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | Gila 12 Fed #3H | | |
| 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 #3H | | |
| Site Position: | | Northing: | 447,987.90 ft |
| From: | Map | Easting: | 652,121.10 ft |
| Position Uncertainty: | 0.00 ft | Slot Radius: | " |
| | | Latitude: | 32° 13' 50.442 N |
| | | Longitude: | 103° 50' 28.963 W |
| | | Grid Convergence: | 0.26 ? |

| | | | | | | |
|----------------------|-----------------|---------------------|-----------|---------------|-------------|-------------------|
| Well | Gila 12 Fed #3H | | | | | |
| Well Position | +N/-S | 0.00 ft | Northing: | 447,987.90 ft | Latitude: | 32° 13' 50.442 N |
| | +E/-W | 0.00 ft | Easting: | 652,121.10 ft | Longitude: | 103° 50' 28.963 W |
| Position Uncertainty | 0.00 ft | Wellhead Elevation: | ft | Ground Level: | 3,508.50 ft | |

| | | | | | |
|-----------|-----------------|-------------|--------------------|------------------|------------------------|
| Wellbore | Gila 12 Fed #3H | | | | |
| Magnetics | Model Name | Sample Date | Declination (?) | Dip Angle (?) | Field Strength (nT) |
| | IGRF200510 | 7/9/2008 | 8.05 | 60.23 | 48,907 |

| | | | | |
|-------------------|------------------|-----------|---------------|-----------|
| Design: | Original Plan | | | |
| Audit Notes: | | | | |
| Version: | Phase: | PROTOTYPE | Tie On Depth: | 0.00 |
| Vertical Section: | Depth From (TVD) | +N-S | +E-W | Direction |
| | (ft) | (ft) | (ft) | (?) |
| | 0.00 | 0.00 | 0.00 | 96.65 |

| 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 | |
| 7,438.00 | 0.00 | 0.00 | 7,438.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 8,195.12 | 90.00 | 96.65 | 7,920.00 | -55.82 | 478.76 | 11.89 | 11.89 | 0.00 | 96.65 | |
| 8,195.17 | 90.00 | 96.65 | 7,920.00 | -55.82 | 478.80 | 3.00 | 0.00 | 3.00 | 90.00 | |
| 11,097.57 | 90.00 | 96.65 | 7,920.00 | -392.00 | 3,361.66 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 11,097.61 | 90.00 | 96.65 | 7,920.00 | -392.00 | 3,361.71 | 3.00 | 0.00 | -3.00 | -90.00 | Gila 12 #3H |

EOG Resources Inc

Planning Report

| | | | |
|-----------|----------------------|------------------------------|---------------------------------------|
| Database: | EDM | Local Co-ordinate Reference: | Well Gila 12 Fed #3H |
| Company: | Midland - New Mexico | TVD Reference: | WELL @ 3527.50ft (Original Well Elev) |
| Project: | Delaware | MD Reference: | WELL @ 3527.50ft (Original Well Elev) |
| Site: | Gila 12 Fed #3H | North Reference: | Grid |
| Well: | Gila 12 Fed #3H | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | Gila 12 Fed #3H | | |
| Design: | Original Plan | | |

| 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 | Local Co-ordinate Reference: | Well Gila 12 Fed #3H |
| Company: | Midland - New Mexico | TVD Reference: | WELL @ 3527.50ft (Original Well Elev) |
| Project: | Delaware | MD Reference: | WELL @ 3527.50ft (Original Well Elev) |
| Site: | Gila 12 Fed #3H | North Reference: | Grid |
| Well: | Gila 12 Fed #3H | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | Gila 12 Fed #3H | | |
| Design: | Original Plan | | |

| 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 | 0.00 |
| 5,500.00 | 0.00 | 0.00 | 5,500.00 | 0.00 | 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 | 0.00 |
| 5,700.00 | 0.00 | 0.00 | 5,700.00 | 0.00 | 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 | 0.00 |
| 5,900.00 | 0.00 | 0.00 | 5,900.00 | 0.00 | 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 | 0.00 |
| 6,100.00 | 0.00 | 0.00 | 6,100.00 | 0.00 | 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 | 0.00 |
| 6,300.00 | 0.00 | 0.00 | 6,300.00 | 0.00 | 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 | 0.00 |
| 6,500.00 | 0.00 | 0.00 | 6,500.00 | 0.00 | 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 | 0.00 |
| 6,700.00 | 0.00 | 0.00 | 6,700.00 | 0.00 | 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 | 0.00 |
| 6,900.00 | 0.00 | 0.00 | 6,900.00 | 0.00 | 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 | 0.00 |
| 7,100.00 | 0.00 | 0.00 | 7,100.00 | 0.00 | 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 | 0.00 |
| 7,300.00 | 0.00 | 0.00 | 7,300.00 | 0.00 | 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 | 0.00 |
| 7,438.00 | 0.00 | 0.00 | 7,438.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7,500.00 | 7.37 | 96.65 | 7,499.83 | -0.46 | 3.96 | 3.98 | 11.89 | 11.89 | 0.00 | 0.00 |
| 7,600.00 | 19.26 | 96.65 | 7,596.97 | -3.12 | 26.79 | 26.97 | 11.89 | 11.89 | 0.00 | 0.00 |
| 7,700.00 | 31.14 | 96.65 | 7,687.29 | -8.05 | 69.00 | 69.47 | 11.89 | 11.89 | 0.00 | 0.00 |
| 7,800.00 | 43.03 | 96.65 | 7,766.92 | -15.02 | 128.79 | 129.67 | 11.89 | 11.89 | 0.00 | 0.00 |
| 7,900.00 | 54.92 | 96.65 | 7,832.44 | -23.74 | 203.59 | 204.97 | 11.89 | 11.89 | 0.00 | 0.00 |
| 8,000.00 | 66.81 | 96.65 | 7,881.04 | -33.83 | 290.20 | 292.16 | 11.89 | 11.89 | 0.00 | 0.00 |
| 8,100.00 | 78.69 | 96.65 | 7,910.64 | -44.87 | 384.89 | 387.49 | 11.89 | 11.89 | 0.00 | 0.00 |
| 8,195.12 | 90.00 | 96.65 | 7,920.00 | -55.82 | 478.76 | 482.00 | 11.89 | 11.89 | 0.00 | 0.00 |
| 8,195.17 | 90.00 | 96.65 | 7,920.00 | -55.82 | 478.80 | 482.04 | 3.00 | 0.00 | 3.00 | 0.00 |
| 8,200.00 | 90.00 | 96.65 | 7,920.00 | -56.38 | 483.60 | 486.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8,300.00 | 90.00 | 96.65 | 7,920.00 | -67.96 | 582.93 | 586.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8,400.00 | 90.00 | 96.65 | 7,920.00 | -79.55 | 682.25 | 686.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8,500.00 | 90.00 | 96.65 | 7,920.00 | -91.13 | 781.58 | 786.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8,600.00 | 90.00 | 96.65 | 7,920.00 | -102.71 | 880.91 | 886.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8,700.00 | 90.00 | 96.65 | 7,920.00 | -114.30 | 980.24 | 986.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8,800.00 | 90.00 | 96.65 | 7,920.00 | -125.88 | 1,079.56 | 1,086.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8,900.00 | 90.00 | 96.65 | 7,920.00 | -137.46 | 1,178.89 | 1,186.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,000.00 | 90.00 | 96.65 | 7,920.00 | -149.04 | 1,278.22 | 1,286.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,100.00 | 90.00 | 96.65 | 7,920.00 | -160.63 | 1,377.54 | 1,386.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,200.00 | 90.00 | 96.65 | 7,920.00 | -172.21 | 1,476.87 | 1,486.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,300.00 | 90.00 | 96.65 | 7,920.00 | -183.79 | 1,576.20 | 1,586.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,400.00 | 90.00 | 96.65 | 7,920.00 | -195.37 | 1,675.52 | 1,686.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,500.00 | 90.00 | 96.65 | 7,920.00 | -206.96 | 1,774.85 | 1,786.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,600.00 | 90.00 | 96.65 | 7,920.00 | -218.54 | 1,874.18 | 1,886.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,700.00 | 90.00 | 96.65 | 7,920.00 | -230.12 | 1,973.50 | 1,986.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,800.00 | 90.00 | 96.65 | 7,920.00 | -241.70 | 2,072.83 | 2,086.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9,900.00 | 90.00 | 96.65 | 7,920.00 | -253.29 | 2,172.16 | 2,186.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 10,000.00 | 90.00 | 96.65 | 7,920.00 | -264.87 | 2,271.49 | 2,286.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 10,100.00 | 90.00 | 96.65 | 7,920.00 | -276.45 | 2,370.81 | 2,386.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 10,200.00 | 90.00 | 96.65 | 7,920.00 | -288.03 | 2,470.14 | 2,486.88 | 0.00 | 0.00 | 0.00 | 0.00 |
| 10,300.00 | 90.00 | 96.65 | 7,920.00 | -299.62 | 2,569.47 | 2,586.88 | 0.00 | 0.00 | 0.00 | 0.00 |

EOG Resources Inc

Planning Report

| | | | |
|-----------|----------------------|------------------------------|---------------------------------------|
| Database: | EDM | Local Co-ordinate Reference: | Well Gila 12 Fed #3H |
| Company: | Midland - New Mexico | TVD Reference: | WELL @ 3527 50ft (Original Well Elev) |
| Project: | Delaware | MD Reference: | WELL @ 3527 50ft (Original Well Elev) |
| Site: | Gila 12 Fed #3H | North Reference: | Grid |
| Well: | Gila 12 Fed #3H | Survey Calculation Method: | Minimum Curvature |
| Wellbore: | Gila 12 Fed #3H | | |
| Design: | Original Plan | | |

| 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 | 96.65 | 7,920.00 | -311.20 | 2,668.79 | 2,686.88 | 0.00 | 0.00 | 0.00 | |
| 10,500.00 | 90.00 | 96.65 | 7,920.00 | -322.78 | 2,768.12 | 2,786.88 | 0.00 | 0.00 | 0.00 | |
| 10,600.00 | 90.00 | 96.65 | 7,920.00 | -334.36 | 2,867.45 | 2,886.88 | 0.00 | 0.00 | 0.00 | |
| 10,700.00 | 90.00 | 96.65 | 7,920.00 | -345.95 | 2,966.77 | 2,986.88 | 0.00 | 0.00 | 0.00 | |
| 10,800.00 | 90.00 | 96.65 | 7,920.00 | -357.53 | 3,066.10 | 3,086.88 | 0.00 | 0.00 | 0.00 | |
| 10,900.00 | 90.00 | 96.65 | 7,920.00 | -369.11 | 3,165.43 | 3,186.88 | 0.00 | 0.00 | 0.00 | |
| 11,000.00 | 90.00 | 96.65 | 7,920.00 | -380.70 | 3,264.76 | 3,286.88 | 0.00 | 0.00 | 0.00 | |
| 11,097.57 | 90.00 | 96.65 | 7,920.00 | -392.00 | 3,361.66 | 3,384.44 | 0.00 | 0.00 | 0.00 | |
| 11,097.61 | 90.00 | 96.65 | 7,920.00 | -392.00 | 3,361.71 | 3,384.48 | 3.00 | 0.00 | -3.00 | |
| Gila 12 #3H | | | | | | | | | | |

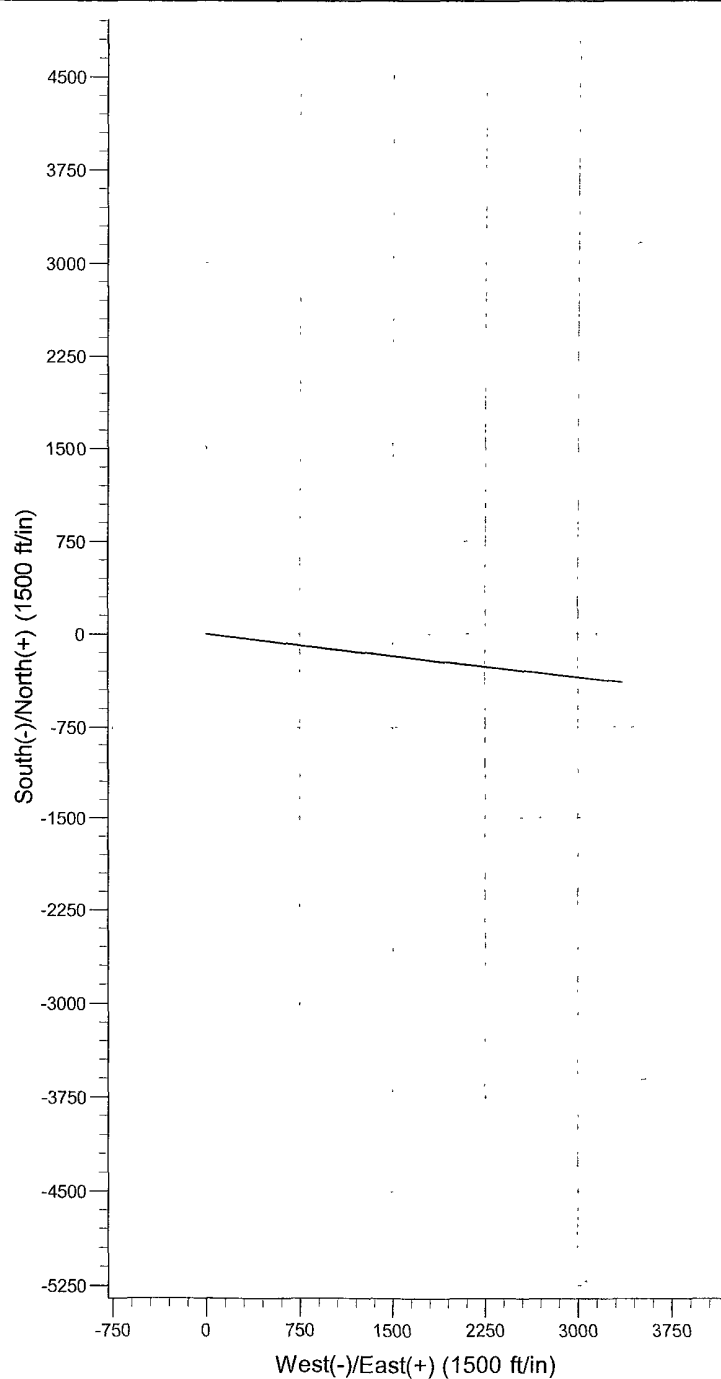
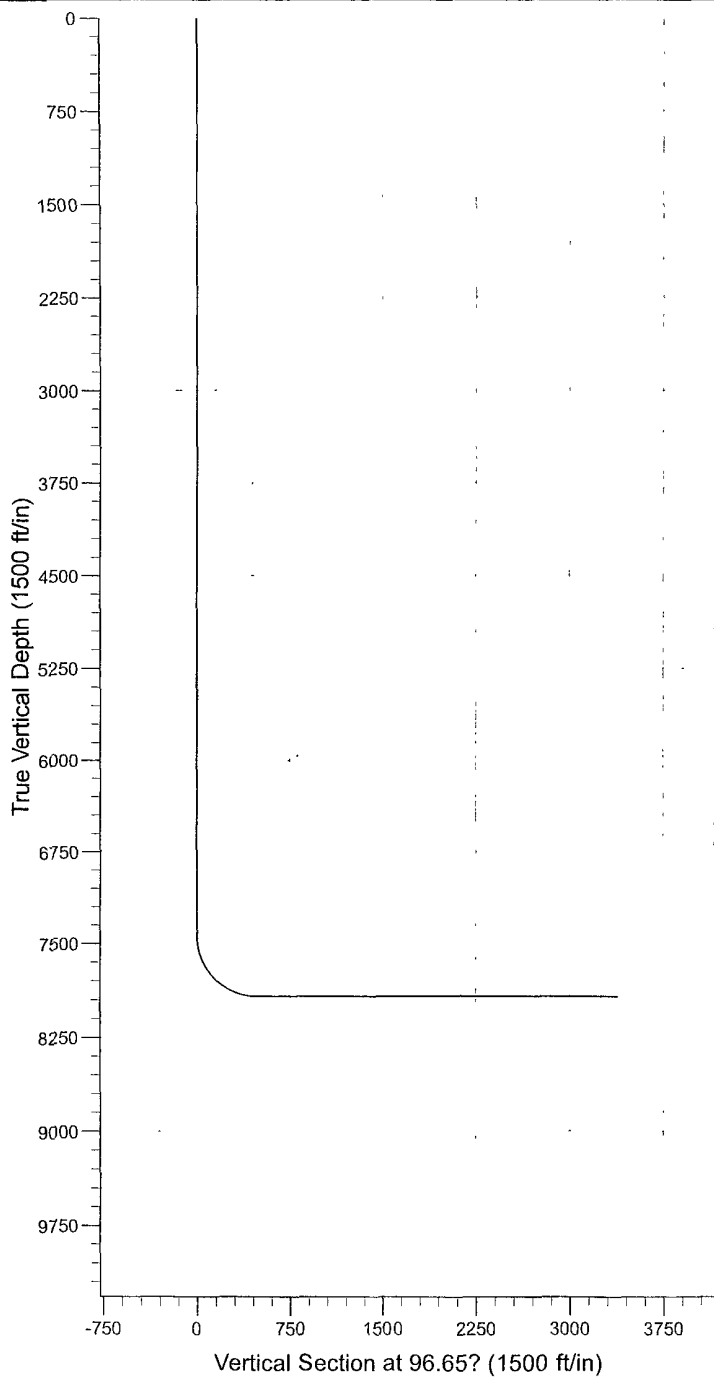
| Targets | | | | | | | | | | |
|-------------|---------------------------|-----------|---------|----------|---------|----------|------------|------------|------------------|-------------------|
| Target Name | hit/miss target | Dip Angle | Dip Dir | TVD | +N/-S | +E/-W | Northing | Easting | Latitude | Longitude |
| - Shape | | (?) | (?) | (ft) | (ft) | (ft) | (ft) | (ft) | | |
| Gila 12 #3H | - plan hits target center | 0.00 | 0.00 | 7,920.00 | -392.00 | 3,361.71 | 447,595.90 | 655,482.80 | 32° 13' 46.409 N | 103° 49' 49.848 W |
| - Point | | | | | | | | | | |

WELL DETAILS: Gila 12 Fed #3H

| | | | | | | | | |
|-------|-------|-----------|--|---------------|------------------|-------------------|--|------|
| | | | | Ground Level. | 3508.50 | | | |
| +N/-S | +E/-W | Northing | | Easting | Latitude | Longitude | | Slot |
| 0.00 | 0.00 | 447987.90 | | 652121.10 | 32° 13' 50.442 N | 103° 50' 28.963 W | | |

SECTION DETAILS

| Sec | MD | Inc | Azi | TVD | +N/-S | +E/-W | DLeg | TFact | Target | Sec |
|-----|---------|-------|-------|---------|---------|---------|-------|-------|---------|-----|
| 1 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 2 | 7438.00 | 0.00 | 0.00 | 7438.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 3 | 8195.12 | 90.00 | 96.65 | 7920.00 | -55.82 | 478.76 | 11.89 | 96.65 | 482.00 | |
| 4 | 8195.17 | 90.00 | 96.65 | 7920.00 | -55.82 | 478.80 | 3.00 | 90.00 | 482.04 | |
| 5 | 1097.57 | 90.00 | 96.65 | 7920.00 | -392.00 | 3361.66 | 0.00 | 0.00 | 3384.44 | |
| 6 | 1097.61 | 90.00 | 96.65 | 7920.00 | -392.00 | 3361.71 | 3.00 | 0.00 | 3384.48 | |



EOG RESOURCES, INC.
GILA 12 FED 3H

SURFACE USE PLAN OF OPERATION

SHL: 2050' FSL & 330' FWL, Unit L, Section 12, T24S-R30E, N.M.P.M., Eddy, NM
BHL: 1650' FSL & 1650' FEL, Unit J, 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, turn west on lease road for 0.2 miles, turn north/northwest for 0.6 miles to location.

2. NEW OR RECONSTRUCTED ACCESS ROAD:

- a. The well site layout, Exhibit 2b shows the layout. The proposed access road begins off an existing lease road and trends to the SE side of well pad. (See 1c above for driving directions).
- b. The maximum width of the road will be 20'. 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, EOG shall construct an above ground flowline to transport the gas and liquids to the Gila 12 Fed 2H location where the gas will be measured and the liquids collected in the existing tank batteries.
- b. As a proposed oil well, operator shall construct a powerline to the well location alongside existing lease roads on lease.
- c. All flow lines will adhere to API standards.
- d. Refer to b above.
- e. If the well is productive, rehabilitation plans are as follows:

EOG RESOURCES, INC.
GILA 12 FED 3H

- i. Within 60 days after drilling and completion of the well, the location shall be reduced as determined by operator to the minimum area necessary to safely and effectively operate the well.
- ii. The original topsoil from the well site will be returned to the location. The location 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 & 2a. 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 shall be secured. If poly pipeline is used to transport fresh water to the location, proper authorization shall be secured by the contractor.

6. CONSTRUCTION MATERIALS

All caliche utilized for the drilling pad and proposed access road shall be obtained from an existing BLM approved pit or from prevailing deposits found under the location. All roads shall be constructed of rolled and compacted caliche. Operator 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 shall be disposed of in a steel cuttings bin (catch tanks) on the drilling pad (behind the steel mud tanks). The bin and cuttings shall be hauled to an approved cuttings dumpsite.
At the site, the cuttings shall be removed from the bin & the bin shall be returned to the drilling site for reuse.
- b. All trash, junk, and other waste material shall be contained in trash cages or trash bins to prevent scattering. When a job is completed, all contents shall be removed and disposed of in an approved landfill.
- c. The supplier, including broken sacks, shall pick up salts remaining after completion of well.
- d. If necessary, a porto-john shall be provided for the rig crews. This equipment shall be properly maintained during the drilling and completion operations and shall be removed when all operations are complete.
- e. Remaining drilling fluids shall be hauled off by transports to a state approved disposal site. Water produced during completion shall be put in storage tanks and disposed of in a state approved disposal. Oil and condensate produced shall be put in a storage tank and sold.
- f. Disposal of fluids to be transported by the following companies:
 - i. RGB TRUCKING
 - ii. LOBO TRUCKING

EOG RESOURCES, INC.

GILA 12 FED 3H

- iii. I & W TRUCKING
- iv. CRANE HOT OIL & TRANSPORT
- v. JWS
- vi. QUALITY TRUCKING

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 4 shows proposed location living facilities.
- c. Mud pits in the active circulating system shall be steel pits and the catch tanks shall be steel tanks set in shallow sumps behind the steel circulating tanks and sumps.
- d. The area where the catch tanks are placed shall 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 shall be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road shall be reclaimed as directed by the BLM. The catch tank area shall be broken out and leveled after drying to a condition where these are feasible. The original topsoil shall again be returned to the pad and contoured, as close as possible, to the original topography.
- b. The location and road shall be reclaimed as recommended by the BLM.
- c. If the well is deemed commercially productive, the catch tank area shall 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 shall be reclaimed. The original top soil shall be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad shall be contoured, as close as possible, to match the original topography.

EOG RESOURCES, INC.
GILA 12 FED 3H

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.

12. OTHER INFORMATION:

- a. The area surrounding the well is grassland. The topsoil is sandy in nature. The vegetation is moderately sparse with native prairie grass, cactus and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes, birds 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 miles of the location.
- d. EOG will participate in the Permian Basin Memorandum of Agreement (MOA) signed by SHPO and the ACHP to use as an option for archaeological clearance.

13. BOND COVERAGE:

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

EOG RESOURCES, INC.
GILA 12 FED 3H

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. Jason LaGrega
Division Drilling Engineer
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3633 Office
(432) 894-1217 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

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 11th day of July 2008.

Name: Donny G. Glanton

Position: Sr. Lease Operations ROW Representative

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

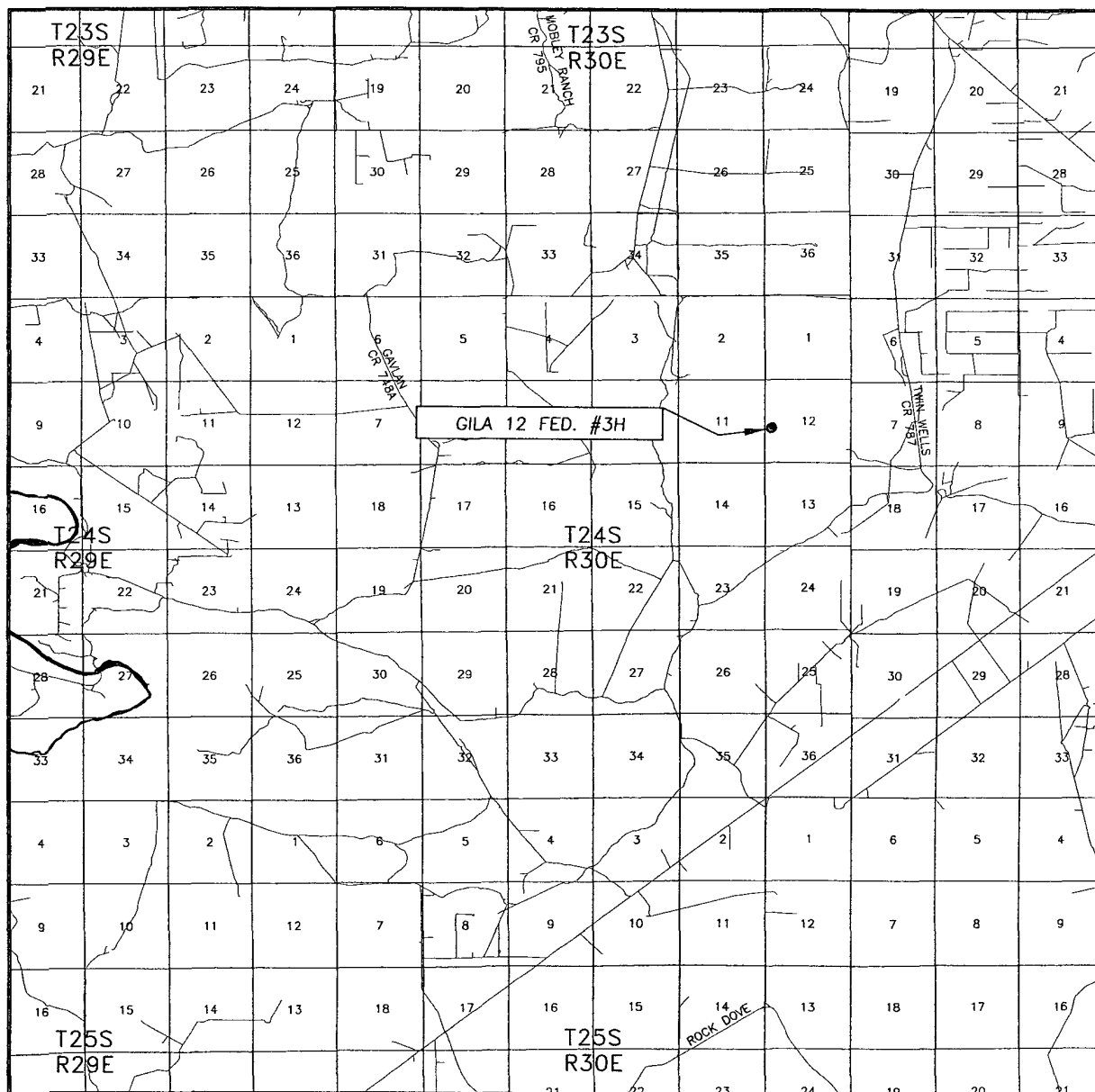
Telephone: 432-686-3642

Email: donny_glanton@eogresources.com

Signed: 

Exhibit 2

VICINITY MAP

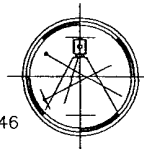


SEC. 12 TWP. 24-S RGE. 30-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 2050' FSL & 330' FWL
 ELEVATION 3508.5'
 OPERATOR EOG RESOURCES INC.
 LEASE GILA 12 FED. #3H

SCALE: 1" = 2 MILES

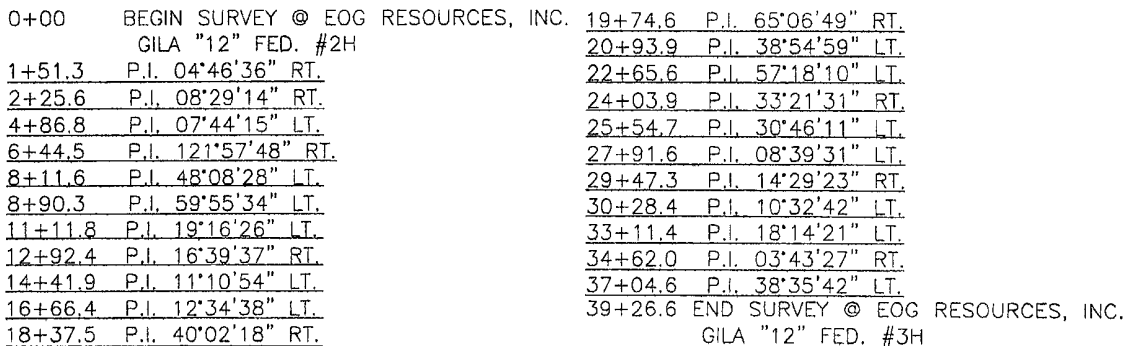
Asel Surveying

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



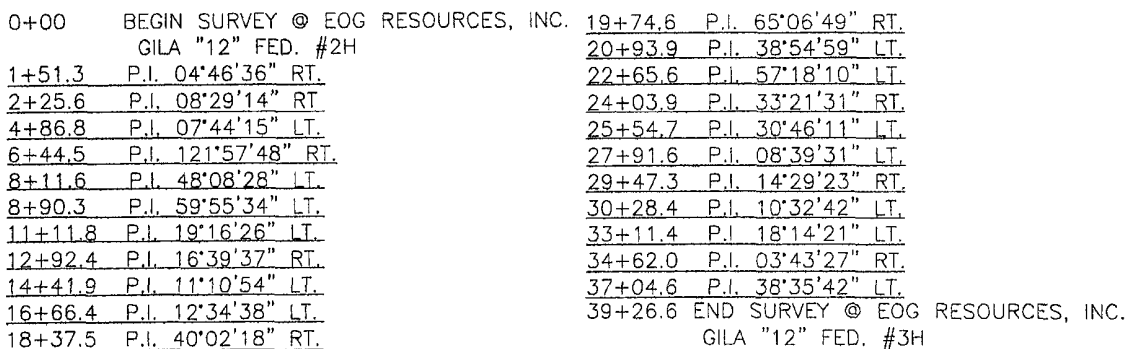
DIRECTIONS BEGINNING IN JAL AT THE INTERSECTION OF HWY. #128 AND HWY. #18, GO WEST/
 NORTHWEST ON HWY. #128 FOR 39.9 MILES, TURN SOUTH ON EDDY COUNTY ROAD #787 (TWINWELLS
 ROAD) FOR 5.6 MILES, TURN WEST ON EDDY COUNTY ROAD #787 FOR 1.4 MILES, TURN NORTH ON
 LEASE ROAD FOR 0.8 MILES, TURN WEST ON LEASE ROAD FOR 0.2 MILES, TURN NORTH/NORTHWEST
 FOR 0.6 MILES TO LOCATION.

Exhibit 2a

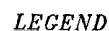


ND IN SECTION
LEFT AND

Exhibit 2a



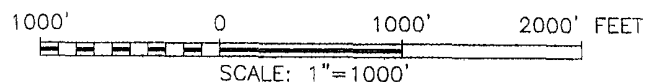
A STRIP OF LAND 30.0 FEET WIDE AND 3926.6 FEET OR 0.744 MILES IN LENGTH CROSSING U.S.A. LAND IN SECTION 12, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.



⊙ - DENOTES FOUND MONUMENT AS NOTED

I, TERRY J. ASELI, 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.

Asel Surveying

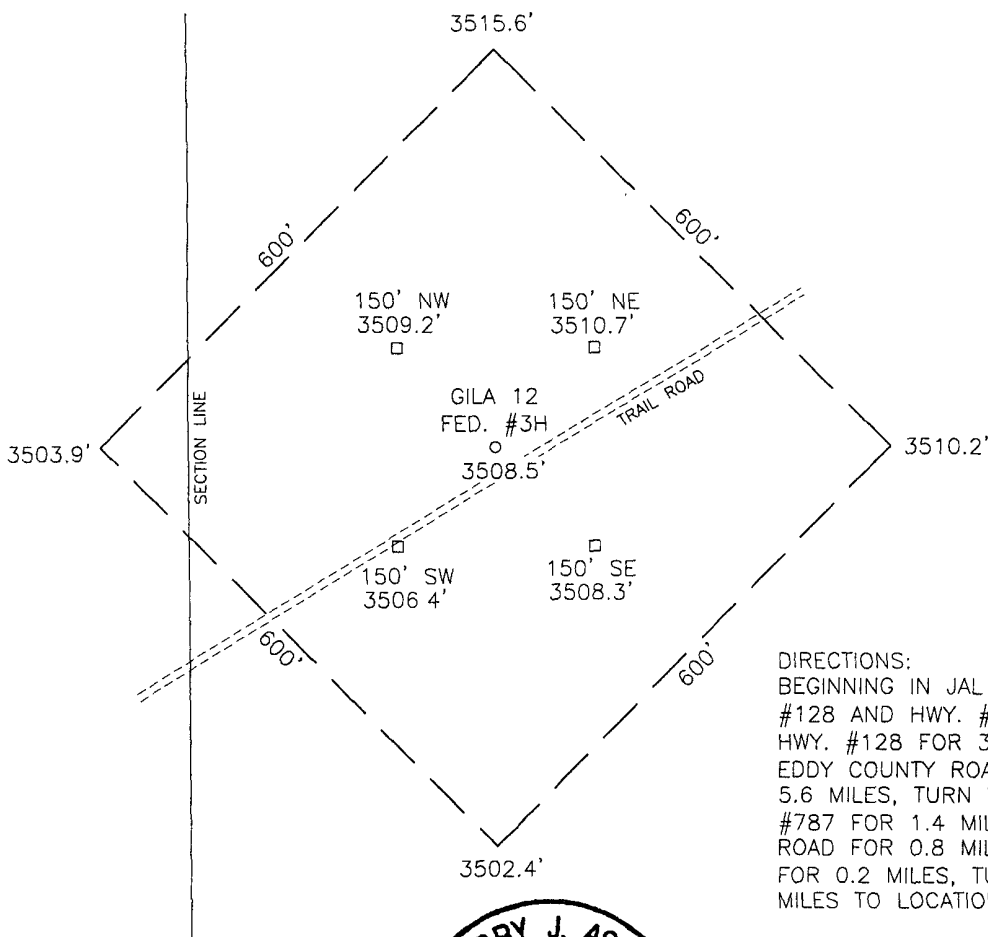
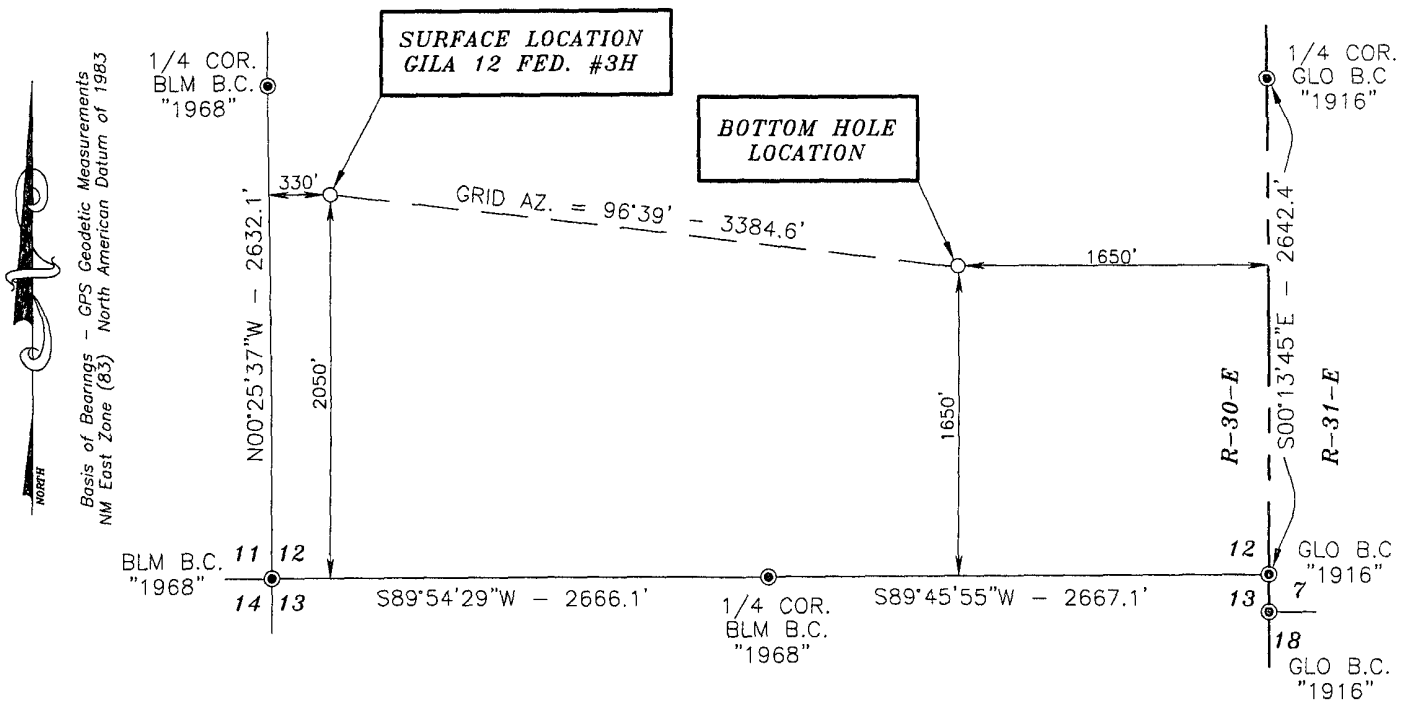


SURVEY FOR A ROAD EASEMENT CROSSING U.S.A. LAND IN
SECTION 12, TOWNSHIP 24 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO

| | | |
|-----------------------|---------------------|-----------------|
| Survey Date: 06/19/08 | Sheet 1 of 1 Sheets | |
| W.O. Number: 080619RD | Drawn By: JL | |
| Date: 07/11/08 | 080619RD.DWG | Scale: 1"=1000' |

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

Exhibit Z b



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 0.2 MILES, TURN NORTH/NORTHWEST FOR 0.6 MILES TO LOCATION.

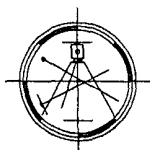
SURVEYORS CERTIFICATE

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 7/1/2008
Terry J. Asel N.M.P.S. No. 15079

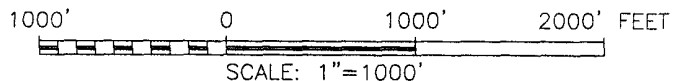
Asel Surveying

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



LEGEND

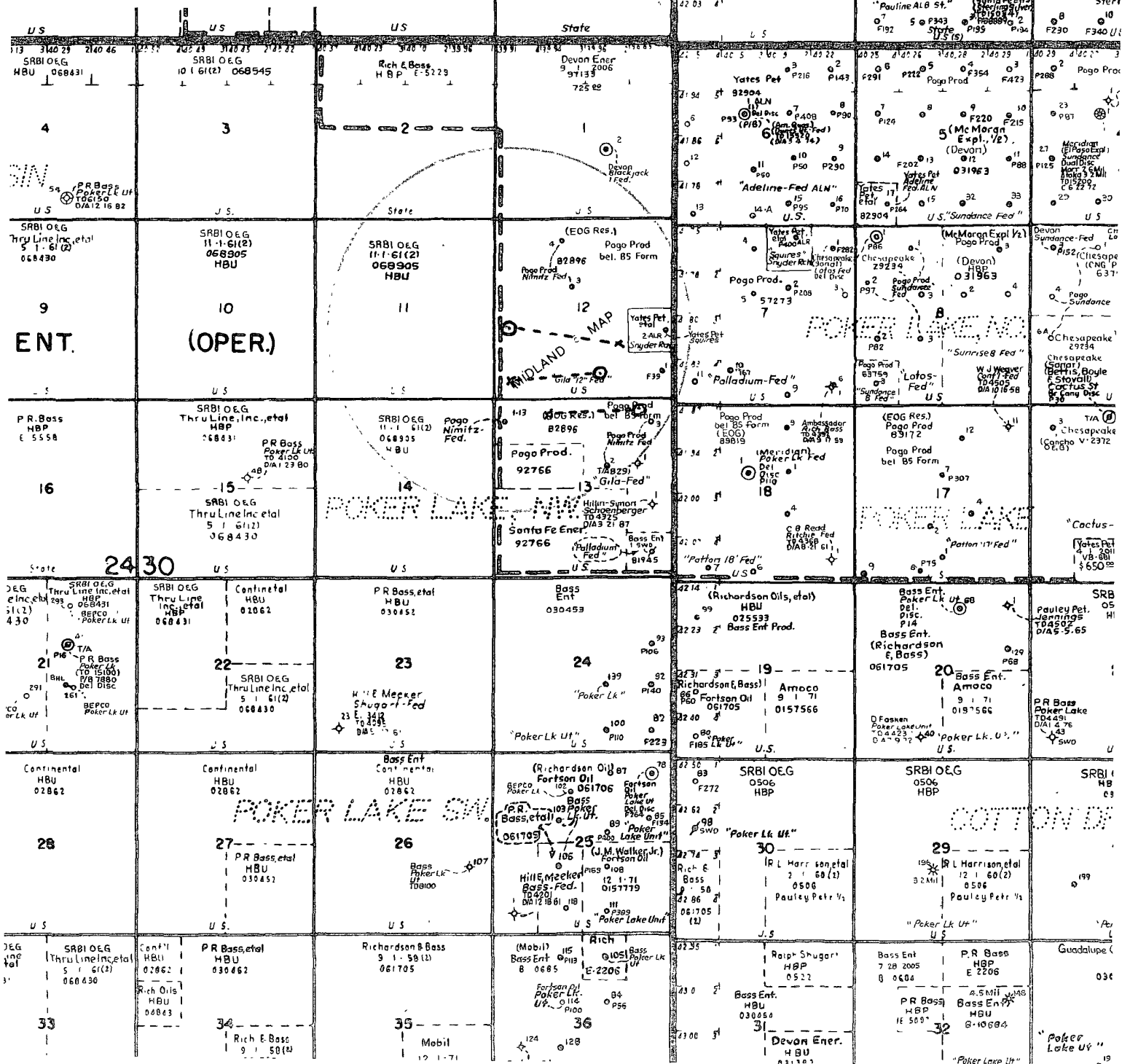
● - DENOTES FOUND MONUMENT AS NOTED



EOG RESOURCES, INC.

GILA 12 FED. #3H
IN SECTION 12, TOWNSHIP 24 SOUTH,
RANGE 30 EAST, N.M.P.M., EDDY COUNTY,
NEW MEXICO

| | |
|-----------------------|--------------------------|
| Survey Date: 06/19/08 | Sheet 1 of 1 Sheets |
| W.O. Number: 080619WL | Drawn By: KA Rev: |
| Date: 06/30/08 | 080619WL Scale: 1"=1000' |



Gila 12 Fed 3H

Flowline 2 7/8" Steel
on the surface alongside road.

 **Geogresources**

Gila 12 Fed 3H

11

12

EDDY

24 S 30 E

Gila 12 Fed 2H

14

13

PECOS DISTRICT CONDITIONS OF APPROVAL

| | |
|-----------------------|-------------------------------------|
| OPERATOR'S NAME: | EOG Resources Inc |
| LEASE NO.: | NM-82896 |
| WELL NAME & NO.: | 3H-Gila 12 Fed |
| SURFACE HOLE FOOTAGE: | 2050' FSL & 330' FWL |
| BOTTOM HOLE FOOTAGE | 1650' FSL & 1650' FEL |
| 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**
 - Pad orientation
- ☐ **Construction**
 - Notification
 - Topsoil
 - Reserve Pit
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
- ☒ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
- ☐ **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)

V-DOOR NORTHEAST

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 to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

Tanks are required for drilling operations: No Pits.

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

D. 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.

E. 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.

F. 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

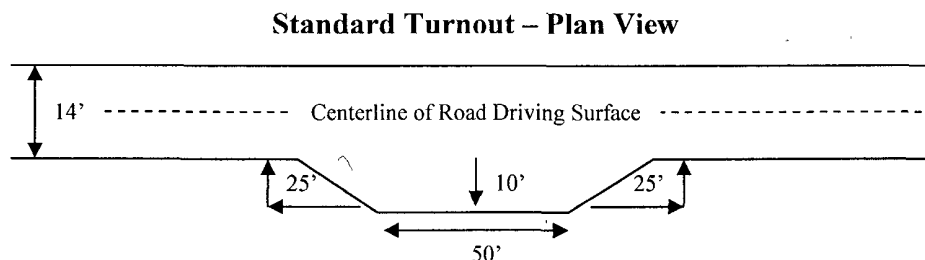
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

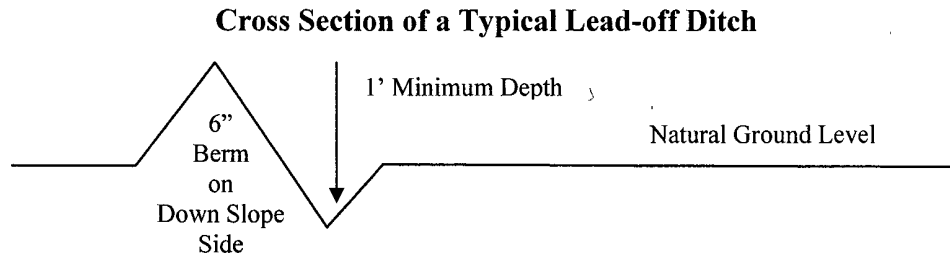
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



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

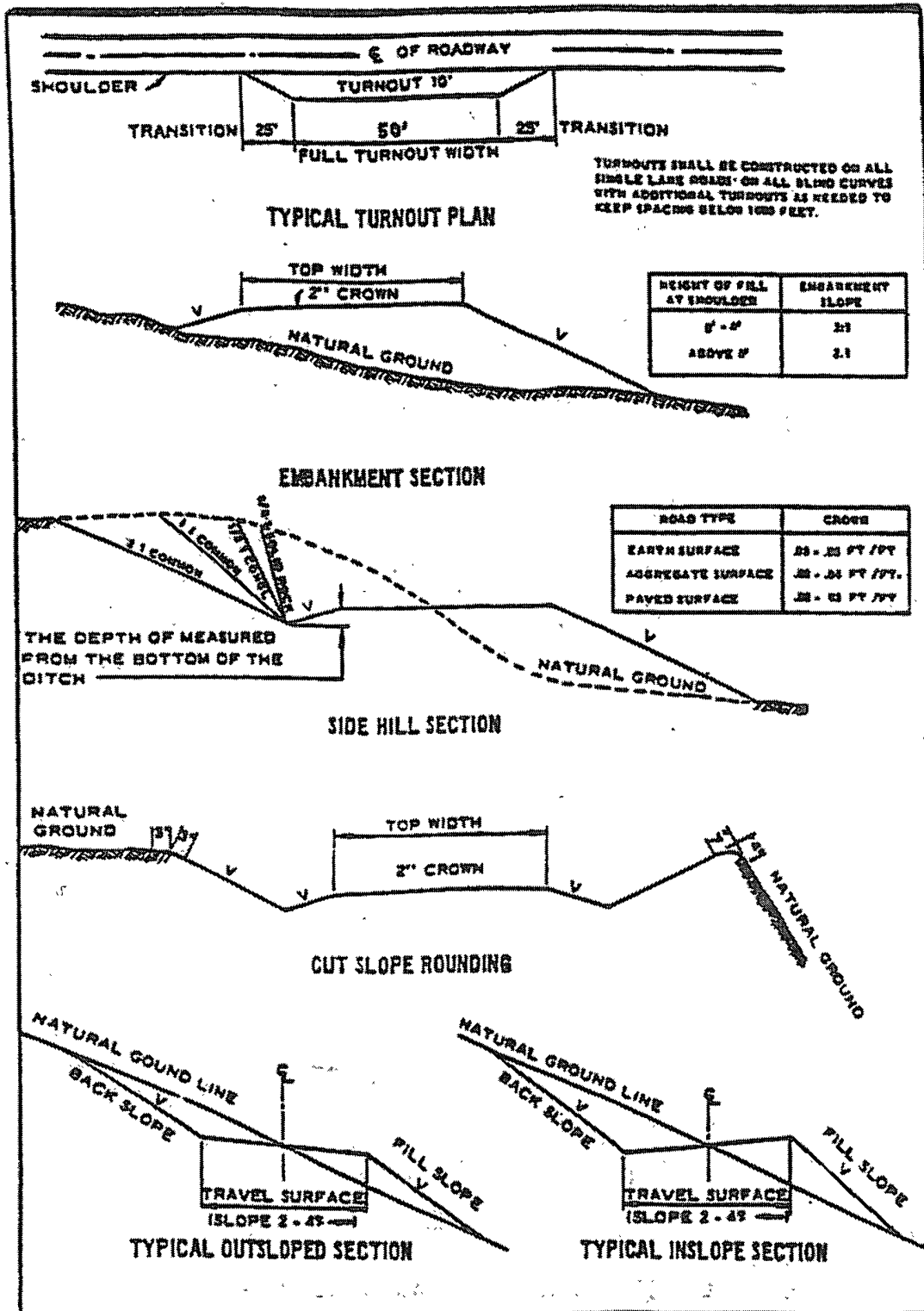
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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. 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 the area, 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. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Lead slurry does not have to reach 500 pounds, but information still required to show compressive strength within 18-24 hours depending on water basin or potash. WOC for water basin or potash applies to entire wellbore.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Secretary's Potash

Possible lost circulation in the Delaware and Bone Spring Formations

Moderate potential for the occurrence of karst type features

1. The 13-3/8 inch surface casing shall be set at **approximately 570 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **Fresh water mud shall be used to casing setting depth.**
 - 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 a 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.
 - 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 9-5/8 inch intermediate casing is:
☒ Cement to surface. If cement does not circulate see B.1.a-d above.
Intermediate casing shall be set at approximately 4220 feet within the Lamar Limestone.

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

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
☒ Cement should tie-back at least **500** feet into previous casing string. **Operator shall provide method of verification.**
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.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

LB 8/4/08

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

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
- b. Activities of other parties including, but not limited to:
 - (1) Land clearing.
 - (2) Earth-disturbing and earth-moving work.
 - (3) Blasting.
 - (4) Vandalism and sabotage.
- c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder

of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 25 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

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.

The 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 3, for Shallow 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 of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/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 Bristlegrass (<i>Setaria magrostachya</i>) | 1.0 |
| Green Spangletop (<i>Leptochloa dubia</i>) | 2.0 |
| Side oats Grama (<i>Bouteloua curtipendula</i>) | 5.0 |

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = 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.