ATS-09-142
EA-09-229

OCD-ARTESIA

Form 3160-3
(February 2005)

JAN 06 2009
OCD-ARTESIA

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a Type of work: ☑ DRILL ☐ REENTER	5 Lease Serial No. **LC 047269A**
	6 If Indian, Allotee or Tribe Name
	7 If Unit or CA Agreement, Name and No
1b. Type of Well ☑ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	8 Lease Name and Well No. **SAND TANK 7 FED 5H**
2. Name of Operator **EOG Resources, Inc.**	9 API Well No **30-015- 36871**
3a Address **P.O. Box 2267 Midland, TX 79702** / 3b Phone No. *(include area code)* **432-686-3642**	10 Field and Pool, or Exploratory **Sand Tank; Bone Spring**
4 Location of Well *(Report location clearly and in accordance with any State requirements *)* At surface **440' FNL & 690' FWL (U/L D)** At proposed prod zone **330' FSL & 660' FWL (U/L M)** Roswell Controlled Water Basin	11 Sec., T R M or Blk and Survey or Area **Section 7, T18S-R30E, N.M.P.M.**
14. Distance in miles and direction from nearest town or post office* **Approx 4.5 miles SW from Loco Hills, NM**	12 County or Parish **Eddy** / 13 State **NM**

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line, if any) **330'**	16 No of acres in lease **160**	17 Spacing Unit dedicated to this well **W/2 W/2**
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **150'**	19 Proposed Depth **6,840' TVD; 10,994' TMD**	20 BLM/BIA Bond No on file **NM2308**
21 Elevations (Show whether DF, KDB, RT, GL, etc.) **GL 3,537.1'**	22 Approximate date work will start* **03/01/2008**	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
2. A Drilling Plan.
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)
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25 Signature Donny G. Glanton	Name *(Printed Typed)* **Donny G. Glanton**	Date **12/01/2008**
Title **Sr. Lease Operations ROW Representative**		
Approved by *(Signature)* /S/ DAVID D. EVANS	Name *(Printed/Typed)* /S/ DAVID D. EVANS	Date JAN - 1 2009
Title FIELD MANAGER	Office CARLSBAD FIELD 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

ENTERED
1-8-09

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015- 36871	96832	Sand Tank ; Bone Spring

Property Code	Property Name	Well Number
35054	SAND TANK 7 FED.	5H

OGRID No.	Operator Name	Elevation
7377	EOG RESOURCES, INC.	3537.1'

Surface Location

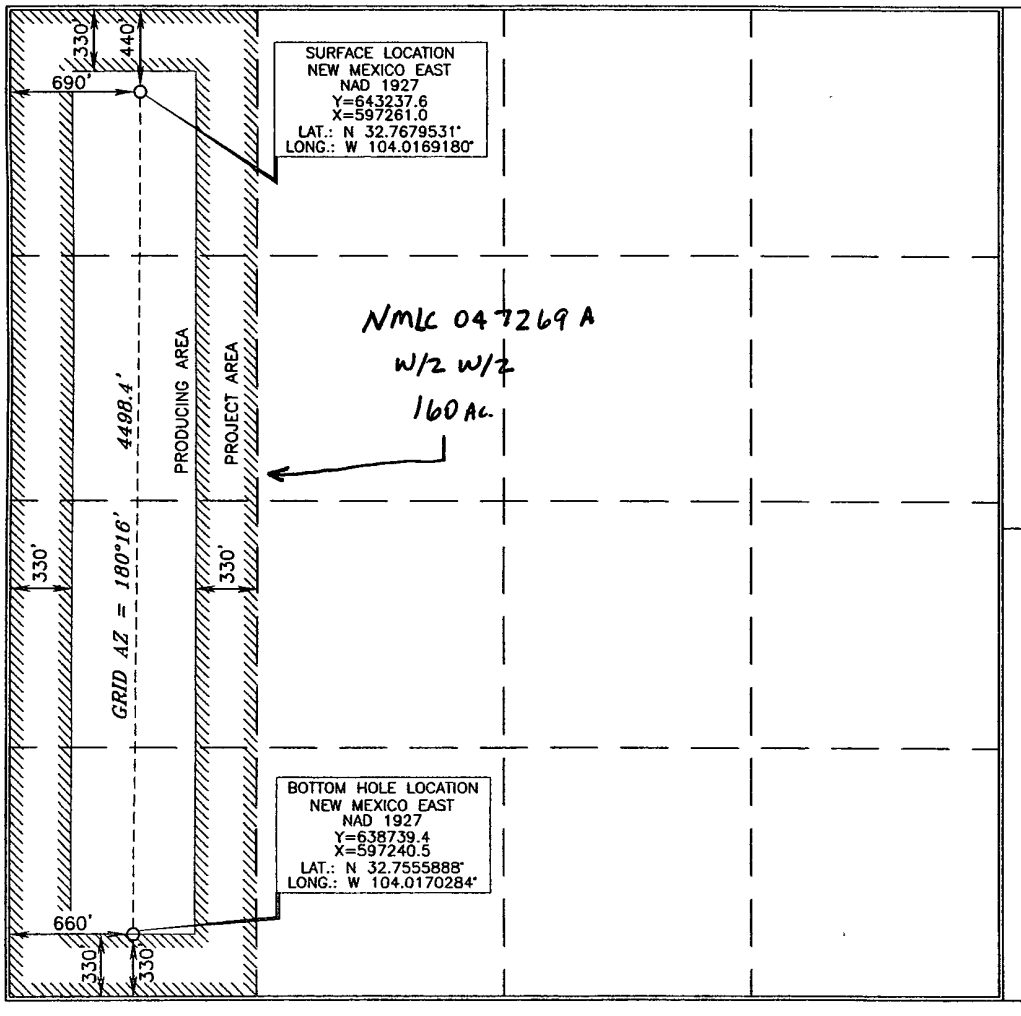
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	7	18 SOUTH	30 EAST, N.M.P.M.		440	NORTH	690	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	7	18 SOUTH	30 EAST, N.M.P.M.		330	SOUTH	660	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature 11/22/08 Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 13, 2008
Date of Survey

Signature and Seal of Professional Surveyor

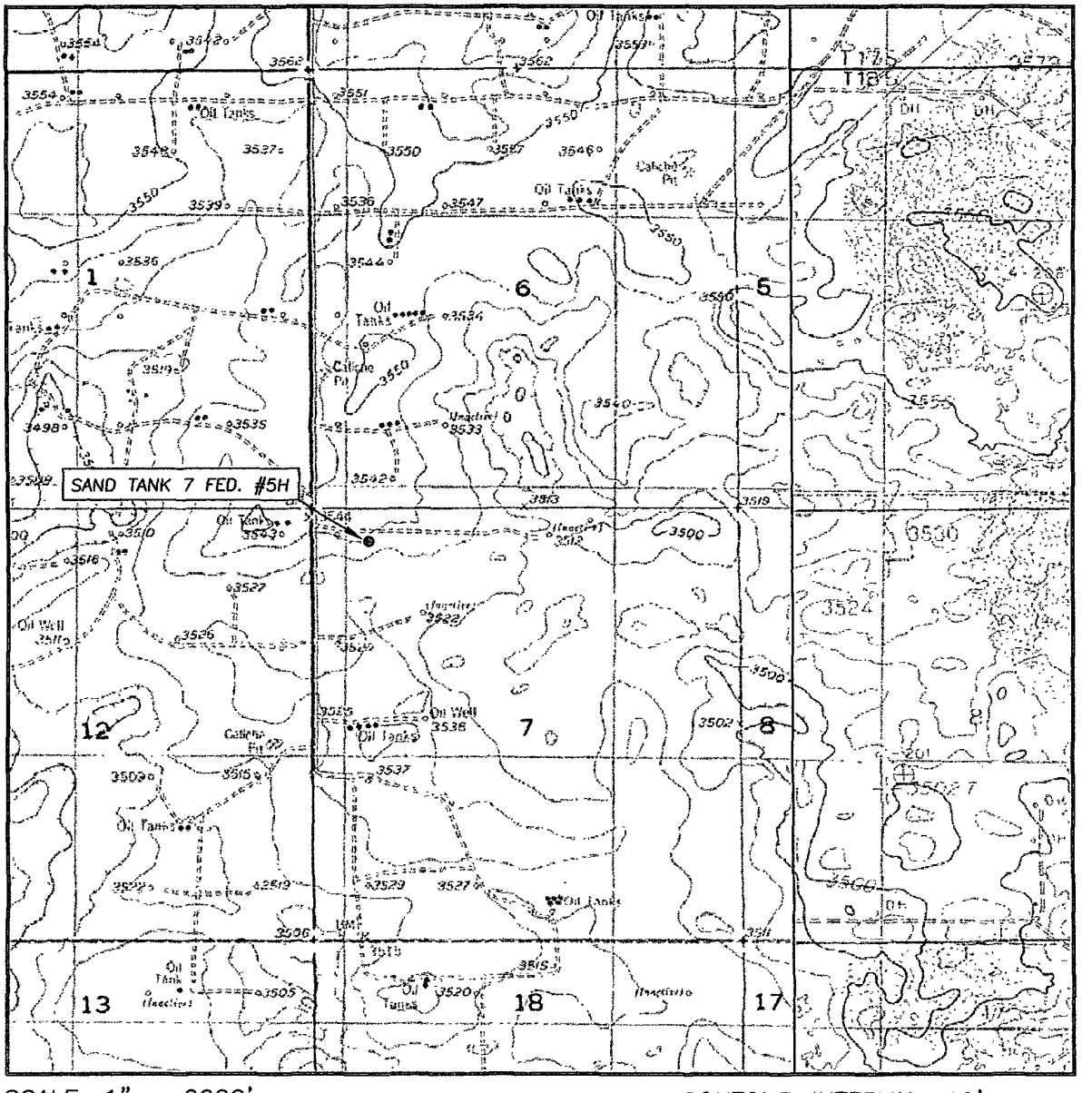
NEW MEXICO 15079 REGISTERED PROFESSIONAL LAND SURVEYOR

11/21/2008

Certificate Number 15079

WO# 081113WL-c(KA)

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 7 TWP. 18-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 440' FNL & 690' FWL

ELEVATION 3537.1'

OPERATOR EOG RESOURCES INC.

LEASE SAND TANK 7 FED. #5H

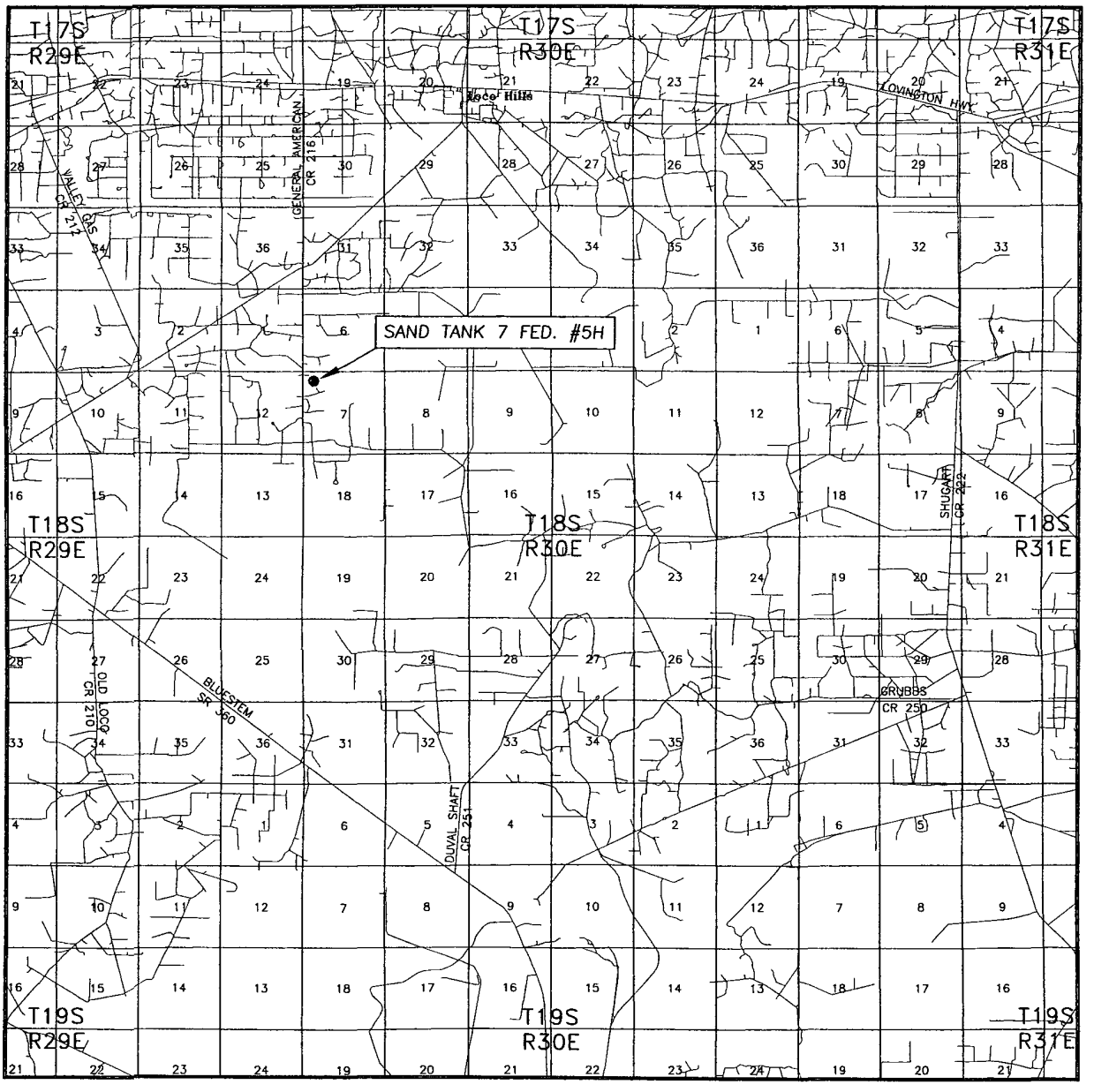
U.S.G.S. TOPOGRAPHIC MAP
RED LAKE SE, N.M.

Asel Surveying

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

Exhibit 2

VICINITY MAP



SEC. 7 TWP. 18-S RGE. 30-E
SURVEY N.M.P.M.
COUNTY EDDY
DESCRIPTION 440' FNL & 690' FWL
ELEVATION 3537.1'
OPERATOR EOG RESOURCES INC.
LEASE SAND TANK 7 FED. #5H

SCALE: 1" = 2 MILES

Asel Surveying

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

DIRECTIONS BEGINNING IN LOCO HILLS AT THE INTERSECTION OF US HWY. #82 AND EDDY COUNTY ROAD #217 (HAGERMAN CUTOFF ROAD), GO SOUTH/SOUTHWEST ON EDDY CO. ROAD #217 FOR 3.0 MILES, TURN LEFT ON EDDY COUNTY ROAD #216 (GENERAL AMERICAN ROAD) AND GO SOUTH FOR 1.3 MILES, TURN LEFT AND GO EAST FOR 0.1 MILES TO LOCATION.

Permit Information:

Well Name: Sand Tank 7 Fed #5H

Location:

SL 440' FNL & 690' FWL, Section 7, T-18-S, R-30-E, Eddy Co., N.M.

BHL 330' FSL & 660' FWL, Section 7, T-18-S, R-30-E, Eddy Co., N.M.

Casing Program:

Casing	Setting Depth	Hole Size	Casing Size	Casing Weight	Casing Grade	Desired TOC
Surface	350'	14-3/4"	11-3/4"	42#	H-40	Surface
Intermediate	2,900'	11"	8-5/8"	32#	J-55	Surface
Production	10,994'	7-7/8"	5 ½"	17#	N-80	2,300'

Cement Program:

Depth	No. Sacks	Slurries:
350'	500	Premium Plus C + 0.005 pps Static Free + 2% CaCl2 + 0.25 pps CelloFlake + 0.005 gps FP-6L
2,900'	650	Lead: 35:65 Poz C + 0.005 pps Static Free + 5% NaCl + 0.125 pps CelloFlake + 5 pps LCM-1 + 0.005 gps FP-6L + 6% Bentonite
	200	Tail: Premium Plus C + 0.005 pps Static Free + 1% CaCl2 + 0.25 pps CelloFlake + 0.005 gps FP-6L
10,994'	750	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
	600	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 – 350'	Fresh - Gel	8.6-8.8	28-34	N/c
350' – 2,900'	Brine	10.0-10.2	28-34	N/c
2,900' – 6,000'	Fresh Water	8.4 – 8.6	28-34	N/c
6,000' – 6,218'	Cut Brine	8.8-9.6	28-34	N/c
6,218' – 10,994'	Cut Brine/ Polymer (Lateral)	8.8-9.6	40-45	10-25

EOG RESOURCES, INC.
SAND TANK 7 FED 5H

1. GEOLOGIC NAME OF SURFACE FORMATION:
Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	330'
Grayburg	2,720'
1st Bone Spring Sand	6,625'
1st Bone Spring Sand Target	6,700'

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

Upper Permian Sands	0- 330'	Fresh Water
Grayburg/ San Andres	2,720'	Oil
1st Bone Spring Sand	6,625'	Oil
1st Bone Spring Sand Target	6,700'	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 350' and circulating cement back to surface.

4. CASING PROGRAM-NEW

Hole	Interval	OD Csg	Weight	Grade	Conn.	Collapse Design Factor	Burst Design Factor	Tension Design Factor
14.750"	0-350'	11.75"	42#	H-40	ST&C	6.56	1.98	5.15
11.00"	0-2,900'	8.625"	32#	J-55	LT&C	2.04	2.22	4.74
7.875"	0-10,994'	5.5"	17#	N-80	LT&C	1.95	1.19	2.29

see COA

Cementing Program:

11.75" Surface Casing: Cement to surface, 500 sx Premium Plus C + 0.005 pps Static Free + 2% CaCl2 + 0.25 pps CelloFlake + 0.005 gps FP-6L, 14.8 ppg, 1.35 yield

8.625" Intermediate Casing: Cement to surface, Lead: 650 sx 35:65 Poz C + 0.005 pps Static Free + 5% NaCl + 0.125 pps CelloFlake + 5 pps LCM-1 + 0.005 gps FP-6L + 6% Bentonite, 12.4 ppg, 2.10 yield
Tail: 200 sx Prem Plus C + 0.25 pps CelloFlake + 0.005 FP-6L + 1% $CaCl_2$, 14.8 ppg, 1.34 yield

5.50" Production Casing:	Cement to 2,300', Lead: 750 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 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 annulur preventer to 2500/ 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:

Depth	Type	Wt (PPG)	Viscosity (sec)	Waterloss (cc)
0-350'	Fresh – Gel	8.6-8.8	28-34	N/c
350'-2,900'	Brine	10.0-10.2	28-34	N/c
2,900'–6,000'	Fresh water	8.4-8.6	28-34	N/c
6,000'–6,218'	Cut Brine	8.6-9.6	28-34	N/c
6,218'-10,994'	Polymer (Lateral)	8.8-9.6	35-45	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:

No open-hole logging is anticipated in the 7-7/8" production hole. The Sand Tank 7 Fed #5H is intended to be drilled as a non-pilot hole well for the target 1st Bone Spring Sand interval. During the completion, a GR/ CCL log will be run in the vertical part of the hole while the curve and horizontal will have a GR log run during the drilling operations.

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

The estimated bottom hole temperature (BHT) at TD is 150 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 3000 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.

EOG Resources Inc
Planning Report

Database:	EDM	Local Co-ordinate Reference:	Well Sand Tank 7 Fed #5H
Company:	Midland - New Mexico	TVD Reference:	WELL @ 3556 10ft (Original Well Elev)
Project:	Sand Tank (Bone Spring)	MD Reference:	WELL @ 3556 10ft (Original Well Elev)
Site:	Sand Tank 7 Fed #5H	North Reference:	Grid
Well:	Sand Tank 7 Fed #5H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Sand Tank 7 Fed #5H		
Design:	Original Pan		

Project Sand Tank (Bone Spring), Eddy County, NM

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 Sand Tank 7 Fed #5H

Site Position:		**Northing:**	643,237 60ft	**Latitude:**	32° 46' 4.631 N
From:	Map	**Easting:**	597,261 00ft	**Longitude:**	104° 1' 0.905 W
Position Uncertainty:	0.00 ft	**Slot Radius:**	"	**Grid Convergence:**	0.17 deg

Well Sand Tank 7 Fed #5H

Well Position	**+N/-S**	0.00 ft	**Northing:**	643,237.60 ft	**Latitude:**	32° 46' 4.631 N
	+E/-W	0.00 ft	**Easting:**	597,261 00 ft	**Longitude:**	104° 1' 0 905 W
Position Uncertainty		0.00 ft	**Wellhead Elevation:**	ft	**Ground Level:**	3,537.10ft

Wellbore Sand Tank 7 Fed #5H

Magnetics	Model Name	Sample Date	Declination (deg)	Dip Angle (deg)	Field Strength (nT)
	IGRF2000	12/31/2004	8 81	60 86	49,698

Design Original Pan

Audit Notes:

Version:		**Phase:**	PROTOTYPE	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (deg)
	6,840.00	0.00	0.00	180.26

Plan Sections

Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (?/100ft)	Build Rate (?/100ft)	Turn Rate (?/100ft)	TFO (deg)	Target
0.00	0 00	0.00	0.00	0.00	0 00	0 00	0 00	0 00	0.00	
6,218.00	0.00	0.00	6,218 00	0.00	0.00	0.00	0.00	0.00	0.00	
6,958 75	88.00	180.27	6,700.00	-465.46	-2 19	11 88	11 88	0.00	180.27	
6,959 26	88.01	180 26	6,700 02	-465.97	-2.20	3.00	2.29	-1.93	-40.11	
10,993.58	88.01	180.26	6,839.99	-4,497.82	-20.50	0.00	0.00	0.00	0.00	
10,993.97	88 00	180 26	6,840.00	-4,498.21	-20.50	3.00	-3.00	-0.02	-179 56	BHL (ST 7 #5H)

EOG Resources Inc

Planning Report

Database:	EDM	Local Co-ordinate Reference:	Well Sand Tank 7 Fed #5H
Company:	Midland - New Mexico	TVD Reference:	WELL @ 3556 10ft (Original Well Elev)
Project:	Sand Tank (Bone Spring)	MD Reference:	WELL @ 3556 10ft (Original Well Elev)
Site:	Sand Tank 7 Fed #5H	North Reference:	Grid
Well:	Sand Tank 7 Fed #5H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Sand Tank 7 Fed #5H		
Design:	Original Pan		

Planned Survey

Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	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

Database:	EDM	Local Co-ordinate Reference:	Well Sand Tank 7 Fed #5H
Company:	Midland - New Mexico	TVD Reference:	WELL @ 3556 10ft (Original Well Elev)
Project:	Sand Tank (Bone Spring)	MD Reference:	WELL @ 3556.10ft (Original Well Elev)
Site:	Sand Tank 7 Fed #5H	North Reference:	Grid
Well:	Sand Tank 7 Fed #5H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Sand Tank 7 Fed #5H		
Design:	Original Pan		

Planned Survey

Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	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
6,218 00	0.00	0 00	6,218 00	0 00	0 00	0.00	0.00	0 00	0.00
6,300 00	9.74	180 27	6,299 61	-6.95	-0 03	6.95	11.88	11 88	0 00
6,400 00	21.62	180.27	6,395.71	-33.93	-0.16	33.93	11 88	11.88	0 00
6,500 00	33.50	180.27	6,484 20	-80 12	-0.38	80 12	11.88	11.88	0.00
6,600.00	45 38	180.27	6,561 29	-143.53	-0.68	143.54	11 88	11.88	0.00
6,700 00	57 26	180.27	6,623.68	-221 46	-1.04	221.46	11 88	11 88	0 00
6,800.00	69.14	180.27	6,668.68	-310.56	-1.46	310.56	11.88	11 88	0 00
6,900.00	81 02	180.27	6,694.38	-407.01	-1 92	407 02	11.88	11.88	0.00
6,958.75	88.00	180.27	6,700.00	-465.46	-2 19	465.46	11.88	11 88	0 00
6,959.26	88 01	180 26	6,700 02	-465 97	-2 20	465.97	3.00	2.29	-1.93
7,000.00	88 01	180.26	6,701 43	-506 68	-2 38	506 69	0.00	0.00	0.00
7,100 00	88.01	180.26	6,704 90	-606.62	-2.83	606 63	0.00	0.00	0 00
7,200.00	88 01	180 26	6,708.37	-706.56	-3.29	706 57	0.00	0.00	0.00
7,300.00	88 01	180 26	6,711.84	-806 50	-3.74	806.51	0.00	0 00	0.00
7,400 00	88.01	180 26	6,715.31	-906 44	-4.20	906 45	0.00	0.00	0.00
7,500.00	88.01	180.26	6,718.78	-1,006.38	-4.65	1,006.39	0 00	0 00	0.00
7,600.00	88.01	180.26	6,722.25	-1,106.31	-5.10	1,106.33	0.00	0.00	0.00
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7,800.00	88.01	180.26	6,729.19	-1,306.19	-6.01	1,306.21	0.00	0.00	0.00
7,900 00	88.01	180.26	6,732 66	-1,406 13	-6.46	1,406 15	0 00	0 00	0.00
8,000.00	88 01	180.26	6,736.13	-1,506 07	-6.92	1,506.09	0.00	0.00	0.00
8,100.00	88.01	180 26	6,739.60	-1,606.01	-7.37	1,606.02	0 00	0.00	0.00
8,200 00	88 01	180 26	6,743 06	-1,705 95	-7 82	1,705.96	0.00	0 00	0 00
8,300 00	88 01	180.26	6,746 53	-1,805 89	-8.28	1,805 90	0 00	0 00	0 00
8,400 00	88 01	180 26	6,750.00	-1,905.82	-8.73	1,905.84	0.00	0 00	0.00
8,500.00	88.01	180.26	6,753 47	-2,005.76	-9 19	2,005.78	0.00	0 00	0 00
8,600.00	88.01	180 26	6,756 94	-2,105.70	-9.64	2,105 72	0 00	0.00	0 00
8,700 00	88.01	180.26	6,760 41	-2,205.64	-10 09	2,205.66	0 00	0.00	0 00
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8,900.00	88.01	180.26	6,767 35	-2,405.52	-11 00	2,405 54	0 00	0.00	0.00
9,000.00	88.01	180.26	6,770.82	-2,505 46	-11 45	2,505.48	0.00	0.00	0 00
9,100.00	88.01	180.26	6,774 29	-2,605 40	-11 91	2,605.42	0.00	0.00	0 00
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9,300.00	88.01	180 26	6,781.23	-2,805.27	-12 82	2,805 30	0 00	0.00	0.00
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9,600.00	88.01	180.26	6,791.64	-3,105.09	-14.18	3,105.12	0.00	0 00	0.00
9,700.00	88 01	180 26	6,795.11	-3,205.03	-14 63	3,205 06	0.00	0.00	0 00
9,800.00	88.01	180.26	6,798.58	-3,304.97	-15.08	3,305.00	0.00	0.00	0.00
9,900.00	88.01	180.26	6,802 05	-3,404.91	-15 54	3,404.94	0.00	0.00	0.00
10,000.00	88.01	180.26	6,805.51	-3,504 84	-15.99	3,504.88	0.00	0.00	0.00
10,100 00	88.01	180 26	6,808.98	-3,604.78	-16.44	3,604.82	0.00	0.00	0.00
10,200 00	88.01	180.26	6,812.45	-3,704.72	-16 90	3,704 76	0.00	0 00	0.00
10,300.00	88.01	180.26	6,815.92	-3,804.66	-17 35	3,804 70	0.00	0.00	0.00

Database:	EDM	Local Co-ordinate Reference:	Well Sand Tank 7 Fed #5H
Company:	Midland - New Mexico	TVD Reference:	WELL @ 3556.10ft (Original Well Elev)
Project:	Sand Tank (Bone Spring)	MD Reference:	WELL @ 3556 10ft (Original Well Elev)
Site:	Sand Tank 7 Fed #5H	North Reference:	Grid
Well:	Sand Tank 7 Fed #5H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Sand Tank 7 Fed #5H		
Design:	Original Pan		

Planned Survey

Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (?/100ft)	Build Rate (?/100ft)	Turn Rate (?/100ft)
10,400.00	88 01	180.26	6,819.39	-3,904.60	-17 81	3,904.64	0.00	0.00	0 00
10,500.00	88 01	180 26	6,822.86	-4,004 54	-18 26	4,004.58	0.00	0.00	0 00
10,600 00	88.01	180 26	6,826 33	-4,104 48	-18 71	4,104.52	0.00	0 00	0 00
10,700 00	88.01	180.26	6,829 80	-4,204 42	-19 17	4,204 46	0.00	0.00	0.00
10,800.00	88 01	180 26	6,833.27	-4,304 35	-19.62	4,304.40	0.00	0.00	0 00
10,900.00	88.01	180.26	6,836.74	-4,404.29	-20.07	4,404.34	0.00	0 00	0 00
10,993 58	88 01	180.26	6,839.99	-4,497.82	-20 50	4,497 86	0 00	0 00	0 00
10,993 97	88.00	180.26	6,840 00	-4,498.21	-20 50	4,498.26	3.00	-3.00	-0 02
BHL (ST 7 #5H)									

Targets

Target Name - hit/miss target - Shape	Dip Angle (deg)	Dip Dir. (deg)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
BHL (ST 7 #5H) - plan hits target center - Point	0.00	0 00	6,840 00	-4,498.21	-20.50	638,739.40	597,240.50	32° 45' 20 120 N	104° 1' 1.302 W

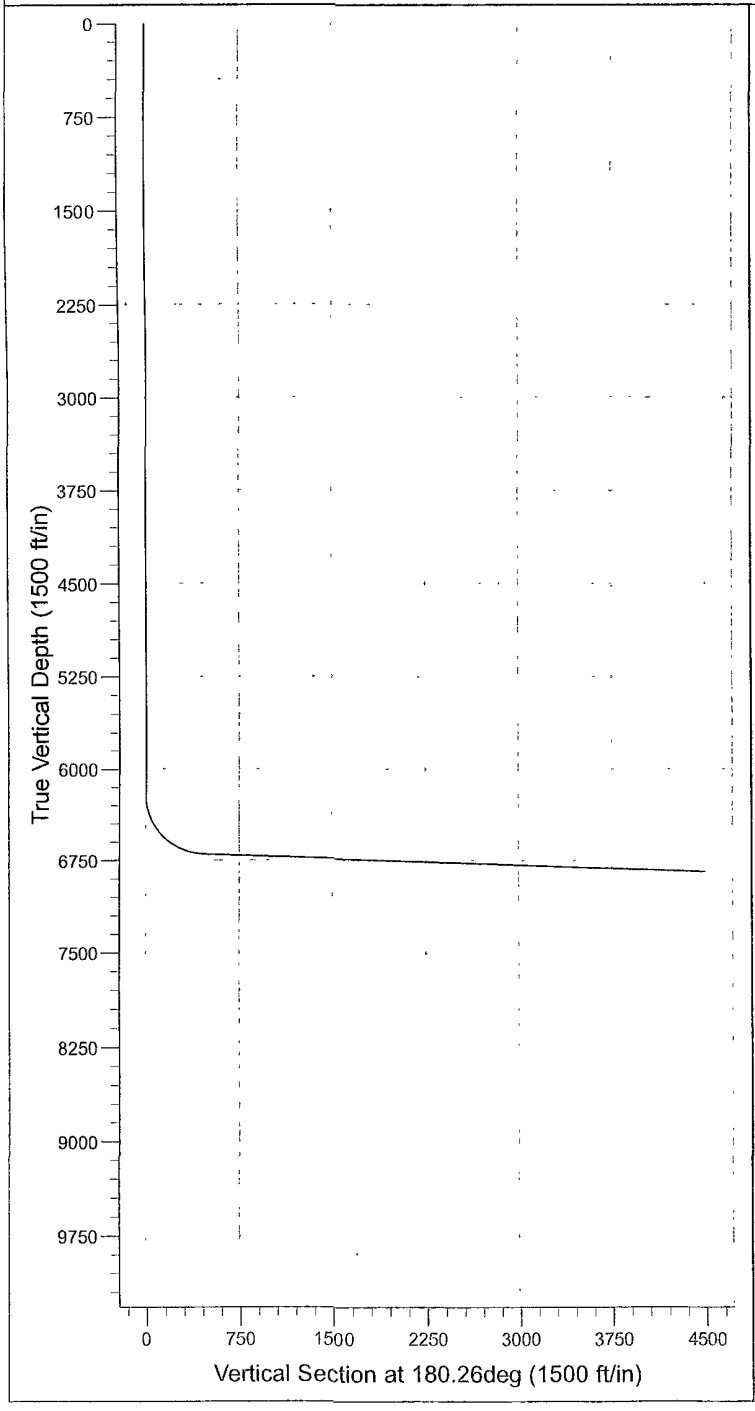
WELL DETAILS: Sand Tank 7 Fed #5H

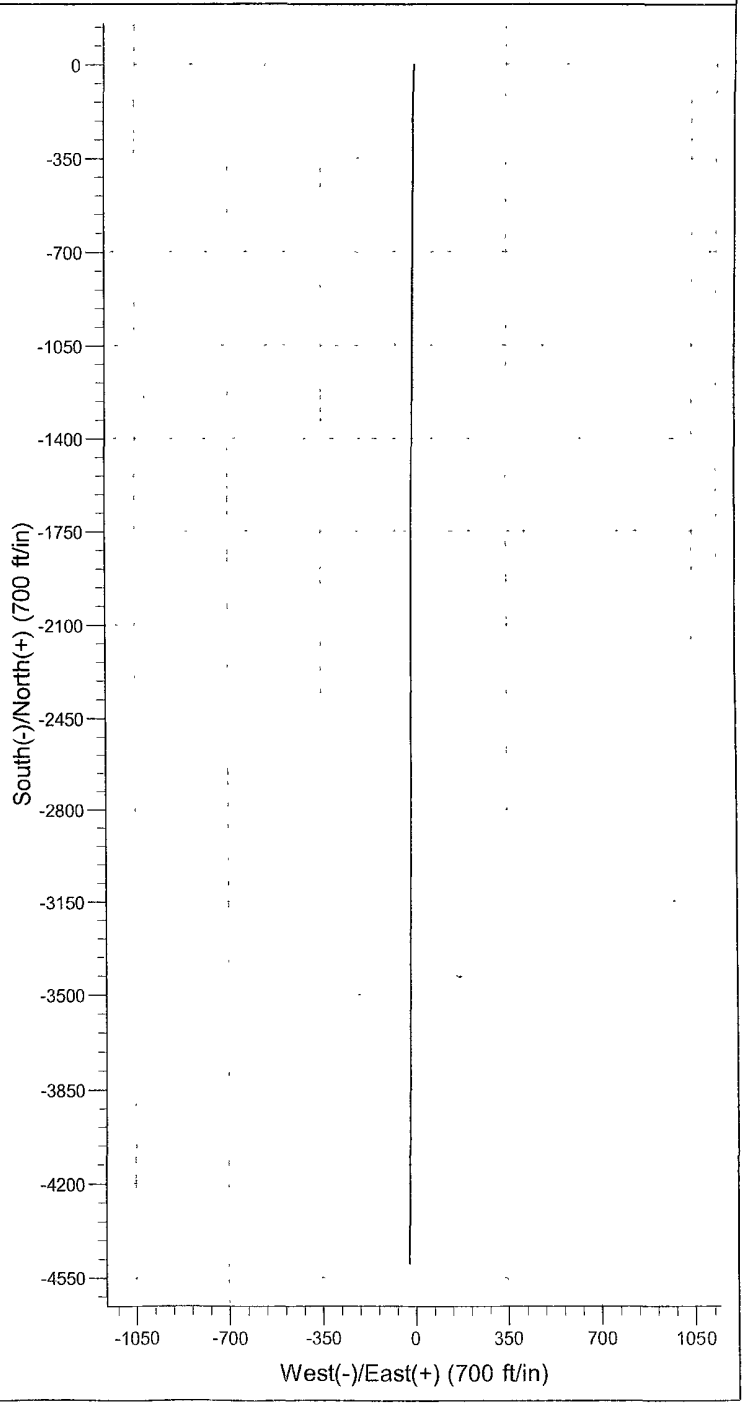
Ground Level: 3537.10

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
0.00	0.00	643237.60	597261.00	32° 46' 4.631 N	104° 1' 0.905 W	

SECTION DETAILS

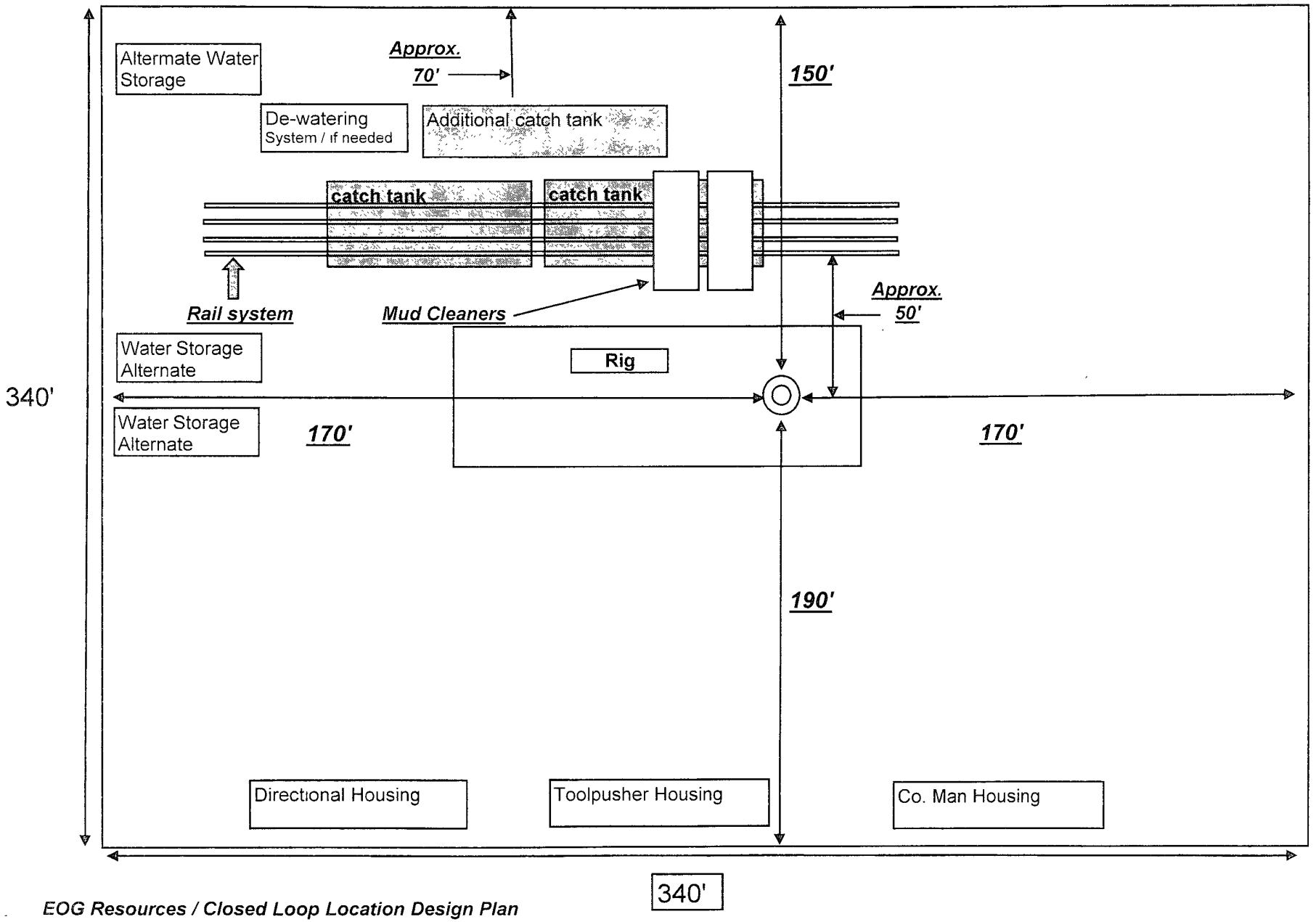
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	6218.00	0.00	0.00	6218.00	0.00	0.00	0.00	0.00	0.00	
3	6958.75	88.00	180.27	6700.00	-465.46	-2.19	11.88	180.27	465.46	
4	6959.26	88.01	180.26	6700.02	-465.97	-2.20	3.00	-40.11	465.97	
5	10993.58	88.01	180.26	6839.99	-4497.82	-20.50	0.00	0.00	4497.86	
6	10993.97	88.00	180.26	6840.00	-4498.21	-20.50	3.00	-89.56	4498.26	BHL - ST 7 Fed #5H





Exhib. 4

Sand Tank 7 Fed 5H



N

EOG Resources / Closed Loop Location Design Plan

Not to scale

6/30/2008

EOG RESOURCES, INC.
SAND TANK 7 FED 5H

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, 3000 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 3000 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.

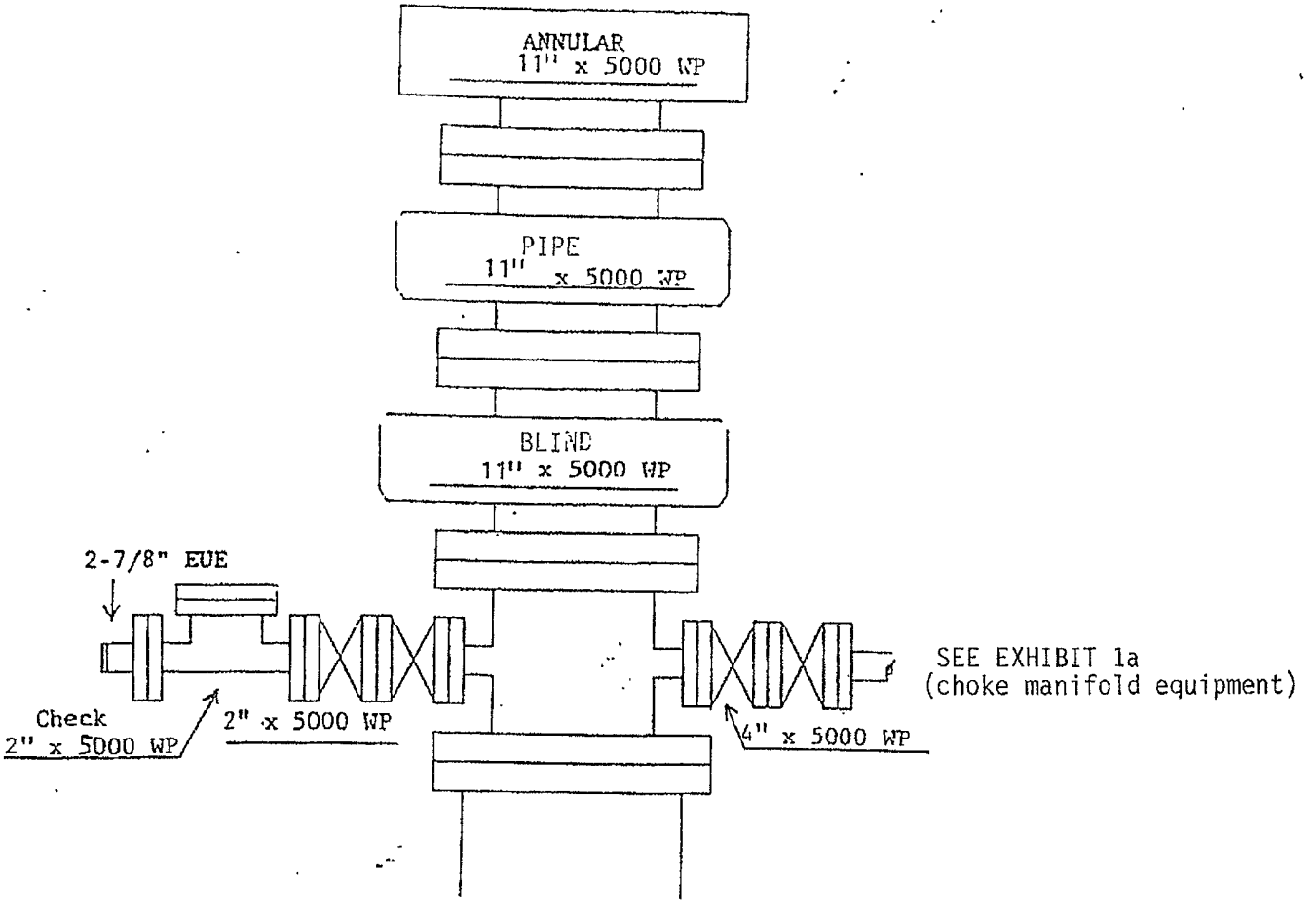
9. Blow out preventer control to be located as close to driller's position as feasible.

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.

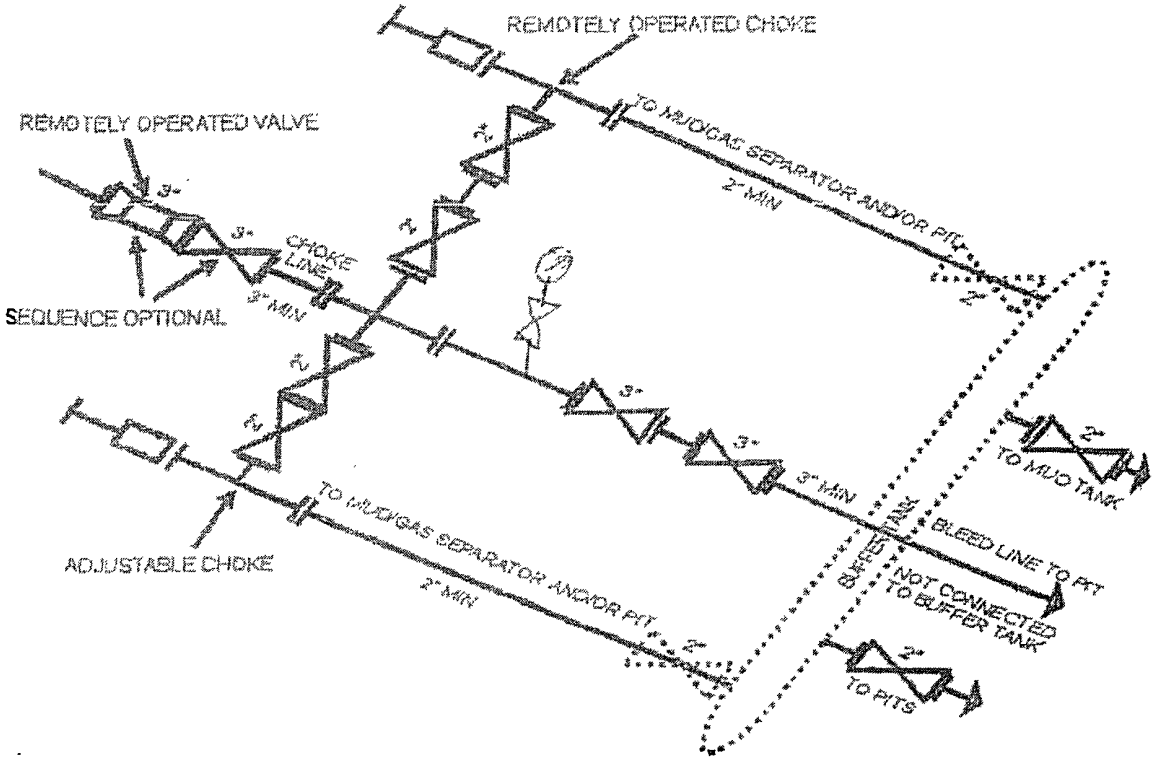
EXHIBIT 1

EOG Resources, Inc.

Sand Tank 7 Fed 5H



WELL NAME: Sand Tank 7 Fed 5H Exhibit 1a



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]

EOG RESOURCES, INC.
SAND TANK 7 FED 5H

SURFACE USE PLAN OF OPERATION

SHL: 440' FNL & 690' FWL, Unit D, Section 7, T18S-R30E, N.M.P.M., Eddy, NM
BHL: 330' FSL & 660' FWL, Unit M, Section 7, T18S-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 Loco Hills, NM, From Jct. of Hwy 82 & Co. Road 217, Go Southwest on CR 217 for 3 miles, turn left on CR 216 and go south for 1.3 miles, turn left on lease road and go east 0.1 miles to location.

2. NEW OR RECONSTRUCTED ACCESS ROAD:

a. The well site layout, Exhibit 2a shows the layout. No additional lease roads necessary to access location.
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 existing Sand Tank 7 Fed 3H tank battery facilities would be utilized.
b. As a proposed oil well, EOG will construct a short powerline to the existing Sand Tank 7 Fed 3H all of which is located on existing well pad.
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:
   i. Within 120 days subsequent to the first date of sales, 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 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 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
   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 location of reserve and sump pits, living facilities and well site layout with dimensions of the pad layout.
b. Mud pits in the active circulating system will be steel pits and the reserve pits will be lined.
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 first date of sales. 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.

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

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

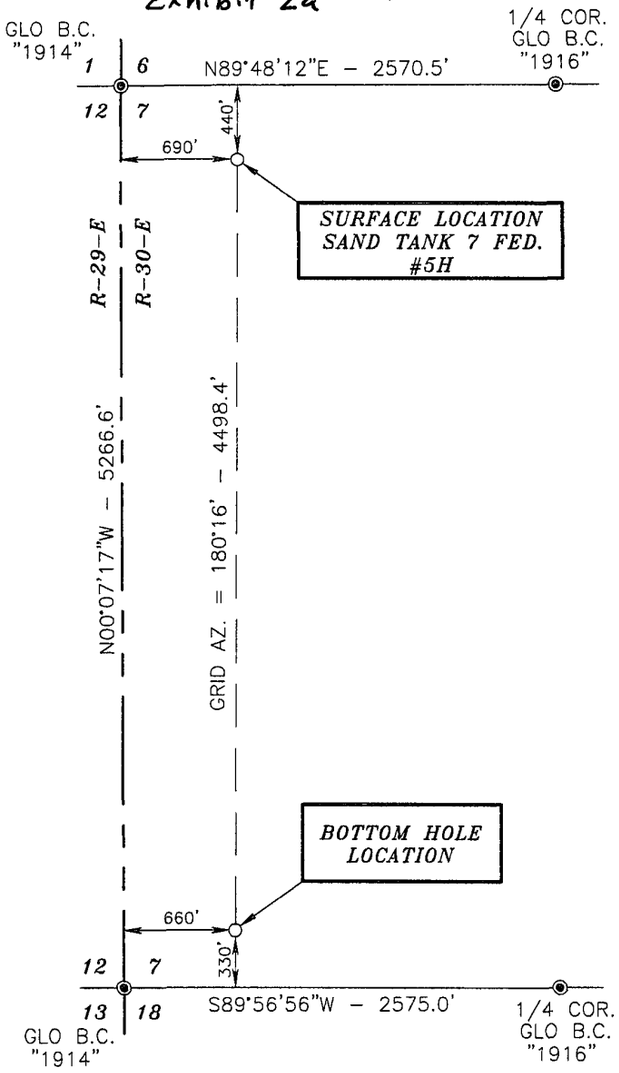
I certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions that presently exist; that I have full knowledge of State and Federal Laws applicable to this operation; that the statements made in this APD 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 22nd day of November 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

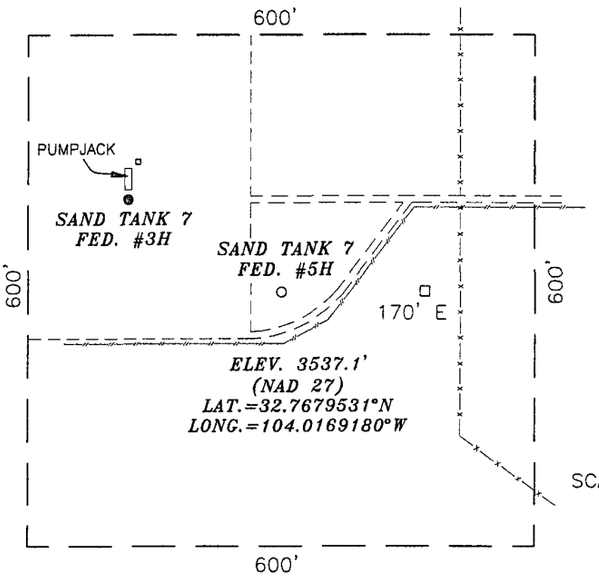
Signed: Donny G. Glanton

SECTION 7, TOWNSHIP 18 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



DIRECTIONS:
BEGINNING IN LOCO HILLS AT THE INTERSECTION OF U.S. HWY. #82 AND EDDY COUNTY ROAD #217 (HAGERMAN CUTOFF ROAD), GO SOUTH/SOUTHWEST ON EDDY COUNTY ROAD #217 FOR 3.0 MILES, TURN LEFT ON EDDY COUNTY ROAD #216 (GENERAL AMERICAN ROAD) AND GO SOUTH FOR 1.3 MILES, TURN LEFT AND GO EAST FOR 0.1 MILES TO LOCATION.

LEGEND

◉ – DENOTES FOUND MONUMENT AS NOTED

1000' 0 1000' 2000' FEET
SCALE: 1"=1000'

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 11/21/2008
Terry J. Asel N.M. R.P.S. No. 15079

TERRY J. ASEL NEW MEXICO 15079 REGISTERED PROFESSIONAL LAND SURVEYOR

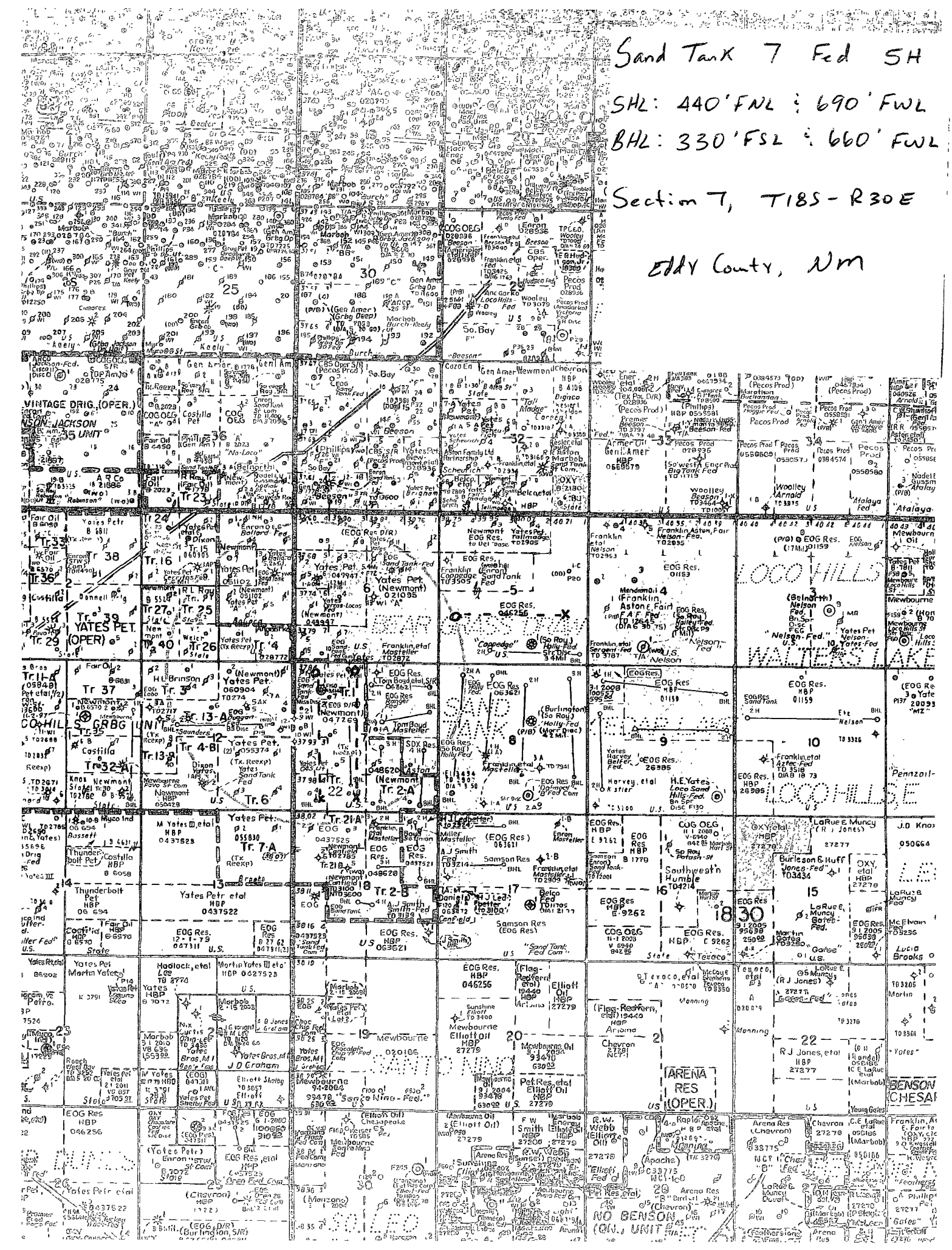
Asel Surveying

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

EOG RESOURCES, INC.

SAND TANK 7 FED. #5H LOCATED AT 440' FNL & 690' FWL IN SECTION 7, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 11/13/08	Sheet 1 of 1 Sheets	
W.O. Number: 081113WL–c	Drawn By: KA	Rev:
Date: 11/18/08	081113WL–c	Scale:1"=1000'


Sand Tank 7 Fed 5H
SHL: 440' FNL & 690' FWL
BHL: 330' FSL & 660' FWL
Section 7, T18S - R30E
Eddy County, NM

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	EOG Resources, Inc.
LEASE NO.:	LC047269A
WELL NAME & NO.:	Sand Tank 7 Fed. # 5H
SURFACE HOLE FOOTAGE:	440' FNL & 690' FWL
BOTTOM HOLE FOOTAGE	330' FSL & 660' FWL
LOCATION:	Section 7, T. 18 S., R 30 E., NMPM
COUNTY:	Eddy County, New Mexico

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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.

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 the standard stipulations for the Lesser Prairie Chicken.

There will also need to be some standard mitigation to help protect some sand dunes next to the existing producing well locations. In order to help protect the nearby sand dunes off of the existing well pad locations the new proposed location for the Sand Tank 7 Fed. Com. # 5H location must be built to a maximum of 150 feet to the north and 170 feet to the east of the pad location.

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Sand Tank 7 Federal Com. # 5H: Closed Loop System V-Door East

Reporting

1. **Subsequent sundries to be filed with drilling details about spud, casing and completion work.**
2. **Completion report to be sent within 30 days of completion. Completion report to have all items completed.**

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 (575) 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.

C. Closed Loop System

Sand Tank 7 Federal Com. # 5H: 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.

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 (575) 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.

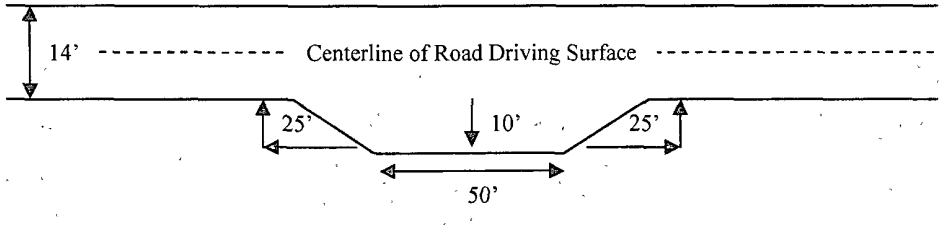
Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

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:

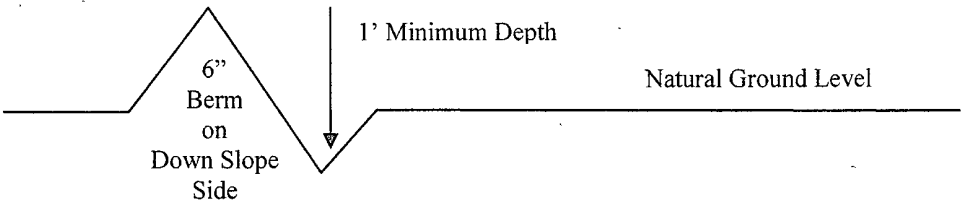
Standard Turnout – Plan View



Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping 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.

Cross Section of a Typical 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 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ 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.

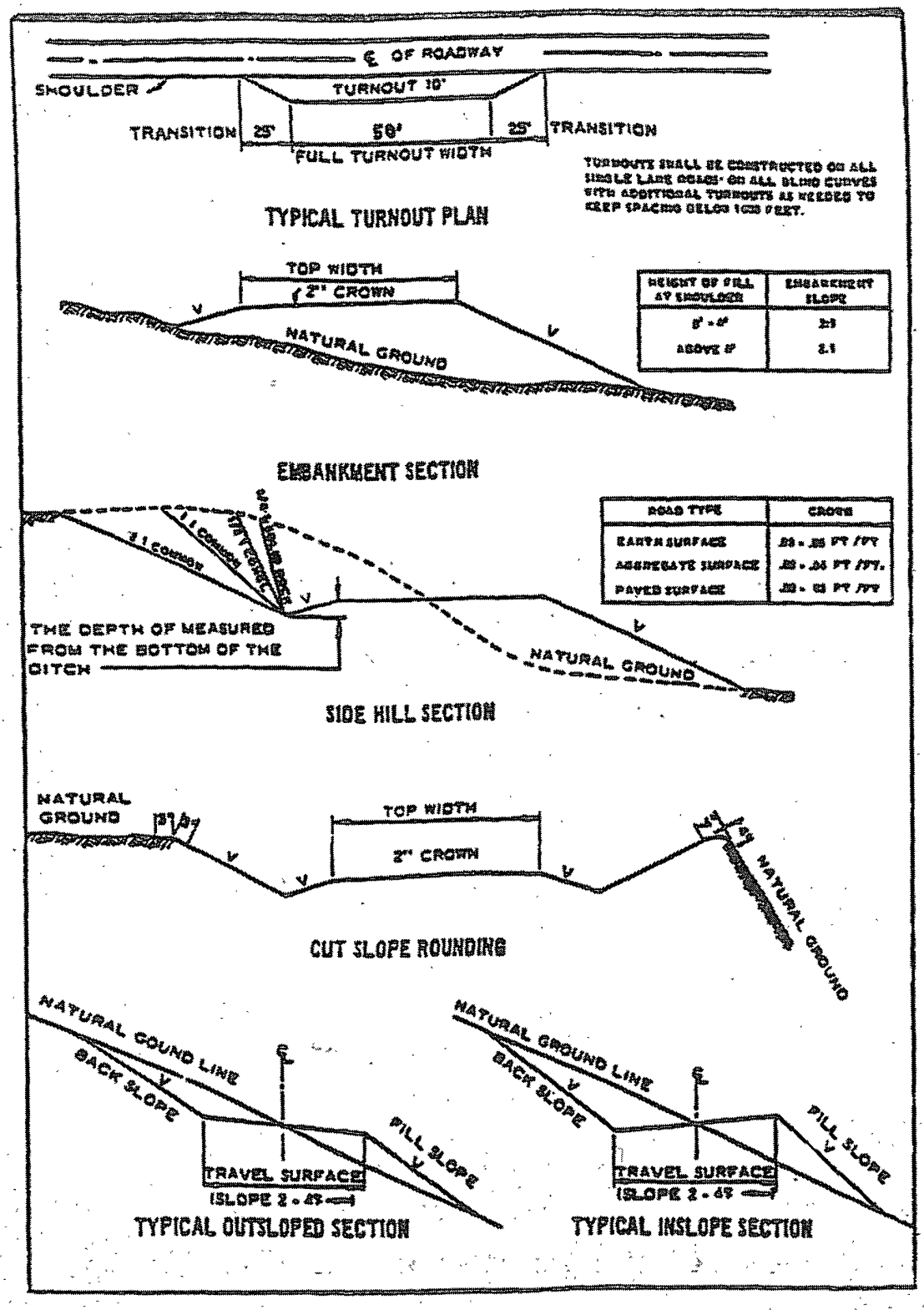
A gate shall be constructed and fastened securely to H-braces.

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 this section, it is always a possible hazard. It has been reported in the section to the south. 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.

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 for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

Possible water flows in the Salado Group and Premier member of the Grayburg formation.

1. The **11-3/4** inch surface casing shall be set **at approximately 350 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.

    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 is to include the lead cement slurry.

    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, c-d above. **Casing to be set in the top of the San Andres dolomite at approximately 2900'.**

Formation below the 8-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole.

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. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **8-5/8"** intermediate casing shoe shall be **5000 (5M)** psi.

4. 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.

WWI 122308

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.

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.

BLM Serial #:
Company Reference:
Well Name and Number:

Seed Mixture for LPC Sand/Shinnery 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:

Species	lb/acre
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A
**Four-winged Saltbush	5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*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.