

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF EOG RESOURCES, INC.
FOR A NON-STANDARD SPACING AND PRORATION
UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14574

AFFIDAVIT OF DOUGLAS W. HURLBUT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

I, Douglas W. Hurlbut, being first duly sworn on oath, states as follows:

1. My name is Douglas W. Hurlbut. I reside in Midland, Texas. I am the Landman employed by EOG Resources, Inc. ("EOG") who is familiar with the status of the lands in Section 1, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.

2. EOG seeks an order: (1) creating a non-standard spacing unit comprised of the S/2 N/2 of Section 1, Township 18 South, Range 29 East, NMPM and (2) pooling certain interest owners in the S/2 N/2 of Section 1 in the Bone Spring formation, to form a 160-acre project area.

3. EOG owns a working interest in Section 1 and has dedicated the proposed project area to its Sand Tank "1" Fed Com Well No. 4H to be horizontally drilled from a surface location 2250 feet from the North line and 330 feet from the East line to a bottomhole location 2200 feet from the North line and 330 feet from the West line of Section 1 to a true vertical depth of approximately 7,500 feet subsurface. Attachment A is a plat of the subject lands showing the proposed project area and the well location.

4. The proposed project area consists of 4 federal leases. Attachment B lists the nature and percentage of the ownership interests in the subject project area.

5. This application has been instituted to pool the interests of Elizabeth Najar, Susan Nishio, David Najar and Jeffrey Najar, working interest owners who do not oppose the application.

6. EOG has made a good faith effort to reach voluntary agreement with these parties:

a. EOG proposed the well by letter dated 9-15-2010 and included

estimated well costs. See Attachment C.

7. EOG requests that the interests of Elizabeth Najar, Susan Nishio, David Najar and Jeffrey Najar be pooled and EOG be designated operator of the well and the project area.

8. EOG proposes overhead charges (combined fixed rates) of \$6,000 per month while drilling and \$600 per month while producing.

9. Attachment D is a copy of the authorization for expenditure (AFE) for this well.

10. The offset operators or lessees of the acreage surrounding the project area are as follows: Yates Petroleum Corporation.

11. Attachment E consists of the notice letters to affected parties, an affidavit of publication and copy of proof of mailing.

12. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow EOG and the other interest owners in the S/2 N/2 of Section 1 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

FURTHER AFFIANT SAYETH NOT.

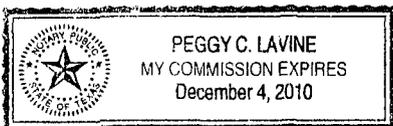
Douglas W. Herbort

SUBSCRIBED AND SWORN before me on this 24th day of November, 2010.

Peggy C. Lavine
Notary Public

My Commission Expires:

12-4-10



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
Property Code	Property Name SAND TANK 1 FED. COM	Well Number 4H
OGRID No.	Operator Name EOG RESOURCES, INC.	Elevation 3538.8'

Surface Location

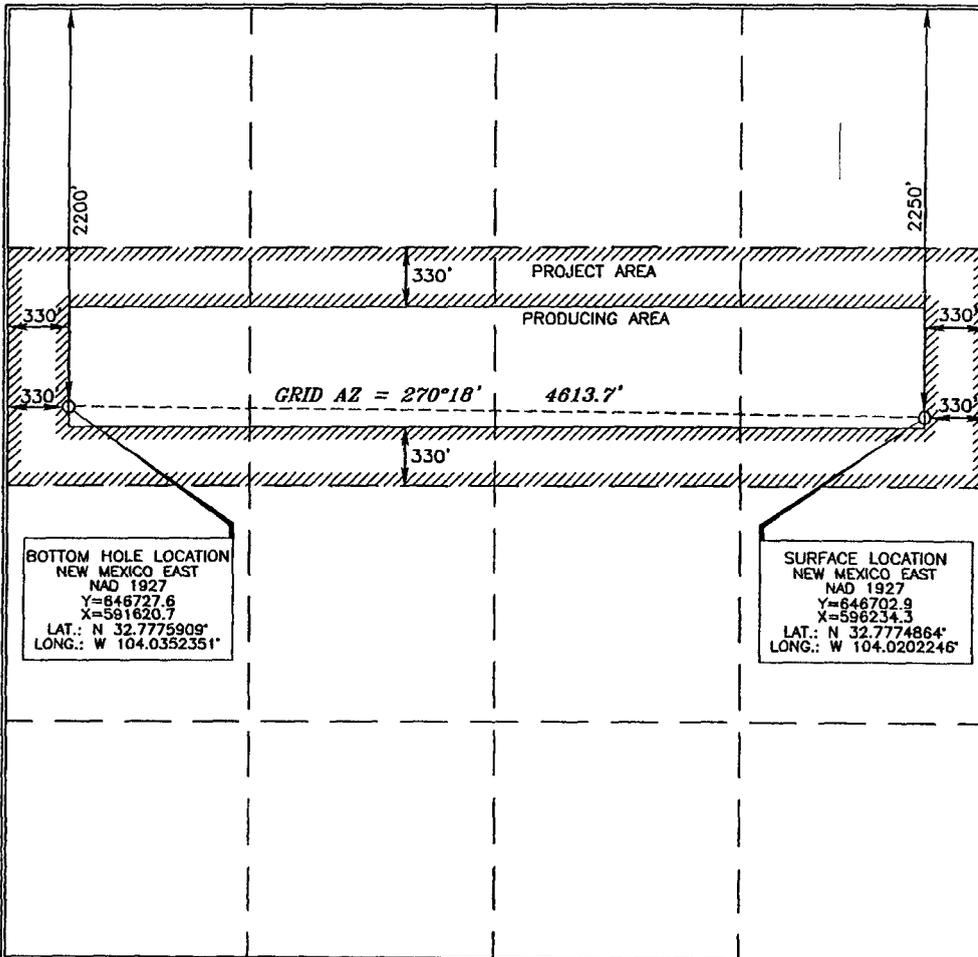
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	1	18 SOUTH	29 EAST, N.M.P.M.		2250'	NORTH	330'	EAST	EDDY

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
E	1	18 SOUTH	29 EAST, N.M.P.M.		2200'	NORTH	330'	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
-----------------	-----------------	--------------------	-----------

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



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 _____ Date _____

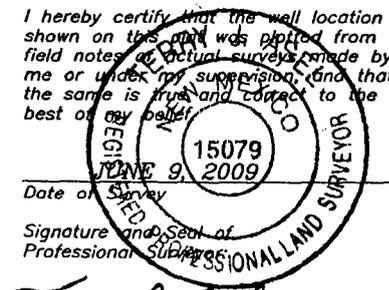
Printed Name _____

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.

Date of Survey _____

Signature and Seal of Professional Surveyor _____



Certificate Number 15079

WO# 090609WL-c (KA)

ATTACHMENT

B

Sand Tank 1 Fed Com # 4 H

S/2N/2 Sec. 1, T185-R30E

Eddy Co., NM

①

LC-060906	LC-060905-b	LC-051102-b	LC-051102-a
BAL			SHL
25%	25%	25%	25%



September 15, 2010

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3800

Certified/Return Receipt

SEE OWNER ADDRESSEE LIST ATTACHED

Re: Sand Tank "1" Fed Com #4H
SHL: 2250' FNL & 330' FEL
BHL: 2200' FNL & 330' FWL
Section 1, T18S, R29E
Eddy County, New Mexico

Gentlemen:

EOG Resources, Inc. does hereby propose the drilling of the referenced well as a horizontal Bone Spring; all in accordance with the terms and provisions of the Operating Agreement dated December 1, 2009 (signed by most parties) with the project area being the S/2 N/2 of Section 1.

We are asking that you please review the enclosed AFE and then have same signed and returned to me with your geological requirement letter at your earliest convenience.

We are anticipating some small non-consent interests and would prefer that those interests be carried by EOG in order to simplify the accounting process. We ask that you make your election below as to this anticipated non-consent interest.

Please indicate below your election below and return same with the AFE promptly by mail and fax at 432-686-3773.

Should you have any questions, please advise.

Very truly yours,

EOG RESOURCES, INC.

Douglas W. Hurlbut
Land Specialist

_____ Elect to participate in the drilling of the Sand Tank 1 Fed Com #4H.

_____ Elect to have EOG carry the very small anticipated non-consent interests and pay for OCD hearing costs.

_____ Elect to not participate and go non-consent in the drilling of the Sand Tank 1 Fed Com #4H.

Company: _____

By: _____

Printed Name: _____

Title: _____

Date: _____

RECEIVED

Owner Addressee List

Yates Petroleum Corporation
105 S. Fourth St.
Artesia, New Mexico 88210
Attention: Chuck Moran

Yates Drilling Company
105 S. Fourth St.
Artesia, New Mexico 88210
Attention: Chuck Moran

Abo Petroleum Corporation
105 S. Fourth St.
Artesia, New Mexico 88210
Attention: Chuck Moran

Myco Industries, Inc.
105 S. Fourth St.
Artesia, New Mexico 88210
Attention: Chuck Moran

Sacramento Partners Limited Partnership
105 S. Fourth St.
Artesia, New Mexico 88210
Attention: Chuck Moran

Sharbro Oil Ltd. Co.
105 S. Fourth St.
Artesia, New Mexico 88210
Attention: Chuck Moran

John A. Yates, SSP
105 S. Fourth St.
Artesia, New Mexico 88210
Attention: Chuck Moran

Trust Q u/w/o Peggy A. Yates, Deceased
105 S. Fourth St.
Artesia, New Mexico 88210
Attention: Chuck Moran

Read & Stevens, Inc.
P. O. Box 1518
Roswell, New Mexico 88202
Attention: Bob Watson

Fair Oil, Ltd.
P. O. Box 689
Tyler, Texas 75710

Paul Slayton and wife Patricia Slayton
P. O. Box 2035
Roswell, New Mexico 88201

Estate of Roland D. Najar, George Najar, Personal Rep
3904 Allendale Street
Colleyville, Texas 76034

George Najar, SSP
3904 Allendale Street
Colleyville, Texas 76034

Elizabeth Najar, SSP
827 N. Hawthorne Lane
Indianapolis, IN 46219

Susan Nishio, SSP
5613 Excalibur Place
Columbus, OH 73235

David Najar, SSP
c/o Elizabeth Najar, Guardian
827 N. Hawthorne Lane
Indianapolis, IN 46219

Jeffrey Najar, SSP
3417 W. Wyndam Lane
Durham, NC 27705

Shannon Emmons, SSP
aka George S. Emmons
17 North Lancaster Lane
Newtown, PA 18940

Robert Emmons, SSP
P. O. Box 1836
Carlsbad, New Mexico 88221



MIDLAND

Printed: 08/18/2010

AFE No.	104335	Original
Property No.	043686-000	
EOG W.I.(BCP)	47.7944%	(ACP) 47.7944%
EOG AFE Amt:	(Drig)	\$718,767
	(Completion)	\$725,662
	Total Cost	\$1,444,429

AFE Type : DEVELOPMENT DRILLING	AFE Name : SAND TANK 1 FED COM #4H D&C	AFE Date : 07/29/2010	Budget Year : 2010
Reg. Lease No. :	Prospect Name : SAND TANK	TVD / MD : 0 / 0	Begin Date :
Location : Section 1-T18S-R29E, 2250 FNL & 330 FEL, X=596234.3 Y=646702.9 BH(LATERAL #1): Section 1-T18S-R29E, 2200 FNL & 330 FWL, X=591620.7 Y=646727.6			
Formation : 2ND BONE SPRING SAND, 2ND BONE SPRING F-SAND TOP			DD&A Field :
Operator : EOG RESOURCES, INC	County & State : EDDY / NEW MEXICO	Field : SAND TANK	Water Depth :
AFE Description : Sand Tank 1 Fed Com #4H D&C - 2nd Bone Spring Sand to 7,664'			Product : OIL Days : 0 / 0

DESCRIPTION	SUB ACT	DRILLING	COMPLETION	TOTAL	
ACCESS LOCATION,ROADS & SURVEY	401	45,000	0	45,000	
RIG MOVE	402	85,000	0	85,000	
DAY WORK COST	23 DAYS @ \$12,500	404	287,500	12,500	300,000
RIG CREW SAFETY BONUS	404	15,000	0	15,000	
BITS & PHA	405	74,100	1,500	75,600	
FUEL	406	67,760	4,000	71,760	
WATER	407	38,500	20,000	58,500	
MUD & CHEMICALS	408	53,000	0	53,000	
CEMENTING & SERVICE	409	45,000	45,000	90,000	
OPEN HOLE LOGGING & TESTING	411	30,000	20,000	50,000	
MUD LOGGING	412	17,000	0	17,000	
COMP-PERFORATING	413	0	80,000	80,000	
COMP-STIMULATION	414	0	300,000	300,000	
TRANSPORTATION	415	22,000	4,000	26,000	
DRILLING OVERHEAD	416	6,600	2,000	8,600	
EQUIPMENT RENTAL	417	121,000	130,000	251,000	
COMP-COMPLETION RIG	418	0	60,000	60,000	
OTHER DRILLING EXPENSE	419	46,400	0	46,400	
ENVIRONMENTAL & SAFETY CHARGES	421	1,760	1,500	3,260	
DIRECTIONAL DRILLING	422	81,000	0	81,000	
SUPERVISION	424	43,600	30,000	73,600	
COMMUNICATIONS	431	3,300	1,000	4,300	
TUBULAR INSPECTION/HANDLING	436	21,000	16,000	37,000	
DISPOSAL COSTS	447	110,000	8,000	118,000	
TITLE OPINION-DRILL SITE	453	10,000	0	10,000	
CONTINGENCIES	490	122,452	75,000	197,452	
TOTAL INTANGIBLES		\$1,346,972	\$810,500	\$2,157,472	

	UOM	QTY	SIZE	GRADE	RATE				
CONDUCTOR	FEET	40	20"		375.00	101	15,000	0	15,000
11-3/4" 42# H40 STC	FEET	350	11-3/4"	42# H40	34.00	102	11,900	0	11,900
8-5/8" 32# J55 LTC	FEET	2,900	8-5/8"	32# J55	41.00	103	118,900	0	118,900
COMP-5-1/2" 17# L80 LTC	FEET	1,000	5-1/2"	17# L80	21.00	104	0	21,000	21,000
COMP-5-1/2" 17# N80 LTC	FEET	11,180	5-1/2"	17# N80	21.00	104	0	234,800	234,800
COMP-TUBING	FEET	8,000	2.875	6.5# N80	7.00	106	0	56,000	56,000
WELLHEAD EQUIPMENT						107	11,100	8,000	19,100
COMP-TANKS						108	0	35,000	35,000
COMP-FLOW LINES						109	0	4,000	4,000
COMP-VALVES & FITTINGS						110	0	35,000	35,000
COMP-RODS	FEET	8,000			7.00	111	0	56,000	56,000
COMP-PUMP EQUIPMENT-SURFACE						112	0	135,000	135,000
COMP-PUMP EQUIP/SUBSURFACE						113	0	8,000	8,000
COMP-HEATER,TREATER,SEPARATOR						115	0	20,000	20,000
COMP-METERING EQUIPMENT						118	0	15,000	15,000
COMP-CONSTRUCTION COST						122	0	80,000	80,000
TOTAL TANGIBLES							\$156,900	\$707,800	\$864,700
TOTAL COST							\$1,503,872	\$1,518,300	\$3,022,172

By <i>Geel L. Peltz</i>	Date	By	Date
By <i>Jerry J. Peltz</i>	Date	By	Date
JOINT OPERATOR APPROVAL			
Firm :	By	Title	Date

945E 9852 4000 DEPT 9002

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Return Receipt Fee (Endorsement Required) _____

Restricted Delivery Fee (Endorsement Required) _____

Total _____

Sent To _____

Street, Apt. 1 or PO Box N _____

City, State, ZIP+4 _____

Postmark Here: SEP 16 2010

David Najar SSP
 c/o Elizabeth Najar
 827 N. Hawthorne Lane
 Indianapolis, IN 46219

PS Form 3800, August 2006 See Reverse for Instructions

545E 9852 4000 DEPT 9002

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Return Receipt Fee (Endorsement Required) _____

Restricted Delivery Fee (Endorsement Required) _____

Total Post _____

Sent To _____

Street, Apt. 1 or PO Box N _____

City, State, ZIP+4 _____

Postmark Here: SEP 16 2010

Read & Stevens, Inc.
 P. O. Box 1518
 Roswell, New Mexico 88202
 Attention: Bob Watson

PS Form 3800, August 2006 See Reverse for Instructions

PS Form 3811, February 2004

SENDER: COMPLETE THIS SECTION

1. Article Addressed to:
 David Najar SSP
 c/o Elizabeth Najar,
 827 N. Hawthorne Lane
 Indianapolis, IN 46219

2. Article (Title) 7008 1830 0004 2588 3548

PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] Agent Addressee

B. Received by (Printed Name) Elizabeth Najar C. Date of Delivery 9/16/10

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below: _____

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

PS Form 3811, February 2004

SENDER: COMPLETE THIS SECTION

1. Article Addressed to:
 Read & Stevens, Inc.
 P. O. Box 1518
 Roswell, New Mexico 88202
 Attention: Bob Watson

2. Article (Title) 7008 1830 0004 2588 3579

PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] Agent Addressee

B. Received by (Printed Name) Bob Watson C. Date of Delivery 9/20/2010

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below: _____

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

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 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____
 Total _____

Postmark Here
 SEP 16 2004
 INDIANAPOLIS, IN

Sent To
 Elizabeth Najar, SSP
 827 N. Hawthorne Lane
 Indianapolis, IN 46219

PS Form 3800, August 2006 See Reverse for Instructions

TEEE 8952 4000 DEPT 9002

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 Certified Fee _____
 Return Receipt Fee (Endorsement Required) _____
 Restricted Delivery Fee (Endorsement Required) _____
 Total Po _____

Postmark Here
 SEP 16 2004
 INDIANAPOLIS, IN

Sent To
 Estate of Roland D. Najar &
 George Najar, SSP
 3904 Allendale Street
 Colleyville, Texas 76034

PS Form 3800, August 2006 See Reverse for Instructions

TEEE 8952 4000 DEPT 9002

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Elizabeth Najar, SSP
 827 N. Hawthorne Lane
 Indianapolis, IN 46219

COMPLETE THIS SECTION ON DELIVERY

A. Signature _____
 Agent

B. Received by (Printed Name) _____
 Addressee

C. Date of Delivery _____
 Yes
 No

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: _____

3. Service Type
 Certified Mail
 Registered
 Insured Mail
 Express Mail
 Return Receipt for Merchandise
 C.O.D.
 Restricted Delivery? (Extra Fee) Yes

2. Art #n 7008 1830 0004 2588 3371
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Estate of Roland D. Najar
 George Najar, SSP
 3904 Allendale Street
 Colleyville, Texas 76034

COMPLETE THIS SECTION ON DELIVERY

A. Signature _____
 Agent

B. Received by (Printed Name) _____
 Addressee

C. Date of Delivery _____
 Yes
 No

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: _____

3. Service Type
 Certified Mail
 Registered
 Insured Mail
 Express Mail
 Return Receipt for Merchandise
 C.O.D.
 Restricted Delivery? (Extra Fee) Yes

2. Art #n 7008 1830 0004 2588 3531
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Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Postmark Here

To: Robert Emmons, SSP
 P. O. Box 1836
 Carlsbad, New Mexico 88221

Sent To: _____
 Street, Ap or PO Box _____
 City, State _____

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Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Pc

Sent To: Jeffrey Najar, SSP
 3417 W. Wyndam Lane
 Durham, NC 27705

Street, Ap or PO Box _____
 City, State _____

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SENDER: COMPLETE THIS SECTION

1. Article Addressed to:
 Robert Emmons, SSP
 P. O. Box 1836
 Carlsbad, New Mexico 88221

COMPLETE THIS SECTION ON DELIVERY

A. Signature Signature Agent

B. Received by (Printed Name) _____ Addressee

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

2. A. Article Number 7008 1830 0004 2588 3333
 B. PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M-11

SENDER: COMPLETE THIS SECTION

1. Article Addressed to:
 Jeffrey Najar, SSP
 3417 W. Wyndam Lane
 Durham, NC 27705

COMPLETE THIS SECTION ON DELIVERY

A. Signature Signature Agent

B. Received by (Printed Name) _____ Addressee

C. Date of Delivery 9/20/10

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

2. A. Article Number 7008 1830 0004 2588 3357
 B. PS Form 3811, February 2004 Domestic Return Receipt

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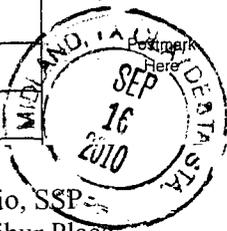
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Postage	\$	ST1FC4H
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Post		

Sent To
 Street, Apt. or PO Box #
 City, State, ...

Susan Nishio, SSP
 5613 Excalibur Place
 Columbus, OH 73235

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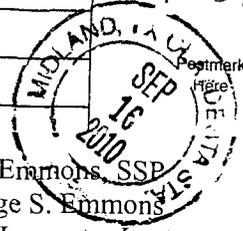
OFFICIAL USE

Postage	\$	ST1FC4H
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total P		

Sent To
 Street, Apt. or PO Box
 City, State, ...

Shannon Emmons, SSP
 aka George S. Emmons
 17 North Lancaster Lane
 Newtown, PA 18940

PS Form 3800, August 2006 See Reverse for Instructions



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 - Print your name and address on the reverse so that we can return the card to you.
 - Attach this card to the back of the mailpiece, or on the front if space permits.
- Article Addressed to:
 Susan Nishio, SSP
 5613 Excalibur Place
 Columbus, OH 73235

1. Article Addressed to:

2. Article Number
 7008 1830 0004 2588 3364

PS Form 3811, February 2004 Domestic Return Receipt

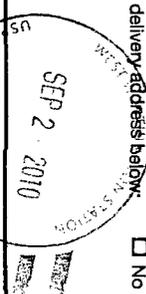
COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 B. Received by (Printed Name) Addressee
 C. Date of Delivery
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

102595-02-M-1540



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 - Print your name and address on the reverse so that we can return the card to you.
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- Article Addressed to:
 Shannon Emmons, SSP
 aka George S. Emmons
 17 North Lancaster Lane
 Newtown, PA 18940

1. Article Addressed to:

2. Article Number
 7008 1830 0004 2588 3340

PS Form 3811, February 2004 Domestic Return Receipt

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 B. Received by (Printed Name) Addressee
 C. Date of Delivery
 D. Is delivery address different from item 1? Yes No
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 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

102595-02-M-1540

D



AFE No.	104335	Original
Property No.	043686-000	
EOG W.I.(BCP)	47.7944%	(ACP) 47.7944%
EOG AFE Amt:	(Drlg)	\$718,767
	(Completion)	\$725,662
	Total Cost	\$1,444,429

AFE Type : DEVELOPMENT DRILLING	AFE Name : SAND TANK 1 FED COM #4H D&C	AFE Date : 07/29/2010	Budget Year : 2010
Reg. Lease No. :	Prospect Name : SAND TANK	TVD / MD : 0 / 0	Begin Date :
Location : Section 1-T18S-R29E, 2250 FNL & 330 FEL, X=596234.3 Y=646702.9			
BH(LATERAL #1): Section 1-T18S-R29E, 2200 FNL & 330 FWL, X=591620.7 Y=646727.6			
Formation : 2ND BONE SPRING SAND, 2ND BONE SPRING F-SAND TOP			DD&A Field :
Operator : EOG RESOURCES, INC	County & State : EDDY / NEW MEXICO	Field : SAND TANK	Water Depth :
AFE Description : Sand Tank 1 Fed Com #4H D&C - 2nd Bone Spring Sand to 7,664'		Product : OIL	Days : 0 / 0

DESCRIPTION	SUB ACT	DRILLING	COMPLETION	TOTAL
ACCESS LOCATION,ROADS & SURVEY	401	45,000	0	45,000
RIG MOVE	402	85,000	0	85,000
DAY WORK COST	23 DAYS @ \$12,500	404 287,500	12,500	300,000
RIG CREW SAFETY BONUS	404	15,000	0	15,000
BITS & PHA	405	74,100	1,500	75,600
FUEL	406	67,760	4,000	71,760
WATER	407	38,500	20,000	58,500
MUD & CHEMICALS	408	53,000	0	53,000
CEMENTING & SERVICE	409	45,000	45,000	90,000
OPEN HOLE LOGGING & TESTING	411	30,000	20,000	50,000
MUD LOGGING	412	17,000	0	17,000
COMP-PERFORATING	413	0	80,000	80,000
COMP-STIMULATION	414	0	300,000	300,000
TRANSPORTATION	415	22,000	4,000	26,000
DRILLING OVERHEAD	416	6,600	2,000	8,600
EQUIPMENT RENTAL	417	121,000	130,000	251,000
COMP-COMPLETION RIG	418	0	60,000	60,000
OTHER DRILLING EXPENSE	419	46,400	0	46,400
ENVIRONMENTAL & SAFETY CHARGES	421	1,760	1,500	3,260
DIRECTIONAL DRILLING	422	81,000	0	81,000
SUPERVISION	424	43,600	30,000	73,600
COMMUNICATIONS	431	3,300	1,000	4,300
TUBULAR INSPECTION/HANDLING	436	21,000	16,000	37,000
DISPOSAL COSTS	447	110,000	8,000	118,000
TITLE OPINION-DRILL SITE	453	10,000	0	10,000
CONTINGENCIES	490	122,452	75,000	197,452
TOTAL INTANGIBLES		\$1,346,972	\$810,500	\$2,157,472

CONDUCTOR	UOM	QTY	SIZE	GRADE	RATE			
11-3/4" 42# H40 STC	FEET	40	20"		375.00	101	15,000	0
11-3/4" 42# H40 STC	FEET	350	11-3/4"	42# H40	34.00	102	11,900	0
8-5/8" 32# J55 LTC	FEET	2,900	8-5/8"	32# J55	41.00	103	118,900	0
COMP-5-1/2" 17# L80 LTC	FEET	1,000	5-1/2"	17# L80	21.00	104	0	21,000
COMP-5-1/2" 17# N80 LTC	FEET	11,180	5-1/2"	17# N80	21.00	104	0	234,800
COMP-TUBING	FEET	8,000	2.875	6.5# N80	7.00	106	0	56,000
WELLHEAD EQUIPMENT						107	11,100	8,000
COMP-TANKS						108	0	35,000
COMP-FLOW LINES						109	0	4,000
COMP-VALVES & FITTINGS						110	0	35,000
COMP-RODS	FEET	8,000			7.00	111	0	56,000
COMP-PUMP EQUIPMENT-SURFACE						112	0	135,000
COMP-PUMP EQUIP/SUBSURFACE						113	0	8,000
COMP-HEATER,TREATER,SEPARATOR						115	0	20,000
COMP-METERING EQUIPMENT						118	0	15,000
COMP-CONSTRUCTION COST						122	0	80,000
TOTAL TANGIBLES							\$156,900	\$707,800
TOTAL COST							\$1,503,872	\$1,518,300

By <i>Paul L. Petty</i>	Date	By	Date
By <i>Jerry [Signature]</i>	Date	By	Date

JOINT OPERATOR APPROVAL

Firm :	By	Title	Date
--------	----	-------	------

November 2, 2010

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO: OFFSETS IDENTIFIED ON EXHIBIT A

Re: Application of EOG Resources, Inc. for a non-standard spacing and proration unit, inter alia, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that EOG Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order creating a non-standard spacing unit comprised of the S/2 N/2 of Section 1, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico. The Division requires notice to offset operators or lessees of the non-standard unit. This non-standard spacing and proration unit will be the project area for the Sand Tank "1" Fed Com Well No. 4H to be horizontally drilled at a standard locations in Section 1.

This application has been set for hearing before a Division Examiner at 8:15 AM on December 2, 2010. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,


Ocean Munds-Dry
Attorney for EOG Resources, Inc.

HOLLAND & HART^{LLP}



Ocean Munds-Dry
omundsdry@hollandhart.com

November 2, 2010

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS

Re: Application of EOG Resources, Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.

This letter is to advise you that EOG Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Bone Spring formation in a non-standard spacing and proration unit in the S/2 N/2 of Section 1, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. Said pooled unit is to be dedicated to EOG's Sand Tank "1" Fed Com Well No. 4H to be drilled at a surface location 2250 feet from the North line and 330 feet from the East line and a bottomhole location 2200 feet from the North line and 330 feet from the West line of said Section 1.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on December 2, 2010. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry
ATTORNEY EOG RESOURCES, INC.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

Affidavit of Publication

NO. 21441

STATE OF NEW MEXICO

County of Eddy:

Walter L. Green *Walter L. Green*

being duly sworn, says that he is the Publisher

of the Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consecutive weeks/days on the same

day as follows:

First Publication November 9, 2010

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

9th day of November 2010



OFFICIAL SEAL
Danny Scott
NOTARY PUBLIC STATE OF NEW MEXICO

My commission expires: 3/18/2014

Danny Scott

Danny Scott
Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on December 2, 2010, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by November 22, 2010. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 14480:

Application of EOG Resources, Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order: (1) creating a non-standard spacing unit comprised of the S/2 N/2 of Section 1, Township 18 South, Range 29 East, NMPM and (2) pooling all mineral interests from the surface to the base of the Bone Spring formation, Sand Tank Bone Spring Pool in the non-standard spacing unit which will be the project area for the Sand Tank "1" Fed Com No. 4H to be drilled from a surface location 2250 feet from the North line and 330 feet from the East line and a bottomhole location 2200 feet from the North line and 330 feet from the West line of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision; designation of EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 4 miles southwest of Loco Hills, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this 5th day of November 2010.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Mark E. Fesmire, P.E., Director

Published in the Artesia Daily Press, Artesia, N.M., November 9, 2010; Legal No. 21441.

7001 1140 0002 9559 9410

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Attach this card to the back of the mailpiece, or on the front if space permits.

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Elizabeth Najr, SSP
827 N. Hawthorne Lane
Indianapolis, IN 46219

2. Article Number (Transfer from service label) 7001 1140 0002 9559 9410

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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B. Received by (Printed Name) Elizabeth Najr

C. Date of Delivery 11-15-10

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4. Restricted Delivery? (Extra Fee) Yes No

INDIANAPOLIS, IN 46219
NOV 15 2010

7006 2760 0001 6393 2233

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1. Article Addressed to:

Susan Nishio, SSP
5613 Excalibur Place
Columbus, OH 73235

2. Article Number (Transfer from service label) 7006 2760 0001 6393 2233

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COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee

B. Received by (Printed Name) S. NISHIO

C. Date of Delivery 11-9-10

D. Is delivery address different from item 1? Yes No

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4. Restricted Delivery? (Extra Fee) Yes No

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1. Article Addressed to:

David Najar, SSP
c/o Elizabeth Najr, Guardian
827 N. Hawthorne Lane
Indianapolis, IN 46219

2. Article Number (Transfer from service label) 7006 2760 0001 6393 2226

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Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.77



Jeffrey Najjar, SSP
3417 W. Wyndham Lane
Durham, NC 27705

for instructions

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Postage	\$
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Yates Petroleum Cor,
105 South Fourth Str
Artesia, NM 88201

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88201

A. Signature: *[Signature]* Agent Addressee

B. Received by: *[Signature]* C. Date of Delivery: *[Date]*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type: Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

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