

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. LC029420-B		
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name		
2. Name of Operator EOG Resources, Inc. <i>V.E. BERNARD</i>			7. If Unit or CA Agreement, Name and No. <i>29218</i>		
3a. Address P.O. Box 2267, Midland, TX 79702		3b. Phone No. (include area code) 915 686-3689	8. Lease Name and Well No. Denali "33" Federal #2		
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1580 FNL & 760 FWL (U/L E) At proposed prod. Zone 1300 FNL & 660 FWL (U/L D)			9. API Well No. <i>30-015-32164</i>		
14. Distance in miles and direction from nearest town or post office* 7 miles Southeast from Maljamar			10. Field and Pool, or Exploratory <i>North of Sugar Creek</i>		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. Unit line, if any) 760 same			11. Sec., T., R., M., or Blk. And Survey or Area Sec. 33, T-17-S, R-31-E <i>Cedar Lake Mernew, East</i>		
16. No. of Acres in lease 1280			12. County or Parish EDDY		
17. Spacing Unit dedicated to this well N/2 (320)			13. State NM		
18. Distance from proposed location* to nearest well, drilling, completed applied for, on this lease, ft. 1800'			20. BLM/BIA Bond No. on file NM2308		
19. Proposed Depth TMD 12,500 TVD 12,100			21. Elevations (Show whether DF, KDB, RT, GL, etc) GL 3734'		
22. Approximate date work will start* 10/5/2001			23. Estimated duration 30 DAYS		
24. Attachments					

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

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

25. Signature <i>Mike Francis</i>	Name (Printed/Typed) Mike Francis	Date 8/31/2001
Title Agent		
Approved by (Signature) <i>/s/ LESLIE A. THEISS</i>	Name (Printed/Typed) <i>/s/ LESLIE A. THEISS</i>	Date <i>JAN 14 2002</i>
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify 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 1 YEAR

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 reverse)

Reswell Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

RECEIVED
SEP 05 01
JLM
ROSWELL, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
*Do not use this form for proposals to drill, re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.*

N.M. Oil Cons. Division
411 E. 1st Street
Artesia, NM 88210-2834

5. Lease Serial No.
LC-029420-B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Denali "33" Federal, Well No. 2

9. API Well No.

10. Field and Pool, or Exploratory Area
North Shugart (Morrow)

11. County or Parish, State
Eddy

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
V-F Petroleum Inc.

3a. Address
P.O. Box 1889 Midland, TX 79702

3b. Phone No. (include area code)
915/687-0008

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)
1580' FNL & 760' FWL, Sec. 33-T17S-T31E

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

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

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

EOG Resources, Inc. has an APD in the process of being approved for the above captioned well. They do not intend to drill this well and have turned it back to V-F Petroleum Inc., who is requesting that the name of the operator be changed from EOG Resources, Inc. to V-F Petroleum Inc. They have a term assignment from Texaco for this lease and their bond number is NM-2246. Please approve this Sundry Notice with the APD approval, which will change everything to V-F Petroleum Inc.

LEASE RESPONSIBILITY STATEMENT: V-F Petroleum Inc. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

George R. Smith

Title Agent for V-F Petroleum Inc.

Signature

George R. Smith

Date December 14, 2001

Approved by (Signature)

/s/

LESUE A. THEISS

Title

FIELD MANAGER

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject land which would entitle the applicant to conduct operations thereon.

Office

CARLSBAD FIELD OFFICE

Date

JAN 14 2002

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Continued on next page)

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
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 NORTH SHUGART (MORROW)	
*Property Code		*Property Name DENALI "33" FEDERAL			*Well Number 2
*OGRID No. 7377		*Operator Name EOG RESOURCES INC.			*Elevation 3734

¹⁰ Surface Location

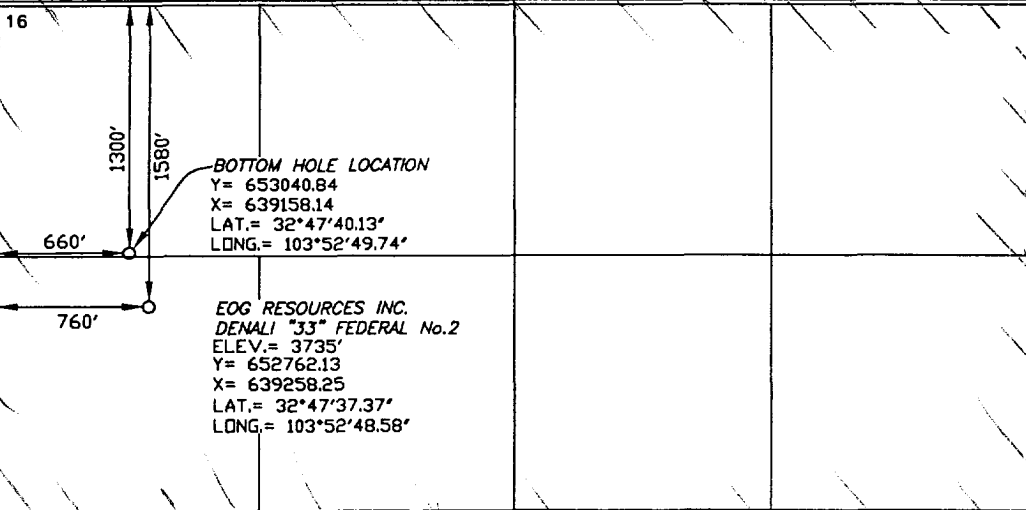
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	33	17-S	31-E		1580	NORTH	760	WEST	EDDY

¹¹ 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
D	33	17-S	31-E		1300	NORTH	660	WEST	EDDY

*Dedicated Acres 320	*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

	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature: <u>Mike Francis</u> Printed Name: <u>MIKE FRANCIS</u> Title: <u>AGENT</u> Date: <u>8/31/01</u>	
	¹⁸ SURVEYOR CERTIFICATION <i>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 best of my belief.</i> AUGUST 31, 2001 Date of Survey Signature and Seal of Professional Surveyor: <u>James E. Tompkins</u> Certificate Number: <u>14729</u>	

DRILLING PROGRAM

EOG RESOURCES, INC.
DENALI "33" NO. 2
1580' FNL & 760' FWL
SEC. 33, T17S, R31E
EDDY COUNTY, NM

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Queen	2900'
San Andres	3700'
Bone Springs	5100'
Wolfcamp	8600'
Lower Strawn	10700'
Atoka	11000'
Morrow Clastics	11500'
Chester	11950'

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

Upper Permian Sands	Above 250'	Fresh Water
Grayburg/San Andres	3000'	Oil
Strawn	10700'	Oil
Atoka	11000'	Gas
Morrow	11500'	Gas

4. CASING PROGRAM

Hole Size	Interval	OD Casing	Weight Grade Jt. Cond. Type
14 3/4"	0-650'	11 3/4"	42# H-40 ST&C
11"	0-4400'	8 5/8"	32# J-55 LT&C
7 7/8"	0-12,500'	5 1/2"	17# N80/S95 L&TC

Cementing Program:

11 3/4" Surface Casing: Cement to surface with 200 sx Prem Plus, 3% Econolite, 25 Calcium Chloride, 0.25#/sx Flocele, 150 sx Prem Plus, 2% Calcium Chloride

8 5/8" Intermediate: Cement to surface with 800 sx Interfill C, .25#/sx flocele, 250 sx Premium Plus, 2% Calcium Chloride

5 1/2" Production: Cement w/930 sx Premium, 3% Econolite, 5#/sx Salt (3%), 0.2% HR5, .25#/sk Flocele, 250 sx Prem 50/50 Poz mix 'A', 2% Halliburton-Gel First 2%, 0.5% Halad-322. This is designed to bring TOC to 4500'.

DRILLING PROGRAM

**EOG RESOURCES, INC.
DENALI "33" NO. 2
1580' FNL & 760' FWL
SEC. 33, T17S, R31E
EDDY COUNTY, NM**

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. EOG request authorization to use a 2M system, providing for an annular preventer to be used prior to drilling the surface casing shoe and to drill the intermediate hole. Before drilling out of 1st intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/1000 psi and the annular to 3500/5000-psi pressure.

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.

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/KCL mud system. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Wt (PPG)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0-500'	Fresh Water	8.5	40-45	N.C.
500'-4000'	Brine Water	10.0	30	N.C.
4000'- TD	Cut Brine + Polymer/KCL	8.8 – 9.2	32	10

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) A mud logging unit complete with H₂S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 5000' to TD.

DRILLING PROGRAM

**EOG RESOURCES, INC.
DENALI "33" NO. 2
1580' FNL & 760' FWL
SEC. 33, T17S, R31E
EDDY COUNTY, NM**

8. LOGGING, TESTING AND CORING PROGRAM:

Electric logging will consist of GR-Dual Induction Focused and GR-Compensated Density-Neutron from TD to intermediate casing with a GR-Compensated Neutron run from intermediate casing to surface and optional Sonic from TD to Intermediate casing.

Possible sidewall cores based on shows.

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

The estimated bottom hole temperature (BHT) at TD is 175 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 5000 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.

DRILLING PROGRAM

**EOG RESOURCES, INC.
DENALI "33" NO. 2
1580' FNL & 760' FWL
SEC. 33, T17S, R31E
EDDY COUNTY, NM**

SURFACE USE AND OPERATIONS PLAN

1. EXISTING ROADS:

Access to location will be made as shown on Exhibit #2

Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. PROPOSED ACCESS ROAD:

102.1' of new road is required. Exhibit #2(a).

No turnouts necessary.

No culverts, cattleguards, gates, low-water crossings are necessary.

Surfacing material consists of native caliche to be obtained from the nearest BLM-approved caliche pit. Any additional materials required will be purchased from the dirt contractor.

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 FACILITIES:

There are no existing production facilities. If production is encountered, a temporary facility will be established on the drill pad, and if warranted, a production facility would be built at a later date in the immediate area of the drill pad location. If the well is productive, the flowline would also be located on the drill-pad site and no additional disturbance will occur.

5. LOCATION AND TYPE OF WATER SUPPLY:

Fresh water and brine water for drilling will come from commercial sources and transported to the well site over the roads as shown on Exhibit #2.

DRILLING PROGRAM

EOG RESOURCES, INC.

DENALI "33" NO. 2

1580' FNL & 760' FWL

SEC. 33, T17S, R31E

EDDY COUNTY, NM

6. PLANS FOR RESTORATION OF THE SURFACE:

After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Location will be cleaned of all trash and junk to leave the well in an aesthetically pleasing condition as possible.

Any unguarded pits containing fluid will be fenced until they are dry and back filled.

After abandonment of the well, surface restoration will be in accordance with current federal laws and regulations. Location will be cleaned, and the wellpad removed to promote vegetation and disposal of human waste will be complied with. Trash, waste paper, garbage and junk will be hauled to an approved disposal site in an enclosed trash trailer.

All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

ANCILLARY FACILITIES:

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

WELL SITE LAYOUT:

Exhibit #4 shows the relative location and dimensions of the well pad.

DRILLING PROGRAM

**EOG RESOURCES, INC.
DENALI "33" NO. 2
1580' FNL & 760' FWL
SEC. 33, T17S, R31E
EDDY COUNTY, NM**

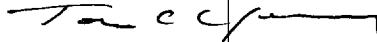
OTHER INFORMATION:

The area around the well site is grassland and the topsoil is duned and sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.

CERTIFICATION:

I HEREBY CERTIFY that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by EOG Resources, Inc. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

Tom Young
Division Drilling Manager



Date: 8-31-01

DRILLING PROGRAM

**EOG RESOURCES, INC.
DENALI "33" NO. 2
1580' FNL & 760' FWL
SEC. 33, T17S, R31E
EDDY COUNTY, NM**

ATTACHMENT TO EXHIBIT #1

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

EOG Resources, Inc.

Denali "33" Fed No. 2

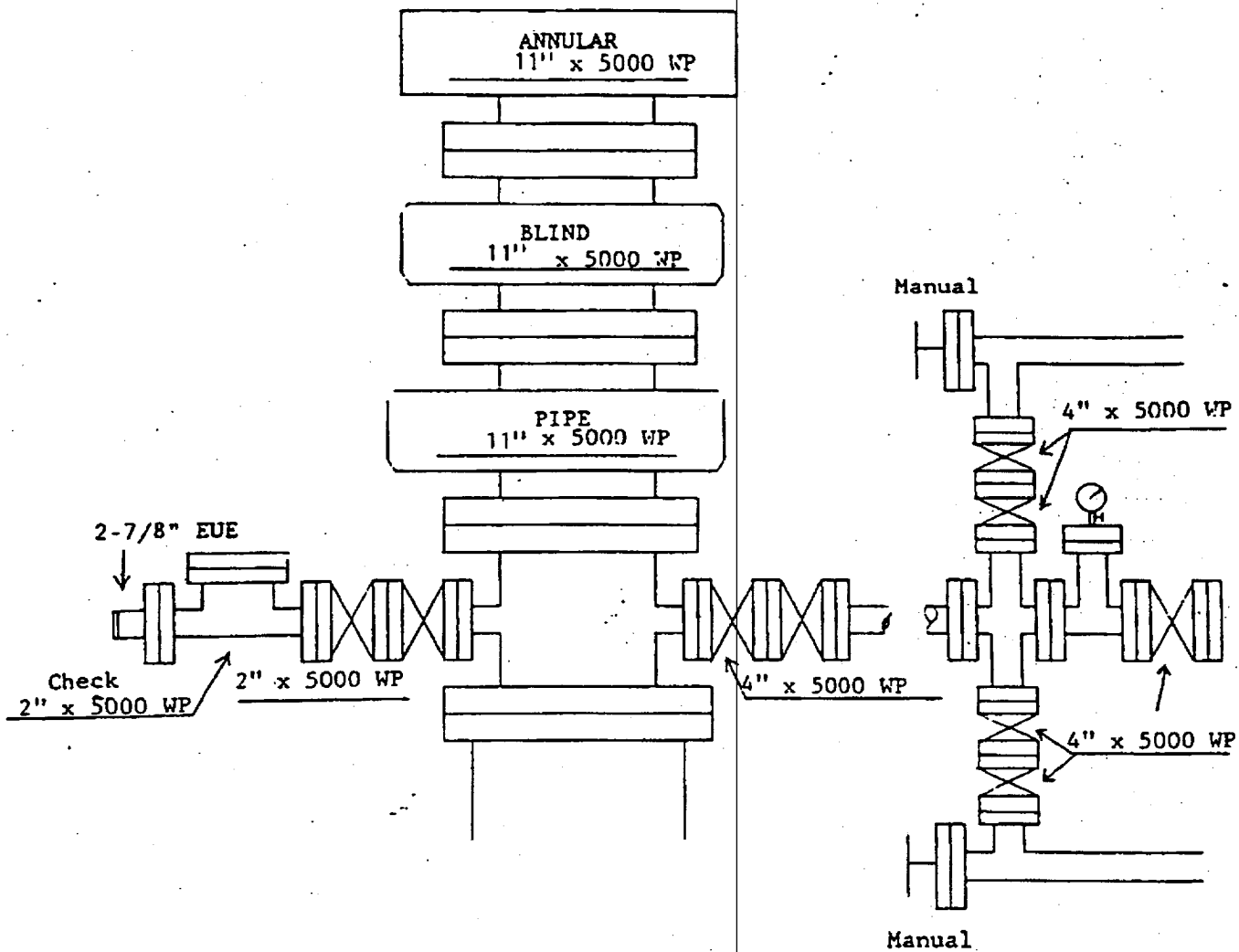
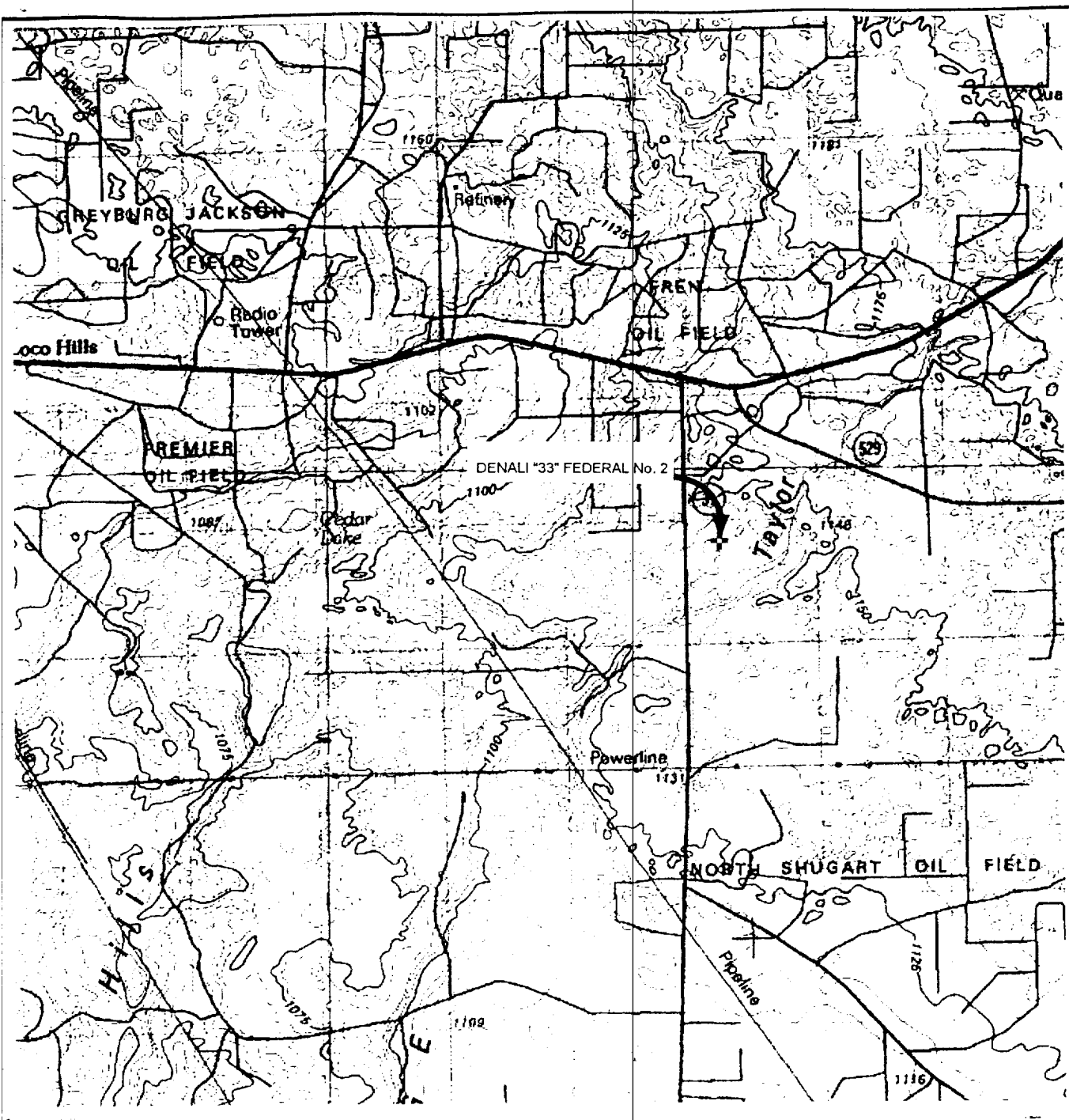


Exhibit 1

VICINITY MAP



SCALE: 1" = 3 MILES

WTC 46348
 SEC. 33 TWP. 17-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NM
 DESCRIPTION 1580' FNL & 760' FWL
 ELEVATION 3735'
 OPERATOR EOG RESOURCES, INC.
 LEASE DENALI "33" FEDERAL No. 2

WEST TEXAS CONSULTANTS, INC.

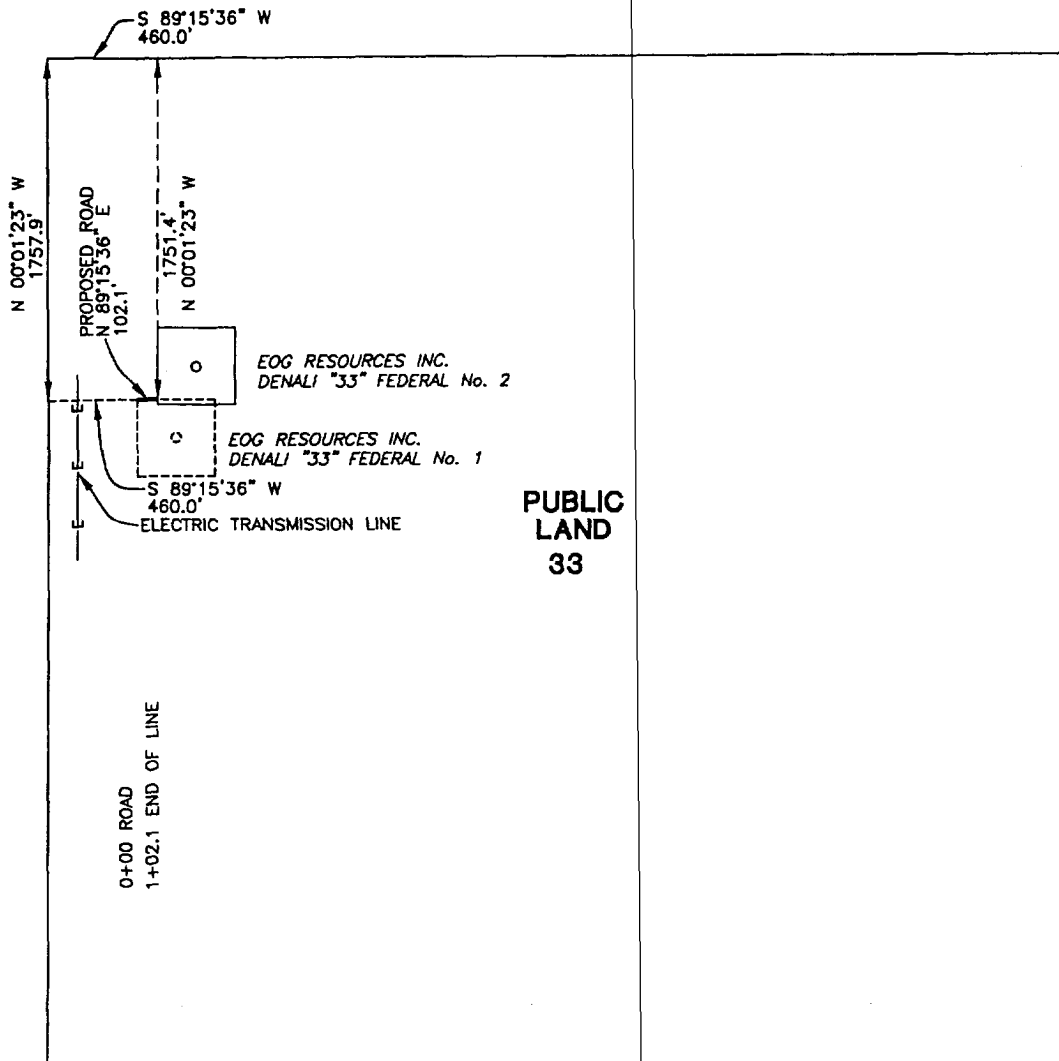
ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

915-685-3800

Exhibit 2

SECTION 33, TOWNSHIP 17 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO



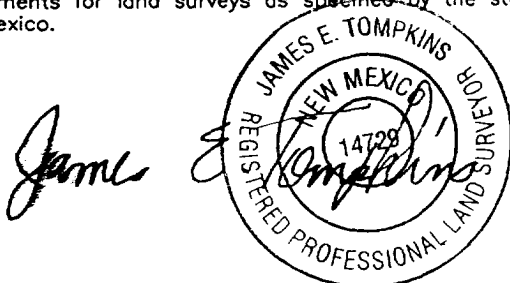
CENTERLINE DESCRIPTION OF A PROPOSED ROAD:

BEGINNING at a point in the northwest corner of a well pad for EOG Resources, Inc. DENALI "33" FEDERAL No. 1, from which point the northwest corner of Section 33, T-17-S, R-31-E, N.M.P.M., Eddy County, New Mexico, bears S 89° 15' 36" W, 460.0 feet and N 00° 01' 23" W, 1757.9 feet;

THENCE N 89° 15' 36" E, with the centerline of proposed road, 102.1 feet to a point in the southwest corner of a well pad for EOG Resources, Inc. DENALI "33" FEDERAL No. 2, for the end of this road, from which point the northwest corner of said Section 33 bears N 00° 01' 23" W, 1751.4 feet and S 89° 15' 36" W, 460.0 feet.

PROPOSED ROAD TO SERVE
DENALI "33" FEDERAL No. 2

I hereby certify that this plat was prepared from an actual survey made on the ground and meets or exceeds all requirements for land surveys as specified by the state of New Mexico.



JAMES E. TOMPKINS
Registered Professional Surveyor
New Mexico Certificate No. 14729

EOG RESOURCES INC.

102.1 feet of proposed road in
Section 33, T-17-S, R-31-E, N.M.P.M.,
Eddy County, New Mexico

EXHIBIT 2A

WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

Survey Date: 8-30-01	Date: 8-31-01	Scale: 1" = 1000'
WTC No. 46179	Drawn By: JRS II	Sheet 1 of 1

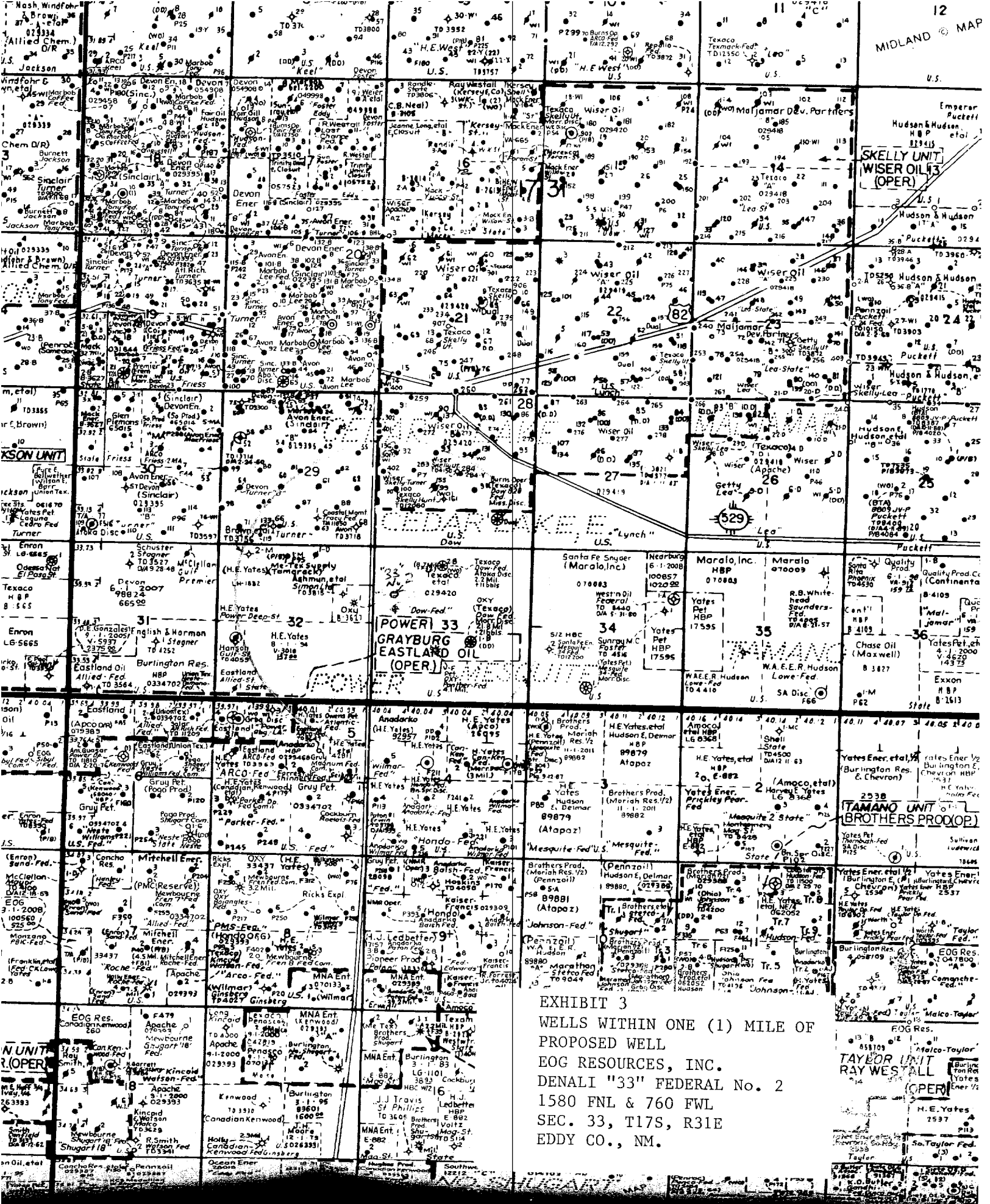
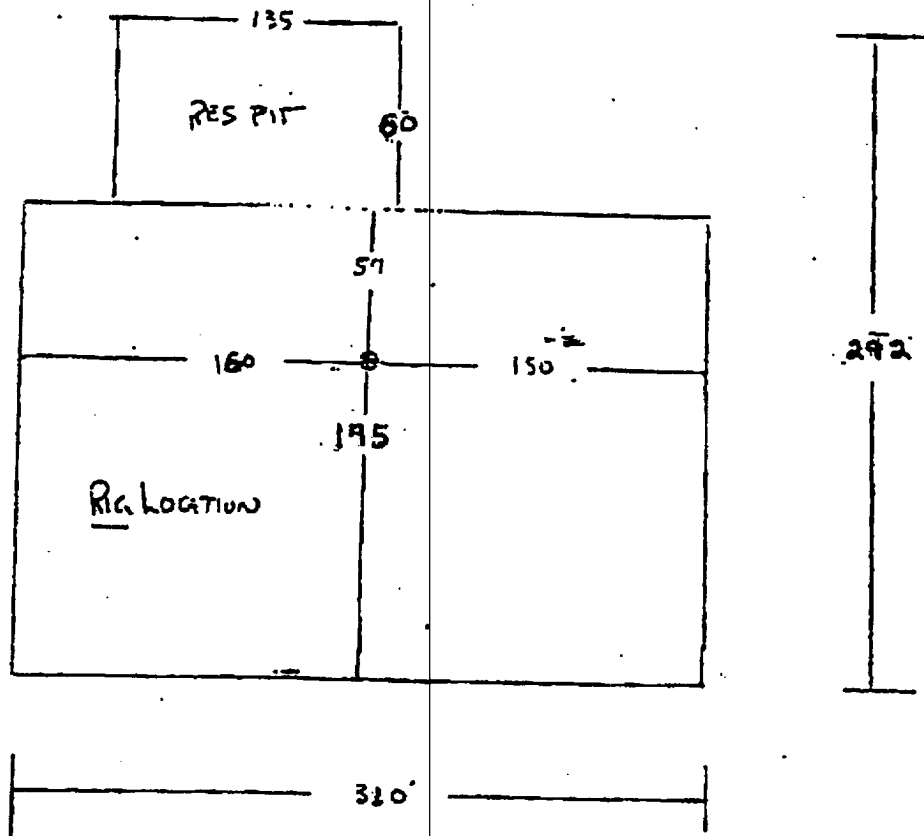


Exhibit 4

Denali "33" Fed No. 2



Statement Accepting Responsibility for Operations

Operator Name: EOG Resources, Inc.
Street or Box: P.O. Box 2267
City, State: Midland, TX
Zip Code: 79702

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:


Lease No.: LC029420-B

Legal Description of Land: Section 33, T17S, R31E, NMPM
Eddy Co., NM

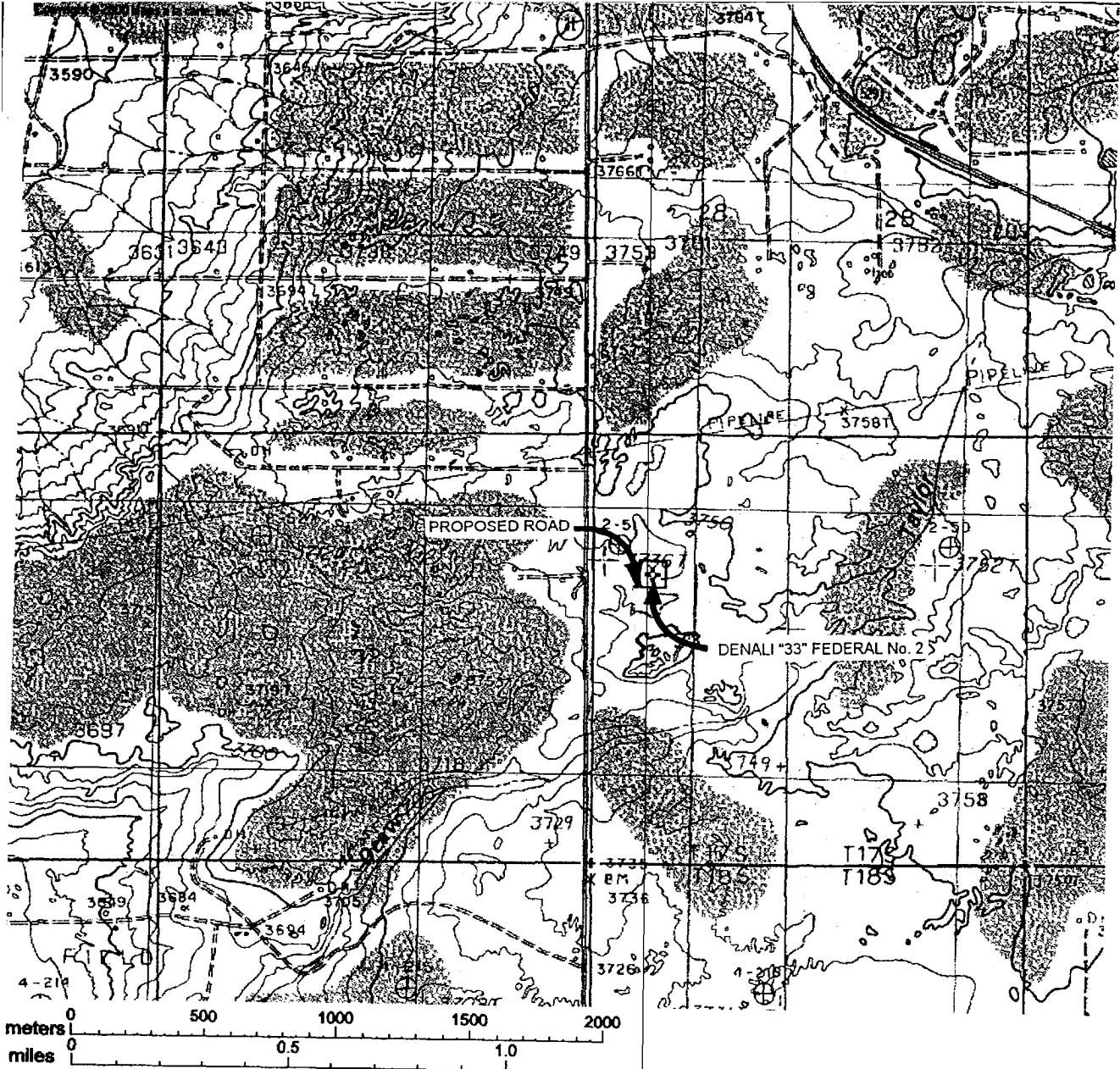
Formation(s) (if applicable):

Bond Coverage: (State if individually bonded or another's bond) **Individually**

BLM Bond File No.: NM-2308 with endorsement to State of NM

Authorized Signature: 
Title: Agent
Date: 08-31-2001

Mike Francis



SCALE: 1" = 2000'
 T.C. 46348

C. 33 TWP. 17-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NM

DESCRIPTION 1580' FNL & 760' FWL

ELEVATION 3735'

OPERATOR EOG RESOURCES, INC.

USE DENALI "33" FEDERAL No. 2

US TOPO MAP LOCO HILLS & MALJAMAR,
 NEW MEXICO.

CONTOUR INTERVAL 10'

WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

915-685-3800