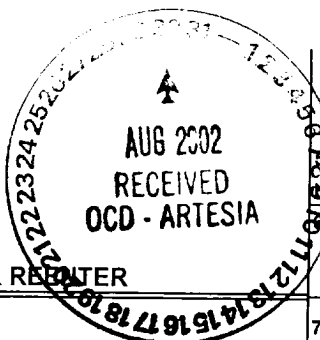


1301 W. Grand Ave
Artesia, NM 88210

Form 3160-3
(August 1999)

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

779
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



Lease Serial No.

0437523

If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. 30502	
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		8. Lease Name and Well No. Sand Tank 18 Fed. Com. No1	
2. Name of Operator EOG Resources, Inc. 7347		9. API Well No. 30-015-32439	
3a. Address P.O. Box 2267 Midland, TX 79702		3b. Phone No. (include area code) (915) 686-3714	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2175' FSL & 786' FWL (U/L L) At proposed prod. Zone same		10. Field and Pool, or Exploratory Sand Tank Morrow	
14. Distance in miles and direction from nearest town or post office* 5 mi. south of Loco Hills		11. Sec., T., R., M., or Blk. And Survey or Area Sec. 18 T- 18-S; R-30-E	
15. Distance from proposed* location to nearest property or lease line, ft. 786' (Also to nearest drlg. Unit line, if any) 786'		12. County or Parish Eddy Co.	
16. No. of Acres in lease 80		13. State NM	
17. Spacing Unit dedicated to this well W/2 320 NSL-4770			
18. Distance from proposed location* to nearest well, drilling, completed applied for, on this lease, ft. na		19. Proposed Depth 12,200	
20. BLM/BIA Bond No. on file NM2308			
21. Elevations (Show whether DF, KDB, RT, GL, etc) GL 3504		22. Approximate date work will start* 9/1/2002	
23. Estimated duration 40 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 7/23/2002
Title Agent		
Approved by (Signature) <i>/s/ Mary J. Rugwell</i>	Name (Printed/Typed) <i>/s/ Mary J. Rugwell</i>	Date AUG 29 2002
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

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)

Carbon Controlled Water Back

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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, and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
		Sand Tank Morrow
⁴ Property Code	⁵ Property Name	⁶ Well Number
	SAND TANK "18" FEDERAL COM	1
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
7377	EOG RESOURCES, INC.	3504'

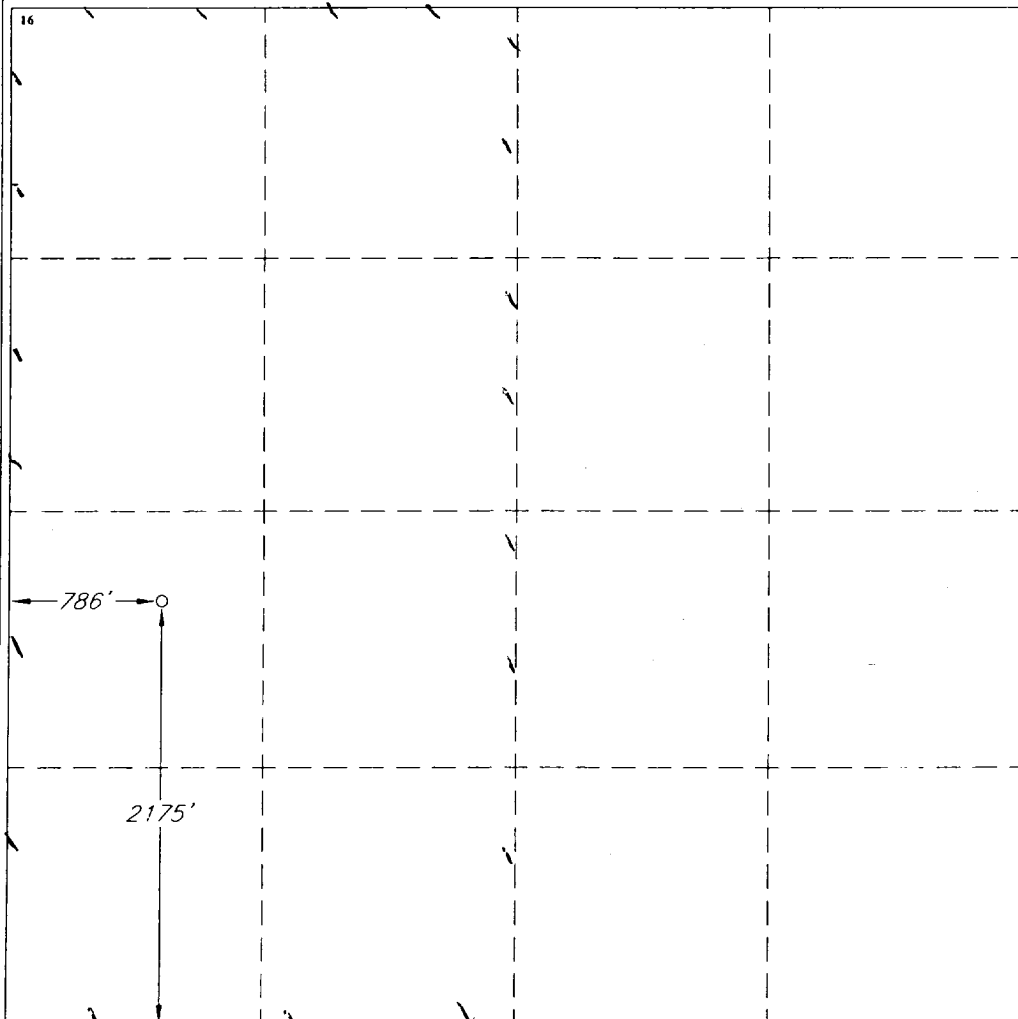
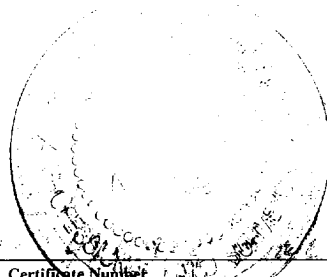
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	18	18 SOUTH	30 EAST, N.M.P.M.		2175'	SOUTH	786'	WEST	EDDY

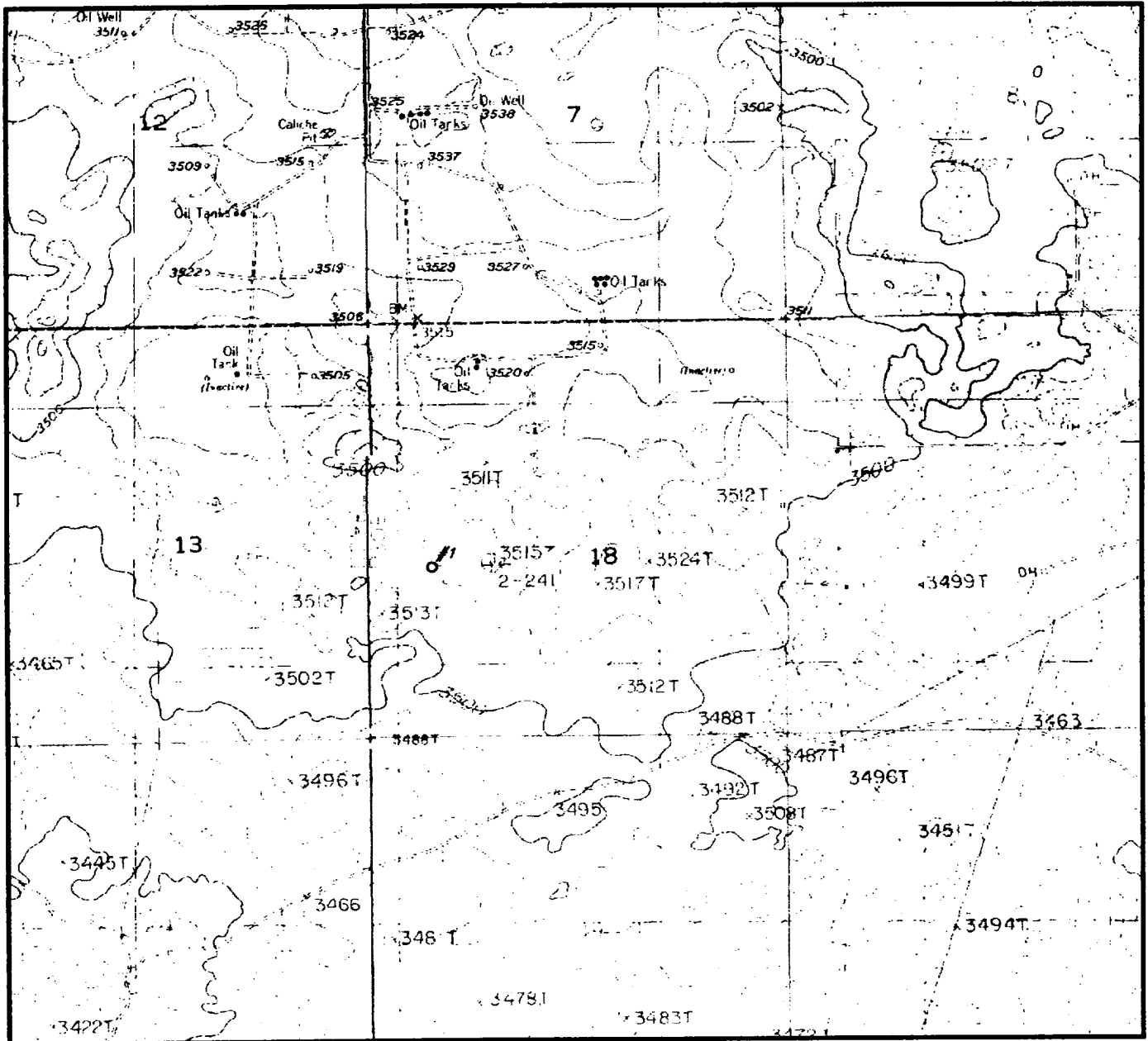
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						
320									

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div><p>¹⁶</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p><p><i>Mike Francis</i> Signature</p><p>Mike Francis Printed Name</p><p>Agent Title</p><p>7/23/2002 Date</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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.</p><p>JUNE 27, 2002 Date of Survey</p><p>Signature and Seal of Professional Surveyor</p><p>Certificate Number V. L. BEZNER R.P.S. #7920 JOB #82430 / 74 NE / J.C.P.</p></div>
--	---

LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 5 FEET

SECTION 18 TWP 18-S RGE 30-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY EDDY STATE NM

DESCRIPTION 2175' FSL & 786' FWL

ELEVATION 3504'

OPERATOR EOG RESOURCES, INC.

LEASE SAND TANK "18" FEDERAL COM #1

U.S.G.S. TOPOGRAPHIC MAP
ILLINOIS CAMP NE, NEW MEXICO

SCALED LAT. N 32.74614

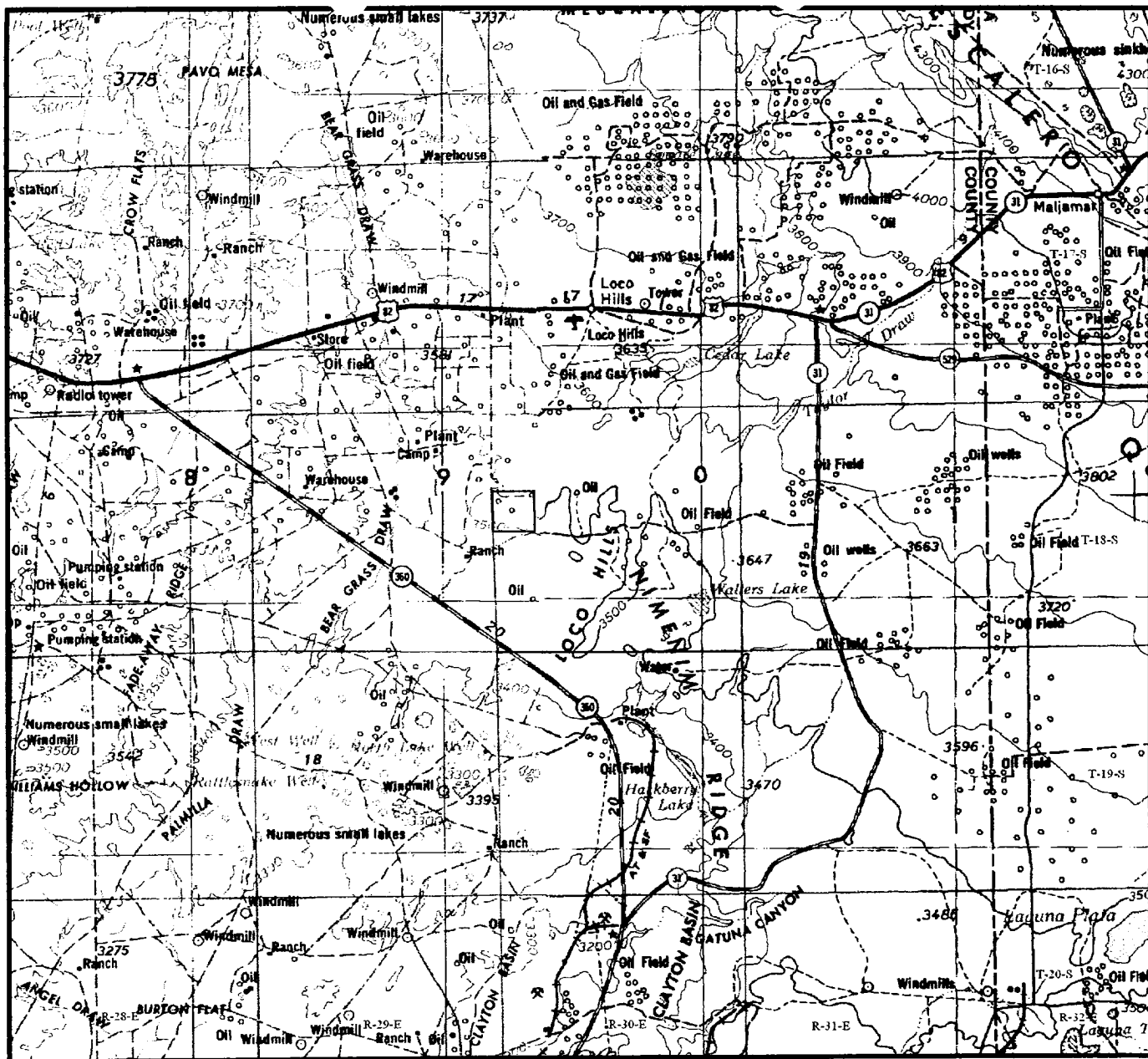
LONG. W 104.01662

TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

VICINITY MAP



SECTION 18 TWP 18-S RGE 30-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY EDDY STATE NM

DESCRIPTION 2175' FSL & 786' FWL

OPERATOR EOG RESOURCES, INC.

LEASE SAND TANK "18" FEDERAL COM #1

DISTANCE & DIRECTION FROM JCT. OF U.S. 82 & CO.

ROAD 217 @ LOCO HILLS, GO SOUTHWEST 3.0 MILES ON

CO. RD. 217, THENCE SOUTH 1.8 MILES ON CO. RD. 216,

CONTINUE EAST 0.1 MILE, THENCE SOUTH 0.5 MILE ON

LEASE ROAD, CONTINUE SOUTH 0.2 MILE ON ABANDONED

LEASE ROAD TO A POINT $\pm 1450'$ NORTH OF THE LOCATION.



TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

DRILLING PROGRAM
EOG RESOURCES, INC.
Chocolate Chip "19" Fed. Com. No.2
Sec. 18 T-18-S; R-30-E, Eddy, Co. NM

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Yates	1459'
Queen	2200'
Bone Springs	3900'
Wolfcamp	9050'
Strawn	10350'
Atoka	10625'
Morrow	10900'
Lower Morrow	11350'

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

Upper Permian Sands	Above 250'	Fresh Water
Strawn	10350'	Oil
Atoka	10625'	Gas
Morrow	10900'	Gas
Lower Morrow	11350'	Gas

4. CASING PROGRAM

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight Grade Jt. Cond. Type</u>
14 3/4"	0- 450 ⁴⁰⁰ '	11 3/4"	42# H-40 ST&C
11"	0-3500'	8 5/8"	32# J-55 LT&C
7 7/8"	0-12000'	5 1/2"	17#S95/P110 LTC

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 700 sx Interfill C, .25#/sx flocele, 200sx Premium Plus, 2% Calcium Chloride
5 1/2" Production:	Cement w/1030sx Premium, 3% Econolite, 5#/sx Salt (3%), 0.2% HR5, .25#/sk Flocele, 450sx Prem 50/50 Poz mix 'A', 2% Halliburton-Gel First 2%, 0.5% Halad-322. This is designed to bring TOC to 2100'.

DRILLING PROGRAM
EOG RESOURCES, INC.
Sand Tank 18 Fed Com. No. 1
Sec. 18 T-18-S; R-30-E, Eddy, Co. 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 before drilling out of surface casing. 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- 450 400'	Fresh Water (Spud Mud)	8.5	40-45	N.C.
450''-3500'	Brine Water	10.0	30	N.C.
3500'- 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.
Sand Tank 18 Fed Com. No. 1
Sec. 18 T-18-S; R-30-E, Eddy, Co. 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.
Sand Tank 18 Fed Com. No. 1
Sec. 18 T-18-S; R-30-E, Eddy, Co. 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:

1217' of new road is required. Exhibit #2A

No turnouts necessary.

No culverts, cattle guards, 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.

6. PLANS FOR RESTORATION OF THE SURFACE:

DRILLING PROGRAM
EOG RESOURCES, INC.
Sand Tank 18 Fed Com. No. 1
Sec. 18 T-18-S; R-30-E, Eddy, Co. NM

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.
Chocolate Chip "19" Fed. Com. No.2
Sec. 18 T-18-S; R-30-E, Eddy, Co. 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.

A handwritten signature in black ink, appearing to read "Rene St. Pierre", written over a horizontal line.

Rene St. Pierre
Drilling Manager

Date: 7/23/2002

EOG Resources, Inc.

Sand Tank "18" Fed. Com No.1

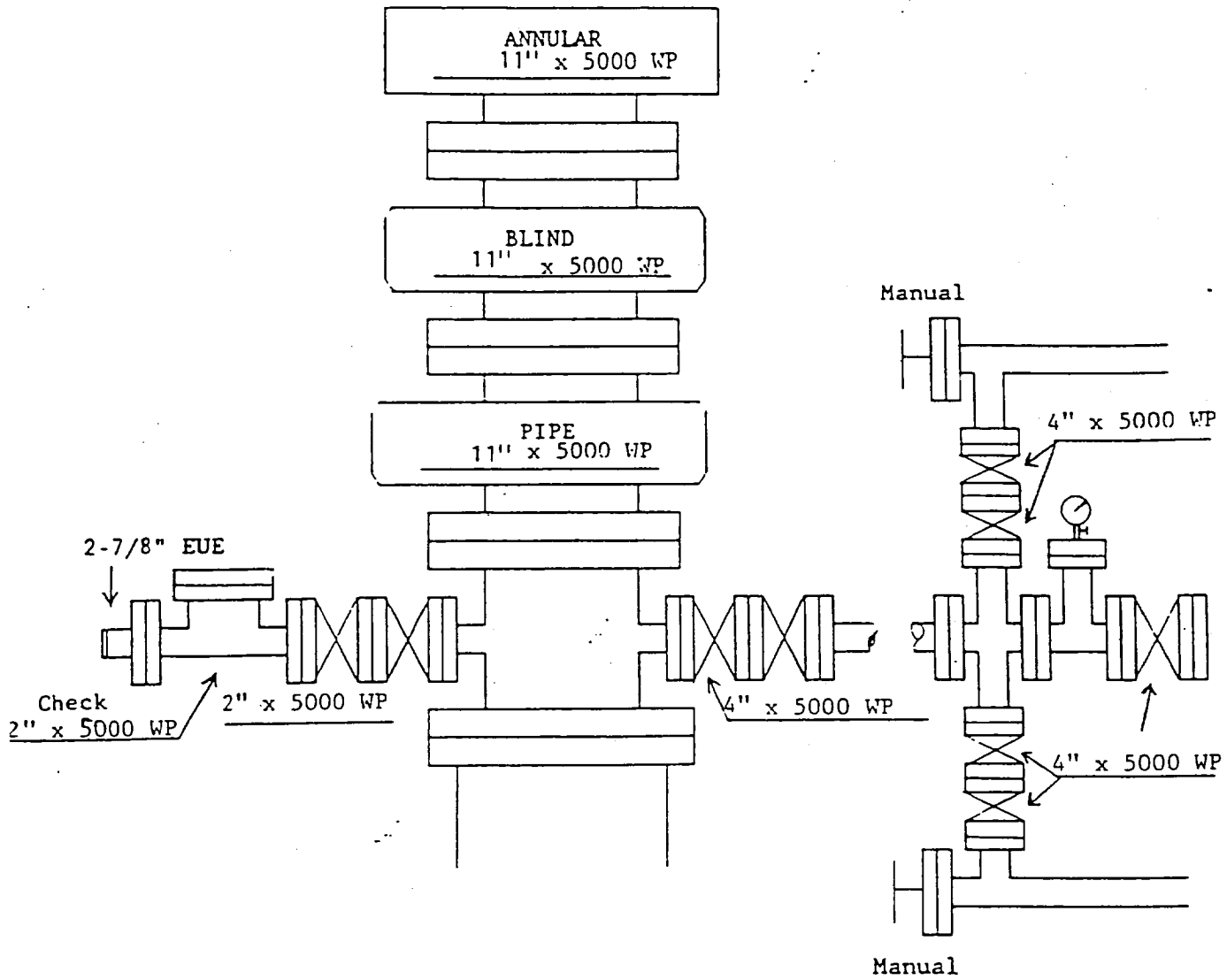


Exhibit 1

**DRILLING PROGRAM
EOG RESOURCES,INC.
Sand Tank 18 Fed Com. No. 1
Sec. 18 T-18-S; R-30-E, Eddy, Co.NM**

ATTACHMENT TO EXHIBIT #1

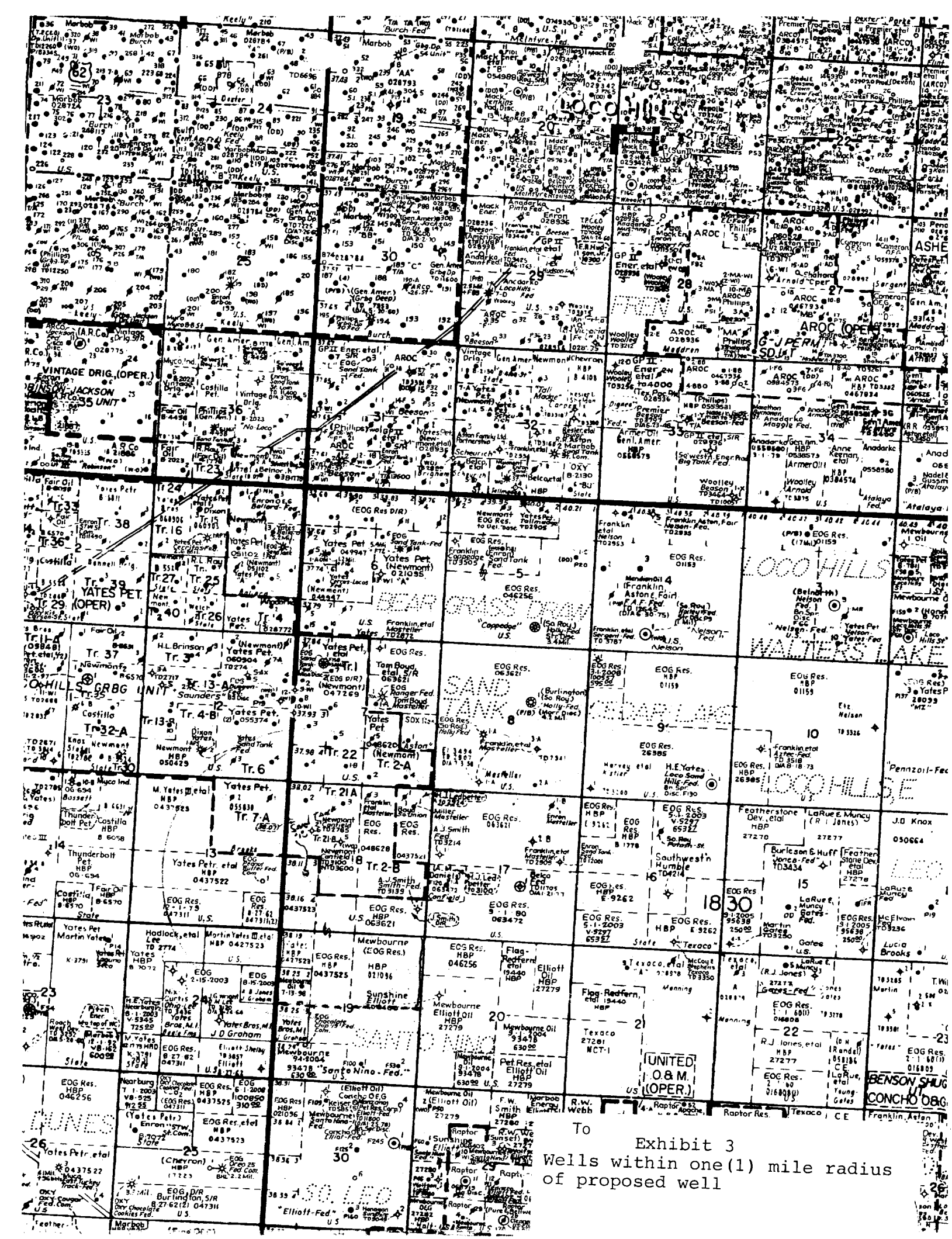
1. Wear ring to be properly installed in head.
2. Blow out preventer and all fittings must be in good condition, 5000 psi W.P. minimum. Exhibit #1.
3. All fittings to be flanged
4. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 5000 psi W.P. minimum.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

The map illustrates the boundary between U.S.A. LAND and the STATE OF NEW MEXICO. Key features include:

- Proposed Pipeline:** A dashed line running from the top left towards the center.
- Existing Lease Road:** A solid line segment labeled "EXISTING LEASE ROAD".
- Proposed Lease Road:** A solid line segment labeled "PROPOSED LEASE ROAD".
- Survey Points:** Several points are marked with brass caps and U.S. G.L.O. Surveys:
 - Top left: FND. BRASS CAP U.S. G.L.O. SUR. 1914 (12 7 / 13 18).
 - Top center: FND. BRASS CAP U.S. G.L.O. SUR. 1916 (7 18 / 18).
 - Top right: FND. BRASS CAP U.S. G.L.O. SUR. 1916 (7 8 / 18 17).
 - Bottom center: FND. BRASS CAP (TYP.) (18 19 / 19 20).
 - Bottom right: FND. BRASS CAP U.S. G.L.O. SUR. 1916 (18 17 / 19 20).
- Boundaries:**
 - Vertical: R-29-E and R-30-E.
 - Horizontal: 13-18 and 18-19.
- Angles and Distances:**
 - N 00°09'06" W
 - N 45°51'40" E 1277.0
 - S 18°29'48" W 672'
 - S 19°41'44" W 365'
 - S 13°05'08" E 180'
 - S 66°44'59" E 676.0'
- North Arrow:** Located in the bottom left corner, pointing towards the top of the page.

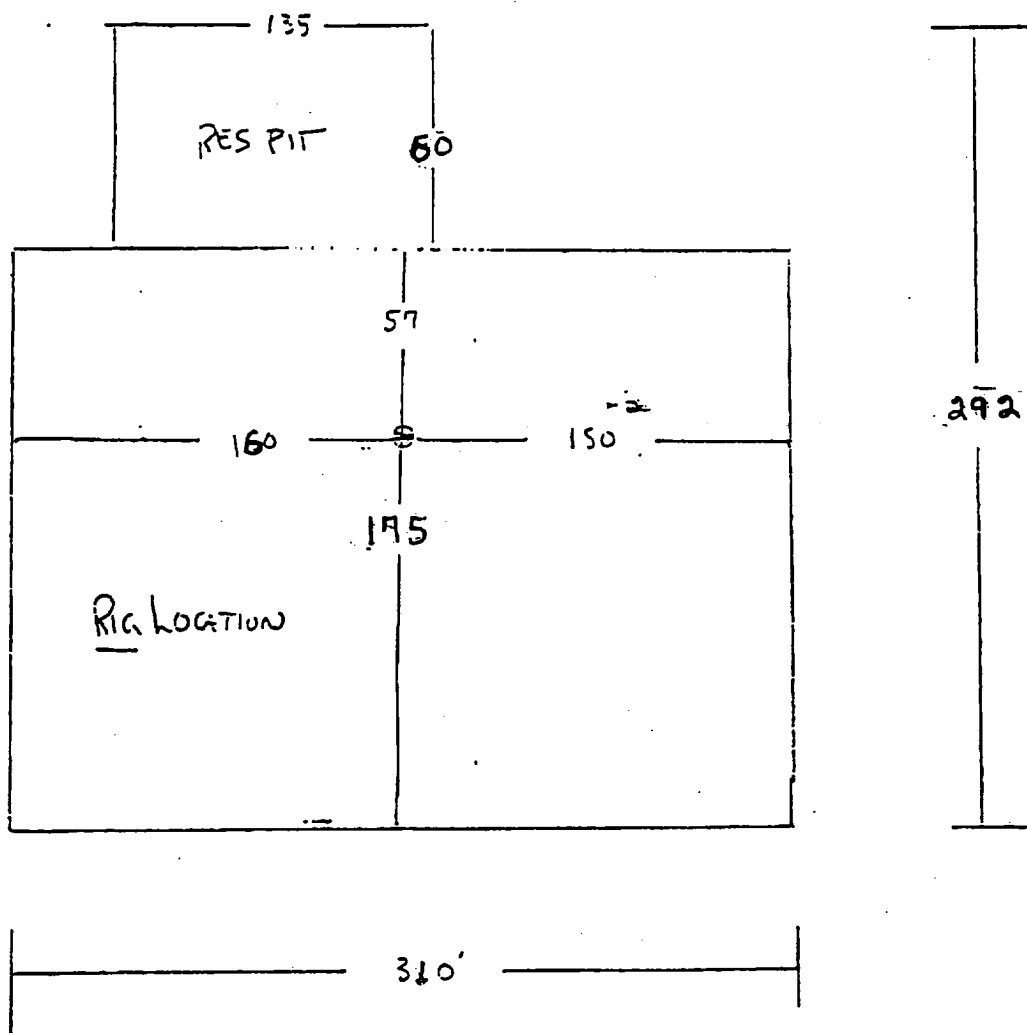
Exhibit 2A

				EOG RESOURCES, INC.	SCALE: 1" = 1000'
					DATE: JULY 23, 2002
NO.	REVISION	DATE	BY		JOB NO.: 82430-RD2
SURVEYED BY:		R.J.O.		<i>SURVEYING AND MAPPING BY</i> TOPOGRAPHIC LAND SURVEYORS <i>MIDLAND, TEXAS</i>	
DRAWN BY:		J.C.P.			74 NE
APPROVED BY:		V.L.B.			SHEET : 1 OF 1



To Exhibit 3
Wells within one (1) mile radius
of proposed well

Exhibit 4



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.: NM 0437523

Legal Description of Land: Section 18, T18S, R-30-E, NMPM
EddyCo., NM

Formation(s) (if applicable):

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

BLM Bond File No.: NM2308 with endorsement to State of NM

Authorized Signature: _____


Mike Francis

Title: Agent

Date : 7/23/2002