

SURFACE USE PLAN OF OPERATION

SHL: 560' FNL & 2385' FEL, Unit B, Section 17, T18S-R30E, N.M.P.M., Eddy, NM
BHL: 660' FNL & 2310' FWL, Unit C, Section 16, 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 Exhibits 2, 2a and 2b.
- c. Directions to Location: 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 1.9 miles, turn left on lease road for 0.1 miles, turn right on lease road for 0.2 miles, turn left lease road for 0.5 miles, turn right and go south for 0.1 miles, turn left on lease road and go east for 1.5 miles, turn right on proposed new road and go south for 0.1 miles to location.

2. NEW OR RECONSTRUCTED ACCESS ROAD:

- a. The well site layout, Exhibit 2a shows the layout. A new access road will be constructed a distance of (933.4 feet) of compact caliche to the SW corner of the well pad as depicted by Exhibit 2b.
- b. The maximum width of the road will be 14'. 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 necessary production equipment will be installed at a Central Tank Battery (CTB) located in Section 8, T18S-R30E.
- b. Applicant shall construct a 2 7/8" steel pipeline on the surface to transport the gas, oil and produced water. Pipeline shall follow the road.

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SAND TANK 17 FED COM 2H

- c. Applicant shall secure Right of Way for Over-head electrical power from the BLM Realty Group.
- d. Refer to b above.
- e. If the well is productive, rehabilitation plans are as follows:
 - i. The location shall be reduced on four (4) sides of the location as depicted by the Location Layout. The interim reclamation will be performed when optimal conditions exist during the growing season as per the interim reclamation guidelines of the BLM.
 - ii. The original topsoil from the well site will be returned to the location. The location will be contoured as close as possible to match the original topography.

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 and 2b. 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

Obtaining Mineral Material – Caliche utilized for the drilling pad and proposed access road will be obtained either from an existing approved pit, or by benching into a hill which will allow the pad to level with existing caliche from cut, or extracted by “flipping” the location. A caliche permit shall be obtained from the BLM prior to excavating any caliche on Federal Lands. Amount will vary for each pad. The procedure for “flipping” the location is as follows:

- 1. An adequate amount of topsoil for final reclamation will be stripped from the well location surface and stockpiled along the edge of the location as shown in the well site layout.
- 2. An area will be used within the proposed well site to excavate caliche.
- 3. The subsoil will then be removed and stockpiled within the footages of the well location.
- 4. Once caliche/mineral material is found, the material will be excavated and stockpiled within the footages of the well location.
- 5. The subsoil will then be placed back in the excavated hole.
- 6. Caliche/mineral material will then be placed over the entire pad and/or road to be compacted.

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In the event that caliche is not found on site, a permit will be acquired if caliche is obtained from a BLM approved caliche pit

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 shall be steel pits and the catch tanks shall be steel tanks set in shallow sumps behind the steel circulating tanks and sumps.

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- c. The area where the catch tanks are placed shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations.

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 and roads. The road shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations. 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. After the well is plugged and abandoned, the location and road shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations.
- c. If the well is deemed commercially productive, the catch tank area shall be restored as described in 4(e)(i). Caliche from areas of the pad site not required for operations shall be reclaimed. The original topsoil 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.
- d. **Special Reclamation Plan**
Applicant has worked with the BLM to develop reclamation plans for abandoned wells and roads near the proposed well, which is within a Lesser Prairie-Chicken Habitat Evaluation Area (HEA) designated by the BLM.

Legend for the Map (Exhibit 5):

Dark Green Lines – Areas to Reclaim
Thick Black Lines – Proposed Access Roads
Thick Black Boxes – Proposed Wells Pads
Red Circles – Abandoned Mineral Pits
Yellow Area – Federal Land
Blue Area – State Land
Black Lines – Section Lines

Reclamation Project Breakdown

Pad and Road "A" = Remove any caliche from road and pad; Recontour;
Rip
road and pad; Use topsoil from perimeter of road to cover reclaimed road
(5-10 feet outside of road); Disk soil; Seed; About 200' of fence

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barricade; Any unusable caliche can be put into abandoned Pit #1 or Pit #2
Pad and Road "B" = Remove any caliche from road and pad; Recontour;
Rip road and pad; Use topsoil from perimeter of road to cover reclaimed
road

(5-10 feet outside of road); Disk soil; Seed; About 200' of fence
barricade

Road "C" = Remove any caliche from road; Recontour; Rip road; Use
topsoil from perimeter of road to cover reclaimed road (5-10 feet
outside of road); Disk soil; Seed; About 200' of fence barricade on the
north end; About 300' of fence barricade on the south end; Remove gate at
the fence line and restore fence

Pad and Road "D" = Remove any caliche from road and pad; Recontour;
Rip road and pad; Use topsoil from perimeter of road to cover reclaimed road
(5-10 feet outside of road); Disk soil; Seed; About 200' of fence
barricade on northeast corner of pad to deter traffic from pipeline
right-of-way

Road "E" = Remove any caliche from road; Recontour; Rip road; Use
topsoil from perimeter of road to cover reclaimed road (5-10 feet
outside of road); Disk soil; Seed; About 200' of fence barricade on the
east end of the road to deter traffic from pipeline right-of-way

Pad and Road "F" = Remove any caliche from road and pad; Put caliche
into the cut; Recontour; Rip road and pad; Use topsoil from perimeter of
road to cover reclaimed road (5-10 feet outside of road); Disk soil;
Seed; Restore fence line

Road "G" = Remove any caliche from road; Recontour; Rip road; Use
topsoil from perimeter of road to cover reclaimed road (5-10 feet
outside of road); Disk soil; Seed; About 200' of fence barricade on the
north end; About 200' of fence barricade on the south end; Any un-usable
caliche can go into abandoned Pit #3 and Pit #4

Pad and Road "H" = Remove any caliche from pad and road; Un-usable
caliche can be pushed into the pit directly northwest of the pad edge;
Recontour; Rip road and pad; Use topsoil from perimeter of road to cover
reclaimed road (5-10 feet outside of road); Disk soil; Seed; About 300'
of fence barricade

Pad "I" = Remove any caliche from pad; About 4 inches of caliche should
be placed on old reserve pit then cover with sand; Recontour; Rip pad
(exclude pit area); Disk soil; Seed; Fence barricade along access road

Pad "J" = Remove any caliche from pad; Recontour; Rip pad; Disk soil;
Seed; Fence barricade along access road

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General Reclamation Procedures

Place a sign on the fence barricade that states "Road Closed" or "Stay Off Reclaimed Area" where necessary

Build the fence barricade (on roads) in such a way to prevent vehicles from driving around fence. Shape of fence barricade: ____/

Fill abandoned caliche pits 2-3 feet below the fill point so that topsoil can be brought in from the perimeter.

Reclaim the abandoned pits adequately (if used) and put up a fence barricade.

Overall Goal = Remove as much caliche as you can, Rip, Recontour, Disk, Seed, Barricade

11. SURFACE OWNERSHIP

The surface is owned by the Bureau of Land Management. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.

12. OTHER INFORMATION:

- a. The area surrounding the well is mesquite and tar brush. 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 2.0 miles of location.
- c. Applicant shall participate in the MOA.

13. BOND COVERAGE:

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

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COMPANY REPRESENTATIVES:

Representatives responsible for ensuring compliance of the surface use plan are listed below:

Land and Right of Way

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. Steve Munsell
Drilling Engineer
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3609 Office
(432) 894-1256 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

Regulatory

Mr. Stan Wagner
Regulatory Analyst
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3689 Office

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 30th day of March 2011.

Name: Donny G. Glanton

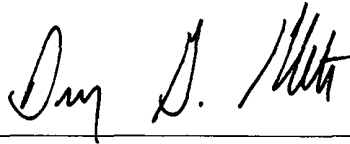
Position: Sr. Lease Operations ROW Representative

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

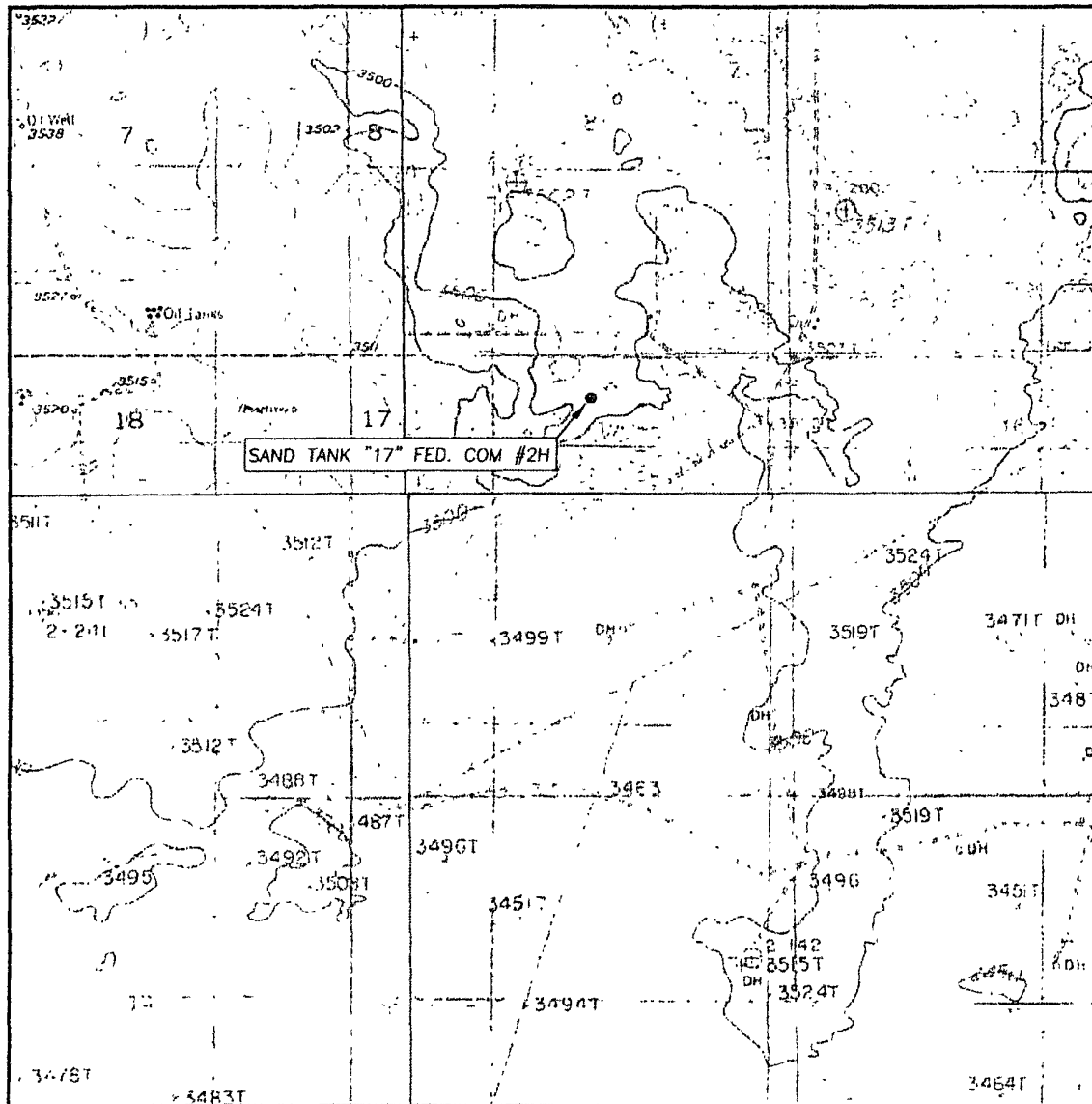
Telephone: 432-686-3642

Email: donny_glanton@eogresources.com

Signed: _____

A handwritten signature in black ink, appearing to read "Donny G. Glanton", is written over a horizontal line.

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 17 TWP. 18-S RGE. 30-E

SURVEY: N.M.P.M.

COUNTY: EDDY

DESCRIPTION: 560' FNL & 2385' FEL

ELEVATION: 3504.5'

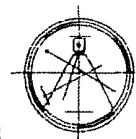
OPERATOR: EOG RESOURCES, INC.

LEASE: SAND TANK "17" FED. COM #2H

U.S.G.S. TOPOGRAPHIC MAP

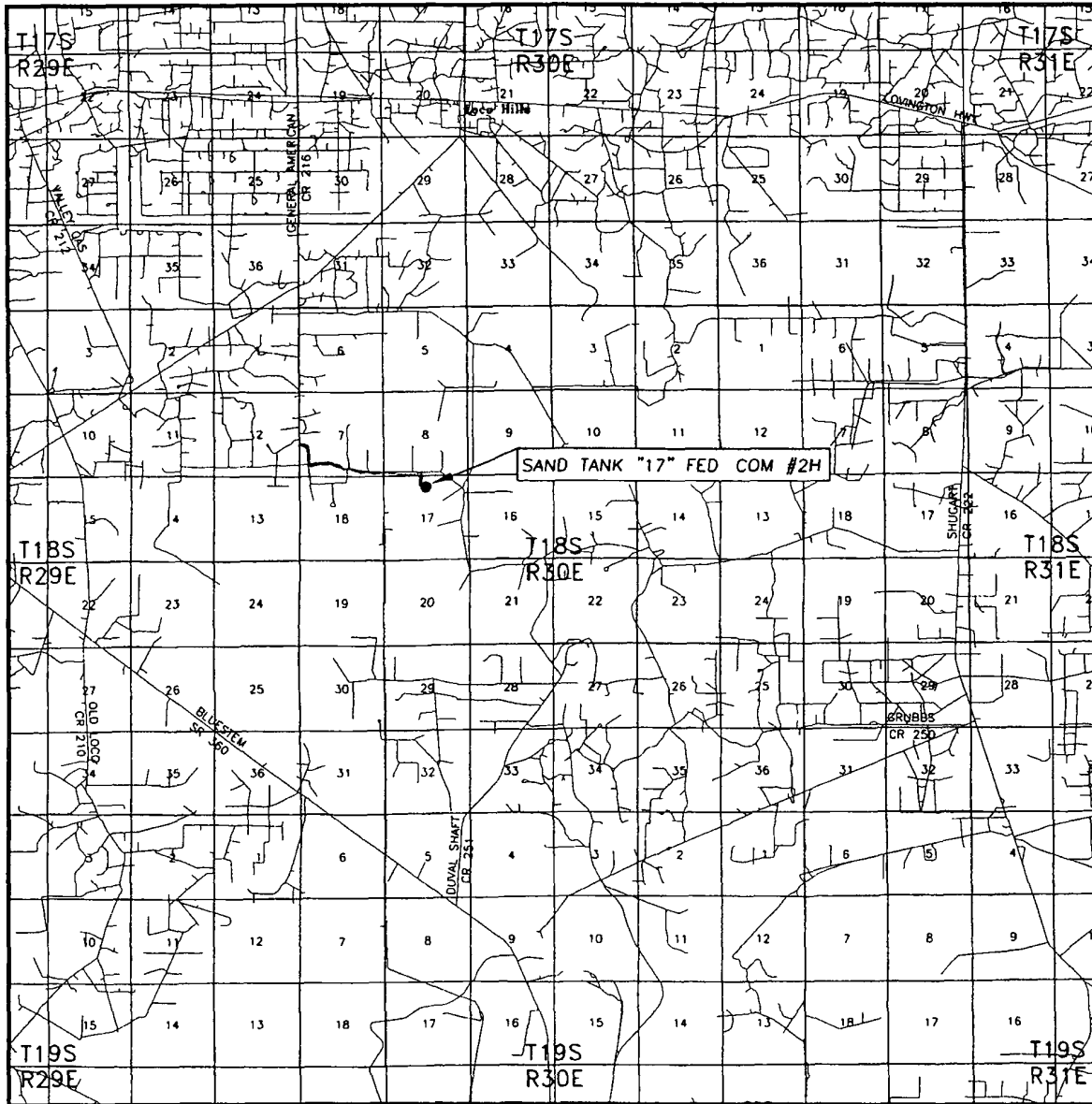
LOCO HILLS, N.M.

Asel Surveying



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HOBBS, NEW MEXICO - 575-393-9146

VICINITY MAP



SEC. 17 TWP 18-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 560' FNL & 2385' FEL

ELEVATION 3504.5'

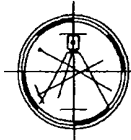
OPERATOR EOG RESOURCES, INC.

LEASE SAND TANK "17" FED. COM #2H

SCALE: 1" = 2 MILES

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HOBBS, NEW MEXICO - 575-393-9146



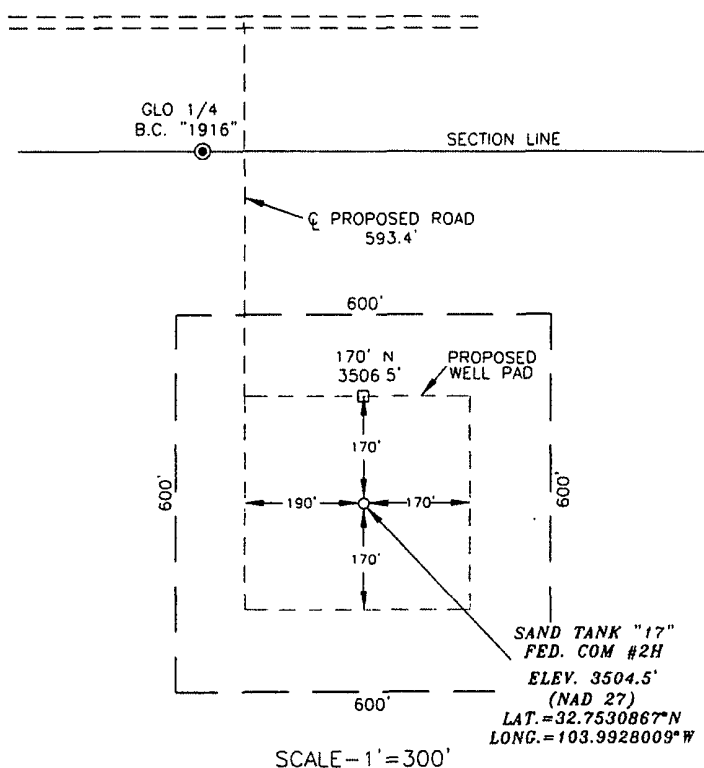
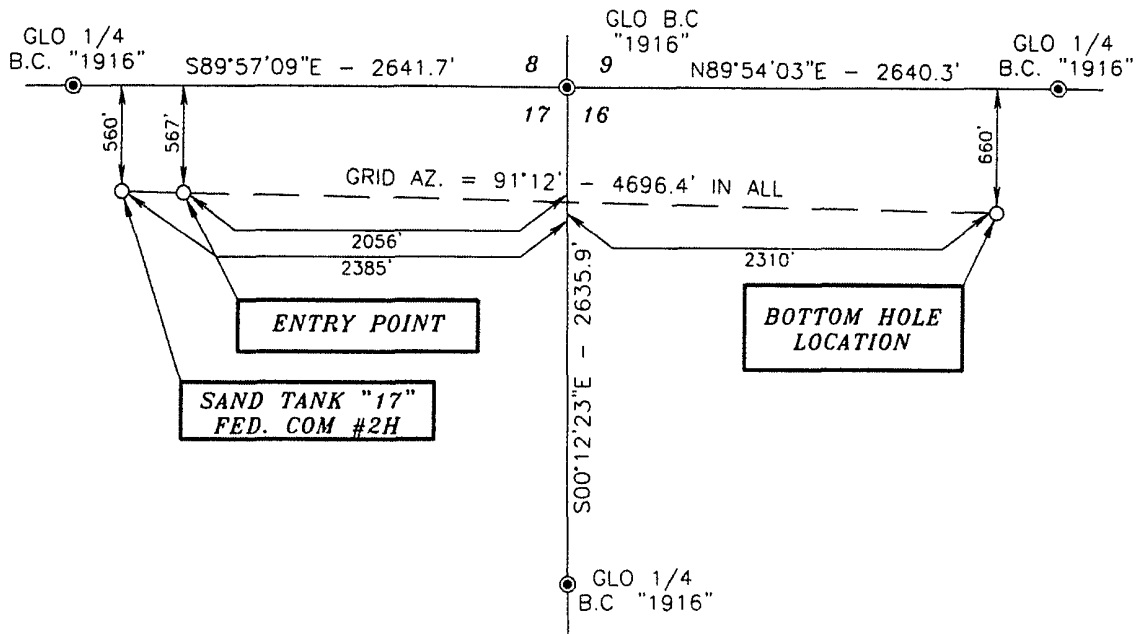
DIRECTIONS BEGINNING IN LOCO HILLS AT THE INTERSECTION OF U.S. HWY. #82 AND EDDY COUNTY ROAD #217 (HAGERMAN CUTOFF ROAD), GO SOUTH SOUTHWEST ON EDDY CO. ROAD #217 FOR 3.0 MILES, TURN LEFT ON EDDY COUNTY ROAD #216 (GENERAL AMERICAN ROAD) AND GO SOUTH FOR FOR 1.9 MILES, TURN LEFT ON LEASE ROAD FOR 0.1 MILES, TURN RIGHT ON LEASE ROAD FOR 0.2 MILES, TURN LEFT ON LEASE ROAD AND GO EAST FOR 1.5 MILES, TURN RIGHT ON PROPOSED NEW ROAD AND GO SOUTH FOR 0.1 MILES TO LOCATION

SECTIONS 17 & 16, 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



DRIVING 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 CO
ROAD #217 FOR 3.0 MILES, TURN LEFT ON
EDDY COUNTY ROAD #216 (GENERAL
AMERICAN ROAD) AND GO SOUTH FOR 1.9
MILES, TURN LEFT ON LEASE ROAD FOR 0.1
MILES, TURN RIGHT ON LEASE ROAD FOR
0.2 MILES, TURN LEFT ON LEASE ROAD AND
GO EAST FOR 1.5 MILES, TURN RIGHT ON
PROPOSED NEW ROAD AND GO SOUTH FOR
0.1 MILES TO LOCATION.

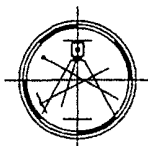


SURVEYORS CERTIFICATE

I, TERRY J. ASEL, NEW MEXICO PROFESSIONAL SURVEYOR NO. 15079, DO HEREBY CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND MEETS THE "MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO" AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND SURVEYORS.

Terry J. Asel 4/6/2011
Terry J. Asel N.M. R.P.S. No. 15079

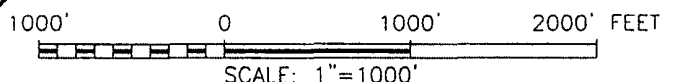
Asel Surveying



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HOBBS, NEW MEXICO - 575-393-9146

LEGEND

● - DENOTES FOUND MONUMENT AS NOTED

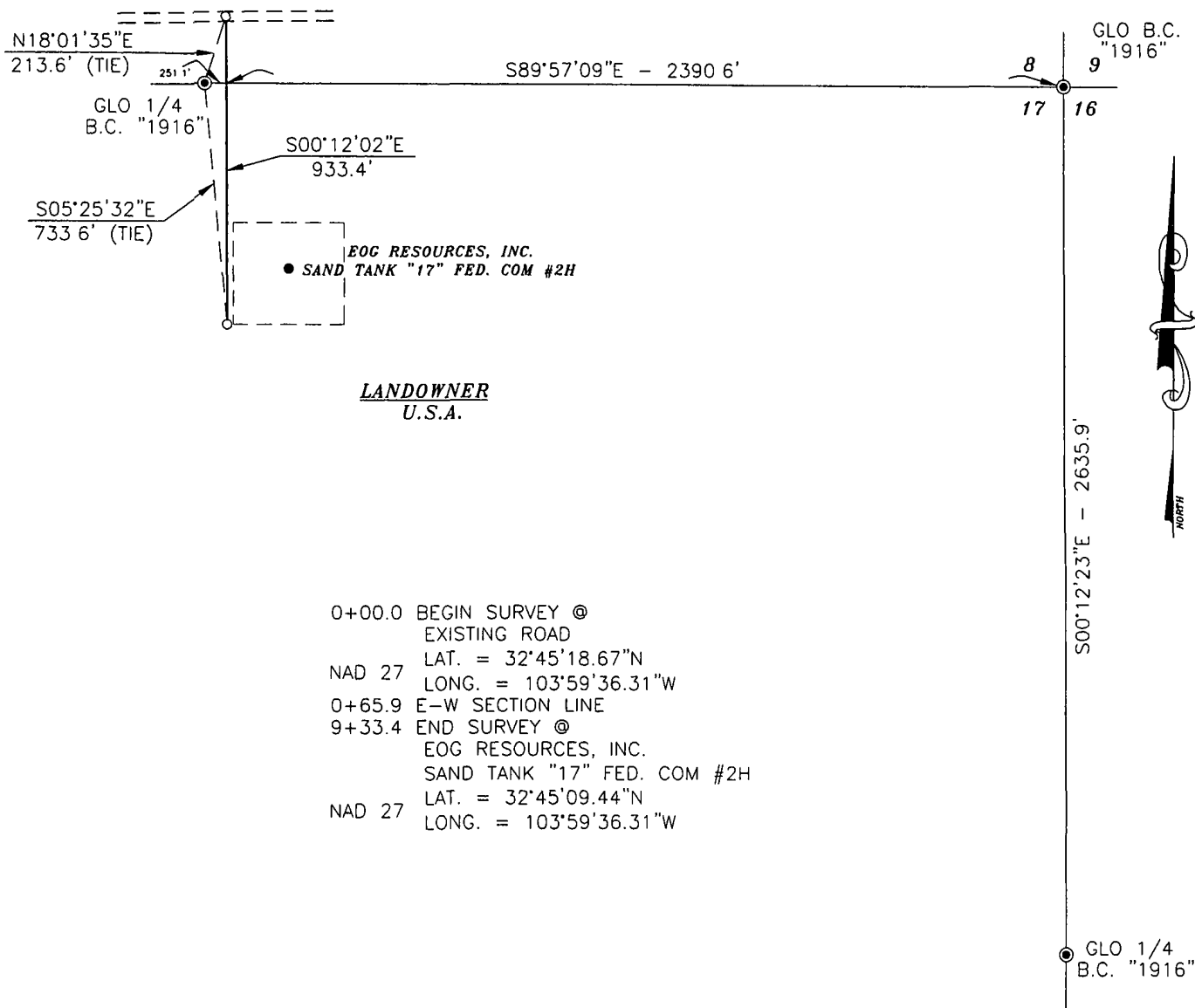


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SAND TANK "17" FED. COM #2H LOCATED
AT 560' FNL & 2385' FEL IN SECTION 17,
TOWNSHIP 18 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 03/07/11	Sheet 1 of 1 Sheets
W.O. Number: 110307WL-a (Rev. A)	Drawn By: KA Rev: A
Date: 04/06/11	110307WL-a Scale: 1"=1000'

SECTIONS 8 & 17, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY
Exhibit 2b
NEW MEXICO



DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE AND 933.4 FEET OR 0.177 MILES IN LENGTH CROSSING U.S.A. LAND IN SECTIONS 8 & 17, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND 15.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.



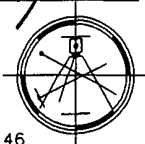
SURVEYORS CERTIFICATE

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 3/29/2011
Terry J. Asel N.M. R.P.S. No. 15079

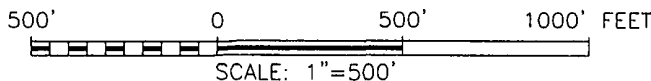
Asel Surveying

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HOBBS, NEW MEXICO - 575-393-9146



LEGEND

● - DENOTES FOUND MONUMENT AS NOTED



EOG RESOURCES, INC.

SURVEY FOR A ROAD EASEMENT CROSSING
U.S.A. LAND IN SECTIONS 8 & 17,
TOWNSHIP 18 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 03/07/11	Sheet 1 of 1 Sheets
W.O. Number: 110307RD-a	Drawn By: KA
Date: 03/18/11	110307RD-a.DWG Scale: 1"=500'

Eddy County, NM

Prod (mant et al) \$1.2
028936 C-

