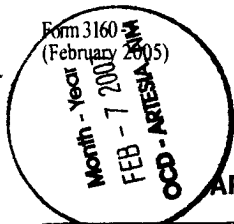


ATS-07-203

OCD-ARTESIA

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.
NM2747(S/L);NM74939;LC055264

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator
EOG Resources, Inc.

3a. Address P.O. Box 2267 Midland, TX 79702

3b. Phone No. (include area code)
432-686-3642

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 1980' FSL & 1625' FWL

At proposed prod. zone same Roswell Controlled Water Basin

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

8. Lease Name and Well No. 36301
Burnett Oil 24 Fed Com No. 3

9. API Well No.
30-015-35418

10. Field and Pool, or Exploratory
Cedar Lake Morrow

11. Sec., T. R. M. or Blk. and Survey or Area
Section 24, T17S-R30E, N.M.P.M.

14. Distance in miles and direction from nearest town or post office*
3.4 miles east of Loco Hills, NM

12. County or Parish
Eddy

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. 1015'
(Also to nearest drig. unit line, if any) 1015'

16. No. of acres in lease
320

17. Spacing Unit dedicated to this well
W/2 Sec 24, T17S-R30E, N.M.P.M.

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2805'

19. Proposed Depth
11,600

20. BLM/BIA Bond No. on file
NM2308

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
GL 3689'

22. Approximate date work will start*
03/01/2007

23. Estimated duration
45

24. Attachments

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

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

25. Signature *Donny G. Glanton*

Name (Printed/Typed)
Donny G. Glanton

Date
01/02/2007

Title
Sr. Lease Operations ROW Representative

Approved by (Signature)

Name (Printed/Typed)

Date

Title
ACTING FIELD MANAGER

Office
CARLSBAD FIELD OFFICE

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

APPROVAL FOR 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 page 2)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

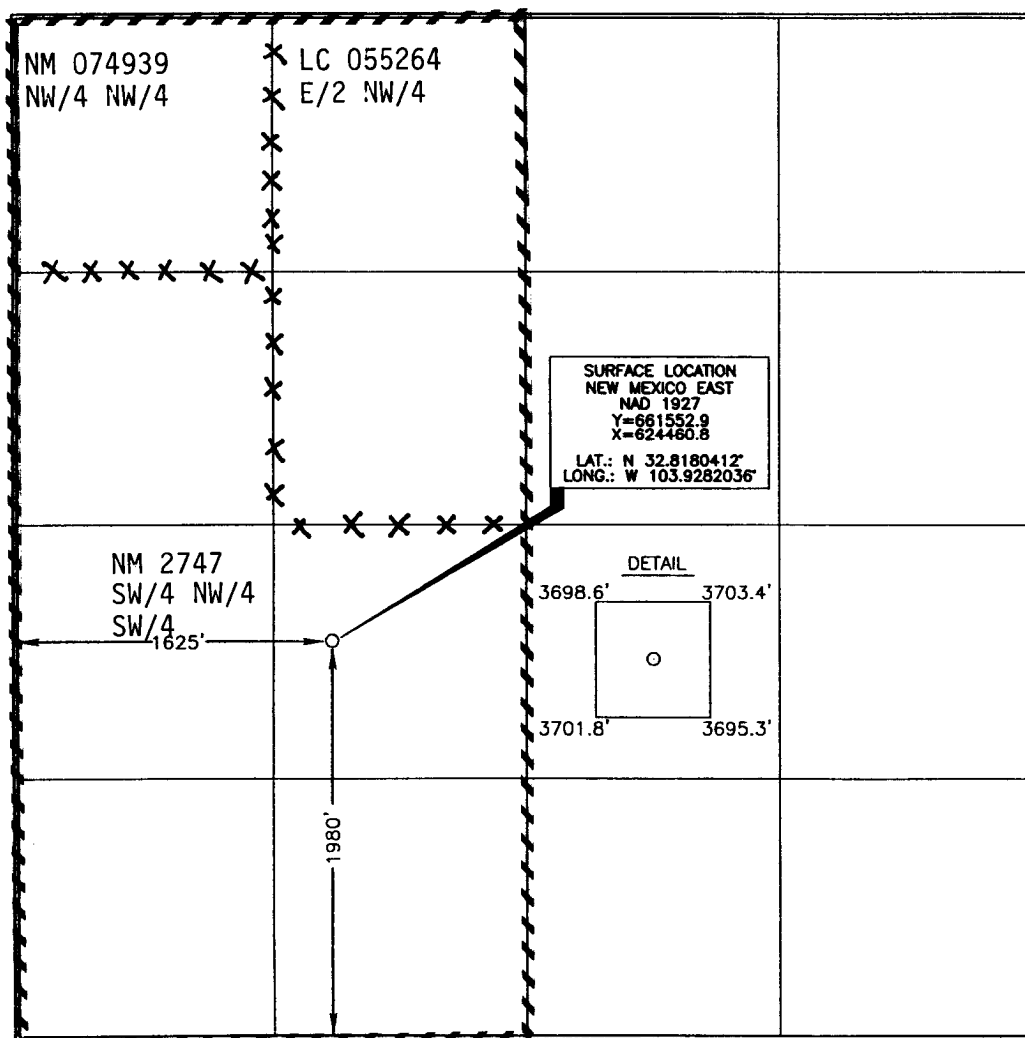
API Number		Pool Code	Pool Name
		74560	Cedar Lake Morrow, Gas
Property Code	Property Name		Well Number
	BURNETT OIL 24 FED. COM		3
OGRID No.	Operator Name		Elevation
7377	EOG RESOURCES INC.		3689'

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	24	17 SOUTH	30 EAST, N.M.P.M.		1980	SOUTH	1625	WEST	EDDY

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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 Dmy J. Mith Date 1/2/07

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

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

DECEMBER 19, 2008
Date of Survey

Signature and Seal of Professional Surveyor

Terry J. Alal 12/22/2006
Certificate Number 15079

WO# 061219WL-g (JL)

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:

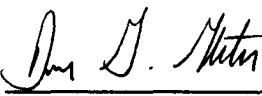
Lease No.: NM 074939; LC 055264; NM 2747

Legal Description of Land: W/2 of Section 24, T-17-S; R-30-E, N.M.P.M., Eddy Co. NM

Formation: Cedar Lake Morrow (Gas)

Bond Coverage: Nationwide

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

Authorized Signature: 
Donny G. Glanton

Title: Sr. Lease Operations ROW Representative

Date: 1/2/2007

DRILLING PROGRAM

EOG RESOURCES, INC.
BURNETT OIL 24 FED COM 3
Eddy Co. NM

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	500'
San Andres	3340'
1 st Bone Spring	6180'
Wolfcamp	9075'
Morrow Lime	10830'
Morrow Clastics	11250'

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

Upper Permian Sands	Above 250'	Fresh Water
San Andres	3340'	Oil
1 st Bone Spring	6180'	Oil
Atoka	10540'	Gas
Morrow	11250'	Gas

4. CASING PROGRAM

Hole Size	Interval	OD Casing	Weight	Grade	Jt.	Conn. Type	Desired TOC
20"	0-500'	16"	65#	H-40	ST&C	ST&C	Surface
14.750"	0-1800'	11.750"	42#	H-40	ST&C	ST&C	Surface
*11"	0-5400'	8.625"	32#	J-55/NS-80	LT&C	LT&C	1,300'
7.875"	0-11600'	5.5"	17#	HCP-110	LT&C	LT&C	**Footnote

*If no water flows are encountered while drilling the 1st intermediate section, the hole will be downsized to 11" and 8.625" casing will be set at 5,400' with cement circulated to surface. The 11.750" casing will not be set.

**500' above shallowest hydrocarbon bearing zone.

DRILLING PROGRAM
EOG RESOURCES, INC.
BURNETT OIL 24 FED COM 3
Eddy Co. NM

Cementing Program:

16" Surface Casing:	Lead: 200 sx: 35:65 Poz Class C + 5% Salt + 6% Bentonite + 0.25 pps CelloFlake + 2% CaCl ₂ Tail: 200 sx: Class C + 2% CaCl ₂
11.750" 1 st Intermediate:	Lead: 400 sx: Class C + 5% Salt + 4% Bentonite + 0.25 pps CelloFlake + 2% CaCl ₂ Tail: 205 sx: Class C + 0.25 pps CelloFlake + 2% CaCl ₂
8.625" 2 nd Intermediate	Lead: 400 sx: 50/50 Poz C + 5% Salt + 0.25 pps CelloFlake Tail: 300 sx: Class C + 0.25 pps CelloFlake + 2% CaCl ₂
5.50" Production:	Lead: 350 sx: 39/61 LiteCrete Blend + 1% Antisettling Agent + 0.25 pps CelloFlake + 0.05 gps Saltbond + 0.15 gps Retarder + 0.03 gps Antifoamer Tail: 250 sx: TXI Lightweight + 6% Salt + 0.4% Uniflac + 0.2% Dispersant + 0.2% Antifoamer

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

(SEE EXHIBIT #1)

The blowout preventer and related equipment (BOPE) shown in Exhibit #1 shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. Minimum working pressure of the BOPE required for drilling the 1st and 2nd intermediate casing strings shall be 2000 psi. Minimum working pressure of the BOPE required for drilling below the 8.625" casing shall be 5000 psi.

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.

DRILLING PROGRAM

EOG RESOURCES, INC.
BURNETT OIL 24 FED COM 3
Eddy Co. NM

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

The well will be drilled to TD with a combination of brine, cut brine, and polymer mud system. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	Wt	Viscosity		Waterloss
		(PPG)	(sec)	(cc)	
0-500'	Fresh - Gel	8.6-8.8	28-34	N/c	
500'-5,400'	Brine	10.0-10.2	28-39	N/c	
5,400'-10,000'	Cut Brine	8.8-9.2	28-30	N/c	
10,000'-11,600'	Cut Brine-Polymer	8.8-9.6	34-38	<12	

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

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT:

(A) A kelly cock will be kept in the drill string at all times.

(B) A full opening drill pipe-stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

8. LOGGING, TESTING AND CORING PROGRAM:

Electric logging will consist of GR-Dual Laterlog and GR-Compensated Density-Neutron from +/-400' to TVD.

Possible sidewall cores based on shows.

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

The estimated bottom hole temperature (BHT) at TD is 135 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 2500 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The drilling operation should be finished in approximately one month. If the well is productive, an additional 30-60 days will be required for completion and testing before a decision is made to install permanent facilities.

EOG Resources, Inc.

BURNETT OIL 24 FED COM No. 3

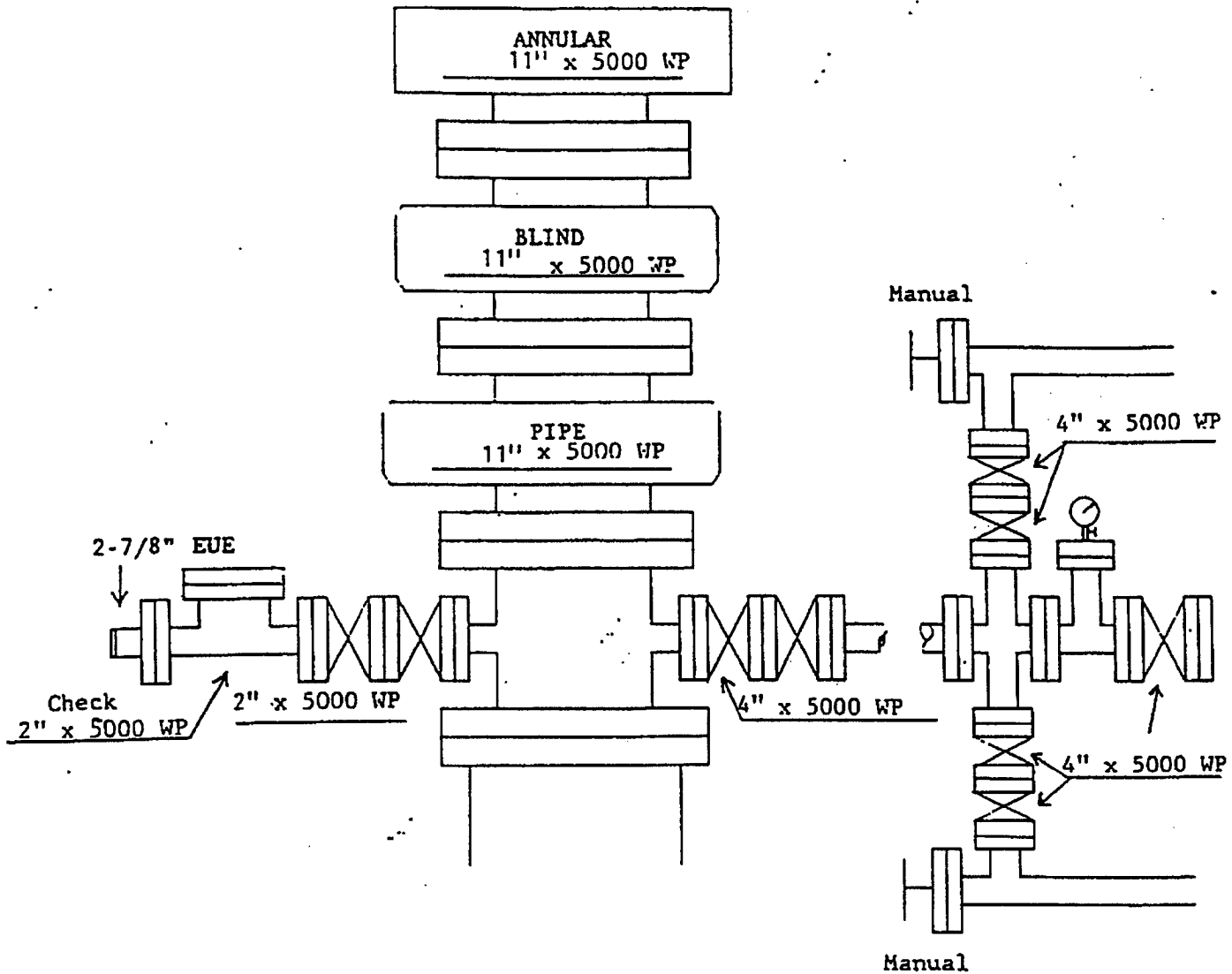


Exhibit 1

DRILLING PROGRAM

**EOG RESOURCES, INC.
BURNETT OIL 24 FED COM 3
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.

DRILLING PROGRAM

**EOG RESOURCES, INC.
BURNETT OIL 24 FED COM 3
Eddy Co. NM**

SURFACE USE AND OPERATIONS PLAN

Surface is owned by BLM

Directions to Well Site: From Loco Hills at the intersection of U.S. Hwy #82 and Eddy County Road No. 217, go east on U.S. Hwy 82 for 3.5 miles; thence north on existing lease road for 0.1 miles; thence west for 0.1 miles to location.

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:

EOG will utilize the existing lease road to the Burnett Oil Co., Inc. Jackson B No. 22 well location. See Exhibit 2.

No turnouts necessary.

No culverts are necessary. No 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, a flowline will be built to the nearest pipeline.

DRILLING PROGRAM

**EOG RESOURCES, INC.
BURNETT OIL 24 FED COM 3
Eddy Co. NM**

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 & 2a and by temporary water supply lines.

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 well pad 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.
BURNETT OIL 24 FED COM 3
Eddy Co. NM

OTHER INFORMATION:

The area around the well site is grassland and the topsoil is sandy with rock. The vegetation is native scrub grass.

COMPANY REPRESENTATIVES:

Permitting & Land

Mr. Donny G. Glanton
Senior Lease Operations ROW Representative
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3642 Office
Email: donny_glanton@eogresources.com

Drilling

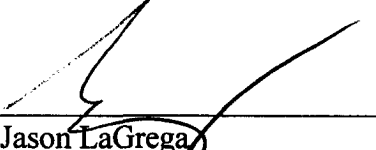
Mr. Jason LaGrega
Division Drilling Engineer
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3633 Office
Email: jason_lagrega@eogresources.com

Operations

Mr. Howard Kemp
Production Manager
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3704 Office
Email: howard_kemp@eogresources.com

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.


Jason LaGrega
Division Drilling Engineer
DATE: 1/2/2007

EOG RESOURCES, INC.
HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN
FOR DRILLING / COMPLETING / WORKOVER / FACILITY
WITH THE EXPECTATION OF H₂S IN EXCESS OF 100 PPM

Burnett Oil 24 Fed Com No. 3
1980' FSL & 1625' FWL of Section 24
T17S-R30E, N.M.P.M., Eddy County, NM

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GENERAL H2S EMERGENCY ACTIONS:

In the event of an H2S emergency, the following plan will be initiated.

- 1) All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area".
- 2) If for any reason a person must enter the hazardous area, they must wear a SCBA (Self contained breathing apparatus)
- 3) Always use the "buddy system"
- 4) Isolate the well/problem if possible
- 5) Account for all personnel and provide for medical treatment if needed.
- 6) Display the proper colors warning all unsuspecting personnel of the danger at hand.
- 7) As per EOG's Crisis Management Plan contact EOG Management.

At this point the company representative will evaluate the situation and co-ordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RELEASE OF H2S

- 1) All personnel will don the self-contained breathing apparatus
- 2) Remove all personnel to the "safe area" (always use the "buddy system")
- 3) Contact company personnel if not on location.
- 4) Set in motion the steps to protect and or remove the general public to an upwind "safe area". Maintain strict security & safety procedures while dealing with the source. Provide for medical treatment if necessary
- 5) No entry to any unauthorized personnel.
- 6) Notify the appropriate agencies: City Police-City street(s)
 State Police-State Rd
 County Sheriff-County Rd.
 (will assist in general public evacuation/safety while maintaining roadblocks)
- 7) Call the NMOCD

EMERGENCY CALL LIST: (Start and continue until ONE of these people have been reached)

	<u>OFFICE</u>	<u>MOBILE</u>	<u>HOME</u>
EOG Resources, Inc.	432/686-3600		
Joel Pettit	432/686-3705	432/894-1226	
Billy Helms	432/686-3795	432/557-5345	
Howard Kemp	432/686-3704	432/634-1001	

EMERGENCY RESPONSE NUMBERS: Eddy County, New Mexico

State Police	505/748-9718
Eddy County Sheriff	505/746-2701
Emergency Medical Service (Ambulance)	911 or 505/746-2701
Eddy County Emergency Management (Harry Burgess)	505/887-9511
State Emergency Response Center (SERC)	505/476-9620
Artesia Police Department	505/746-5001
Artesia Fire Department	505/746-5001
Carlsbad Police Department	505/885-2111
Carlsbad Fire Department	505/885-3125
Loco Hills Fire Department	505/677-2349
(NMOCD) New Mexico Oil Conservation Division, District I (Lea, Roosevelt, Chavez, Curry)	505/393-6161
District II (Eddy, Chavez)	505/748-1283
American Safety	505/746-1096
Indian Fire & Safety	800/530-8693
Callaway Safety	505/392-2973
BJ Services	502/746-3146

PROTECTION OF THE GENERAL PUBLIC/ROE:

In the event greater than 100 ppm H₂S is present, the ROE (Radius Of Exposure) calculations will be done to determine if the following is warranted:

- 100 ppm at any public area (any place not associated with this site)
- 500 ppm at any public road (any road which the general public may travel)
- 100 ppm radius of 3000' will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H₂S could be present in concentrations greater than 100 ppm in the gas mixture.

Calculation for the 100 ppm ROE:

$$X = [(1.589)(\text{concentration})(Q)]^{(0.6258)}$$

Calculation for the 500 PPM ROE

$$X = [(0.4546)(\text{concentration})(Q)]^{(.06258)}$$

Q=Gas flow rate, SCFPD

concentration = decimal equivalent of the volume fraction of hydrogen sulfide in the gaseous mixture

PUBLIC EVACUATION PLAN :

(When the supervisor has determined that the General Public will be involved, the following plan will be implemented)

- 1) Notification of the emergency response agencies of the hazardous condition and Implement evacuation procedures.
- 2) A trained person in H₂S safety shall monitor with detection equipment the H₂S Concentration, wind and area of exposure (ROE). This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. (All monitoring equipment shall be UL approved, for use in class I groups A, B, C & D, Division I, hazardous locations. All monitors will have a minimum capability of measuring H₂S, oxygen, and flammable values).
- 3) Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
- 4) The company supervising personnel shall stay in communication with all agencies through out the duration of the situation and inform such agencies when the situation has been contained and the effected area(s) is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLLABLE CONDITION:

The decision to ignite a well should be a last resort and one if not both of the following pertain.

- 1) Human life and/or property are in danger.
- 2) There is no hope of bringing the situation under control with the prevailing conditions at the site.

INSTRUCTIONS FOR IGNITION:

- 1) Two people are required. They must be equipped with positive pressure; self contained breathing apparatus and a "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
- 2) One of the people will be a qualified safety person who will test the atmosphere for H₂S, Oxygen, and LFL. The other person will be the company supervisor; he is responsible for igniting the well.
- 3) Ignite up-wind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25 mm flare gun shall be used, with a $\pm 500'$ range to ignite the gas.
- 4) Prior to ignition, make a final check for combustible gases.
- 5) Following ignition, continue with the emergency actions and procedures as before.

REQUIRED EMERGENCY EQUIPMENT

- 1) Breathing Apparatus:
 - Rescue Packs (SCBA) – 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
 - Work/Escape Packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
 - Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.
- 2) Signage and Flagging:
 - One Color Code Condition Sign will be placed at the entrance to the site reflecting the possible conditions at the site.
 - A Colored Condition flag will be on display, reflecting the condition at the site at that time.
- 3) Briefing Area: Two, perpendicular areas will be designated by signs and readily accessible.

- 4) **Wind Socks:** Two windsocks will be placed in strategic locations, visible from all angles.
- 5) **H2S Detectors and Alarm:** The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible @ 15 ppm. Calibrate a minimum of every 30 days or as needed. The 3 sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer)
 - Rig Floor
 - Bell Nipple
 - End of Flow line or where well bore fluid are being discharged.
- 6) **Auxiliary Rescue Equipment:**
 - Stretcher
 - Two OSHA full body harness
 - 100' of 5/8" OSHA approved rope
 - 1-20# Class ABC fire extinguisher
 - Communication via cell phones on location and vehicles on location.

USING SELF-CONTAINED BREATHING AIR EQUIPMENT (SCBA):

SCBA should be worn when any of the following are performed:

- Working near the top or on top of a tank.
- Disconnecting any line where H2S can reasonably be expected.
- Sampling air in the area to determine if toxic concentrations of H2S exist
- Working in areas where over 10 ppm on H2S has been detected.
- At any time there is a doubt as the level of H2S in the area.

All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location.

Facial hair and standard eyeglasses are not allowed with SCBA.

Contact lenses are never allowed with SCBA.

Air quality shall continuously be checked during the entire operation.

After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected.

All SCBA shall be inspected monthly.

RESCUE & FIRST AID FOR VICTIMS OF HYDROGEN SULFIDE (H₂S) POISONING:

Do not panic.

Remain calm & think.

Get on the breathing apparatus.

Remove the victim to the safe breathing area as quickly as possible. Upwind an uphill from source or cross wind to achieve upwind.

Notify emergency response personnel.

Provide artificial respiration and/or CPR, as necessary.

Remove all contaminated clothing to avoid further exposure.

A minimum of two (2) personnel on location shall be trained in CPR and First Aid.

H2S TOXIC EFFECTS:

H2S is extremely toxic. The acceptable ceiling for eight hours of exposure is 10 ppm, which is .001% by volume. H2S is approximately 20% heavier than air (SP.Gr=1.19/Air=1) and colorless. It forms an explosive mixture with air between 4.3% and 46.0%. By volume hydrogen sulfide (H2)) is almost as toxic as hydrogen cyanide and is 5-6 times more toxic than carbon monoxide.

Various Gasses

Common Name	Chemical Abbrev.	Sp. GR.	Threahold Limits	Hazardous Limits	Lethal Concentration
Hydrogen Sulfide	H2S	1.19	10 ppm 15 ppm	100 ppm/hr	600 ppm
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm/hr	300 ppm
Sulfur Dioxide	SO2	2.21	2 ppm	N/A	1000 ppm
Chlorine	CL2	2.45	1 ppm	4 ppm/hr	1000 ppm
Carbon Monoxide	CO	0.97	50 ppm	400 ppm/hr	1000 ppm
Carbon Dioxide	CO2	1.52	5000 ppm	5%	10%
Methane	CH4	0.55	90,000	Combustible @ 5%	N/A

- 1 Threshold limit – Concentrations at which it is believed that all workers may be repeatedly exposed, day after day without Adverse effects.
- 2 Hazardous limit – Concentration that may cause death
- 3 Leathal concentration – Concentration that will cause death with short-term exposure
- 4 Threshold limit – 10 ppm – NIOSH guide to chemical hazards
- 5 Short-term threshold limit

PHYSICAL EFFECTS OF HYDROGEN SULFIDE:

CONCENTRATIONS		PHYSICAL EFFECTS
.001%	10 ppm	Obvious and unpleasant odor. Safe for 8 hr exposure
.005%	50 ppm	Can cause some flu-like symptoms and can cause pneumonia
.01%	100 ppm	Kills the sense of smell in 3-15 minutes. May irritate eyes and throat.
.02%	200 ppm	Kills the sense of smell rapidly. Severely irritates eyes and throat. Severe flu-like symptoms after 4 or more hours. May cause lung damage and/or death.
.06%	600 ppm	Loss of consciousness quickly, death will result if not rescued promptly

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 24 TWP. 17-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1980' FSL & 1625' FWL

ELEVATION 3689'

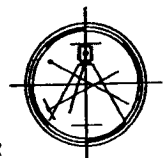
OPERATOR EOG RESOURCES INC.

LEASE BURNETT OIL 24 FED. COM #3

U.S.G.S. TOPOGRAPHIC MAP
LOCO HILLS, N.M.

Asel Surveying
 & Consulting

P.O. BOX 393 - 310 W. TAYLOR
 HOBBS, NEW MEXICO - 505-393-9146



CONDITIONS OF APPROVAL - DRILLING

Operator's Name: EOG Resources Inc
Well Name & No. Burnett Oil 24 Fed Com # 3
Location: 1980'FSL, 1625'FWL, SEC24, T17S, R30E, Eddy County, NM
Lease: NM-2747

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 16 inch 11.75 inch 8.625 inch, 5.5 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.
7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 16 inch surface casing shall be set Above the salt; in the case that salt occurs at a shallower depth, at least 25 feet into the Rustler Anhydrite @ approximately 500 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string. The well bore for this string will be drilled with fresh water based mud.
2. The minimum required fill of cement behind the 11.75 inch salt protection casing is circulate cement to the surface. This string may be eliminate if on flows are encountered while drilling to 1800 feet. Any salt section will be drilled with a saturate brine during the entire time it is exposed to drilling mud.
3. The minimum required fill of cement behind the 8.625 inch intermediate casing is circulate cement to the surface if the 11.75 inch string is eliminated or 500 feet above the 11.75 inch casing shoe, if it is run.
4. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 200 feet above the base of the 8.625 inch intermediate casing string.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 16 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 8.625 inch casing shall be 3000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- A variance to test the _____ to the reduced pressure of _____ psi with the rig pumps is approved.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.
- BOPE must be tested prior to drilling into the **Wolfcamp** Formation by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

Engineering may be contacted at 505-706-2779 for variances if necessary.

Fwright 1/22/07