DRILLING PROGRAM

EOG RESOURCES, INC.
PHANTOM DRAW FEDERAL UNIT NO. 3
1,980' FsL & 1,980' FEL
SEC. 20, T26S, R31E
EDDY COUNTY, NM

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

(SEE EXHIBIT #1 and #2)

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 to 600 psi before drilling out of surface casing. Before drilling out of intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000/1000 psi and the annular to 3500/5000-psig pressure. The blowout preventer equipment (BOP) shown in Exhibit 2 will consist of a double ram-type (10,000 psi) preventer and an annular preventer (10,000 psi) from 11,700' to TD. Before drilling below 2nd Intermediate ram type BOP and accessory equipment will be tested to 10,000/1,000 psi and the annulus to 5000/1000. This equipment will be used from ±11,950' to TD.

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:

Depth	Type	Wt (PPG)	Viscosity (sec)	Waterloss (cc)
0-400' 1250'	Fresh Water (spud)	8.5	40-45	N.C.
1000'-~~4000~~'	~~Brine~~ Water FRESH	10.0	30	N.C.
1250' ~~4000~~'-11950'	Fresh Water	8.4	28	N.C.
11700'-12500'	Brine & Polymer xcd	10-14.0	28/45	0/<1 CC

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 2000' to TD.