

DRILLING PROGRAM

EOG RESOURCES, INC.
PHANTOM DRAW "29" FEDERAL NO. 1
660' FNL & 1,980' FEL
SEC. 29, 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-psi 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 $\pm 11,950'$ 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:

<u>Depth</u>	<u>Type</u>	<u>Wt (PPG)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0-1000'	Fresh Water (spud mud)	8.5	40-45	N.C.
1000'-3750'	Brine Water	10.0	30	N.C.
3750'-11950'	Fresh Water	8.4	28	N.C.
11950'-13400'	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.

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1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Delaware	3860'
Bone Spring	7790'
2 nd Bone Spring Ss	9360'
3 rd Bone Spring Sd	10630'
Wolfcamp	11000'
Sonny Brown	12400'
Damsite K	12600'
Penn Marker	13360'

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

Upper Permian Sands	100'	Fresh Water
Upper Penn		Gas

4. CASING PROGRAM

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight Grade</u>	<u>Jt. Cond.</u>	<u>Type</u>
14 3/4"	0-650'	11 3/4"	42# H-40	ST&C	WITNESS
11"	0-3750'	8 5/8"	32# J-55	LT&C	
7 7/8"	0-11950'	5 1/2"	17# S95/P110	L&TC	
4 3/4"	11550-13400'	3 1/2"	12.95#	PH6	

Cementing Program:

11 3/4" Surface Casing:	Cement to surface with 220 sx Prem Plus, 3% Econolite, 2% Calcium Chloride, 0.25#/sx Flocele, 150 sx Prem Plus, 2% Calcium Chloride
8 5/8" Intermediate:	Cement to surface with 715 sx Interfill C, .25#/sx flocele, 250 sx Premium Plus, 2% Calcium Chloride
5 1/2" Production Casing:	Cement w/775 sx Premium, 3% Econolite, 5#/sx Salt, .25#/sx Flocele, 250 sx Prem 50/50 Poz mix 'A', 2% Halliburton-Gel First 2%, 0.5% Halad-322, 0.2% HR-5. This is designed to bring TOC to 3500'.
3-1/2" Liner:	100 sx Prem, 0.3% Halad-344, 0.3% Halad-413, 0.3% Super CBL, .15% SCR-100 This designed to bring TOC to 11500 +/-.

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8. LOGGING, TESTING AND CORING PROGRAM:

(A) The electric logging program 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.

(B) 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 8000 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.

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SURFACE USE AND OPERATIONS PLAN

1. EXISTING ROADS:

Access to location will be made as shown on Exhibit #3

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:

593.7' of new road is required. Exhibit 3A(1) (2)

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 #4 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:

Water for drilling will be purchased from commercial sources and transported to the well site over the roads as shown on Exhibit #3.

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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 #5 shows the relative location and dimensions of the well pad.

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EDDY COUNTY, NM**

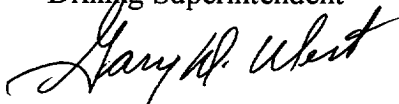
OTHER INFORMATION:

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.

Gary West
Drilling Superintendent

A handwritten signature in black ink, appearing to read "Gary West", written over the printed name and title.

Date: 01/09/01 m2

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ATTACHMENT TO EXHIBIT #1 & #2

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 and 10,000 psi W.P. minimum, Exhibit #2.
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.

Phantom Draw "29" Federal No. 1

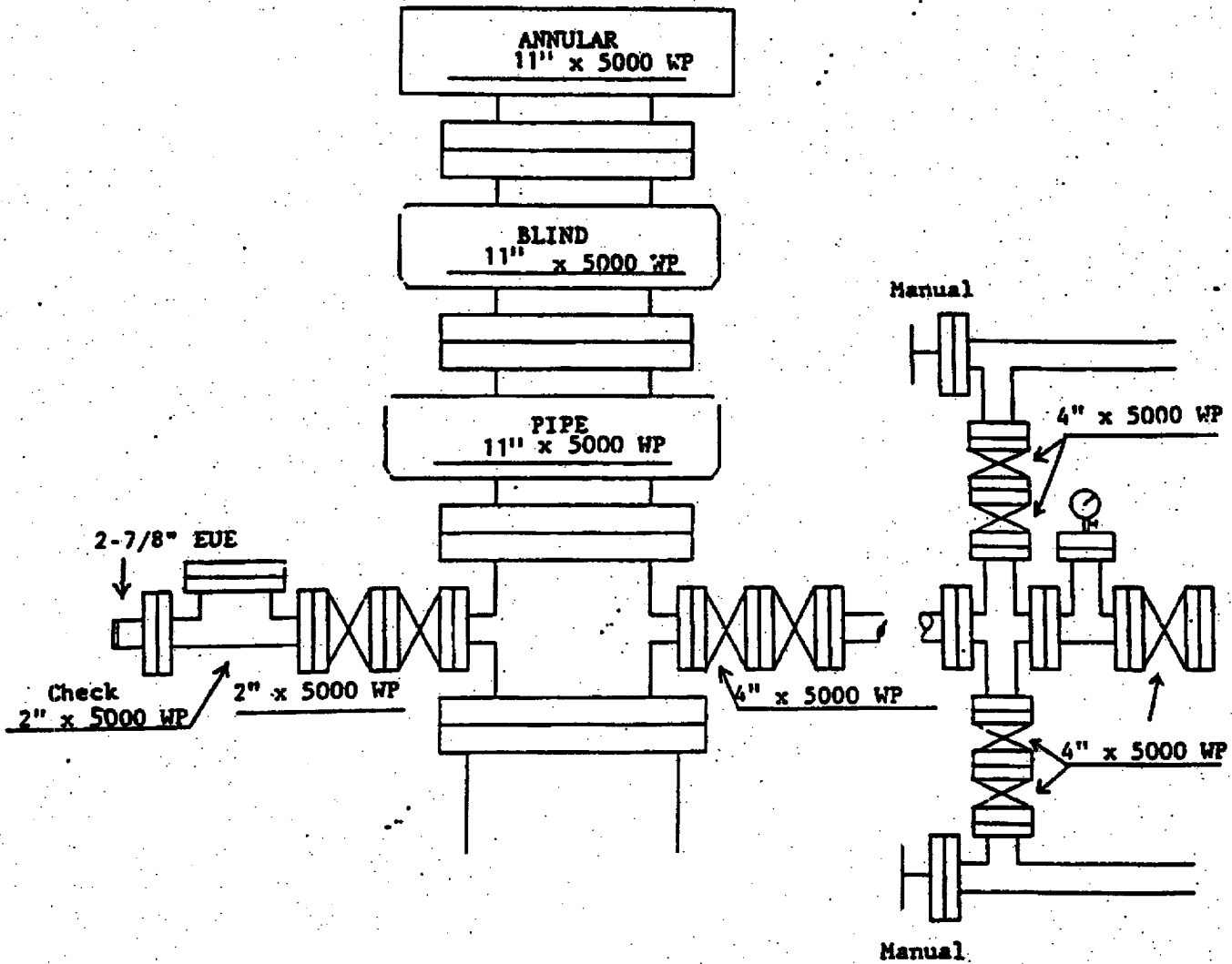


Exhibit 1

EOG Resources, Inc.

Phantom Draw "29" Federal No. 1

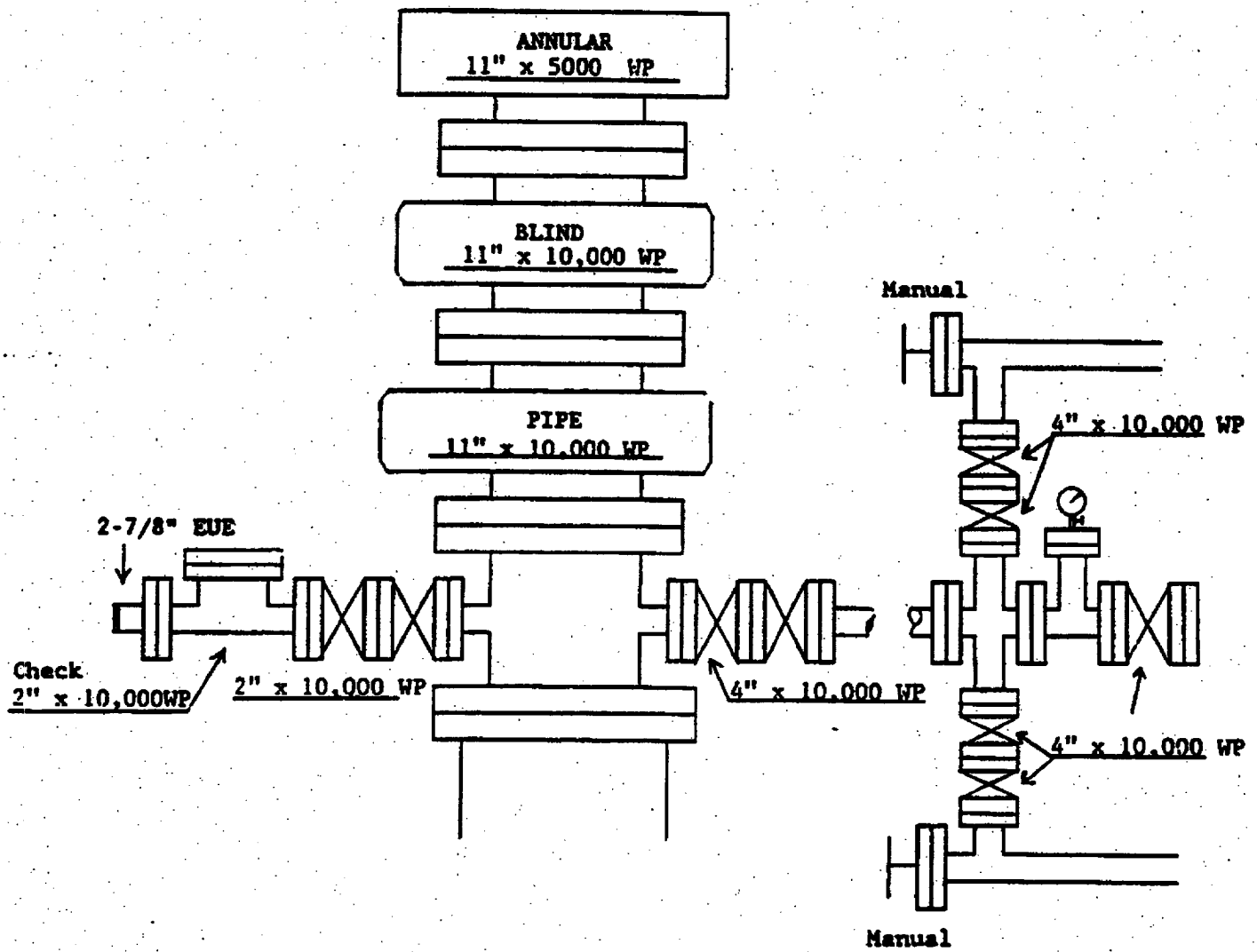


Exhibit 2

LOCATION VERIFICATION MAP

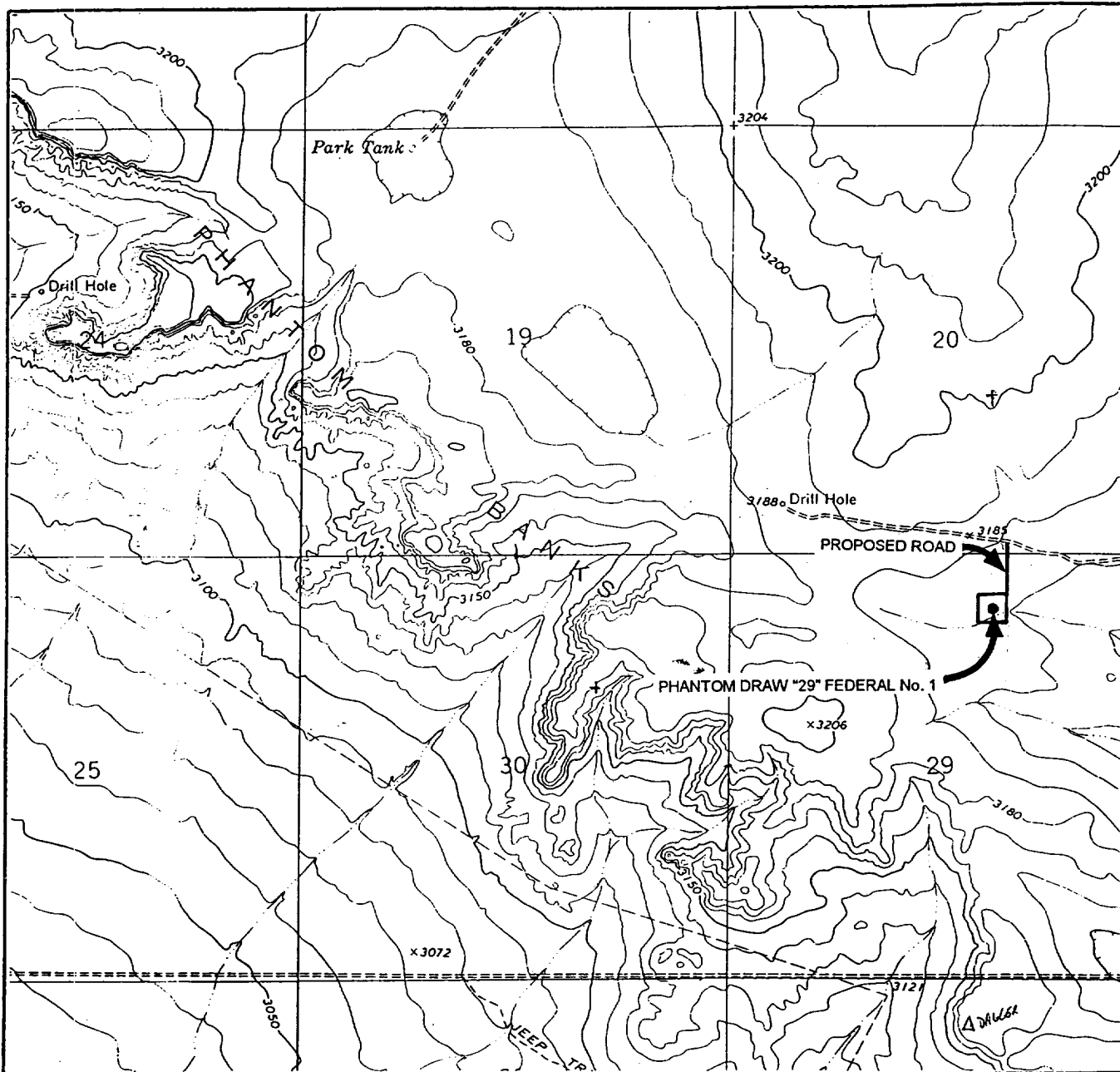


Exhibit 3

SCALE: 1" = 2000'
WTC 46133

SEC. 29 TWP. 26-S RGE. 31-E

SURVEY N.M.P.M

COUNTY EDDY STATE NM

DESCRIPTION 660' FNL & 1980' FEL

ELEVATION 3171'

OPERATOR EOG RESOURCES, INC.

LEASE PHANTOM DRAW "29" FEDERAL No. 1

USGS TOPO MAP PHANTOM BANKS, NEW MEXICO

CONTOUR INTERVAL 10'

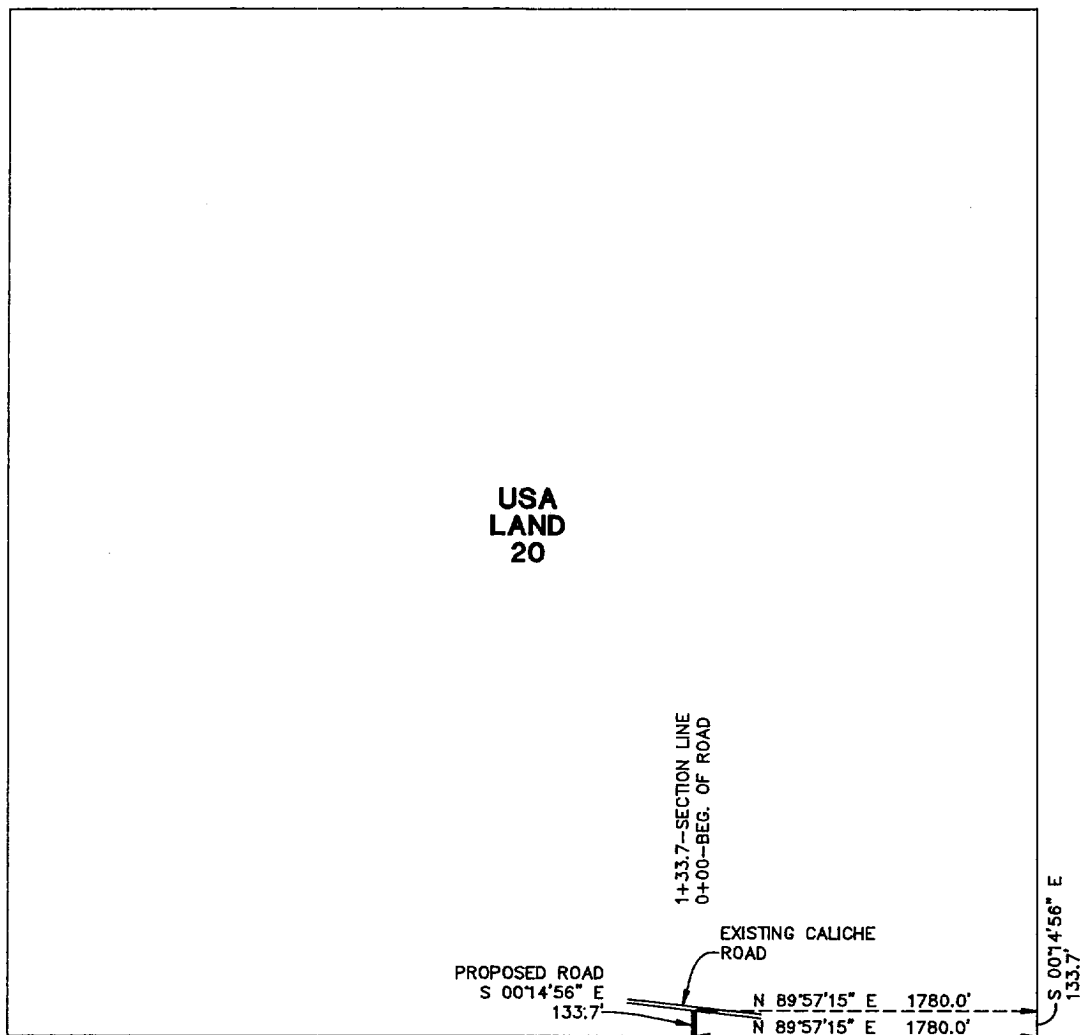
WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

915-685-3800

SECTION 20, TOWNSHIP 26 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY,
NEW MEXICO



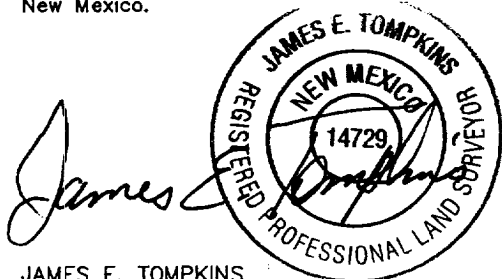
CENTERLINE DESCRIPTION OF A PROPOSED ROAD:

BEGINNING at a point in an existing road, from which point the southeast corner of Section 20, T-26-S, R-31-E, N.M.P.M., Eddy County, New Mexico, bears N 89° 57' 15" E, 1780.0 feet and S 00° 14' 56" E, 133.7 feet;
THENCE S 00° 14' 56" E, with the centerline of proposed road, 133.7 feet to a point in the south line of said Section 20, for the end of this road, from which point the southeast corner of said Section 20 bears N 89° 57' 15" E, 1780.0 feet.

Exhibit 3A (1)

PROPOSED ROAD TO SERVE
PHANTOM DRAW "29" FEDERAL No. 1

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.

133.7 feet of proposed road in
Section 20, T-26-S, R-31-E, N.M.P.M.,
Eddy County, New Mexico

WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

Survey Date: 1-3-01

Date: 1-4-01

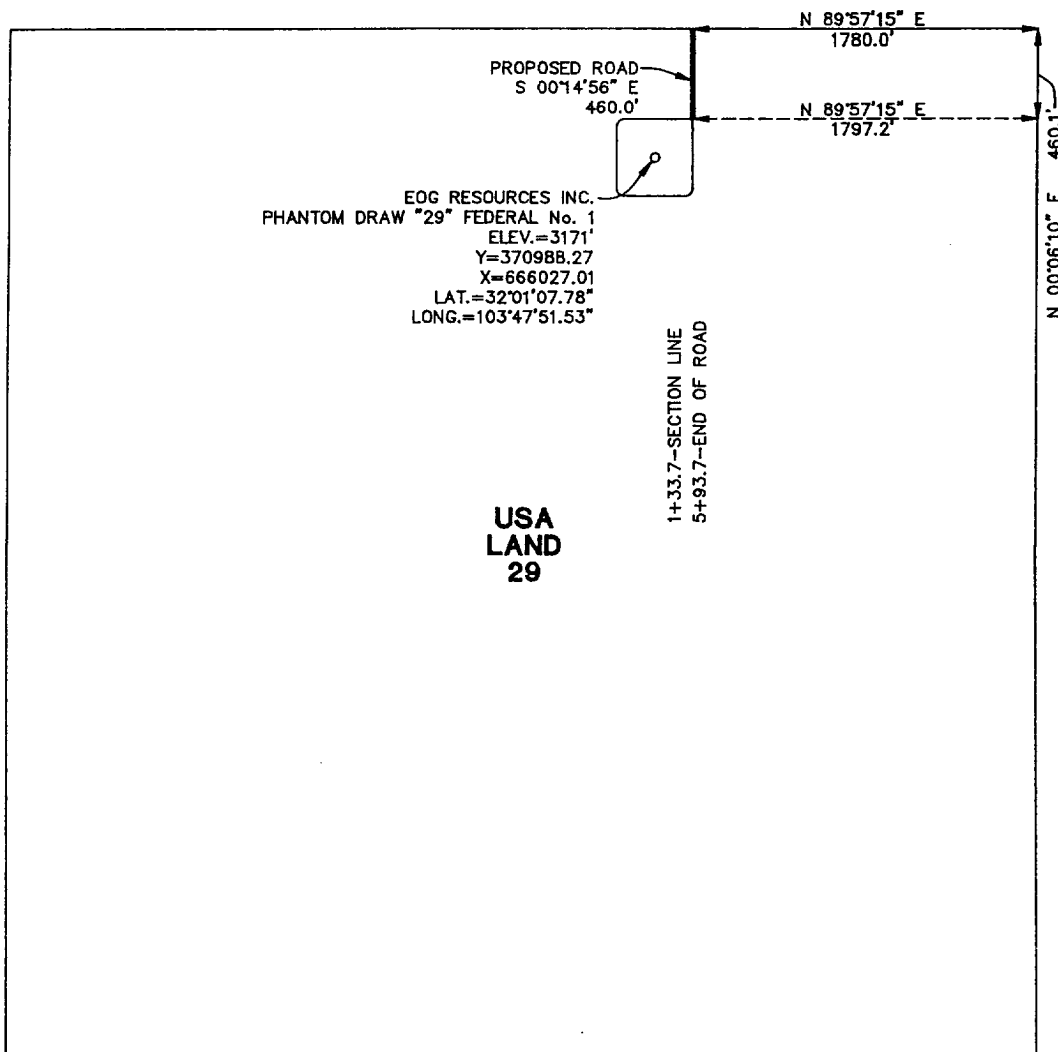
Scale: 1" = 1000'

WTC No.: 46133

Drawn By: JWD

Sheet 1 of 2

**SECTION 29, TOWNSHIP 26 SOUTH, RANGE 31 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO**



CENTERLINE DESCRIPTION OF A PROPOSED ROAD:

BEGINNING at a point in the north line of Section 29, T-26-S, R-31-E, N.M.P.M., Eddy County, New Mexico, from which point the northeast corner of said Section 29 bears N 89° 57' 15" E, 1780.0 feet;

THENCE S 00° 14' 56" E, with the centerline of proposed road, 460.0 feet to a point in the northeast corner of a well pad for EOG Resources, Inc. PHANTOM DRAW "29" FEDERAL No. 1, for the end of this line, from which point the northeast corner of said Section 29 bears N 89° 57' 15" E, 1797.2 feet and N 00° 06' 10" E, 460.1 feet.

Exhibit 3 A(2)

**PROPOSED ROAD TO SERVE
PHANTOM DRAW "29" FEDERAL No. 1**

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

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

EOG RESOURCES INC.

460.0 feet of proposed road in
 Section 29, T-26-S, R-31-E, N.M.P.M.,
 Eddy County, New Mexico

WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

Survey Date: 1-3-01

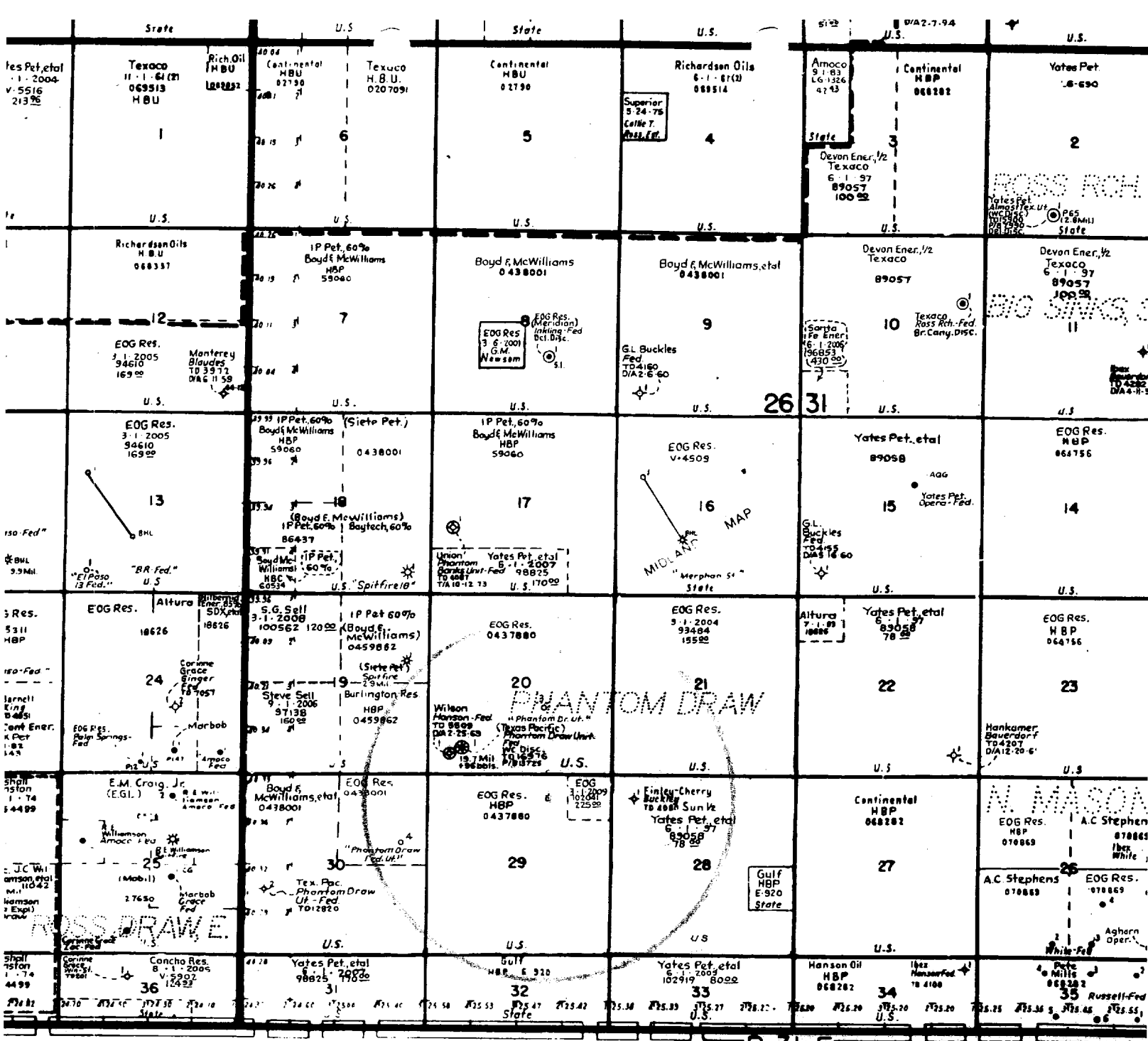
Date: 1-4-01

Scale: 1" = 1000'

WTC No.: 46133

Drawn By: JWD

Sheet 2 of 2



LOVING County

R-31-E

Exhibit 4
Well within one (1)
mile radius of proposed well

Ownership Map East Part Of EDDY COUNTY, NEW MEXICO

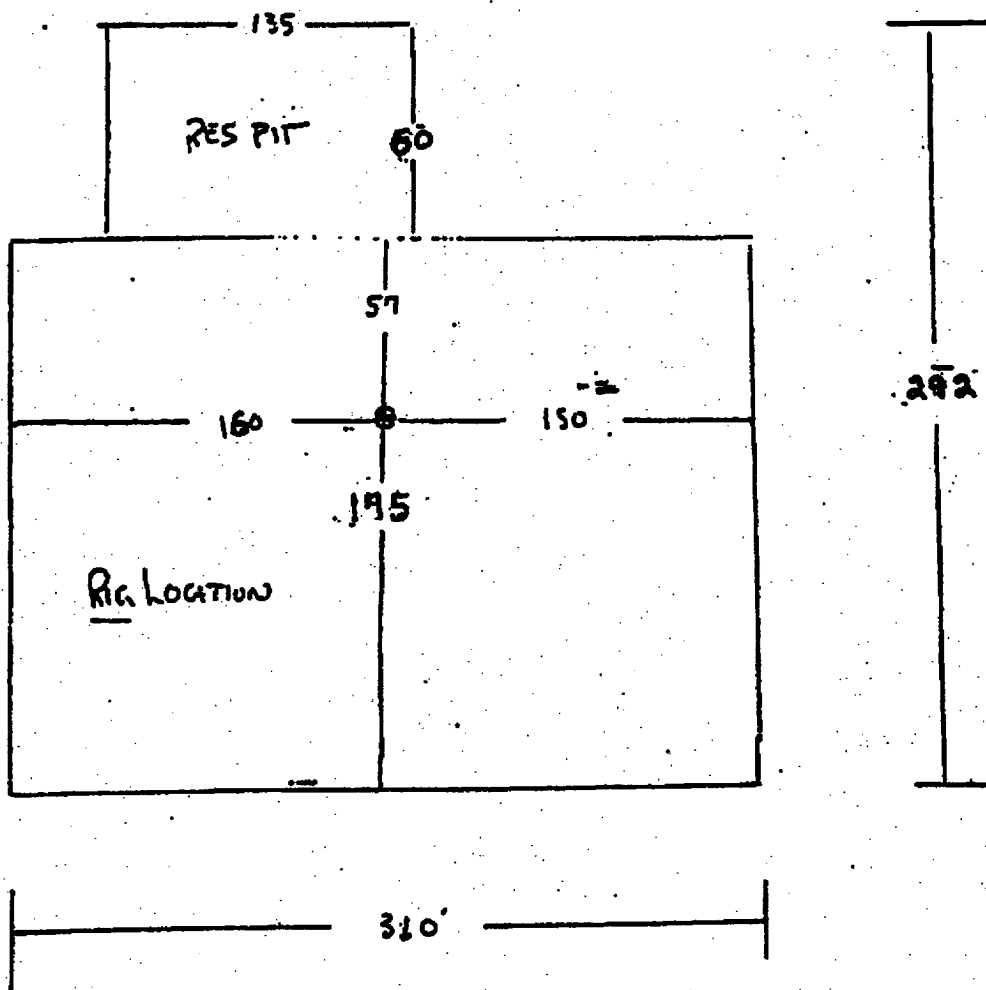
SCALE: 1" = 4,000 Ft.

REG. NO. F28641

COPYRIGHT MIDLAND MAP CO.

Exhibit 5

NORTH



Phantom Draw "29" Federal No. 1

Well Pad Dimensions

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.: NM0437880

Legal Description of Land: Section 29, T26S, R31E, NMPM
Eddy Co., 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: 1/9/01