N.M. Oil Cons. DIV-Dist. 2 1301 W. Grand Avenue

AUG 2 5 2005

RECEIVED

Artesia, NM 88210

OCD-ARTERIA

Form 3160-3 (August 1999)

1-05-52 DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANGEMENT**

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

ease Serial No.

(S/L) NMNM 025623(BHL) If Indian, Allottee or Tribe Name

					Allottee Oi	The raine
APPLICATION FOR PERMIT TO I	ORILL OR F	REENTER				
1a. Type of Work: X DRILL REENTER			7. If Unit or CA Agreement, Name and No.			
1b. Type of Well: X Oil Well X Gas Well Othe	r Single	Zone Multi	ple Zone	8. Lease Na Sand Tank 7		18720 18720
2. Name of Operator	······································			9. API Well I		
EOG Resources, Inc.	, 		·	30-0	715	34289
3a. Address	l l	No. (include area		10. Field and Pool, or Exploratory		
P.O. Box 2267 Midland, TX 79702	noo with one	(432) 686-3714	- 41	Sand Tank , E		
P.O. Box 2267 Midland, TX 79702 4. Location of Well (Report location clear) At surface 330' FNL & 1980' FWL (U/L B)	G TIKE A	PROVAL BY	STATE	11. Sec., T., I Sec 7 T-18-S;		lk. And Survey or Area
At proposed prod. Zone 330'FSL & 1980' FWL	(U/L N)					
14. Distance in miles and direction from nearest town or po 3.5 miles south from Loco Hills				12. County o	r Parish	13. State
15. Distance from proposed* 330 location to nearest property or lease line, ft.	16. No. of Acres in lease 17. Spacing		g Unit dedicated to this well tion 7(160 ac.)			
(Also to nearest drig. Unit line, if any) 330	,					
18. Distance from proposed location* to nearest well, drilling, completed	19. Proposed Depth 20. BLM/BIA 8500' TVD NM2308			A Bond No. on file		
applied for, on this lease, ft.	12,762	MD				
21. Elevations (Show whether DF, KDB, RT, GL, etc)	22. Approxin	nate date work wi	il start*	23. Estimated	duration	<u> </u>
GL. 3 529	8/1/2005			30 days drilling		
The following completed in accordance with the requirements of C		ttachments	hall be attach			
 Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest Sytem SUPO shall be filed with the appropriate Forest Service Office) 	Lands, the	4. Bond to cover litem 20 above) 5. Operator certif 6. Such other site authorized offi	the operations fication. e specific info	unless covere	d by an exis	sting bond on file (see
25. Signature	Name (Printe	d/Typed)		D	ate	
Title Agent	Mike Francis				\$ /16/2005	
Approved by (Signature) /S/ Joe G. Lara	Name (Printe	d/Typed) 🗻		<u> </u>	ate	
		s Joe G	. Lara			AUG 1 7 2005
Derive FIELD MANAGER	Office			IELD O		
Application approval does not warrant or certify the applicant holds legal or operations theron. Conditions of approval, if any, are attached	equitable title to t	those rightes in the su	ibject lease whi		ne applicant t	o conduct

*(Instructions on reverse)

5012 >9.5

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

Capitan Centrolled Water Basin

States any false, fictitious or fraudulent statements or representations as to any matter within its jurisidiction.

Witness Surface Casing

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Statement Accepting Responsibility For Operations

Operator Name:

EOG Resources, Inc.

Street or Box: City, State:

P.O. Box 2267 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.: LC047269-A, NM 025623

Legal Description of Land: E/2 W/2 Sec 7 T-18-S; R-30-E Eddy Co. NM Formation(s) (if applicable):

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

Individually

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

Authorized Signature:

Title: Agent

Date 6/16/2005

BONESO CTRIE OVOSTEVO

CR GRESS BUINS AS BECENCES

DISTRICT 1 1625 N. French Br., Hobbs, NM 88240

State of New Mexico

Form C-102 Revised August 15, 2000

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

Energy, Minerals, and Natural Resources Department

Submit to Appropriate District Office

OIL CONSERVATION DIVISION

State Lease - 4 copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

1220 South St. Francis Dr.

Fee Lease - 3 copies

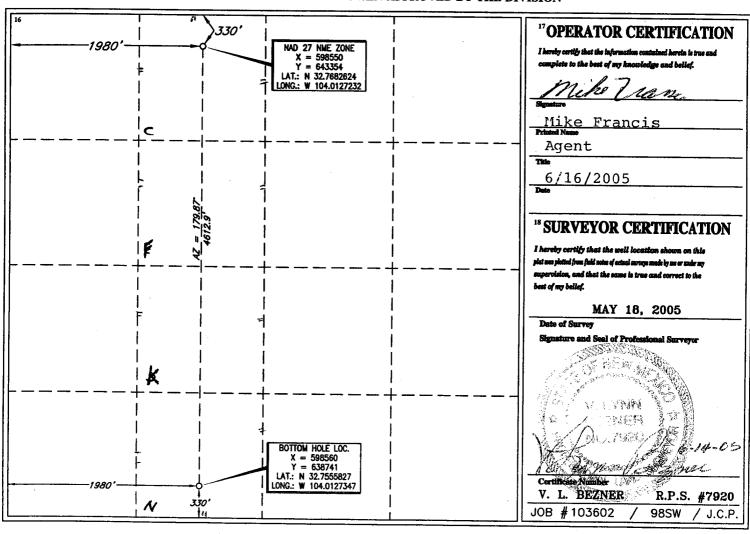
DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Santa Fe, New Mexico 87505

87505 _____ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT API Number Pool Code Pool Name 96832 Sand Tank Bone Spring **Property Code** Property Name Well Number SAND TANK "7" FED COM 2HOGRID No. Operator Name Elevation EOG RESOURCES, INC. 7377 3529

		10	Surface	Location				
Section 7	Township 18 SOUTH	Range 30 EAST, N.M.P.M.	Lot Idn	Feet from the 330'	North/South line NORTH	Feet from the 1980'	East/West line WEST	County EDDY
Section	Township			· · · · · · · · · · · · · · · · · · ·				
7	18 SOUTH	•		330'	North/South line SOUTH	Feet from the 1980'	East/West line WEST	County EDDY
s 13 J	oint or Infill	14 Consolidation Code	15 Order !	No.			· L	L
	7 Section 7	7 18 SOUTH Section Township 7 18 SOUTH	Section Township Range 30 EAST, N.M.P.M.	Section Township Range Lot Idn 7 18 SOUTH 30 EAST, N.M.P.M. Bottom Hole Location 1 Section Township Range Lot Idn 7 18 SOUTH 30 EAST, N.M.P.M.	Section Township Range Lot Idn Feet from the 330' Bottom Hole Location If Different F Section Township Range Lot Idn Seet from the 7 18 SOUTH 30 EAST, N.M.P.M. Section Township Range Lot Idn Feet from the 330'	Section Township Range Location Section 7 18 SOUTH 30 EAST, N.M.P.M. Lot Idn 330' NORTH Bottom Hole Location If Different From Surface Section Township Range Lot Idn Feet from the North/South line 7 18 SOUTH 30 EAST, N.M.P.M. 330' SOUTH	Section Township Range Lot Idn Feet from the 330' NORTH 1980' Bottom Hole Location If Different From Surface Section Township Range Lot Idn Feet from the 330' NORTH 1980' Bottom Hole Location If Different From Surface Section Township Range Lot Idn Feet from the North/South line Feet from the 330' SOUTH 1980'	Section Township Range Lot Idn Feet from the 330' NORTH 1980' WEST Bottom Hole Location If Different From Surface Section Township Range Lot Idn Feet from the 330' NORTH 1980' WEST Bottom Hole Location If Different From Surface Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line 7 18 SOUTH 30 EAST, N.M.P.M. 330' SOUTH 1980' WEST

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



EOG RESOURCES, INC. Sand Tank 7 Fed Com No.2H

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	500'
San Andres	3400'
1st Bone Spring	7600'
2 nd Bone Spring	8150
TD	8500

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

Upper Permian Sands	Above 250'	Fresh Water
Grayburg/San Andres	3000'	Oil
!st Bone Spring	7600	Oil
2 nd Bone Spring	8150	Oil

CASING PROGRAM

Hole Size	<u>Interval</u>	OD Casing	Weight Grade Jt. Cond. Type
14 3/4	0-650'	11 3/4"	42# H-40 ST&C - WITHESS
11"	0-3400'	8 5/8"	32# J-55 LT&C
7 7/8'	0-12,762'	5 ½'	17# N80/S95 LT&C

Cementing Program:

11 3/4" Surface Casing:	Cement to surface with 200 sx Prem Plus, 3%
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Econolite, 1% Calcium Chloride, 0.25#/sx Flocele,

150 sx Prem Plus, 2% Calcium Chloride

8 5/8" Intermediate: Cement to surface with 650 sx Interfill C, .25#/sx

flocele, 230 sx Premium Plus, 1% Calcium Chloride

5 ½" Production: Cement w/600 sx Premium, 3% Econolite, 1#/sx

Salt, 0.2% HR5, .25#/sk Flocele, 450sx 50/50 Poz with retarders.. This is designed to bring TOC to

3000'.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

(SEE EXHIBIT #1)

EOG RESOURCES, INC. Sand Tank 7 Fed Com No.2H

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 the surface casing shoe and while drilling the intermediate section. 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-psig 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:

		Wt Viscosi	ty Water	Waterloss	
<u>Depth</u>	<u>Type</u>	(PPG)	(sec)	(cc)	
0-650'	Fresh Water /Gel	8.6-8.8	28-34	N.C.	
650'-3400'	Brine Water	10.0 - 10.2	28-34	N.C.	
3400'- TD	Cut Brine + Polymer/KCL	8.9 – 9.6	34-40	10-25	

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.

EOG RESOURCES, INC. Sand Tank 7 Fed Com No.2H

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 3500 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. Sand Tank 7 Fed Com No.2H

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.

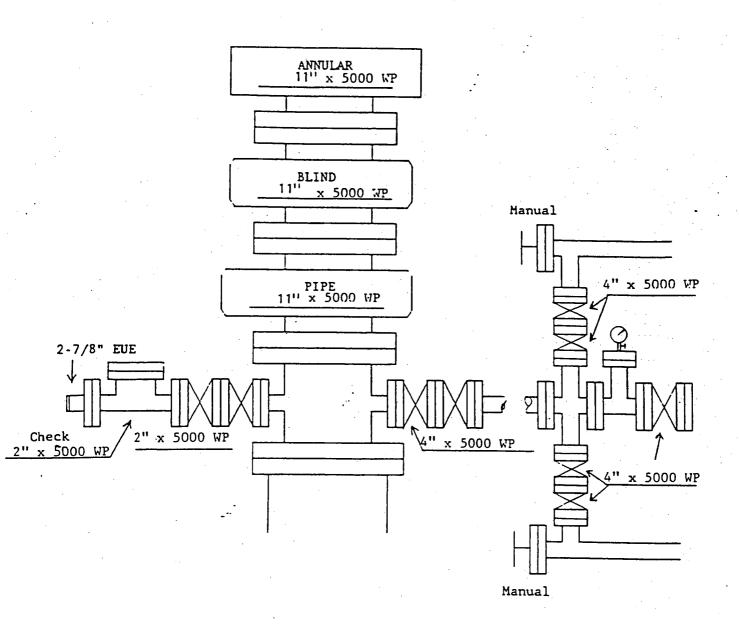
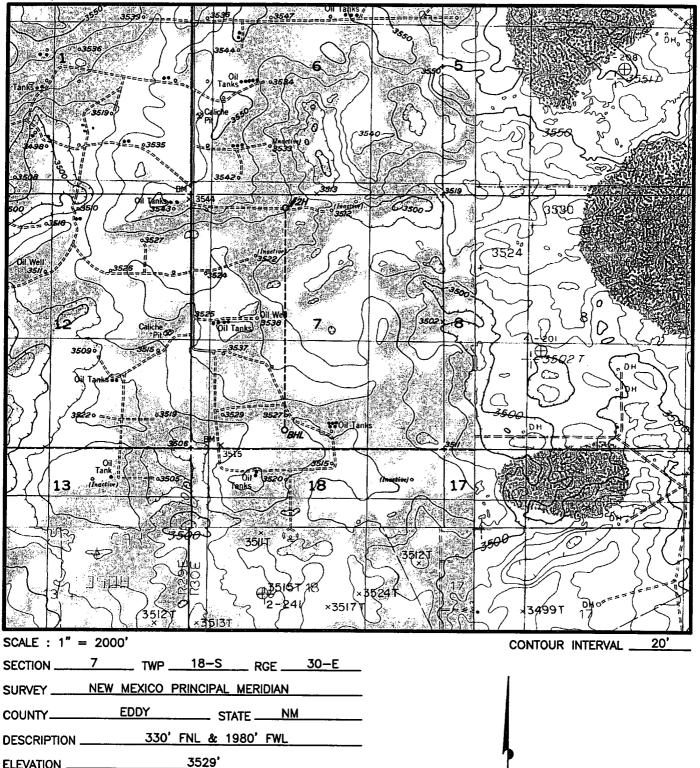


Exhibit 1

LOCATION & ELEVATION VERIFICATION MAP





ELEVATION _____

U.S.G.S. TOPOGRAPHIC MAP

LEASE ____

OPERATOR EOG RESOURCES, INC.

SCALED LAT. LAT.: N 32.7682624

SAND TANK "7" FED #2H

RED LAKE SE, NEW MEXICO

LONG. LONG.: W 104.0127232

TOPOGRAPHIC LAND SURVEYORS

Exhibit 2

Surveying & Mapping for the Oil & Gas Industry

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

4326863773

SURVEYED BY:

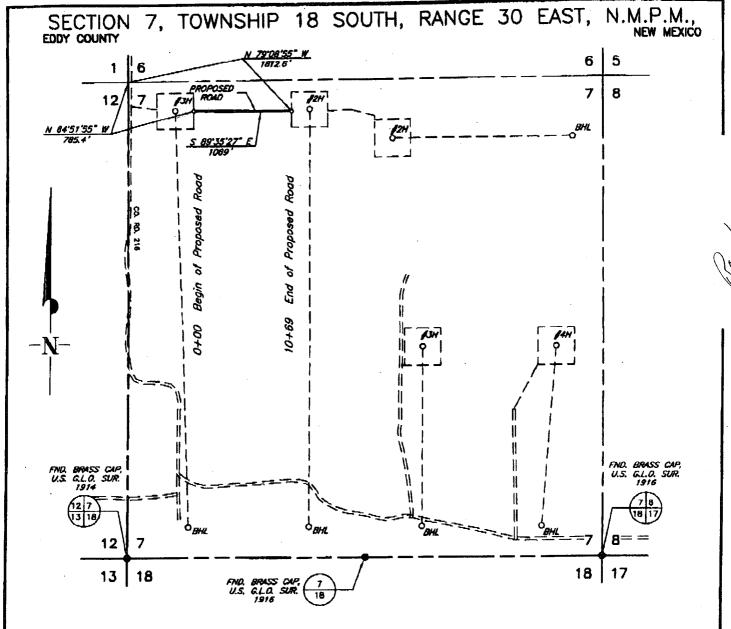
APPROVED BY:

DRAWN BY:

R.M.

J.C.P

V.L.B.



LEGAL DESCRIPTION

A strip of land 30.0 feet wide 1069 feet or 0.202 miles in length and being 15.0 feet Left and 15.0 feet Right of the above centerline survey.

I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEGGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

SHEET :

EOG RESOURCES, INC

SURVEYING AND MAPPING BY
TOPOGRAPHIC LAND SURVEYORS
MIDLAND, TEXAS

SCALE: 1" = 1000'

DATE: MAY 18, 2005

JOB NO.: 103602-RD1

QUAD NO.: 98SW

1 OF 1

Zrac 6-14-03

CONDITIONS OF APPROVAL - DRILLING

Operator's Name:

EOG Resources, Inc.

Well Name & No.

Sand Tank 7 Federal Com #2H

Surface Location: Bottom Location: 330' FNL, 1980' FWL, Section 7, T. 18 S., R.30 E., Eddy County, New Mexico 330' FSL, 1980' FWL, Section 7, T. 18 S., R.30 E., Eddy County, New Mexico

Lease:

NM-025623

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 in sufficient time for a representative to witness:
 - A. Well Spud
 - B. Cementing casing: 11-3/4 inch 8-5/8 inch 5-1/2 inch
 - C. BOP tests
- 2. 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.
- 3. 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.
- 4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
- 5. 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.

II. CASING:

- 1. The <u>11-3/4</u> inch surface casing shall be set at <u>approximately 360 feet</u> 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.
- 2. The minimum required fill of cement behind the <u>8-5/8</u> inch intermediate casing is <u>to be circulated to the surface</u>.
- 3. The minimum required fill of cement behind the <u>5-1/2</u> inch production casing is to be sufficient to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.

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 11-3/4 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 hole shall be **2000** psi.

- 3. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the **8-5/8** inch first intermediate casing shall be <u>5000</u> psi.
- 4. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - 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.

7/11/2005 acs