

SURFACE USE PLAN OF OPERATION

SHL: 250' FNL & 430' FEL, Unit A, Section 31, T24S-R34E, N.M.P.M., Lea, NM
BHL: 2310' FNL & 430' FEL, Unit H, Section 6, T25S-R34E, N.M.P.M., Lea, 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 Jal at the intersection of N.M. State Highway #18 and N.M. State Highway #128, go west on N.M. State Highway #128 for 22.0 miles, turn left on caliche lease road and go southeast for 2.3 miles, turn left and go east for 1.0 miles to location.

2. NEW OR RECONSTRUCTED ACCESS ROAD:

- a. The well site layout, Exhibit 2a shows the layout. An existing access road constructed of compact caliche will enter the NW 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 31, T24S-R34E.
- 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.
- c. Applicant shall secure Right of Way for Over-head electrical power from the BLM Realty Group.
- d. Refer to b above.

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- e. If the well is productive, rehabilitation plans are as follows:
 - i. The location shall be reduced on the north and east 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.

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

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- 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.
- 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.

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10. SURFACE OWNERSHIP

The surface is owned by
The L. T. Dillon Limited Family Partnership
Attention: James P. Knight, Trustee
C/O Wagoner Real Estate
3200 Padre Boulevard
South Padre Island, Texas 78597
(956) 346-3490

Applicant has secured and operates under a Surface Use Agreement with the surface owner.

11. 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.

12. BOND COVERAGE:

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

COMPANY REPRESENTATIVES:

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

Land and Right of Way

Mr. Roger Motley
Senior Lease Operations ROW Representative
EOG Resources, Inc.
P.O. Box 2267

**EOG RESOURCES, INC.
DILLON 31 FED COM #4H**

Midland, TX 79702
(432) 686-3642 Office
(361) 537-8281 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 31 day of October, 2011.

Name: Roger Motley

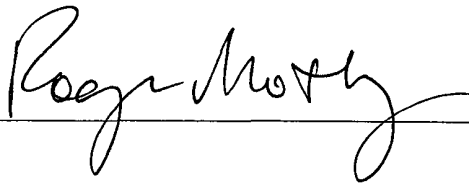
Position: Sr. Lease Operations ROW Representative

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

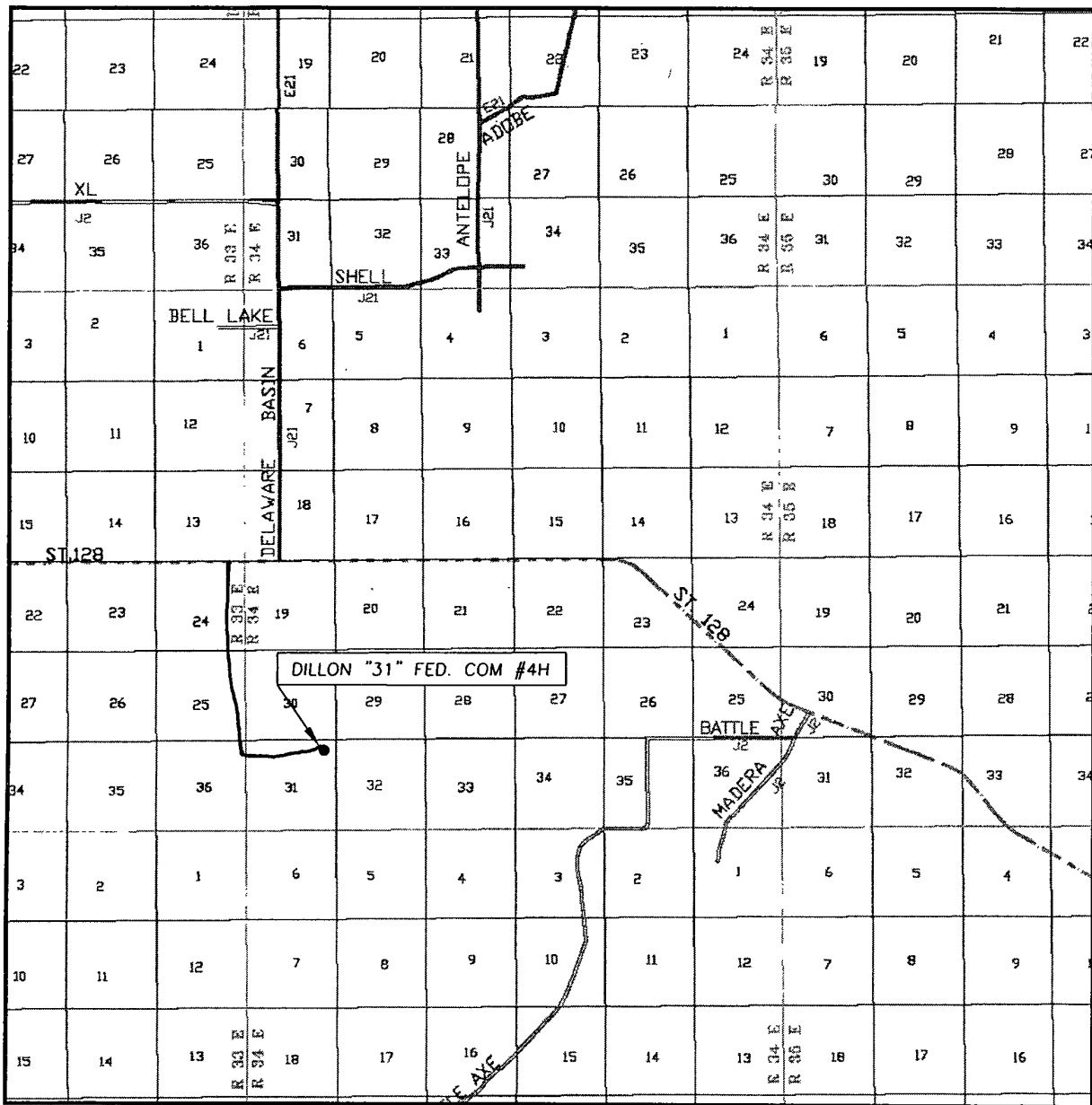
Telephone: (432) 686-3642

Email: roger_motley@eogresources.com

Signed

A handwritten signature in cursive script, appearing to read "Roger Motley", is written over a horizontal line.

VICINITY MAP

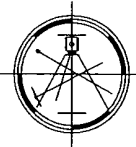
SEC. 31 TWP. 24-S RGE. 34-ESURVEY N.M.P.M.COUNTY LEADESCRIPTION 250' FNL & 430' FELELEVATION 3483.9OPERATOR EOG RESOURCES, INC.LEASE DILLON "31" FED. COM #4H

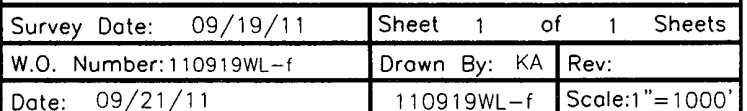
DIRECTIONS BEGINNING IN JAL AT THE INTERSECTION OF N.M. STATE HWY. #18 AND N.M. STATE HWY. #128, GO WEST ON N.M. STATE HWY. #128 FOR 22.1 MILES, TURN LEFT ON CALICHE LEASE ROAD AND GO SOUTHEAST FOR 2.3 MILES, TURN LEFT AND GO EAST FOR 1.0 MILES TO LOCATION.

SCALE: 1" = 2 MILES

Asel Surveying

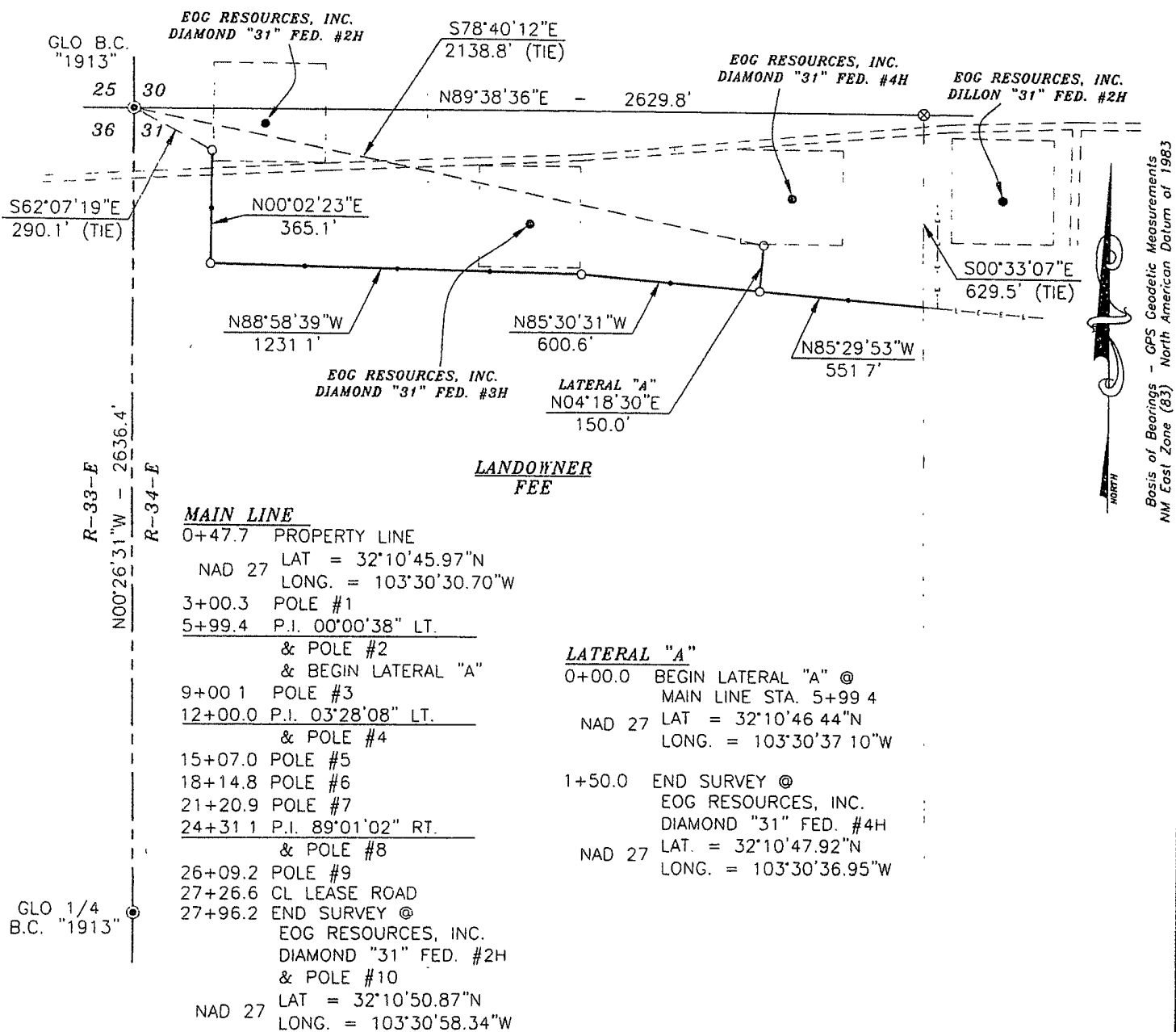
P.O. BOX 393 - 310 W TAYLOR
HOBBS, NEW MEXICO - 575-393-9146





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HOBBS, NEW MEXICO - 575-393-9146

SECTION 31, TOWNSHIP 24 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY
NEW MEXICO



LANDOWNER
FEE

MAIN LINE

0+47.7 PROPERTY LINE
NAD 27 LAT = 32°10'45.97"N
LONG. = 103°30'30.70"W
3+00.3 POLE #1
5+99.4 P.I. 00°00'38" LT.
& POLE #2
& BEGIN LATERAL "A"
9+00.1 POLE #3
12+00.0 P.I. 03°28'08" LT.
& POLE #4
15+07.0 POLE #5
18+14.8 POLE #6
21+20.9 POLE #7
24+31.1 P.I. 89°01'02" RT.
& POLE #8
26+09.2 POLE #9
27+26.6 CL LEASE ROAD
27+96.2 END SURVEY @
EOG RESOURCES, INC.
DIAMOND "31" FED. #2H
& POLE #10
NAD 27 LAT = 32°10'50.87"N
LONG. = 103°30'58.34"W

LATERAL "A"

0+00.0 BEGIN LATERAL "A" @
MAIN LINE STA. 5+99.4
NAD 27 LAT = 32°10'46.44"N
LONG. = 103°30'37.10"W
1+50.0 END SURVEY @
EOG RESOURCES, INC.
DIAMOND "31" FED. #4H
NAD 27 LAT = 32°10'47.92"N
LONG. = 103°30'36.95"W

DESCRIPTION

SURVEY FOR AN ELECTRIC LINE EASEMENT CROSSING FEE LAND IN THE WEST HALF OF SECTION 31, TOWNSHIP 24 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

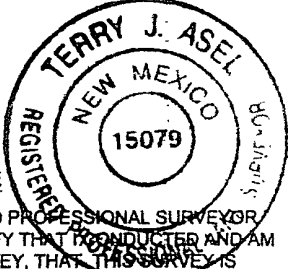
MAIN LINE

BEGINNING AT A POINT ON THE EAST LINE OF THE WEST HALF OF SAID SECTION 31 WHICH LIES S00°33'07"E - 629.5 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 31, THEN N85°29'53"W - 551.7 FEET; THEN N85°30'31"W - 600.6 FEET, THEN N88°58'39"W - 1231.1 FEET; THEN N00°02'23"E - 365.1 FEET TO A POINT WHICH LIES S62°07'19"E - 290.1 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 31

LATERAL "A"

BEGINNING AT MAIN LINE STATION 5+99.4, THEN N04°18'30"E - 150.0 FEET TO A POINT WHICH LIES S78°40'12"E - 2138.8 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 31

TOTAL LENGTH EQUALS 2898.5 FEET OR 175.67 RODS.



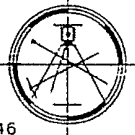
SURVEYORS CERTIFICATE

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 11/14/2011
Terry J. Asel, N.M. R.P.S. No. 15079

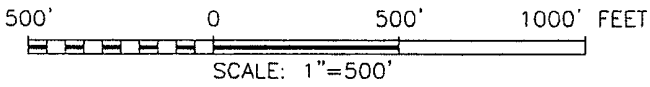
Asel Surveying

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LEGEND

- ⊙ - DENOTES FOUND MONUMENT AS NOTED
- ⊗ - DENOTES CALCULATED CORNER



EOG RESOURCES, INC.

SURVEY FOR AN ELECTRIC LINE EASEMENT
CROSSING FEE LAND IN THE WEST HALF OF
SECTION 31, TOWNSHIP 24 SOUTH, RANGE 34
EAST, N.M.P.M., LEA COUNTY, NEW MEXICO

Survey Date: 10/06/11	Sheet 1 of 2 Sheets
W.O. Number: 111110EL	Drawn By: KA
Date: 11/11/11	111110EL.DWG Scale: 1"=500'

Survey Date: 10/06/11	Sheet 2 of 2 Sheets	
W.O. Number: 111110EL	Drawn By: KA	
Date: 11/11/11	111110EL.DWG	Scale: 1"=500'

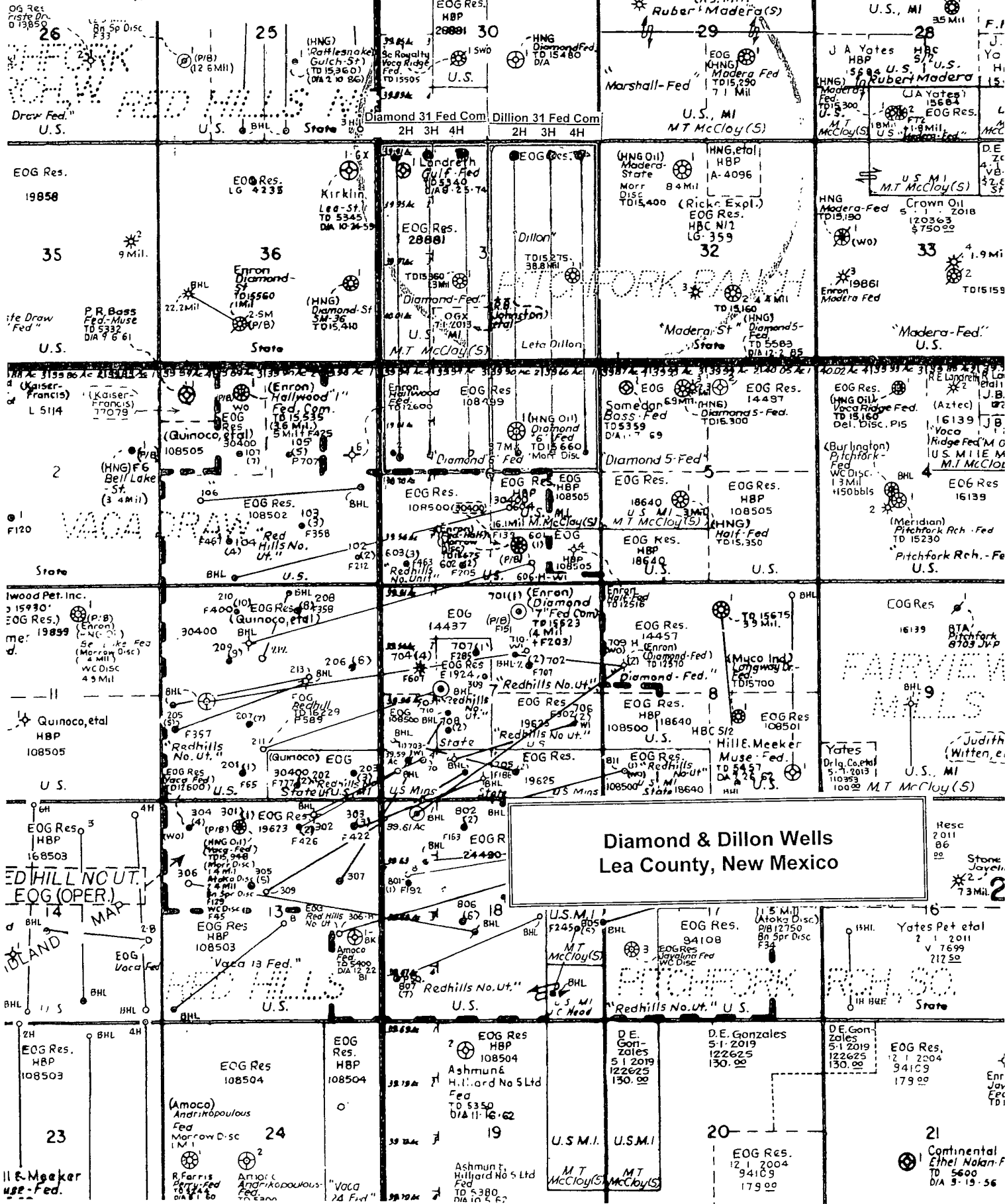
EXHIBIT 3

Dillon 31 Fed Com 4H

250 FNL & 430 FEL 31-T24S-R34E SHL

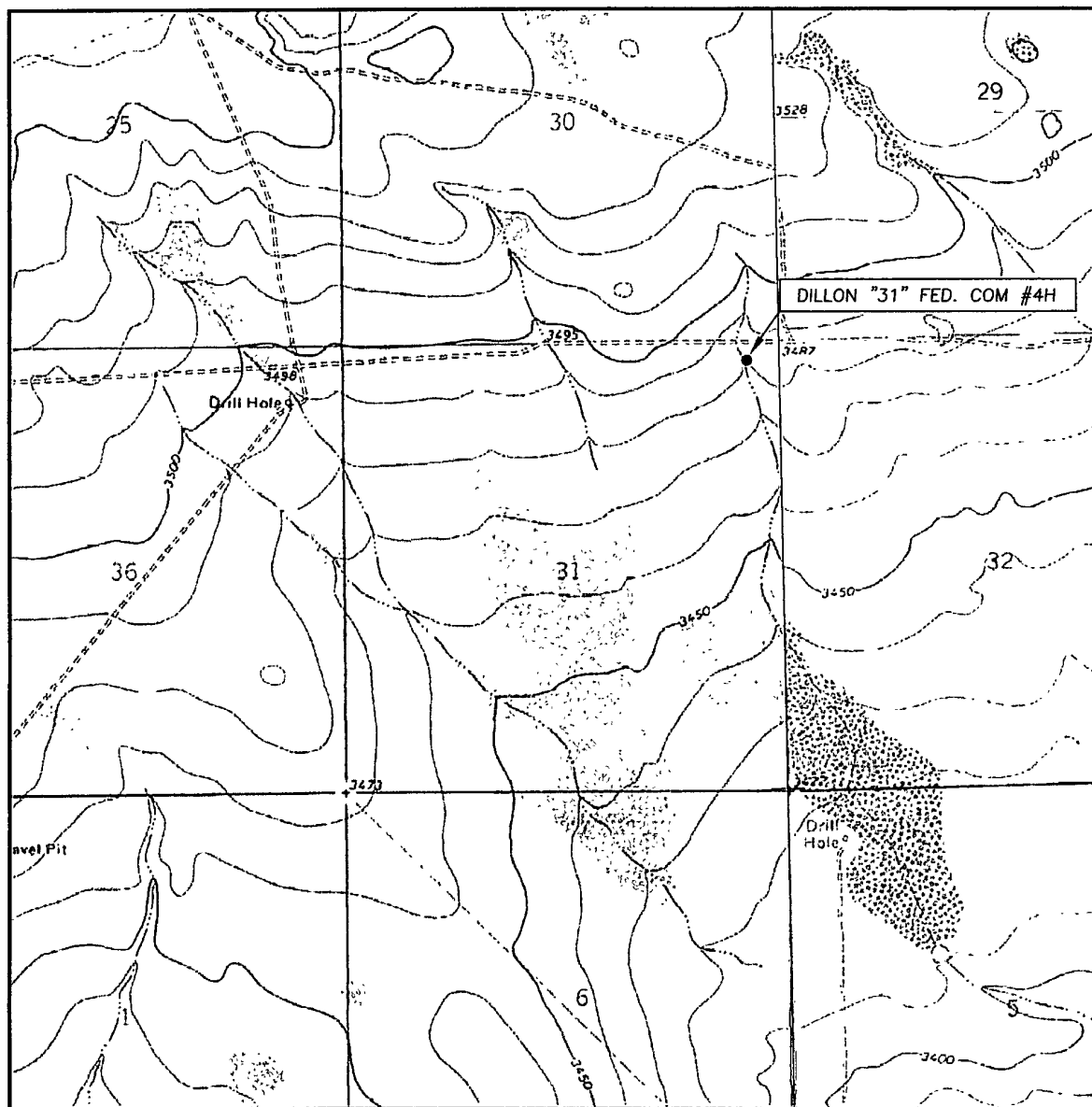
2310 FNL & 430 FEL 6-T25S-R34E BHL

Lea County, NM



Diamond & Dillon Wells Lea County, New Mexico

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 31 TWP. 24-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 250' FNL & 430' FEL

ELEVATION 3483.9'

OPERATOR EOG RESOURCES, INC.

LEASE DILLON "31" FED. COM #4H

U.S.G.S. TOPOGRAPHIC MAP
BELL LAKE, N.M.

Asel Surveying

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HOBBS, NEW MEXICO - 575-393-9146

