EOG RESOURCES, INC.
VACA 11 FED #2H

SURFACE USE PLAN OF OPERATION

SHL: 170' FSL & 1200' FEL, Unit P, Section 11, T25S-R33E, N.M.P.M., Lea Co, NM
BHL: 230' FSL & 1200' FEL, Unit P, Section 14, T25S-R33E, N.M.P.M., Lea Co, NM

An onsite inspection was conducted on Tuesday, February 19 with BLM Natural Resources Specialist Trisha Bad Bear and representatives from EOG Resources, Inc. to review the surface location, roads and infrastructure routes for the Vaca 11 Fed #2H.

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 Michael B. Brown of Topographic Land Surveyors, N.M.P.S. No. 18329.
   b. All roads into the location are depicted on Exhibits 2 & 2a.
   c. Operator shall maintain existing lease roads and improve said roads as deemed necessary, whether by observation of Operator or by an Authorized Officer of the BLM. In compliance with Onshore Order 1, Operator will improve or maintain existing roads in a condition the same as, or better than before operations began. Proper crowning, ditching, drainage and turnouts shall be monitored and updated as necessary. Should additional surfacing be required, surfacing material shall be obtained from a BLM approved caliche pit. Any updates to existing roads would comply with the parameters set out in the Construction section of the Conditions of Approval for the well site location and its road access.
   d. Directions to Location: Beginning in Jal at the intersection of State Hwy 18 and State Hwy 128, go west on State Hwy 128 for 22.0 miles, turn left on Vaca Lane and head south for 4.4 miles, then turn left on EOG Lease Road and head southeast for 1.8 miles, then turn right on lease road and head west for 0.7 miles, then right on lease road for 0.1 miles to northeast, the right onto the new lease road for 254 feet to the southeast corner of the location.

2. NEW OR RECONSTRUCTED ACCESS ROAD:

   a. The well site layout, Exhibit 2a shows the layout. The location will be accessed using a new lease road heading north off of the existing lease road for the Vaca 14 Fed #4H well and will enter the southeast corner of the well pad. This new lease road will travel a distance of 254 feet.
   b. The maximum width of the lease road is 20'. It is crowned and consists of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent soil erosion.

c. Surface material is native caliche. This material will be obtained, as needed for maintenance, from a BLM approved pit nearest in proximity to the location. The average grade will be approximately 1%.
d. No cattleguards or gates will be required.

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 production equipment will be located on site. Please refer to the attached production facility diagram. The production of this well will be measured for sales on lease.
b. Applicant will lay a 4" poly surface low pressure gas sales pipeline, a distance of 906 feet south southeast, that shall tie into an existing 4" poly surface low pressure gas sales pipeline located on the Vaca 14 Fed #4 lease road to transport gas to a SUG sales point located east of the Vaca 14 Federal Lease. Applicant shall lay two surface 4" poly low pressure SWD pipelines, also a distance of 906 feet south southeast, that will be utilized to handle produced water. These SWD lines will tie into two existing SWD lines that are located along the Vaca 14 Fed #4 lease road. A 4" poly surface pipeline will be laid a distance of 906 feet north northwest, and will be used as a gas lift line which will originate from the Vaca 14 Fed #4H. At this time applicant shall have its oil trucked from the Vaca 11 Fed Com #2H location. Shell will be the oil purchaser and Flint will be the oil transport company. All pipelines described above are depicted on Exhibit 5.
c. Electricity is available on the Vaca 14 Fed #4H location. A pole will be installed from the existing line and will travel 902 feet north northwest to service the electricity needs on the Vaca 11 Fed Com #2H location.
d. Refer to b above.
e. If the well is productive, rehabilitation plans are as follows:
    i. The location shall be reduced on the east and north 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, which will be stored to the north of the well pad, 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 poly pipelines using existing and proposed roads

shown in Exhibit 2 & 2a. 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:

a. 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.
b. An area will be used within the proposed well site to excavate caliche.
c. The subsoil will then be removed and stockpiled within the footages of the well location.
d. Once caliche/mineral material is found, the material will be excavated and stockpiled within the footages of the well location.
e. The subsoil will then be placed back in the excavated hole.
f. 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

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 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.

10. PLANS FOR SURFACE RECLAMATION:

a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche shall be removed from the pad and transported to the original caliche pit or used for other drilling locations and roads. The road shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations. The original topsoil shall again be returned to the pad and contoured, as close as possible, to the original topography.
b. After the well is plugged and abandoned, the location and road shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations.

c. Caliche from areas of the pad site not required for operations shall be reclaimed. If re-contouring of location is required to match, as close as possible, the original topography of the immediate area, then this re-contouring shall be performed after the surface material has been removed, and prior to the original topsoil being returned to the site.

11. SURFACE OWNERSHIP

The surface is owned by the United States of America. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.

12. 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 0.75 miles of location.
c. Applicant will participate in the MOA.

13. 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
Midland, TX 79702
(432) 686-3642 Office
(361) 537-8281 Cell

EOG RESOURCES, INC.
VACA 11 FED #2H

Drilling	Operations	Regulatory
Mr. Steve Munsell	Mr. Howard Kemp	Mr. Stan Wagner
Drilling Engineer	Production Manager	Regulatory Analyst
EOG Resources, Inc.	EOG Resources, Inc	EOG Resources, Inc.
P.O. Box 2267	P.O. Box 2267	P.O. Box 2267
Midland, TX 79702	Midland, TX 79702	Midland, TX 79702
(432) 686-3609 Office	(432) 686-3704 Office	(432) 686-3689 Office
(432) 894-1256 Cell	(432) 634-1001 Cell	

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.

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 28th day of May, 2013.

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 Roger Motley

State of New Mexico
Energy, Minerals and Natural Resources Department

July 18, 2013

EOG Resources, Inc.
Attn: Mr. Adam Rankin, Holland & Hart

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6834
Administrative Application Reference No. pAXK1317256852

EOG Resources, Inc.
OGRID 7377
Vaca 11 Federal Well No. 2H
API No. 30-025-Pending

Proposed Location:

	Footages	Unit	Sec.	Twsp	Range	County
Surface	170 FSL & 1200 FEL	P	11	25S	33E	Lea
Penetration Point	330 FNL & 1200 FEL	A	14	25S	33E	Lea
Terminus	230 FSL & 1200 FEL	P	14	25S	33E	Lea

Proposed Project Area:

Description	Acres	Pool	Pool Code
E/2 E/2 of Section 14	160	Red Hills; Bone Spring Upper Shale	97900

Reference is made to your application received on June 19, 2013.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 330 feet from an outer boundary of the project area

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

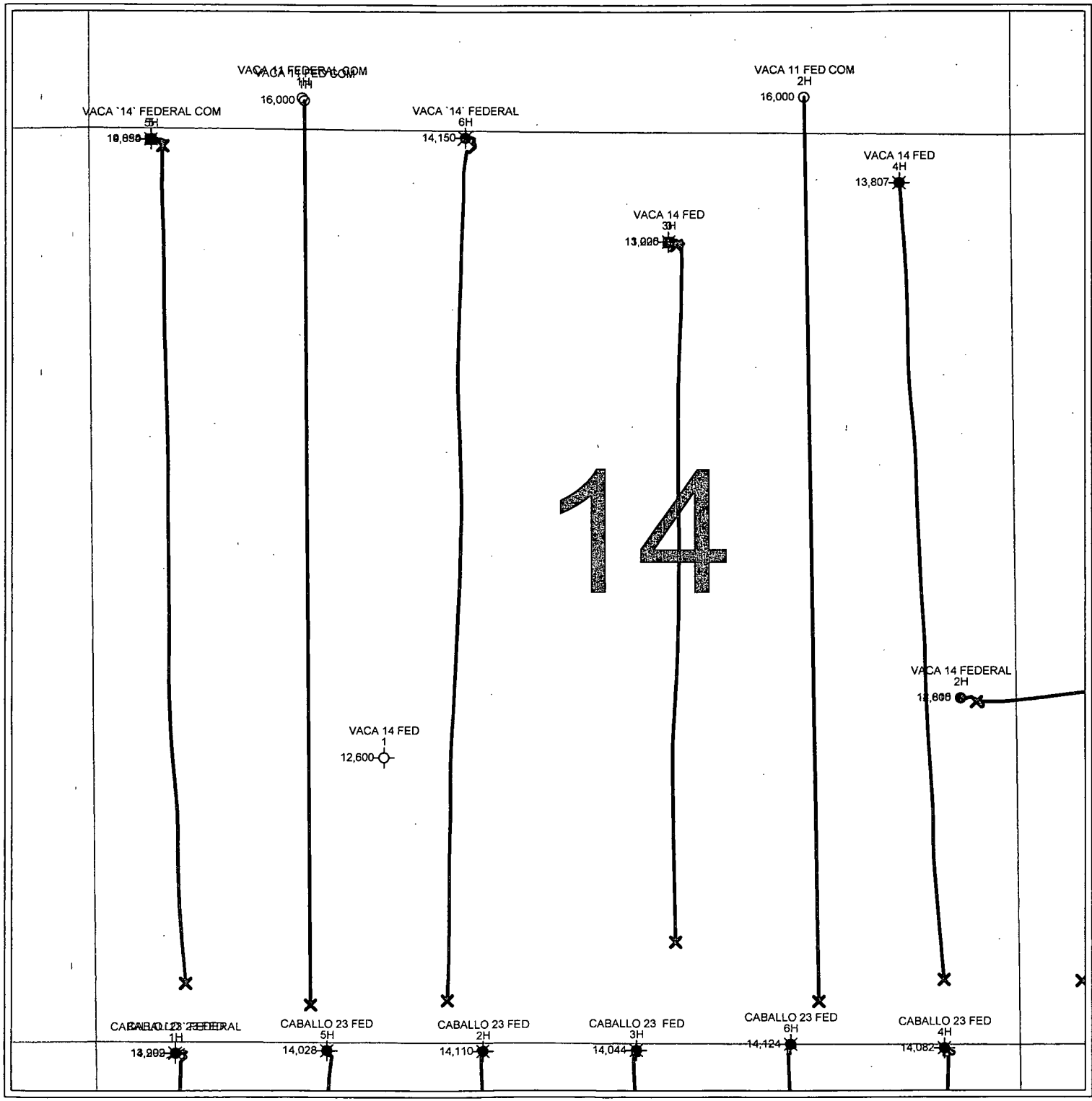
Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Jami Bailey
Director

JB/prg

cc: New Mexico Oil Conservation Division – Hobbs
United States Bureau of Land Management - Carlsbad



eog resources

New Mexico and Partial Texas

VACA 14 AREA

SECTION 14

ALL WELLS

0 800

FEET

POSTED WELL DATA

Well Name
Well Number

WELL - TD

OVERLAY
File: DRILLING ACTIVITY_TCJ.OVL

ACRG-EOG LSE-SEPT 2012
SECTION LINE GRAY
COUNTY BOUNDARY
STATE BOUNDARY

REMARKS

OVERLAY:
T:\PetraProjects\EDDYLEA\OVERLAY\DRILLING ACTIVITY_TCJ.OVL

MAP SETTINGS:
T:\PP\EDDYLEA\MAP_SETTINGS\TJ\COUNTY MAPS\LEA CO\RED HILLS AREA\LEONARD SHALE PLAY\MUNSELL MAPS\VACA 14 AREA - ALL WELLS (SECTION 14).MAP

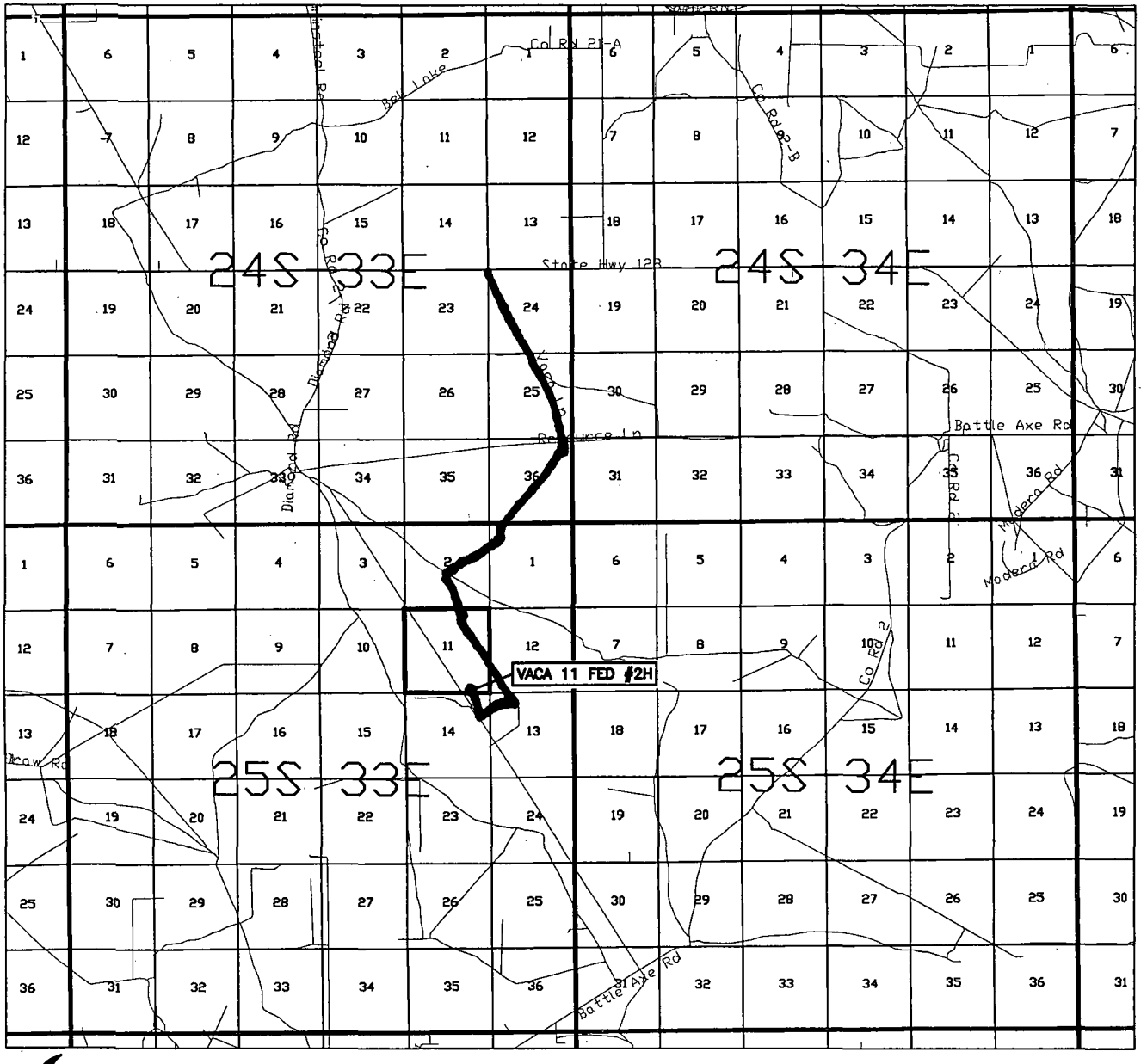
By: T.Jimenez

May 23, 2013

PETRA 5/23/2013 8:08:37 AM

EXHIBIT 2

VICINITY MAP



eog resources, inc.

LEASE NAME & WELL NO.: VACA 11 FED #2H

SECTION 11 **TWP** 25-S **RGE** 33-E **SURVEY** N.M.P.M.
COUNTY LEA **STATE** NM
DESCRIPTION 170' FSL & 1200' FEL

DISTANCE & DIRECTION FROM INT. OF NM-18 N & NM-128, GO WEST ON NM-128 W ±22.0 MILES, THENCE SOUTH (LEFT) ON VACA LN. ±4.4 MILES, THENCE SOUTHEAST (LEFT) ON LEASE RD. ±1.8 MILES, THENCE WEST (RIGHT) ON LEASE RD. ±0.7 MILES, THENCE NORTHEAST (RIGHT) ON LEASE RD. ±0.1 MILES TO A POINT ±632 FEET SOUTH OF THE LOCATION.

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ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE OF THE NORTH AMERICAN DATUM 1927, U.S. SURVEY FEET.

-N-

SCALE: 1" = 10000'

0' 5000' 10000'

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2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
2225 PERRYTON PARKWAY • PAMPA, TEXAS 79065
TELEPHONE: (806) 665-7218 • FAX (806) 665-7210
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EXHIBIT 2a

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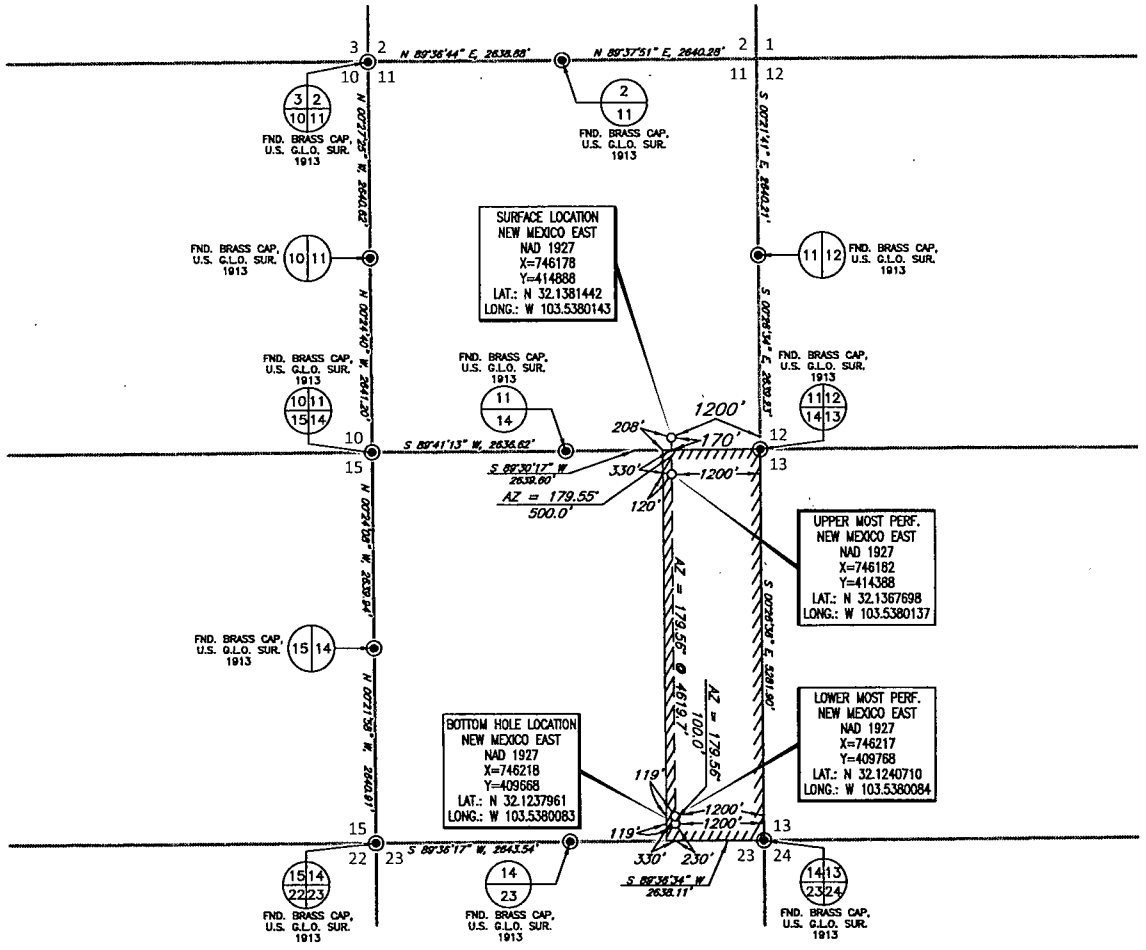
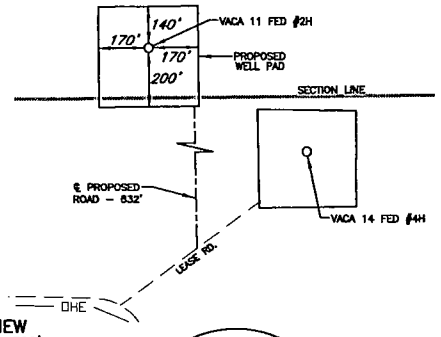
SECTION 11, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO





DETAIL VIEW
SCALE: 1" = 500'

LEASE NAME & WELL NO.: VACA 11 FED #2H

SECTION 11 **TWP** 25-S **RGE** 33-E **SURVEY** N.M.P.M.
COUNTY LEA **STATE** NM
DESCRIPTION 170' FSL & 1200' FEL

DISTANCE & DIRECTION FROM INT. OF NM-18 N & NM-128, GO WEST ON NM-128 W ±22.0 MILES, THENCE SOUTH (LEFT) ON VACA LN. ±4.4 MILES, THENCE SOUTHEAST (LEFT) ON LEASE RD. ±1.8 MILES, THENCE WEST (RIGHT) ON LEASE RD. ±0.7 MILES, THENCE NORTHEAST (RIGHT) ON LEASE RD. ±0.1 MILES TO A POINT ±632 FEET SOUTH OF THE LOCATION.

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ORIGINAL DOCUMENT SIZE: 8.5" X 14"

MICHAEL B. BROWN
NEW MEXICO
18329
PROFESSIONAL SURVEYOR

Michael Blake Brown, P.S. No. 18329
MAY 20, 2013

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2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
2225 PERRYTON PARKWAY • PAMPA, TEXAS 79065
TELEPHONE: (806) 665-7218 • FAX (806) 665-7210
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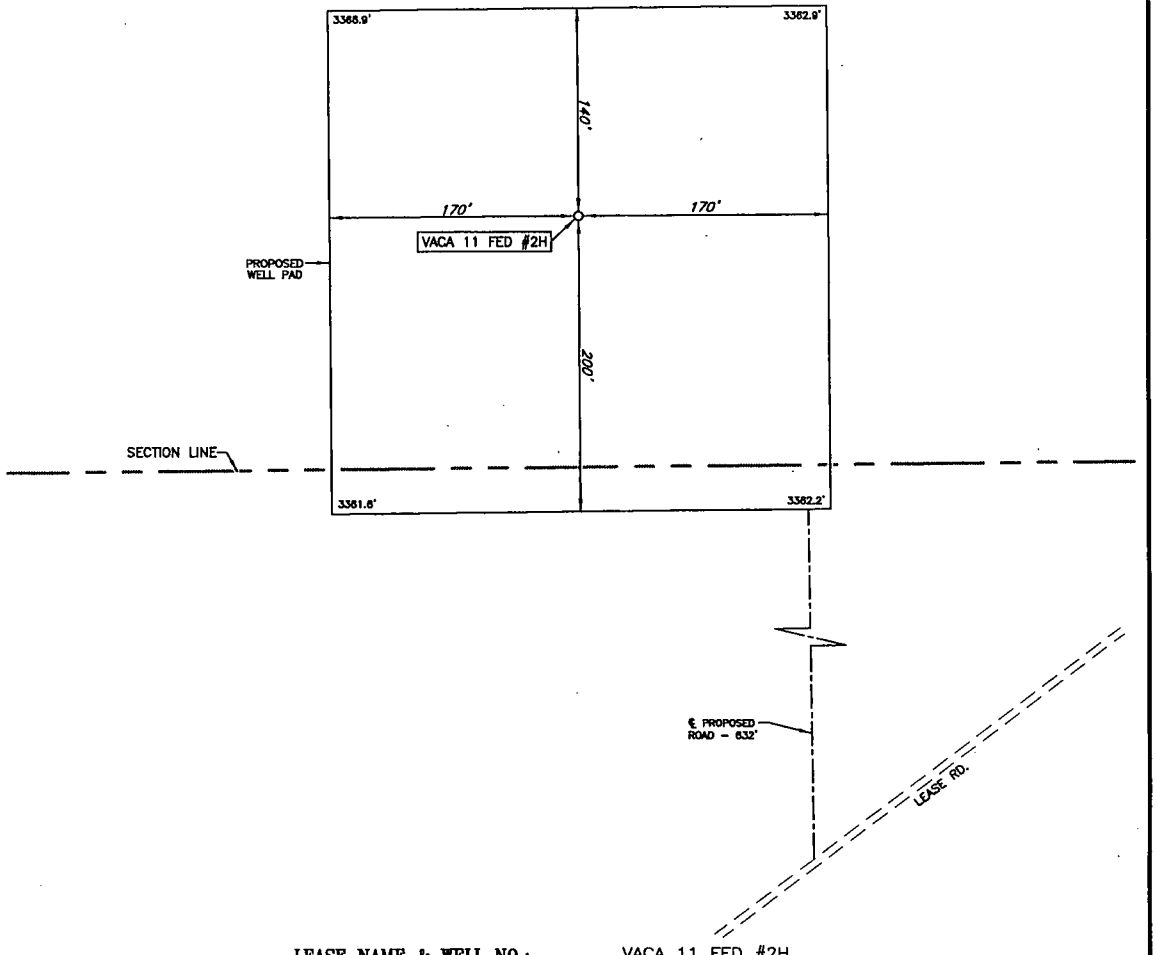
EXHIBIT 2b

eog resources, inc.

SECTION 11, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO

DETAIL VIEW
SCALE: 1" = 100'



LEASE NAME & WELL NO.: VACA 11 FED #2H
#2H LATITUDE N 32.1381442 **#2H LONGITUDE** W 103.5380143

LEGEND

- ROAD WAY
- SECTION LINE
- OHE — OVERHEAD ELECTRIC

N

SCALE: 1" = 100'
0' 50' 100'

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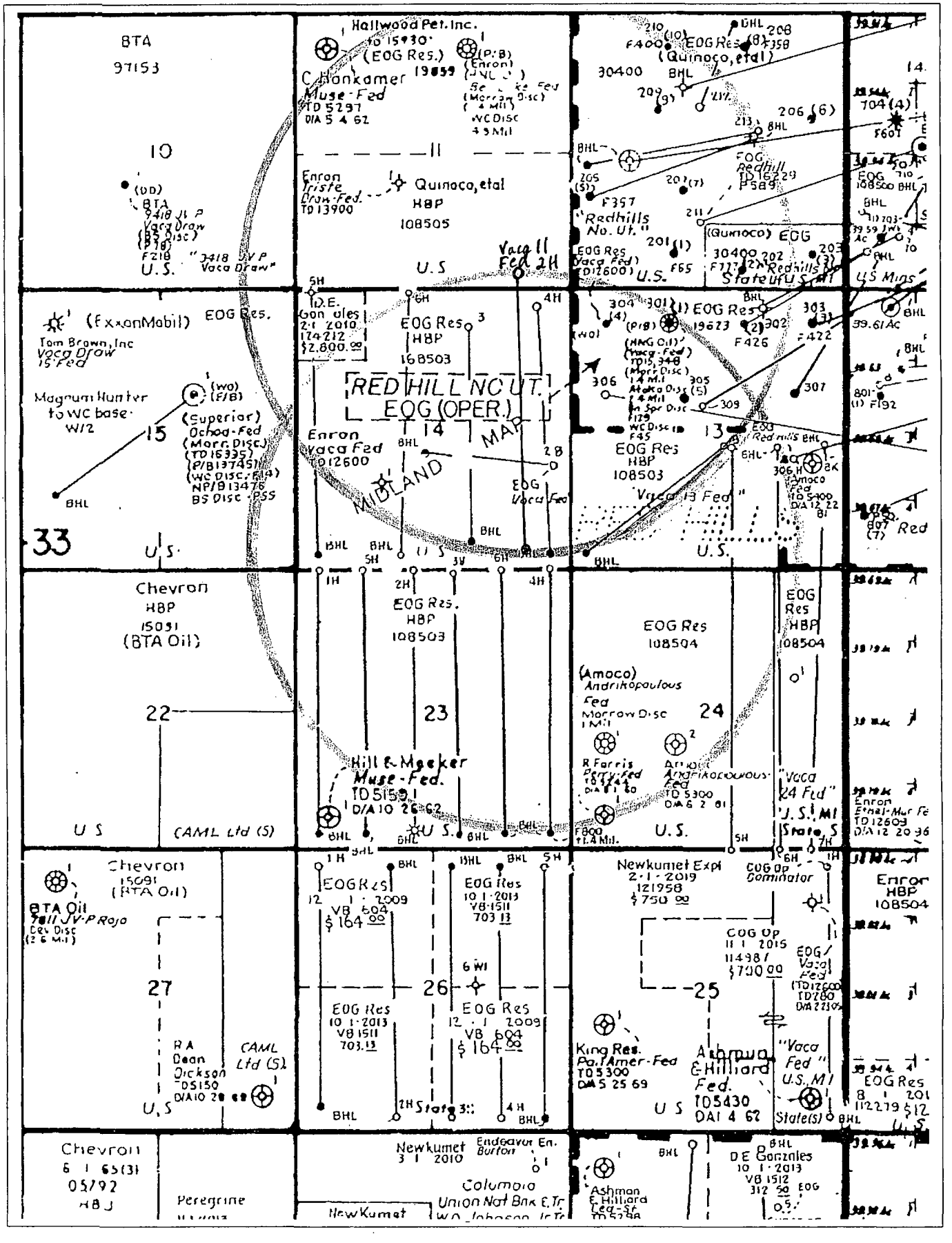
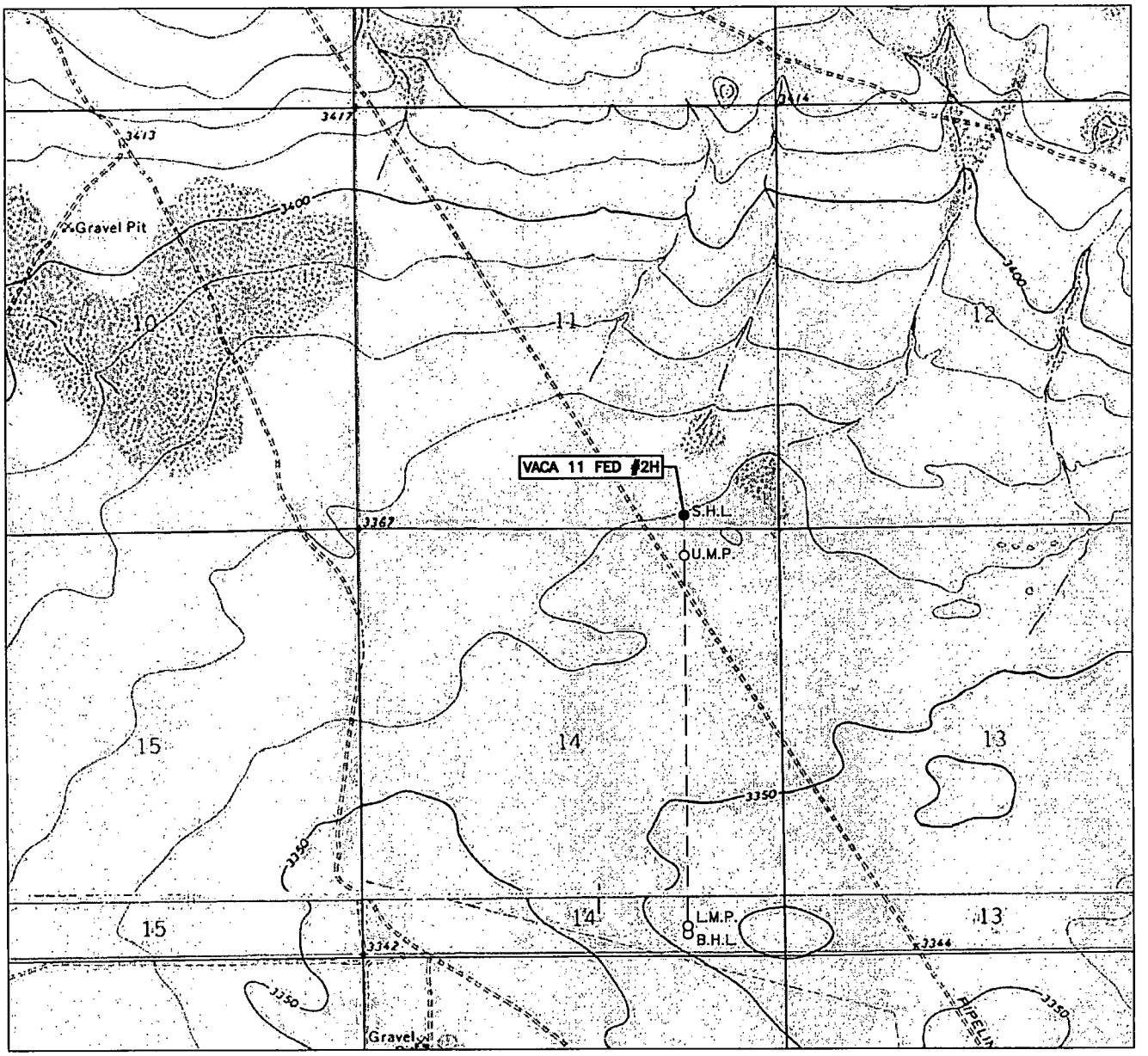
Exhibit 3

Vaca 11 Fed 2H



LOCATION & ELEVATION VERIFICATION MAP



eog resources, inc.

LEASE NAME & WELL NO.: VACA 11 FED #2H

SECTION 11 **TWP** 25-S **RGE** 33-E **SURVEY** N.M.P.M.
COUNTY LEA **STATE** NM **ELEVATION** 3363'
DESCRIPTION 170' FSL & 1200' FEL

LATITUDE N 32.1381442 **LONGITUDE** W 103.5380143

-N-

SCALE: 1" = 2000'
0' 1000' 2000'

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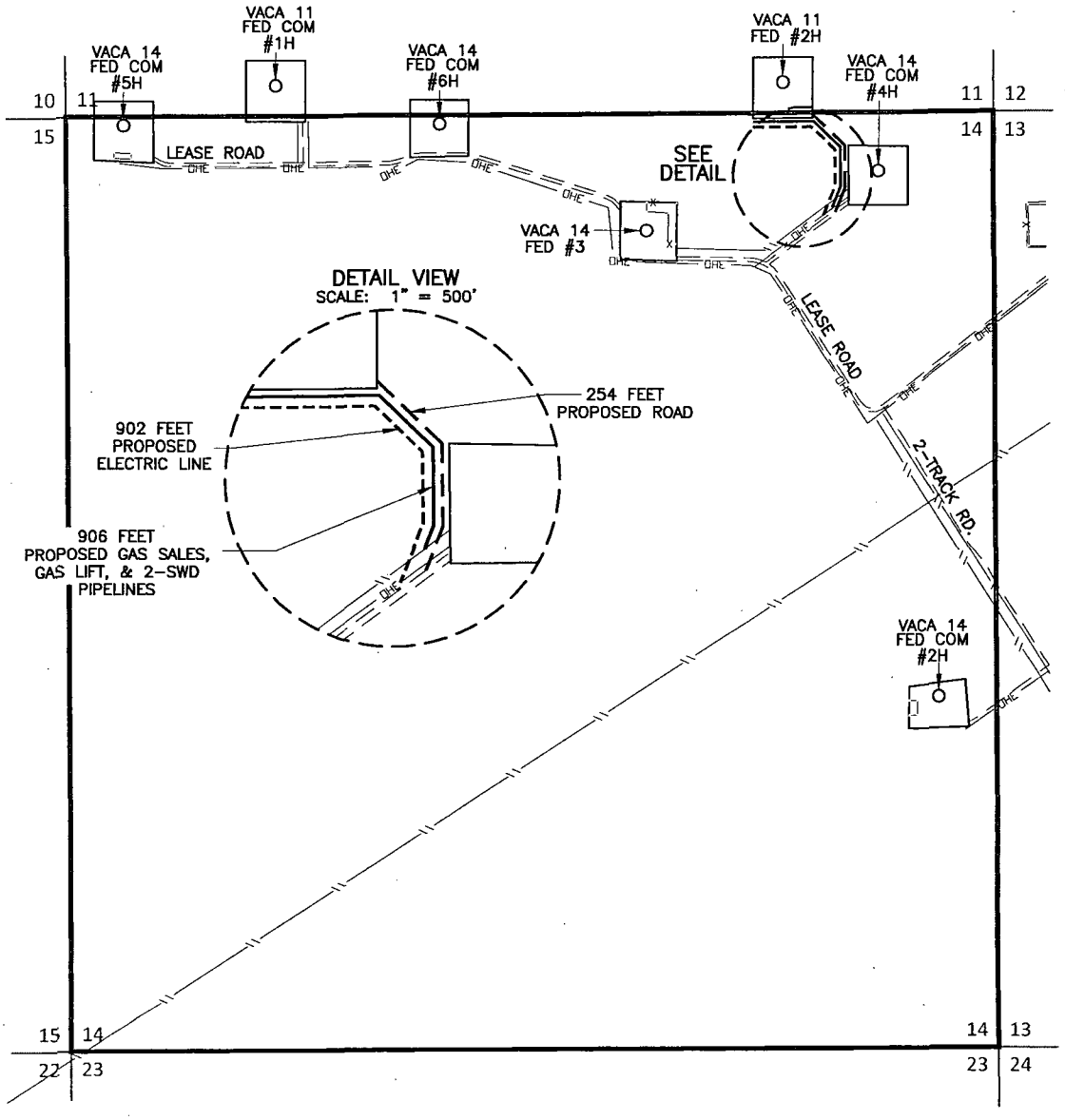
EXHIBIT 5

SCALE 1" = 1000'
0' 500' 1000'

SKETCH

SECTION 11, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO

N



eog resources, inc.

VACA 11 FED #2H UTILITIES SKETCH	REVISION:	
DATE: MAY 21, 2013		
FILE: SK_VACA11FED_2H_UTILITIES_REV1		
DRAWN BY: E.U.O.		
SHEET : 1 OF 1		