



OCD-ARTESIA

1346

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

5. Lease Serial No.
NMNM-76930 NM116564
6. If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

EOG Resources, Inc.

3a. Address

P.O. Box 2267, Midland, TX 79702

3b. Phone No. (include area code)

(432) 686-3642

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 504' FSL & 196' FEL (U/L P)

At proposed prod. Zone 760' FSL & 660' FWL (U/L M)

Subject to
the Approval
By State

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Gila C 2 Fed Com No. 2H

36077

9. API Well No.

30-015-35185

10. Field and Pool, or Exploratory

Cottonwood Creek, WC, West (Gas)

11. Sec., T., R., M., or Blk. And Survey or Area
Section 2, T16S-R24E, N.M.P.M.

14. Distance in miles and direction from nearest town or post office*

10 miles NW from Artesia

12. County or Parish

Eddy

13. State

New Mexico

15. Distance from proposed* 196'

location to nearest
property or lease line, ft.

(Also to nearest drlg. Unit line, if any)

16. No. of Acres in lease

40

17. Spacing Unit dedicated to this well

S/2

18. Distance from proposed location* 1,120'

to nearest well, drilling, completed
applied for, on this lease, ft.

19. Proposed Depth

5,100' TVD

9,000' TMD

20. BLM/BIA Bond No. on file

NM2308

21. Elevations (Show whether DF, KDB, RT, GL, etc)

Gr 3557'

22. Approximate date work will start*

10/1/2006

23. Estimated duration

30 days

24. Attachments

The following completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Name (Printed/Typed)

Donny G. Glanton

Date

9/1/2006

Title

SR LEASE OPERATIONS ROW REPRESENTATIVE

Approved by (Signature) /s/ Tony J. Herrell

Name (Printed/Typed)

Date

OCT 11 2006

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached

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

*(Instructions on reverse)

APPROVAL FOR 1 YEAR

Roswell Controlled Water Basin

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-402
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 75260	Pool Name COTTONWOOD CREEK; WC, WEST (GAS)
Property Code	Property Name GILA "C" 2 FED COM	Well Number 2H
OGRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3557'

Surface Location

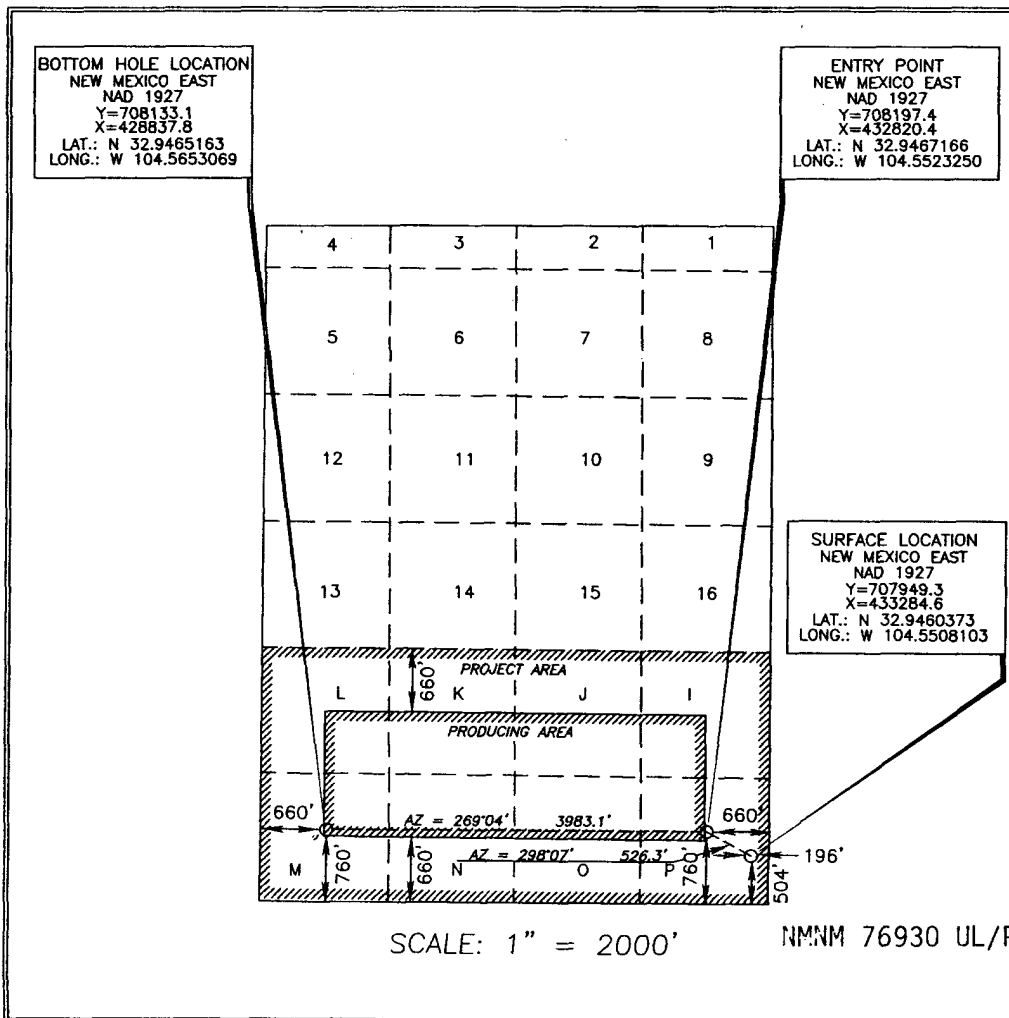
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	2	16 SOUTH	24 EAST, N.M.P.M.		504	SOUTH	196	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	16 SOUTH	24 EAST, N.M.P.M.		760	SOUTH	660	WEST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Donny G. Glanton 8/15/06
Signature Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JULY 25, 2006
Date of Survey
Signature and Seal of Professional Surveyor

Terry J. Noel 7/21/06
Certificate Number 15079

WO# 060725WL-E (JL)

DRILLING PROGRAM

EOG RESOURCES, INC.
Gila "C" 2 Fed Com No. 2H
Eddy Co. NM

1. GEOLOGIC NAME OF SURFACE FORMATION:

Quaternary Alluvium 0-200

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

San Andres	665'
Glorieta	2,035'
Tubb	3,326'
Abo Shale	4,015'
Wolfcamp Pay	5,065'

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

Quaternary Alluvium	0- 200'	Fresh Water
San Andres	665'	Oil
Glorieta	2,035'	Oil/Gas
Tubb	3,326'	Oil/Gas
Abo/Wolfcamp Pay	5,065'	Gas

No other Formations are expected to give up oil, gas or fresh water in measurable quantities. Surface fresh water sands will be protected by setting 8.625" casing at 900' and circulating cement back to surface.

4. CASING PROGRAM

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight</u>	<u>Grade</u>	<u>Jt. Conn. Type</u>
12.250"	0-900'	8.625"	32#	J-55	LT&C
7.875"	0-8,925'	5.5"	17#	N-80	LT&C

Cementing Program:

8.625" Surface Casing: Cement to surface with 150 sx Prem Plus, 3% Econolite 0.25 pps Flocele, 2% Calcium Chloride, 175 sx Prem Plus, 2% Calcium Chloride, 0.25 pps Flocele

5.50" Production:

Cement to surface with 400sx Interfill C, + 0.25 pps Flocele; 350 sx Premium Cement, 100% Acid Soluble Additive, + 0.6% Halad-344 + 0.8% Econolite + 0.2% HR-55.

DRILLING PROGRAM

EOG RESOURCES, INC.
Gila "C" 2 Fed Com No. 2H
Eddy Co. NM

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

(SEE EXHIBIT #1)

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. for a 3M system.

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 mud system. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	Wt	Viscosit	Waterloss
		<u>(PPG)</u>	<u>(sec)</u>	<u>(cc)</u>
0-900'	Fresh - Gel	8.6-8.8	28-34	N/c
900'-4,400'	Cut Brine	8.8-9.2	28-34	N/c
4,400'-5,100'	Cut Brine	8.8-9.2	28-34	10-15
4,268'-8,925'	Polymer (Lateral)	9.0-9.4	40-45	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.

8. LOGGING, TESTING AND CORING PROGRAM:

Electric logging will consist of GR-Dual Laterlog and GR-Compensated Density-Neutron from +/-900' to TVD.

Possible sidewall cores based on shows.

DRILLING PROGRAM

EOG RESOURCES, INC.
Gila "C" 2 Fed Com No. 2H
Eddy Co. NM

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

The estimated bottom hole temperature (BHT) at TD is 125 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 2000 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.

DRILLING PROGRAM

**EOG RESOURCES, INC.
Gila "C" 2 Fed Com No. 2H
Eddy Co. NM**

SURFACE USE AND OPERATIONS PLAN

Surface is owned by Greg Conklin

Directions to Well Site: From the Intersection of U.S. Hwy 82 & U.S. Hwy 285, Go north on Hwy 285 for 7.8 miles; Thence west on County Road 121 (Funk Road) for 6.5 miles; Thence north on County Road 127 (Waldrip Road) for 0.1 miles, location is 196' to the west.

1. EXISTING ROADS:

Access to location will be made as shown on Exhibit #2.

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:

No new lease road is necessary as well location pad will be adjacent to County Road 127. See Exhibit #2a.

No turnouts necessary.

No culverts are necessary. No 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 #3 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, a flowline will be built to the nearest pipeline.

DRILLING PROGRAM

EOG RESOURCES, INC.
Gila "C" 2 Fed Com No. 2H
Eddy Co. NM

5. LOCATION AND TYPE OF WATER SUPPLY:

Fresh water and brine water for drilling will come from commercial sources and transported to the well site over the roads as shown on Exhibit 2 & 2a and by temporary water supply lines.

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 well pad 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 #4 shows the relative location and dimensions of the well pad.

DRILLING PROGRAM

**EOG RESOURCES, INC.
Gila "C" 2 Fed Com No. 2H
Eddy Co. NM**

OTHER INFORMATION:

The area around the well site is grassland and the topsoil is sandy with rock. The vegetation is native scrub grass.

COMPANY REPRESENTATIVES:

Permitting & Land

Mr. Donny G. Glanton
Senior Lease Operations ROW Representative
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3642 Office

Drilling

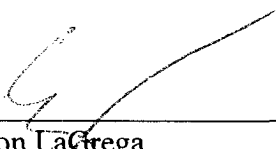
Mr. Jason LaGrega
Division Drilling Engineer
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3633 Office

Operations

Mr. Howard Kemp
Production Manager
EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(432) 686-3704 Office

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.



Jason LaGrega
Division Drilling Engineer
DATE: 8/15/06

DRILLING PROGRAM

**EOG RESOURCES, INC.
Gila "C" 2 Fed Com No. 2H
Eddy Co. NM**

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, 3000 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 3000 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.

Gila "C" 2 Fed Com 2H

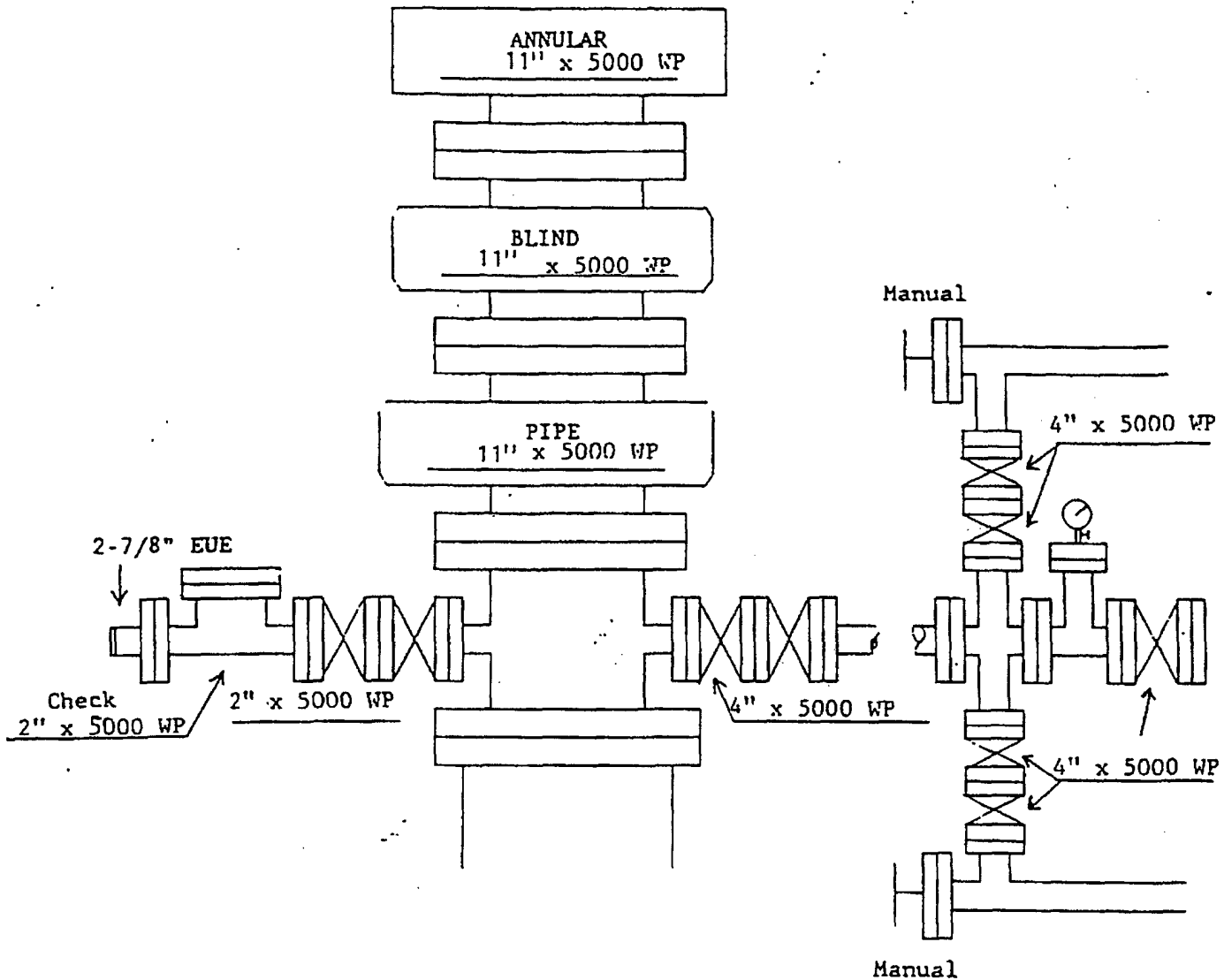
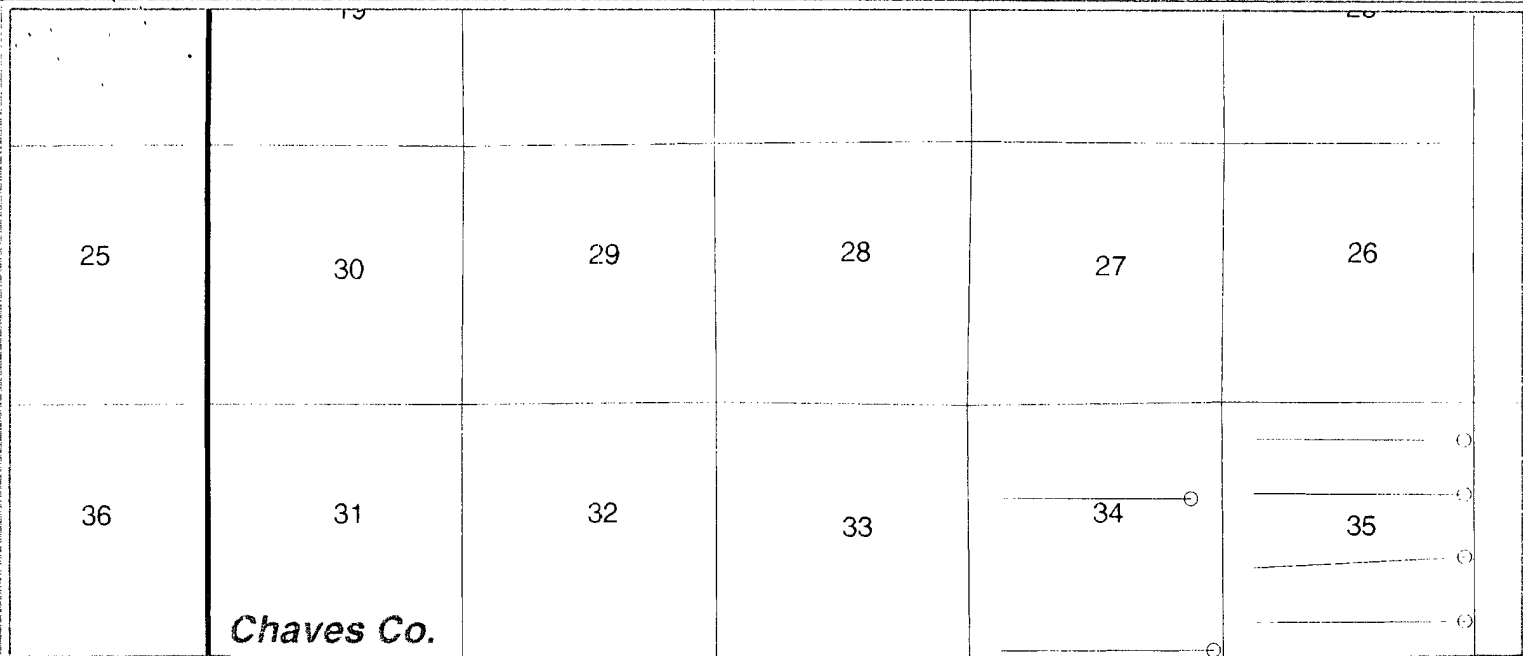
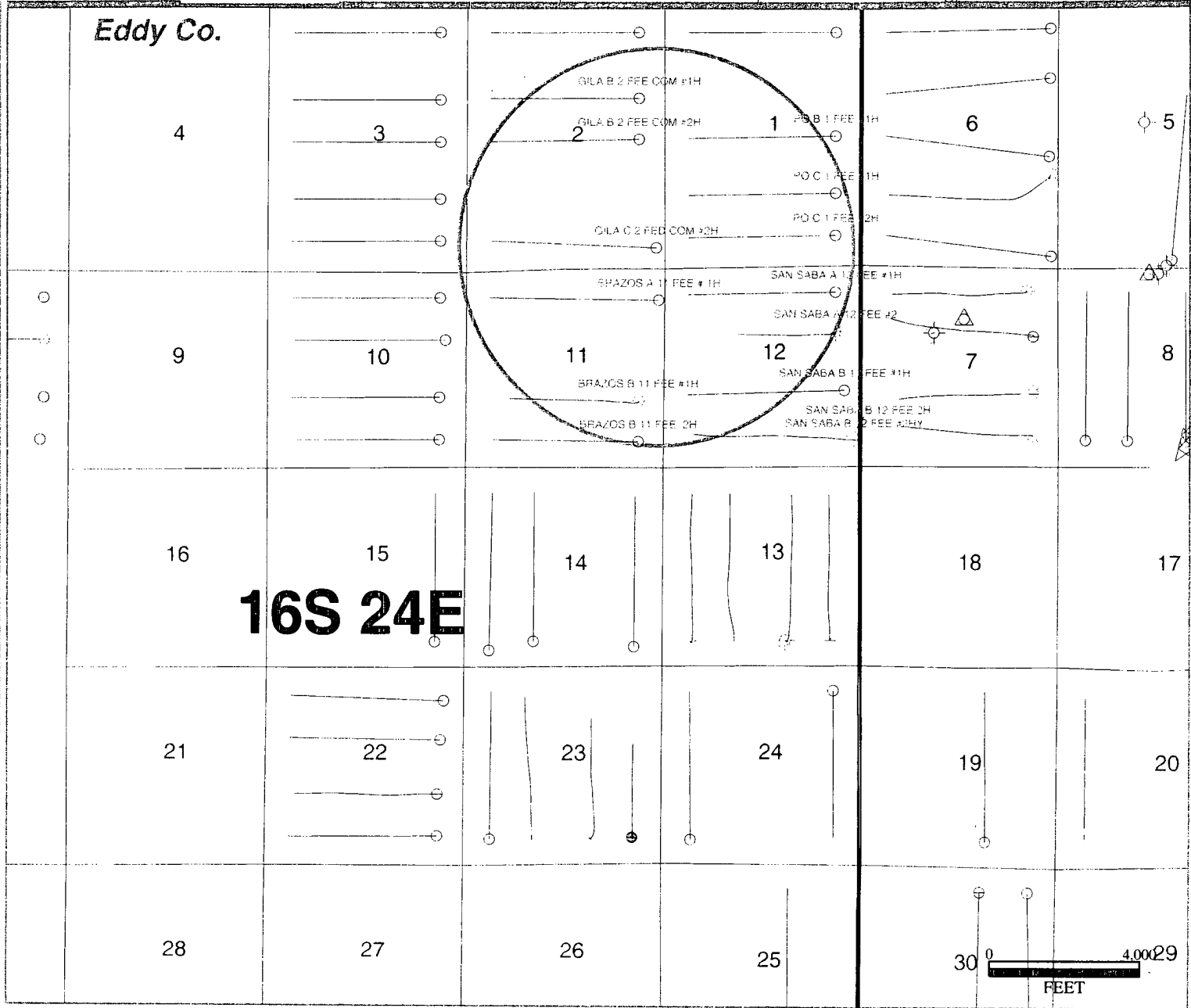


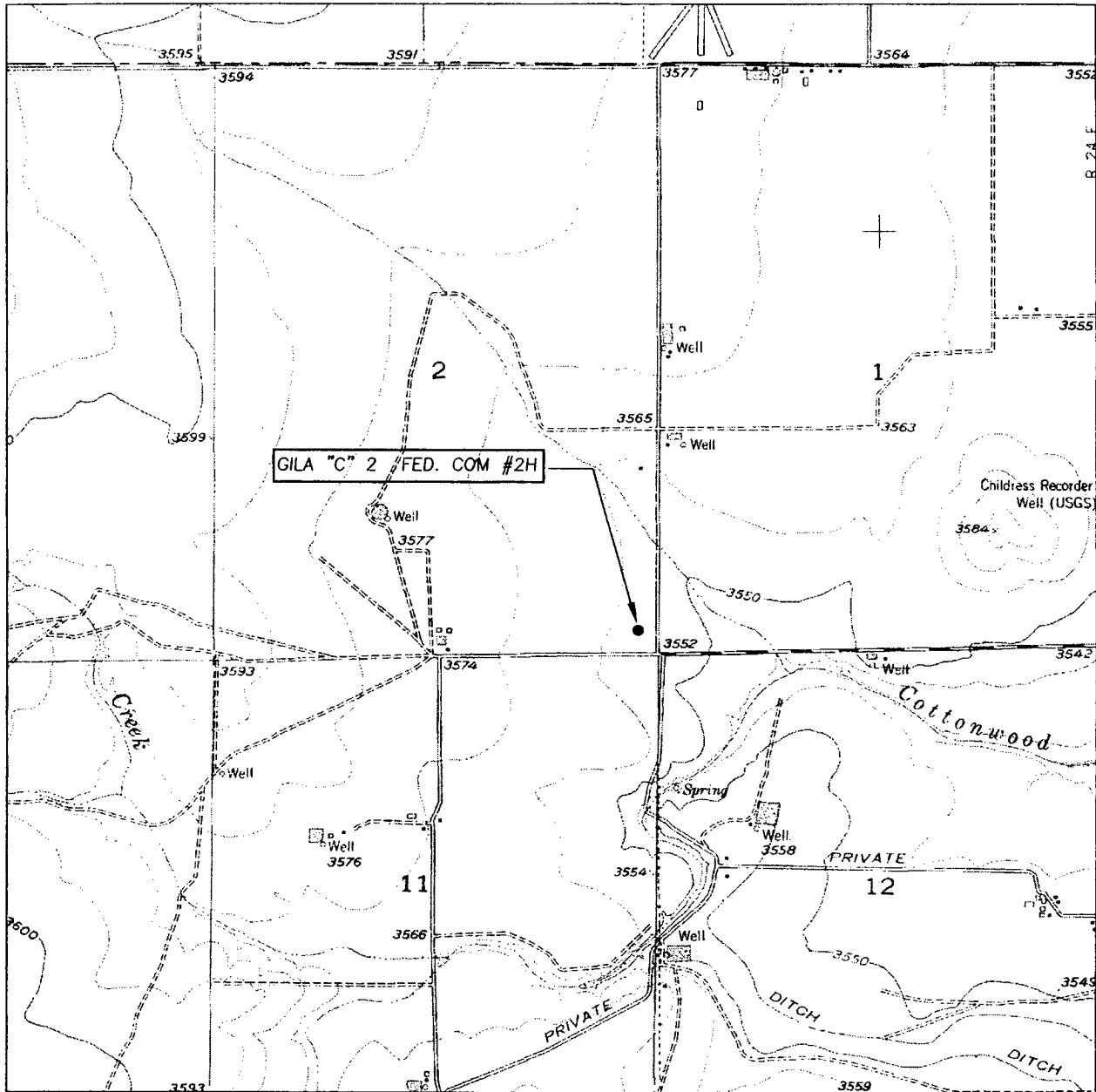
Exhibit 1



Chaves Co.



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
HOPE NE, N.M. - 10'

SEC. 2 TWP. 16-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 504' FSL & 196' FEL

ELEVATION 3557'

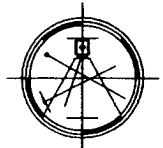
OPERATOR EOG RESOURCES INC.

LEASE GILA "C" 2 FED COM #2H

U.S.G.S. TOPOGRAPHIC MAP
HOPE NE, N.M.

Asel Surveying
& Consulting

P.O. BOX 393 - 310 W. TAYLOR
HOBBBS, NEW MEXICO - 505-393-9146



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.: NMNM ~~76930~~ 116564

Legal Description of Land: SE/4 SE/4 of Section 2, T-16-S; R-24-E, N.M.P.M., Eddy Co. NM

Formation: Wolfcamp

Bond Coverage: Nationwide

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

Authorized Signature: 

Donny G. Glanton

Title: Agent

Date: 8/15/2006

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Gila C 2 Fed Com 2 H
Operator's Name: EOG Resources Inc.
Location: SHL 504' FSL, 196 FEL, SEC 2, T16S, R24E, Eddy County, NM
 BHL 706' FSL, 660' FWL
Lease: NM-116564

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; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 8 5/8 inch 5 1/2 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.
3. 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.
4. 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.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. 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.
7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 8 5/8 inch surface casing shall be set @ APPROXIMATELY 900 FEET, below usable water 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 5-1/2 inch production casing is cement shall CIRCULATE TO THE SURFACE.
5. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

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 8 5/8 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) is 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - A variance to test the _____ to the reduced pressure of _____psi with the rig pumps is approved.
 - 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.

IV. Engineers can be reached at 505-706-2779 for any variances that might be necessary.