

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

OCD-HOBBS

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator **EOG RESOURCES, INC.**

3a. Address
P.O. Box 2267 Midland, Texas 79702

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FSL & 330' FEL of Section 14, T25S-R33E, N.M.P.M.

Phone No. (include area code)
432 686 3642

5. Lease Serial No.

NMNM 108503

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Vaca Federal 14 No. 24

9. API Well No.

30-025-37839

10. Field and Pool, or Exploratory Area

Red Hills; Bone Springs

11. County or Parish, State

Lea

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Change Bottomhole
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Attached hereto, please find C-102 amending the horizontal direction and distance of horizontal lateral.

Additionally, EOG Resources, Inc. ("EOG") has revised the Casing Program, Cementing Program and the Mud Program for the subject well. The Planning Report has been revised to reflect the change in the horizontal distance and direction.

Please see attached documents referencing the changes.

APPROVED

JUL 10 2006

**LES BABYAK
PETROLEUM ENGINEER**

NOTE: MUST USE LEA COUNTY ALTERNATE CONDITIONS-DRILLING-(ATTACHED) IF SURFACE CASING IS TO BE SET AT 650'

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Donny G. Glanton

Title **Senior Lease Operations ROW Representative**

Signature

Date

6/23/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Chris Williams

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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 page 2)

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-102
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 30-025-37839	Pool Code 51020	Pool Name Red Hills; Bone Springs
Property Code 13270	Property Name VACA FEDERAL 14	Well Number 2H
OGRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3352'

Surface Location

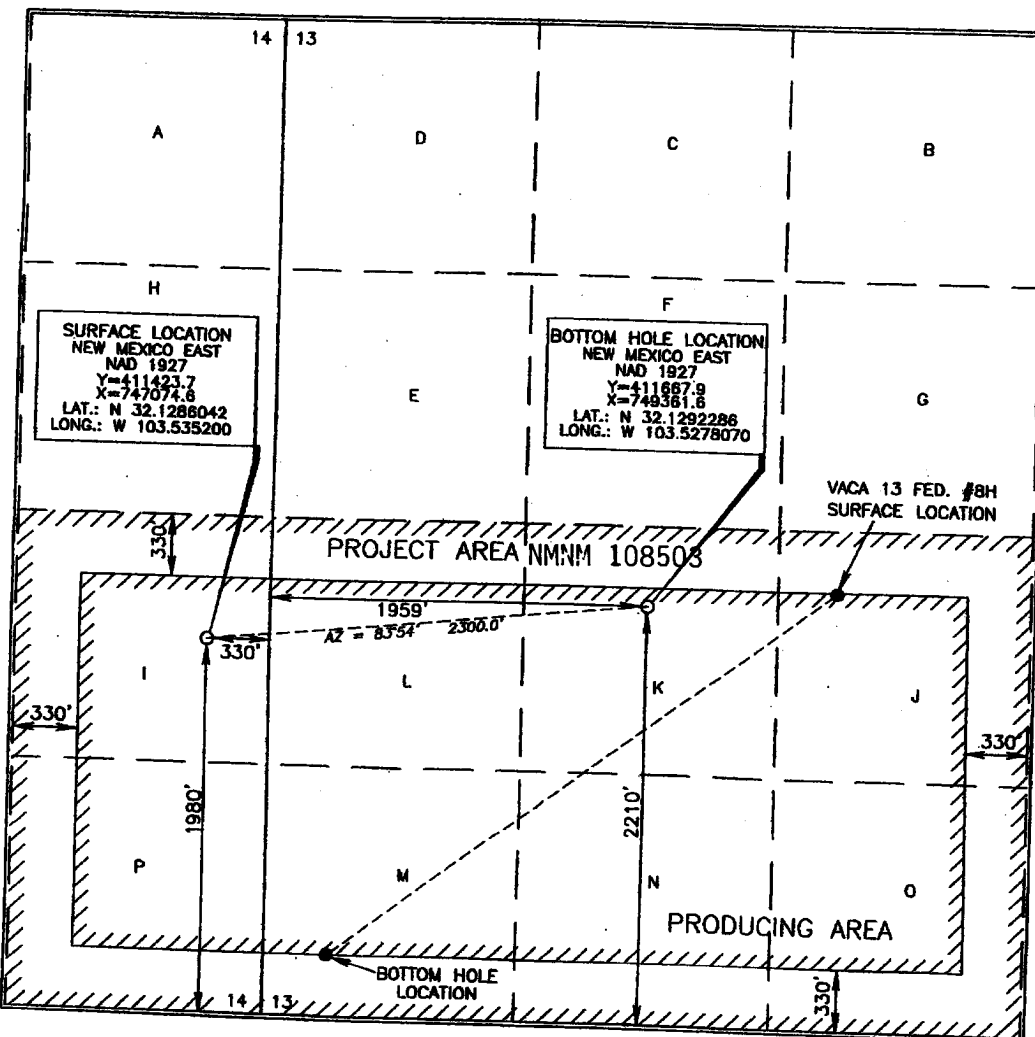
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	14	25 SOUTH	33 EAST, N.M.P.M.		1980	SOUTH	330	EAST	LEA

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
K	13	25 SOUTH	33 EAST, N.M.P.M.		2210	SOUTH	1959	WEST	LEA

Dedicated Acres 320.40	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 6/22/06
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.

Terry J. Aul
Date of Survey
FEBRUARY 2, 2006

Signature and Seal of Professional Surveyor

Terry J. Aul
Certificate Number 15079

WO# 060202W1_2 (A)

DRILLING PROGRAM

EOG RESOURCES, INC.
Vaca Federal "14" No. 2
Lea Co. NM

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>
17.500"	0-650'	13.375"	54.5#	J-55	LT&C
12.250"	0-4,000'	9.625"	40#	J-55	LT&C
12.250"	4,000'-5,150'	9.625"	40#	HCK-55	LT&C
8.750"	0-12,576'	7"	26#	HCP-110	LT&C
6.125"	11,600'-14,296'	4.5"	11.6#	HCP-110	LT&C

Cementing Program:

13.375" Surface Casing

Lead: Cement to surface with 200 sacks 12.4 ppg
35:65 POZ "C" + 5% Salt (bwow) + 6% Gel + 0.25
pps CELLOFLAKE + 1% CaCL₂
Tail: 150 sacks 14.8 ppg Class "C" + 2% CaCL₂
+ 0.25 pps CELLOFLAKE

9.625" 1st Intermediate

Lead: Cement to surface with 600 sacks 11.9 ppg
50:50 POZ "C" + 5% Salt (bwow) + 10% Gel + 0.25
pps CELLOFLAKE
Tail: 350 sacks 14.8 ppg Class "C" + 1% CaCL₂

7" 2nd Intermediate

Lead: Cement with 500 sacks 10.27 ppg
ChemCrete Blend 39/61 (Cemplus/Litefil) + 1%
Antisettling Agent + 0.25 pps CELLOFLAKE +
0.05 gspb Saltbond II + 0.15 gspb Retarder + 0.03
GPSB Antifoam
Tail: Cement with 250 sacks 13.0 ppg TXI
Liteweight + 0.3% Uniflac + 0.2% Dispersant + 3%
Expansion Additive + 0.4% Retarder
This cement slurry is designed to bring TOC to
4,600'.

4.5" Production

Cement with 200 sacks 13.0 ppg TXI Lightweight +
0.2% Dispersant + 0.3% Uniflac + 0.2% Antifoam
+ 0.4% Retarder + 1.4 GPS Gasblock Additive
This cement slurry is designed to bring TOC to
11600'.

DRILLING PROGRAM

EOG RESOURCES, INC.
Vaca Federal "14" No. 2
Lea Co. NM

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>
0-1,100'	Fresh - Gel	8.6-8.8	28-34		N/c
1,100'-5,150'	Brine	10.0-10.2	28-34		N/c
5,150'-12,576'	Fresh Water	8.4-8.6	28-34		N/c
12,576'-14,296'	Cut Brine (Lateral)	8.6-9.0	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.

Permit Information:

Well Name: Vaca Federal 14 #2H

Revised 6/22/06

Location:

SL: 1980' FSL & 330' FEL, Section 14, T-25-S, R33-E, Lea Co., N.M.

BHL 2210 FSL & 1959' FWL, Section 13, T-25-S, R33-E, Lea Co., N.M.

Casing Program:

Casing	Setting Depth	Hole Size	Casing Size	Casing Weight	Casing Grade	Desired TOC
Surface	650'	17-1/2"	13-3/8"	54.5#	J-55	Surface
1 st Intermediate	4,000'	12-1/4"	9-5/8"	40#	J-55	Surface
	5,150'	12-1/4"	9-5/8"	40#	HCK-55	
2 nd Intermediate	12,576'	8-3/4"	7"	26#	HCP-110	4,600'
Production Liner	14,296'	6-1/8"	4-1/2"	11.6#	HCP-110	11,600'

Cement Program:

Depth	No. Sacks	
650'	200	Lead: 12.4 ppg 35:65 POZ "C" + 5% Salt (bwow) + 6% Gel + 0.25 pps CELLOFLAKE + 1% CaCl ₂
	150	Tail: 14.8 ppg Class "C" + 2% CaCl ₂ + 0.25 pps CELLOFLAKE
5,150'	600	Lead: 11.9 ppg 50:50 POZ "C" + 5% Salt (bwow) + 10% Gel + 0.25 pps CELLOFLAKE
	350	Tail: 14.8 ppg Class "C" + 1% CaCl ₂
12,576'	500	Lead: 10.27 ppg ChemCrete Blend 39/61 (Cemplus/Litefil) + 1% Antisettling Agent + 0.25 pps CELLOFLAKE + 0.05 gspb Saltbond II + 0.15 gspb Retarder + 0.03 gspb Antifoam
	250	Tail: 13.0 ppg TXI Liteweight + 0.3% Uniflac + 0.2% Dispersant + 3% Expansion Additive + 0.4% Retarder
14,296'	200	13.0 ppg TXI Lightweight + 0.2% Dispersant + 0.3% Uniflac + 0.2% Antifoam + 0.4% Retarder + 1.4 gpb Gasblock Additive

Mud Program:

Depth	Type	Weight (ppg)	Viscosity	Water Loss
0 - 1,100'	Fresh - Gel	8.6-8.8	28-34	N/c
1,100' - 5,150'	Brine	10.0-10.2	28-34	N/c
5,150' - 12,576'	Fresh Water	8.4-8.6	28-34	N/c
12,576' - 14,296'	Cut Brine (Lateral)	8.6-9.0	40-45	10-15

Planning Report

Database:	EDM	Local Co-ordinate Reference:	Well Vaca Fed 14 #2H
Company:	EOG - Midland (3)	TVD Reference:	WELL @ 3370.0ft (Original Well Elev)
Project:	Red Hills	MD Reference:	WELL @ 3370.0ft (Original Well Elev)
Site:	Vaca Fed 14 #2H	North Reference:	Grid
Well:	Vaca Fed 14 #2H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Vaca Fed 14 #2H		
Design:	Plan #1		

Project	Red Hills		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site	Vaca Fed 14 #2H		
Site Position:		Northing:	411,423.70 ft
From:	Map	Easting:	747,074.60 ft
Position Uncertainty:	0.0 ft	Slot Radius:	"
		Latitude:	32° 7' 42.975 N
		Longitude:	103° 32' 6.720 W
		Grid Convergence:	0.42 °

Well	Vaca Fed 14 #2H		
Well Position	+N/-S	0.0 ft	Northing: 411,423.70 ft
	+E/-W	0.0 ft	Easting: 747,074.60 ft
Position Uncertainty	0.0 ft	Wellhead Elevation:	ft
		Latitude:	32° 7' 42.975 N
		Longitude:	103° 32' 6.720 W
		Ground Level:	3,352.0 ft

Wellbore Vaca Fed 14 #2H

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2000	12/31/2004	8.54	60.36	49,367

Design Plan #1

Audit Notes:

Version:	Phase:	PROTOTYPE	Tie On Depth:	11,818.0
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Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	12,270.0	0.0	0.0	84.58

Plan Sections

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
11,818.0	0.90	303.92	11,815.3	-21.2	98.5	0.00	0.00	0.00	0.00	
12,576.1	90.00	83.91	12,300.0	34.5	574.2	11.96	11.75	18.47	139.99	
12,609.8	91.01	83.92	12,299.7	38.0	607.7	3.00	3.00	0.04	0.69	
14,295.7	91.01	83.92	12,270.0	216.5	2,283.9	0.00	0.00	0.00	0.00	
14,295.7	91.01	83.92	12,270.0	216.5	2,283.9	3.00	0.67	-2.92	-77.01	BHL (Vaca 14 #2H)

Planning Report

Database: EDM
Company: EOG - Midland (3)
Project: Red Hills
Site: Vaca Fed 14 #2H
Well: Vaca Fed 14 #2H
Wellbore: Vaca Fed 14 #2H
Design: Plan #1

Local Co-ordinate Reference: Well Vaca Fed 14 #2H
TVD Reference: WELL @ 3370.0ft (Original Well Elev)
MD Reference: WELL @ 3370.0ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
11,818.0	0.90	303.92	11,815.3	-21.2	98.5	96.1	0.00	0.00	0.00
11,900.0	9.14	80.33	11,897.0	-19.7	104.4	102.1	11.96	10.05	166.36
12,000.0	21.09	82.42	11,993.3	-16.0	130.2	128.1	11.96	11.95	2.09
12,100.0	33.05	83.02	12,082.2	-10.3	175.2	173.5	11.96	11.96	0.61
12,200.0	45.01	83.33	12,159.8	-2.9	237.7	236.3	11.96	11.96	0.31
12,300.0	56.97	83.54	12,222.6	6.0	314.7	313.9	11.96	11.96	0.20
12,400.0	68.93	83.69	12,268.0	15.9	403.1	402.8	11.96	11.96	0.15
12,500.0	80.90	83.82	12,294.0	26.4	498.9	499.1	11.96	11.96	0.13
12,576.1	90.00	83.91	12,300.0	34.5	574.2	574.9	11.96	11.96	0.12
12,600.0	90.72	83.92	12,299.9	37.0	598.0	598.8	3.00	3.00	0.04
12,609.8	91.01	83.92	12,299.7	38.0	607.7	608.6	3.00	3.00	0.04
12,700.0	91.01	83.92	12,298.1	47.6	697.4	698.8	0.00	0.00	0.00
12,800.0	91.01	83.92	12,296.4	58.2	796.8	798.8	0.00	0.00	0.00
12,900.0	91.01	83.92	12,294.6	68.8	896.2	898.7	0.00	0.00	0.00
13,000.0	91.01	83.92	12,292.8	79.3	995.7	998.7	0.00	0.00	0.00
13,100.0	91.01	83.92	12,291.1	89.9	1,095.1	1,098.7	0.00	0.00	0.00
13,200.0	91.01	83.92	12,289.3	100.5	1,194.5	1,198.7	0.00	0.00	0.00
13,300.0	91.01	83.92	12,287.5	111.1	1,293.9	1,298.6	0.00	0.00	0.00
13,400.0	91.01	83.92	12,285.8	121.7	1,393.4	1,398.6	0.00	0.00	0.00
13,500.0	91.01	83.92	12,284.0	132.3	1,492.8	1,498.6	0.00	0.00	0.00
13,600.0	91.01	83.92	12,282.3	142.9	1,592.2	1,598.6	0.00	0.00	0.00
13,700.0	91.01	83.92	12,280.5	153.4	1,691.6	1,698.6	0.00	0.00	0.00
13,800.0	91.01	83.92	12,278.7	164.0	1,791.0	1,798.5	0.00	0.00	0.00
13,900.0	91.01	83.92	12,277.0	174.6	1,890.5	1,898.5	0.00	0.00	0.00
14,000.0	91.01	83.92	12,275.2	185.2	1,989.9	1,998.5	0.00	0.00	0.00
14,100.0	91.01	83.92	12,273.4	195.8	2,089.3	2,098.5	0.00	0.00	0.00
14,200.0	91.01	83.92	12,271.7	206.4	2,188.7	2,198.4	0.00	0.00	0.00
14,295.7	91.01	83.92	12,270.0	216.5	2,283.9	2,294.2	0.00	0.00	0.00

Targets

Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
- hit/miss target									
- Shape									
BHL (Vaca 14 #2H)	0.00	0.00	12,270.0	216.5	2,283.9	411,640.21	749,358.53	32° 7' 44.950 N	103° 31' 40.144 W
- plan hits target									
- Point									

SITE DETAILS: Vaca Fed 14 #2H

Site Centre Northing: 411423.70
Easting: 747074.60

Positional Uncertainty: 0.0
Convergence: 0.42
Local North: Grid

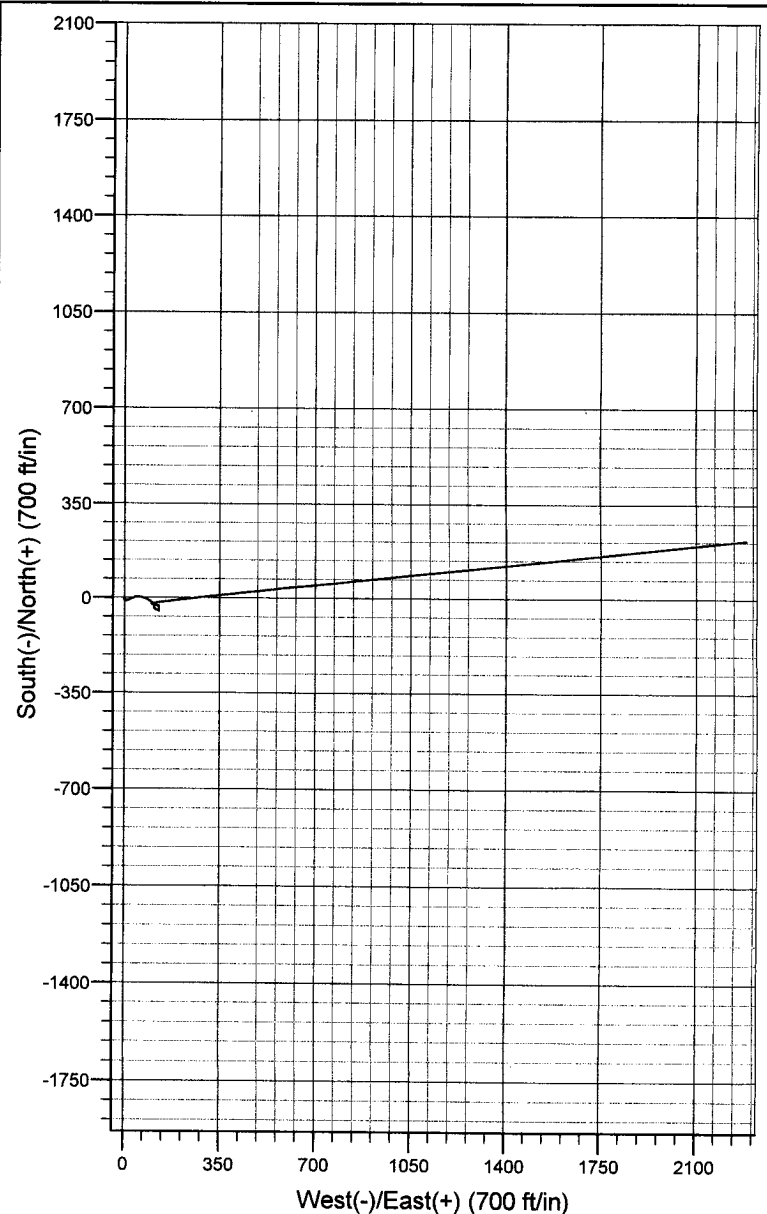
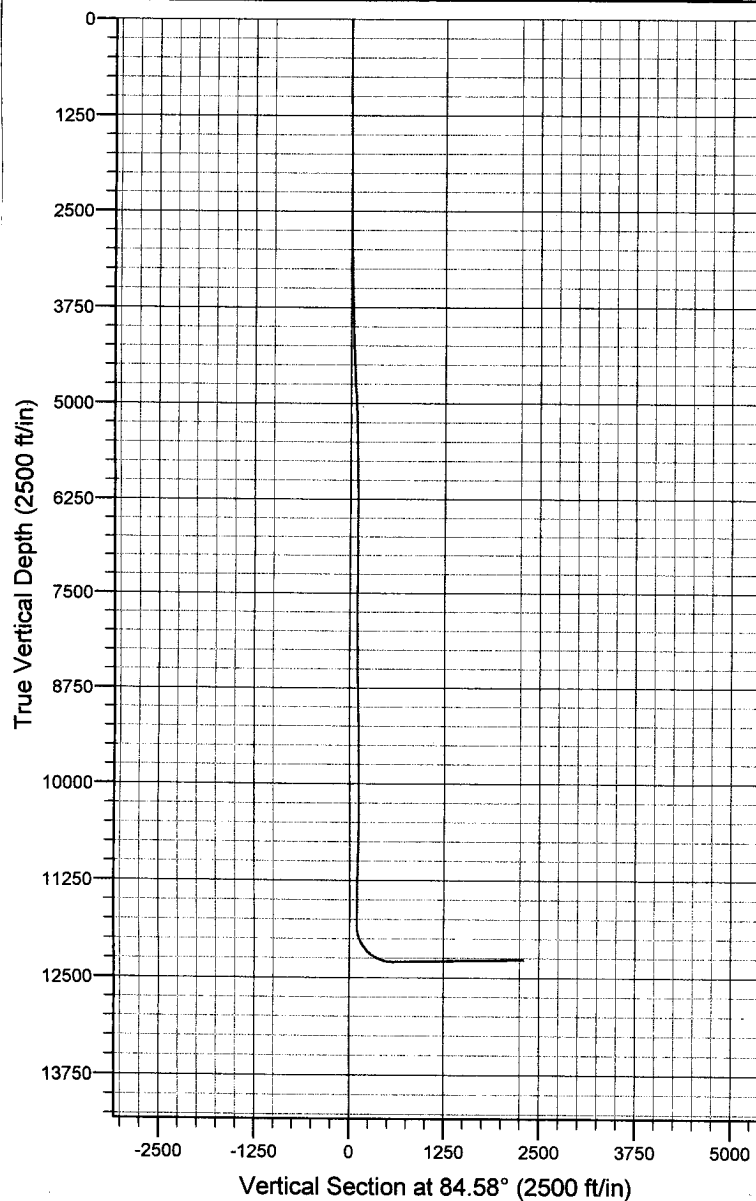
PROJECT DETAILS: Red Hills

Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001

System Datum: Mean Sea Level

SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
11818.0	0.90	303.92	11815.3	-21.2	98.5	0.00	0.00	96.1	
12576.1	90.00	83.91	12300.0	34.5	574.2	11.96	139.99	574.9	
12609.8	91.01	83.92	12299.7	38.0	607.7	3.00	0.69	608.6	
14295.7	91.01	83.92	12270.0	216.5	2283.9	0.00	0.00	2294.1	
14295.7	91.01	83.92	12270.0	216.5	2283.9	3.00	-77.01	2294.2	BHL (Vaca 14 #2H)



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-102
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 30-025-37839	Pool Code 51020	Pool Name Red Hills; Bone Springs
Property Code 13270	Property Name VACA FEDERAL 14	Well Number 24
OGRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3352'

Surface Location

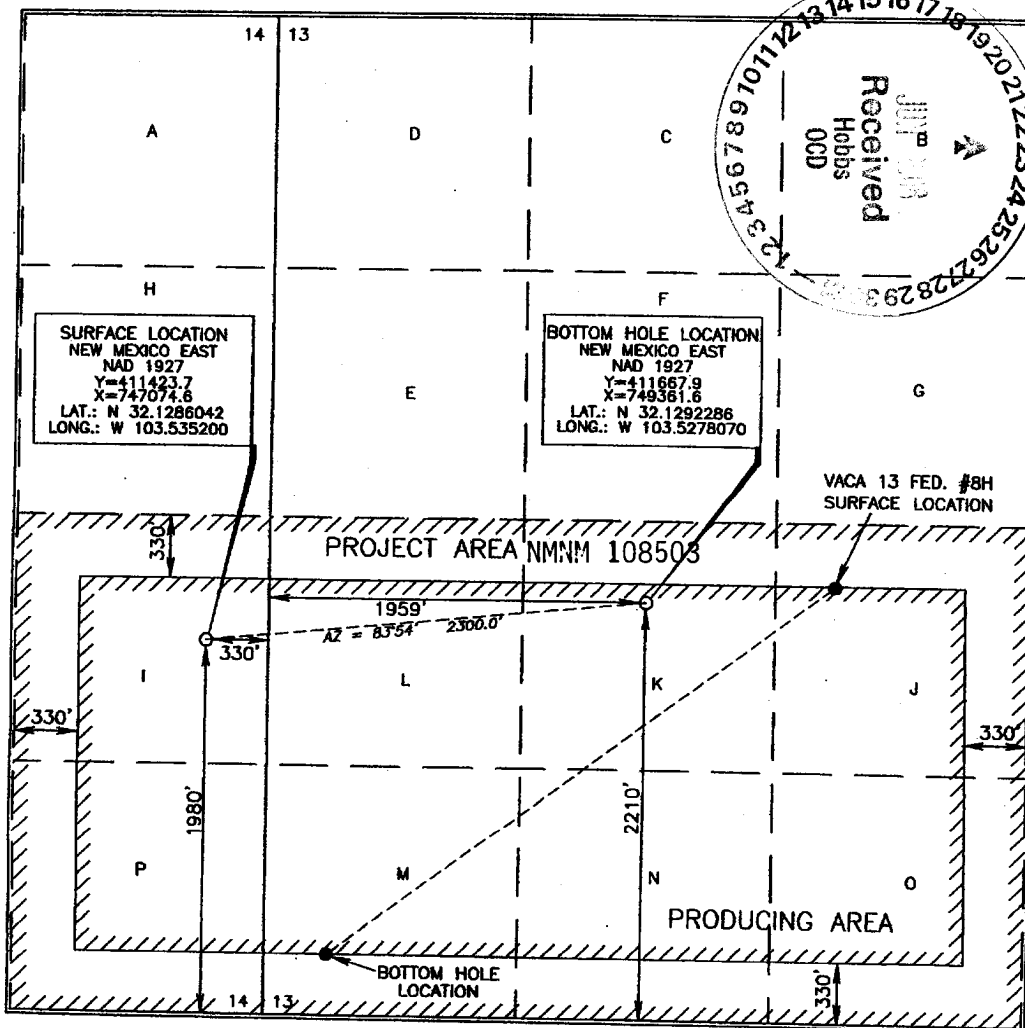
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	14	25 SOUTH	33 EAST, N.M.P.M.		1980	SOUTH	330	EAST	LEA

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
K	13	25 SOUTH	33 EAST, N.M.P.M.		2210	SOUTH	1959	WEST	LEA

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 6/22/06
Signature Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was placed 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.

15079
FEBRUARY 2, 2006
Date of Survey
Signature and Seal of Professional Surveyor

Terry J. Paul
Certificate Number 15079

WO# 060202WL_2 (LA)



(432) 686-3642 Office
(432) 770-0602 Cell
Donny_Glanton@eogresources.com

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(915) 686-3600

June 22, 2006

NMOCD
1625 N. French Drive
Hobbs, New Mexico 88240
Attention: Chris Williams

**Re: EOG Vaca "14" Federal No. 2H
API: 30-025-37839
Lea County, New Mexico**



Dear Mr. Williams:

Enclosed is an amended Application for Permit to Drill a horizontal well in the Red Hills-Bone Spring Pool and attached amended Acreage Dedication plat for the EOG Vaca "14" Federal Well No. 2H located in Section 14, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico. We have reviewed this application with Mr. Stogner in the Division's Santa Fe office who has advised that this application should qualify for approval at the district office level.

The Red Hills-Bone Spring Pool is governed by Special Pool Rules and Regulations that provide for 80-acre spacing with wells located at least 330 feet from the outer boundary of the dedicated spacing unit. [Order No. R-10109, Rules 2 and 4, April 26, 1994].

EOG currently operates a 240-acre horizontal well Project Area in this pool comprised of the W/2 SE/4 and the SW/4 of Section 13, Township 25 South, Range 33 East, NMPM. This Project Area is dedicated to its Vaca "13" Federal Well No. 8H that was drilled in 2002 from a surface location of 2310 feet from the South and East lines of Section 13 to a bottomhole location 330 feet from the South and West lines of the section.

EOG has recently drilled the Vaca "14" Federal Well No. 2H at a surface location 1980 feet from the South line and 330 feet from the East line of Section 14. EOG permitted this well as a horizontal well. It was to be drilled from this surface location and then kicked off in a southwesterly direction to the SW/4 SE/4 of Section 14. EOG has drilled the vertical portion of the well and has determined that the geological characteristics of the Bone Spring formation at this location do not warrant the drilling of the horizontal portion of the well to the southwest. EOG therefore proposes to drill the horizontal portion of the well to a new direction to the east into Section 13 with a new bottom hole location 2210 feet from the South and 1959 feet from the West lines of Section 13.

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To do this, EOG must create a new 320-acre horizontal well Project Area comprised of the E/2 SE/4 of Section 14 and the SW/4 and the W/2 SE/4 of Section 13 and dedicate thereto the Vaca "13" Federal Well No. 8H and the Vaca "14" Federal Well No. 2H. Please note that the ownership in this new Project Area is common and falls under one Federal Oil & Gas Lease. EOG owns 100% of the working interest. The proposed new project area complies with the definition of a "Project a Area" in Rule 111.A(9) for it will be comprised of a combination of four 80-acre complete spacing units in the Red Hills-Bone Spring Pool. The wellbore will be at a standard location for it will be within the "Producing Area" for the well as shown on the Amended Form C-102 filed herewith.

Also, please be advised that EOG has received Bureau of Land Management approval and a copy of the approved Sundry Notice is attached.

You consideration of this Application for Permit to Drill is appreciated.

Sincerely,

EOG RESOURCES, INC.

A handwritten signature in black ink, appearing to read "Donny Glanton".

Donny Glanton
Sr. Right of Way and
Lease Operations Representative

Enclosures