Received

FEB 08 2011 HOBBSOCD

SURFACE USE PLAN OF OPERATION

SHL: 50' FNL & 440' FEL, Unit A, Section 23, T25S-R33E, N.M.P.M., Lea, NM BHL: 330' FSL & 440' FEL, Unit P, Section 23, T25S-R33E, 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 5.
- c. <u>Directions to Locations</u>: Beginning in Jal, NM at the intersection of N.M. State Hwy 128 and Hwy 18, go west on Hwy 128 for 14.1 miles to County Road #2 (Battle Ax Road), turn left and go southwest on County Road #2 for 0.3 miles, turn right and go west for 1.6 miles, turn left and go south for 1.0 miles, turn right and go west for 0.5 miles, turn left and go south/southwest for 7.0 miles, turn right off County Road #2 and go northwest on lease road for 3.5 miles, turn right and go north on proposed road for 244.2 feet, turn right and go east for 3081.9 feet to location.

2. NEW OR RECONSTRUCTED ACCESS ROAD:

- a. The well site layout, Exhibit 2a shows the layout. A new access road will be constructed a distance of (3326.1') of compact caliche as depicted per Exhibit 5.
- b. The maximum width of the road will be 15'. 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 the existing Caballo 23 Fed 1H which will serve as a CTB. No production facility on location.
- b. As a proposed oil well, operator shall construct a power line as depicted by Exhibit 5. The proposed power line is entirely on the Federal Lease.

- c. Pipelines will adhere to API standards. Applicant will lay a 2 7/8" surface steel Gas/Oil/SWD Production Pipeline; See Exhibit 5. Because the tie-in point is unknown at this time for the Gas Lift Pipeline, applicant shall submit a sundry notice at a later date with survey plat depicting the centerline of the pipeline.
- d. Refer to b above.
- e. If the well is productive, rehabilitation plans are as follows:
 - i. The location shall be reduced on four Sides of the location as depicted by the Production Facilities 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 5. 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

, ,

- 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.

I.

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:

1 2

- 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 catch tank area shall be broken out and leveled after drying to a condition where these are feasible. 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. If the well is deemed commercially productive, the catch tank area shall be restored as described in 4(e)(i). Caliche from areas of the pad site not required for operations shall be reclaimed. The original topsoil shall be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad shall be contoured, as close as possible, to match the original topography.

11. SURFACE OWNERSHIP

The surface is owned by the Bureau of Land Management. 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 2 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. Donny G. Glanton Senior Lease Operations ROW Representative EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702 (432) 686-3642 Office (432) 770-0602 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

12.

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 21st day of October 2010.

Name: <u>Donny G. Glanton</u> Position: <u>Sr. Lease Operations ROW Representative</u> Address: <u>P.O. Box 2267 Midland, TX 79705</u> Telephone: <u>432-686-3642</u> Email: <u>donny_glanton@eogresources.com</u>

Signed: _____ M. Muly



VICINITY MAP



~	See.	Drawst Store 17500	U.S.	US OBHL Store	Leta Dillon
GX Res. 1 Carevan 1 2010 2-51 Unit 7 302	Yotes Pet, etal. 4 1 2010 4 1 2010	EOG Res. //) 9 ** 1.9 ** 1 V 4.4 21 FOG Res.	EOG Res.	EO Res.	Definition of the second seco
Exhibit 3		v 46i9	19858	LG-4235 Kirklin Leo-st. 70 5345 DM 10:3459	1999 TO 5400
Caballo 23 Fed		0r 5t. " 	35 amil	36 Enron	20881 Dillon"
s ở fnl & 440' fei 3 30' FSL & 440' f	L, U/L A (SHL) FEL, U/L P (BHL)	.8.P -399 	• Triste Draw FR. Bass	BHL Enrond Hissee (HNG) 22.2Mil. (Mil 25.5M Barnond St.	Dismond-Fed.
	E, Lea County NM	5 rote "77:ste DrSt."	• Triste Draw P. R. Bass Fed. Muse 35' Fed. " 1D 5332 D/A 9' 6' 61 U. S.	22.2Mil. (Min Diamond St. 2-5M Diamond St. 50(P/B) Tois,440 Stote	4014 (13306 children) U.S. Mi M.T. McCloy(S) Lete Dillon
R & Rev D	KAP OV Baher Well Serv	3385た413587た 3(33.85た21353/たり EOGRes.	Hollwood (Kaiser- Hollwood (Kaiser- Hot. Inc. Francis) (Kaiser- to bose of Francis) (Kaiser-		19.94 / 4.713397 / 3133 δο / 2.1396 / 4.7139 Himmood EOG Res. € EOG 108 499 Some dga f
R Rov B 221 HILL Merker HILL Merker Boss Fed To sign co	19853	нвр 19855	Horrow L-5114 (Francis):	→ Wo Fed. Com. E0G To 15535 Res. 1(36 Mil.) (Quinoco, gtgl) (5 Mil. + F425	JINA TH (HNG OII) BOSS Fed
5	(P/B) (P/B) (P/B) (D/mx Ener.) (D/my Ener.) (D/my Ener.) (11.2 Mil.)	2 F240 3	2 (HNG)F6 Bel/Lake	(7) P707 Y	
-	(Ātakā pišc.) (11.2 Mil.)		UG RES (3.4MI) Enroni Trisle Draw-Si F120	106 EOG Res. 108502 103 (3) (3) (3) (3)	ECG Res. 13048 108505 18640.
		"Triste Draw 33			13 44 7 MCC1 16 MC1 MARTIN SCIENCE COURSE W MARCH 603(3) 6 MC1 - 4 16 MC1 -
2.0	U.S.	<i>Fed."ن.s.</i> вта	State 1 Hallwood Pet. Inc. (A) to 15730' (A)	BHL U.5.	
(on) j Devon Ener. 1.2006 1.10 9 1.2006 1.10 9 1.51 1.10 9 1.51 1.10 9 1.51 1.10 9 1.51 1.10 9 1.51	8 - 1 - 2017 118726 2500	97153	← +0 15730* ← (EOG Res.) ← (P:B) C.Honkomer 19859 (+ v(c.)) Muse - Fed. (Morrow Disc) (90400 BHL	How Tail(1) (Enron) Enron Enro Enro Enron
2006 Santana 12006 Annie Bass 1904 To 5211 5000 D34+17-61		10	TO 52 97 (Mill Jack J D/A 5 4 62 WC DISC 4 3 Mill	2093) + 0212 213, 206 (6)	Hat (2) 707(1) 10. + + + 203) 704 (2) − €607 (2) (2) 702 F601 € 50755 1309 F101 F601 € 50755 1309 F101 F601 € 5075 1309 F101 F101 € 5075 F101 F101 F101 € 5075 F101 F101 F101 € 5075 F101 F101 F101 € 5075 F101 F101 F101 F101 F101 F101 F101 F101 F101 F101 F101 F10
····· 8 /, 1 ⊗	9	(op)	Enron Triste A Quinoco, etal Drawfed HBP	205 205 207 (5) F 357 "Redhills 211 (5) (5) (5) (5) (5) (5) (5) (5)	EOG 710 HBP - HBP
		GTA JL F Varg Dram (B3 Bisc	108505	No. Ut." (Quinteen) Core	AC BHL TOS EDG Res. BIL EOG R
.2.U	2.0	fzild "9418 JVP U.S. Vaca Draw"	U.S.	OIZEDOU U.S. F65 F177 2 Recivilles Ve	U.S. Migs Statt U.S. Migs 108500 Stat
EQG Res. HBP 26 294	HNG Vara Dr. St. (A'aka Disc.) Tam Brown, Inc. TPI6075.) Tam Brown, Inc. TPI6075. V 4492 WE DISC P/B13763 J 3	. (FxxanMobil) EDG Res. Tam Brawn Inc. Vacg Draw Is rea	Oxfair O (# Controlles EOG,Ress 3,1 721: 20:0 EOG,Ress 3,1 174712 168503	105.946	BHL FIG Res BHL BHL
DRAPER	P/BI37C'3 P/Bigg EOG, etal Tom Brown inc S/R Vaca Dr. St.	Magnum Hunter (*) (#YB) to WC base (Superior)	RED HILL NOUT.	306 14 Mil 305 305 4 Mil 305 12 305 4 Mil 305 27 309 4 Mil 305 27 300 4 Mil 305	BOIL BHL (F365 (2) U.S.
MALL.	EOG Res Voca Dr. st. 2.3 Mil	W/2 15 Ochod-Fed (Morr. Disc.) (TD 16935)	Enron VACA INAY	E Red Hills 306-R	1 157 18 0 U.S.M.I BHL 57 BHL BHL F2459 855 BHL
Honkomer Bass-F o a	₩ ²	(P/B13745) (WC D15C;F14)) NP/B13476 BNL BS 015C;-P55; BNL BS 015C;-P55;	NUCLAND EDG	₿ [™]	Medhills No. Ut."
U.S. DA8.3.62	sin 25.	33 uls:	× × us × ×	U.S.	U.S. UCHeod "Redhills.
<u>ی</u> ا		Chevron HBP 15031	014 024 X 440 EOG Res. 1 HBP	EOG Res HBP	2 ⊕ HBP Gon- 108504 5+2019
EOG Res -	G.L. Buckles Marshall-Fed EOG Ros, E1 3418 TO 5087 Di4 6 20 60 263 94	(BTA Oil)		108504 108504 (Amoco) م Andrikopoulous م	J9 19 ▲ 7 Hilliard No. SLId. 130
1889 Enron 26394 Voco Drow 20 20 FEC. 1 10 14200	21	22	Caba/200	Fed, Morrow Disc 24	19 U.S.M.I. U.S.M.I.
	(Enron) Brinnik, 1000 - Feed DN6.050 Morr Disc (3.1 Mil.) 04.3 B 12		Hill & Moeker Muse-Fed. TOSIS5	R Farris Annoritoria "Vaca to to to sace 24 Fud "	Administration of the state of
U.S., MI U.S. Bringstool XL NULD	U.S. W Bring Step XL Web U.S. O'	U.S. CAML Ltd (S)	TOJSISS 10/410.26.62 X U.S. 01H X	Morrow Disc 24 R for risc Angeria anger is Anger is Anger anger is	Enror Erhei Mur Fed I-Y TO 12609 DIA 12 20 96 U.S.
Angnum Hunter Tom Brown, Inc 43562 26394	Magnum Hunter Tam Brown.Inc. 43562 26394	(STA OIL)	EOG R«S 12. 1. 2009 12. 1. 2009 10.1.2013	Newkumet Expl. 2+1 + 2019 121958 \$750.00	JINA D.E. Gonzoles D.H. Enron U.E. Gonzoles D.E. Gonzoles HBP VC:2400 H:1-2 108504 763.5 763.5
нөр И.S. "Иі	HBL C.Honkomer I Conley-Fed Tp 5035	ETA OIL 7011 JV PROJO Dev Disc. 26 Mil.	\$ 164 00 703 11	Morbob	#814 T
Brininstool XL	1.6Mil (27.7Mil) +24 bbis. 28 00)	27	Lomas Rojds DE Gonzales EOGRES	14987 E06 \$700 00 Factor \$700 00 Factor \$70	лин I 30
DIÁF 30 81 HRP 26394	"Red Hills-Red." (Tide=vater) (Bass-Red.) -SW Swa T05081 \ ()	R.A. CAML Dean Ltd. (S	V81511 V8.604 703.13 1 5 164.00	King Res. Portamer Fed Autopun "Vaca Portamer Fed "Vaca This son Fed Us. M.I. Dus 25 69 Fed	
Cimarex Red Hills	U.S.		0 BHL 0 51019 10 24	U S. DAI 4 62 Stote(S)	BHL EOG Res 8. 1 - 2014 112279 \$120 00 U.S. 5 toto
Mognum Hunter (Morbos)	Richardson Oils Chevron & P.R. Bass) 07792	Chevron Newkumet 5-1-65(3) Exp: 1-10 2.31	Newkumet 3 I 2010	D E. Gonzeles	EOGRas Westbroo
Y 17-59	HBU 024838 (G.T.Abell) 1 1 Mdgnum Hister	05792 Peregrine HBU 2: 26-2011	Columbia Union Nat Brix ET New Kumet 11:1:2017 WD Johnson Jr	Tr T05238 Superior	112279 €13332 105391 0e15283 045530
- AN	33	(BTA OIN) 34 New Kum	11-11-2017 119277 900 35 		31
N.H Wills Conit - S+	Hauter RED HILLS	1 12017 Sneed 11-277 3004 Co.(5) 90000	Pioneer	M.M.Wilson Marathon Fed E1 3324 7 D 5245 c=D/A 3-27-631	8-1-2013 10839 70 00 10 00
Red Hills CA 1 9 Glwci Diec Red Hills CA 1 9 Glwcis Diil Unit State Ackazsu Ri.3Mil. Red Discussion Paires Paires		BHL Land Mang.Ca U.S Case etal Full rol	LLS. TH Storell Tr.	State ContilFed	
Hera Pet) (Union) Hera Hills Ford Red Hills Ut.	Magnum Hunter All Sec.	KER.Roy New- R.E.R. KER.Roy kumet Roy	I-CO Newkumet Exc	IL Chesopeors	Chesapeake 8 11 - 2009 8 /
Mog Hunter allsec puel 5.1.	H B P S Al27A Earl Goedeke Magnum Hunter	320 @ 320 9	Texaco DiFasken 1200.00 State Texaco-St	11 1 2015 114988 \$160 <u>00</u> (Devan)	11-1 2015 11-390 12-390 1-1 2015 E-Chiam 1-300 eta/AL 12-500 (Devon) Chiam 1-300 eta/AL 1-2015 E-Chiam 1-300 E-Chiam
Maanum Hunter (Marbab) n Docada HBU	HBP 012/A Texoco	Hang Co. 17 W.B. Doc JU.S.			
Mogilum Hunter	INC. (OPER.) TO SEE	Hong Co T Hong Co Hunter Lanard J T H Storell, Hunter T 202009 Charter Comber T 202009 Charter Comber Store 1, Ch. Co. (S) Charter Comber Store 1, Ch. Co. (S) Charter Comber Store 1, Ch. Co. (S) Charter Comber Store 1, Ch. Co. (S) Charter Store 1, Ch. (S) Charter Store 1, Charter Store 1, Ch. (S) Charter Store 1, Charter Store 1,	CI D.E Gonzales 1 10:1 - 2013 VB:IS07 900.00	SALADO.	Fed
U.S.M./ Red Hills Un.** R (With E Mail 2 Mil)	C.W. Goodske, S Magnum Hunter Hau	0/45 27 02 Newkumet Expl. 7 - 20 - 2009	Store	EJEVANY, N.E.	TO 5396 DIA 2 II 64 U.S. M.I. Diawitale Widdle
"Εκλώ⊒"} μις μαι \étal,Τι			J		U.S. CH.Co.(S) CH.Co.



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

, · ·

SEC. 23 TWP. 25-S RGE. 33-E SURVEY_____N.M.P.M. COUNTY_____ LEA DESCRIPTION 50' FNL & 440' FEL ELEVATION <u>3345.6</u> OPERATOR EOG RESOURCES, INC. LEASE____ CABALLO 23 FED. #4H U.S.G.S. TOPOGRAPHIC MAP PADUCA BREAKS EAST, N.M.

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