

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

5. Lease Serial No. **NM96406, NM44324**
NM10040 Drillsite **NM 14497A**
6. If Indian, Allottee or Tribe Name

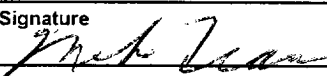
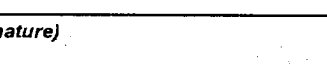
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Red Hills North Unit #212
2. Name of Operator EOG Resources, Inc.		9. API Well No. 30-025-35363
3a. Address P.O. Box 2267, Midland, TX 79702	3b. Phone No. (include area code) (915)686-3714	10. Field and Pool, or Exploratory Red Hills Bone Spring
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SL 2,475' FWL & 1,750' FNL, Sec 12 At proposed prod. Zone BHL 2,300' FWL & 320' FNL, Sec 7		11. Sec., T., R., M., or Blk. And Survey or Area Sec 12, T25S, R33E (surface) Sec 7, T25S, R34E (bottom hole)
14. Distance in miles and direction from nearest town or post office* 19 miles west from Jal, NM		12. County or Parish Lea
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. Unit line, if any) 320'		13. State NM
16. No. of Acres in lease See Exhibit 5		17. Spacing Unit dedicated to this well 280 ac SE/4 NW/4-NE/4 Sec 12 N/2 NW/4 - Sec 7
18. Distance from proposed location* to nearest well, drilling, completed applied for, on this lease, ft. 1000'		20. BLM/BIA Bond No. on file NM2308
19. Proposed Depth TVD 12,700 TMD 17,800		23. Estimated duration 60 days
21. Elevations (Show whether DF, KDB, RT, GL, etc) GL-3399		22. Approximate date work will start* 1/6/2000

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) Mike Francis	Date 11/6/2000
Title Agent		
Approved by (Signature) 	Name (Printed/Typed) AS/Assistant Field Manager	Date JAN 17 2001
Title AS/Assistant Field Manager		

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.

*(Instruc)

OFFER. OGRID NO. **7377**
PROPERTY NO. **26406**
POOL CODE **5163**
DATE **1-22-01**
API NO. **30-025-35363**

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

myP

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-025-35363		*Pool Code 5163	*Pool Name Red Hills Bone Spring
*Property Code 26406	*Property Name RED HILLS NORTH UNIT		*Well Number 212
*OGRID No. 7377	*Operator Name EOG RESOURCES INC.		*Elevation 3399

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	25	33		1750	NORTH	2475	WEST	LEA

¹¹ 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

*Dedicated Acres 200	*Joint or Infill	*Consolidation Code	*Order No.
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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

<div>16</div>	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Mike Francis</i> Signature Mike Francis Printed Name Agent Title 11/6/00 Date</p>
	<div>18 SURVEYOR CERTIFICATION</div> <p>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 best of my belief.</p> <p>OCTOBER 19, 2000 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number 14729</p>

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number	'Pool Code 5763	'Pool Name Red Hills Bone Spring
'Property Code	'Property Name RED HILLS NORTH UNIT	'Well Number 212
'OGRID No. 7377	'Operator Name EOG RESOURCES INC.	'Elevation 3395

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. C	Section 7	Township 25	Range 34	Lot Idn	Feet from the 320	North/South line NORTH	Feet from the 2300	East/West line WEST	County LEA
'Dedicated Acres 80	'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

16		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Mike Francis</u> Printed Name: <u>Mike Francis</u> Title: <u>Agent</u> Date: <u>11/6/00</u>
		18 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 best of my belief. Date of Survey: <u>OCTOBER 19, 2000</u> Signature and Seal of Professional Surveyor: <u>James E. Tompkins</u> Certificate Number: <u>14729</u>

DRILLING PROGRAM

EOG RESOURCES, INC.
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	1100'
Delaware Mt. Group	5150'
Bone Spring Lime	9275'
3 rd Bone Spring Sand	12225'
TVD	12,700'
TMD	17,800'

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

Upper Permian Sands	100'	Fresh Water
3 rd Bone Spring Sand	12400'	Oil

No other formations are expected to give up oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13-3/8" casing at 650' and circulating cement back to surface, and 9-5/8" casing will be set at 5200' with cement circulated back to surface.

4. CASING PROGRAM:

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight Grade Jt. Cond. Type</u>	
17 1/2"	0- 650 1150'	13 3/8"	48# H-40 A ST&C	WITNESS
12 1/4"	0-5200'	9 5/8"	40# N-80 LT&C	
8 3/4"	0-12700'	7"	26# P-110 LT&C	
6 1/8"	0'-17800'	4 1/2"	11.6# P-110 Hydrill	

Cementing Program:

17 1/2" Surface Casing: Cement to surface with 325 sx Premium Plus + 3% Econolite + 2% Calcium Chloride + .25 lb/sk Flocele + 150 sx Premium Plus + 2% Calcium Chloride.

9 5/8" 1st Intermediate: Cement to surface with 1100 sx Interfill C + .25 lb/sk Flocele + 250 sx Premium Plus + 2% Calcium Chloride

DRILLING PROGRAM

EOG RESOURCES, INC.
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

- 7" 2nd Intermediate: Cement with 800 sx Premium + 3% Econolite + 5 lb/sk Salt (3%) + .25 lb/sk Flocele + 250 sx Premium 50/50 Pozmix 'A' + 2% Halliburton-Gel First 2% + 0.5% Halad-322 + 0.2% HR-5.
- 4-1/2" Production: 520 sx Premium + 0.3% Halad-344 + .3% Halad-413 + .3% Super CBL + .3% SCR-100. This cement slurry is designed to bring TOC to 11,800'.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

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 will be installed on the 11 3/4" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 600 psi before drilling out of surface casing. Before drilling out of intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000 psi and the annular to 70% of rated working pressure (3500 psi).

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. A 2" kill line and 4" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 5000 psi WP rating.

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

Depth	Type	Wt (ppg)	Viscosity (sec)	Waterloss (cc)
0-650'	Fresh Water (spud)	8.5	40-45	N.C.
650'-5200'	Brine Water	10.0	30	N.C.
5200'-12700'	Cut Brine & Polymer/KCL	8.8-9.2	28	N.C.
12700'-17800'		8.33	28	N.C.

DRILLING PROGRAM

EOG RESOURCES, INC.
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

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. Auxillary 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.
- (C) A mud logging unit complete with H2S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 2000' to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

- (A) The electric logging program will consist of a GR-Compensated Neutron from 12,300' to Surface. LWD GR from 12,300' to 13,800'.

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

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 175 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 5000 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:

Road and location work will not begin until approval has been received from the BLM. Anticipated spud date is unknown at the present time. Once drilling has commenced, the drilling operation should be finished in approximately 60 days. If the well is productive, an additional 30 to 45 days will be required for the completion and testing before a decision is made to install permanent facilities.

DRILLING PROGRAM

EOG RESOURCES, INC.
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

SURFACE USE AND OPERATIONS PLAN

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:

440' of new access road is required. Exhibit 2

No turnouts necessary.

No culverts, cattleguards, gates, low-water crossings, or fence cuts 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, the flowline would also be located on the drill-pad site and no additional disturbance will occur.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water for drilling will be purchased from commercial sources and transported to the well site over the roads as shown on Exhibit #2.

DRILLING PROGRAM
EOG RESOURCES, INC.
RED HILLS NORTH UNIT NO. 212
LEA COUNTY, NM

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. Reseeding will be as per BLM specifications

7. METHODS OF HANDLING WASTE DISPOSAL:

A small reserve pit will be utilized. Reserve pit will be evacuated of drilling fluid within 10 days after the well is completed.

Drill cuttings will be encapsulated in plastic and buried 2' below ground level.

Water produced during tests and waste water will be saved and hauled to a disposal well. Oil produced during tests will be in test tanks until sold.

Current laws and regulations pertaining to the 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.

8. ANCILLARY FACILITIES:

No airstrip, campsite, or other facilities will be built.

9. WELL SITE LAYOUT:

Exhibit #4 shows the relative location and dimensions of the well pad, steel mud pits, and location of major rig components. Pad area has been staked and flagged.

Only minor leveling of the well site will be required..

DRILLING PROGRAM
EOG RESOURCES, INC.
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

10. OTHER INFORMATION:

The area around the well site is grassland and the top soil is duned and sandy. The vegetation is native scrub grasses with abundant sagebrush, yucca, and prickly pear.

There is no permanent or live water in the immediate area.

Cultural resources examination has been completed by Desert West Archaeology Consultants.

11. OPERATORS REPRESENTATIVE:

The field representative responsible for assuring compliance with the approved surface-use and operations plan is as follows:

Mr. Dewey Smeltzer

Phone: Business 1/915/686-3601
Home 1/915/520-9608

DRILLING PROGRAM

EOG RESOURCES, INC.
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

12. 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 Enron Oil & Gas Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.



W. D. Smeltzer
Drilling Manager

Date: 11-6-00

DRILLING PROGRAM

EOG RESOURCES, INC.
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

ATTACHMENT TO EXHIBIT #1

1. Blow out preventer and all fittings must be in good condition, 5000 psi W.P. minimum.
2. All fittings to be flanged.
3. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 5000 psi W.P. minimum.
4. All choke and fill lines to be securely anchored, especially ends of choke lines.
5. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
6. Kelly cock on kelly.
7. Extension wrenches and hand wheels to be properly installed.
8. Blow out preventer control to be located as close to driller's position as feasible.
9. 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.
Red Hills North Unit No. 212 well

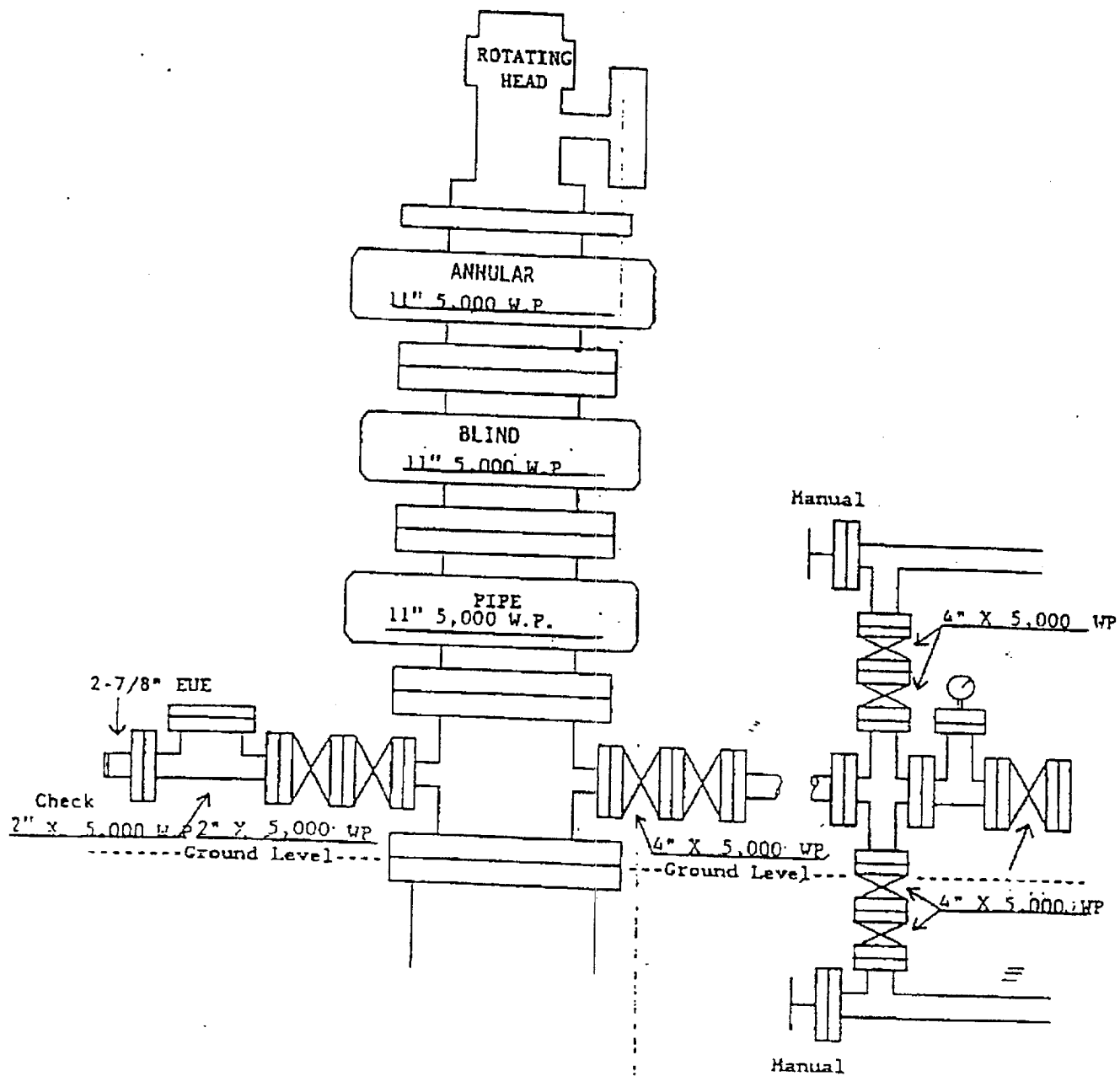
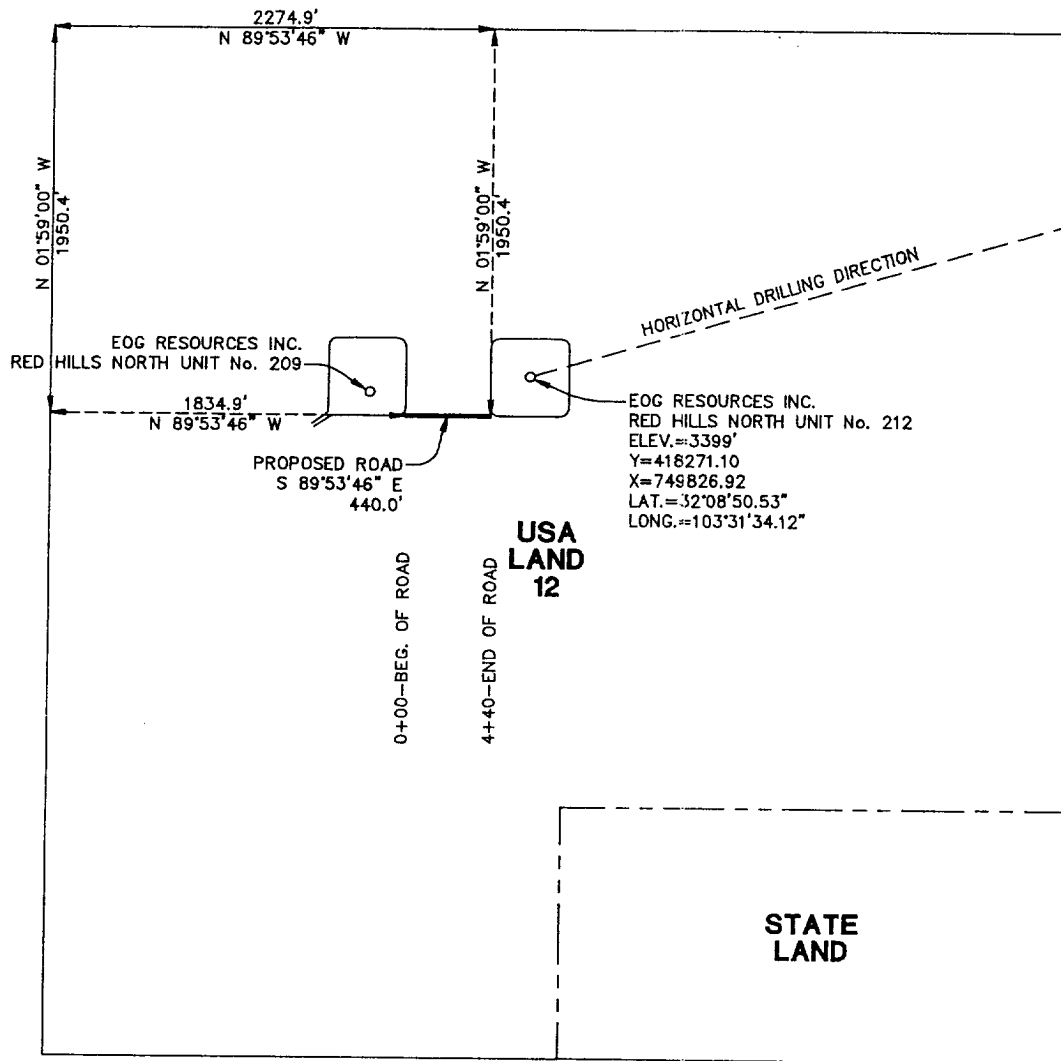


EXHIBIT #1

SECTION 12, TOWNSHIP 25 SOUTH, RANGE 3, EAST, N.M.P.M.
LEA COUNTY,
NEW MEXICO



CENTERLINE DESCRIPTION OF A PROPOSED ROAD:

BEGINNING at a point in the southeast corner of a well pad for EOG Resources, Inc. RED HILLS NORTH UNIT No. 209, from which point the northwest corner of Section 12, T-25-S, R-33-E, N.M.P.M., Lea County, New Mexico, bears N 89° 53' 46" W, 1834.9 feet and N 01° 59' 00" W, 1950.4 feet;

THENCE S 89° 53' 46" E, with the centerline of proposed road, 440.0 feet to a point in the southwest corner of a well pad for EOG Resources, Inc. RED HILLS NORTH UNIT No. 212, for the end of this road, from which point the northwest corner of said Section 12 bears N 01° 59' 00" W, 1950.4 feet and N 89° 53' 46" W, 2274.9 feet.

Exhibit 2
PROPOSED ROAD TO SERVE
RED HILLS NORTH UNIT No. 212

I hereby certify that this plat was prepared from an actual survey made on the ground and meets or exceeds all requirements for land surveys as specified by the state of New Mexico.

James E. Tompkins
JAMES E. TOMPKINS
Registered Professional Surveyor
New Mexico Certificate No. 14729



EOG RESOURCES INC.

440.0 feet of proposed road in
Section 12, T-25-S, R-33-E, N.M.P.M.,
Lea County, New Mexico

WEST TEXAS CONSULTANTS, INC.

ENGINEERS-PLANNERS-SURVEYORS

MIDLAND, TEXAS

Survey Date: 10-19-00

Date: 10-20-00

Scale: 1" = 1000'

WTC No.: 45048

Drawn By: JWD

Sheet 1 of 2

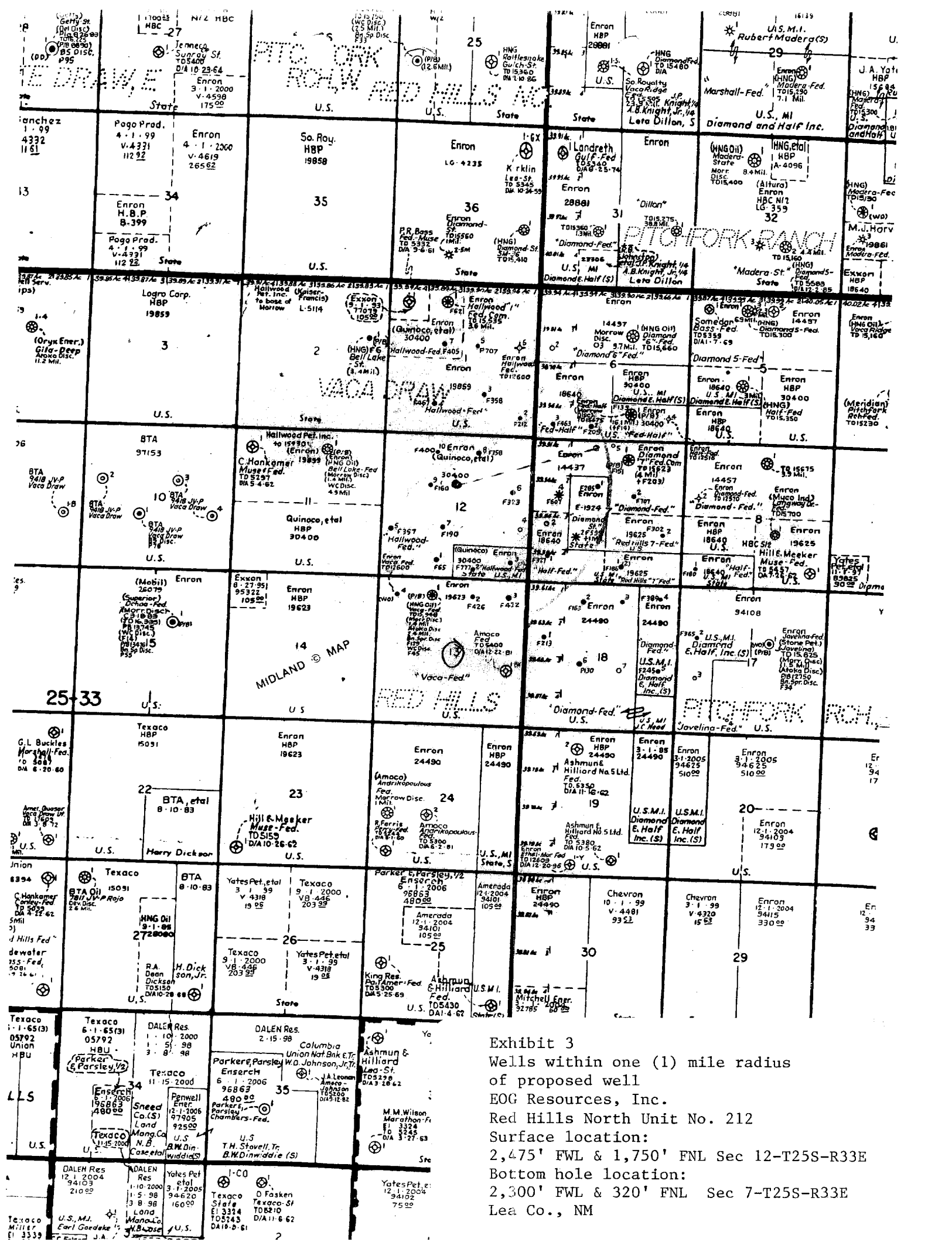
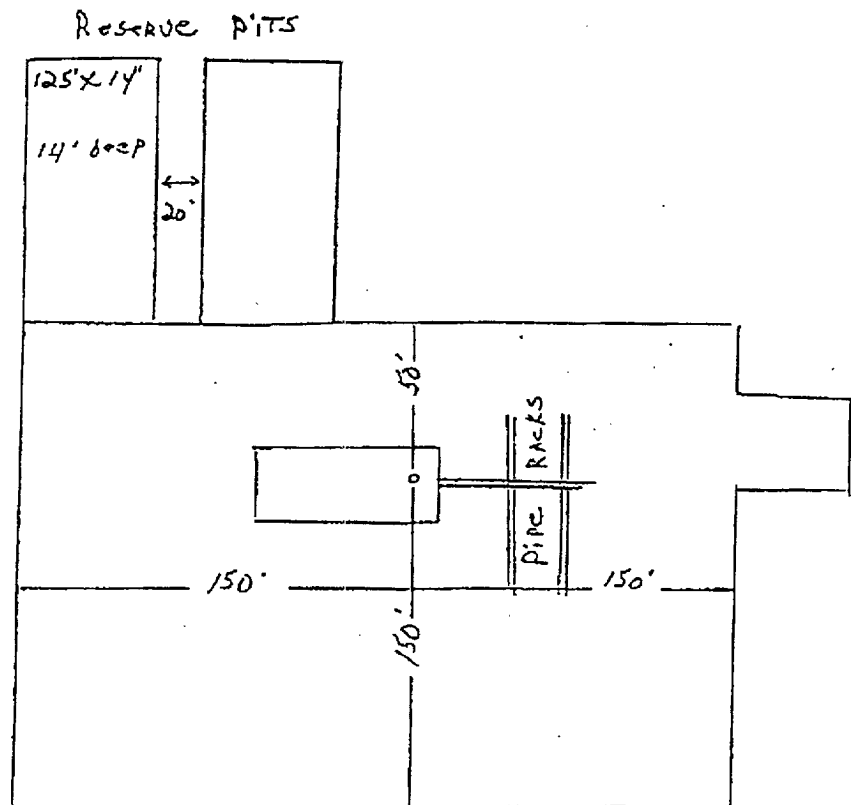


Exhibit 3
Wells within one (1) mile radius
of proposed well
EOG Resources, Inc.
Red Hills North Unit No. 212
Surface location:
2,475' FWL & 1,750' FNL Sec 12-T25S-R33E
Bottom hole location:
2,300' FWL & 320' FNL Sec 7-T25S-R33E
Lea Co., NM

EOG Resources, Inc.

Red Hills North Unit No. 212

Lea County, NM



200' x 300' well pad
No Scale

EXHIBIT #4

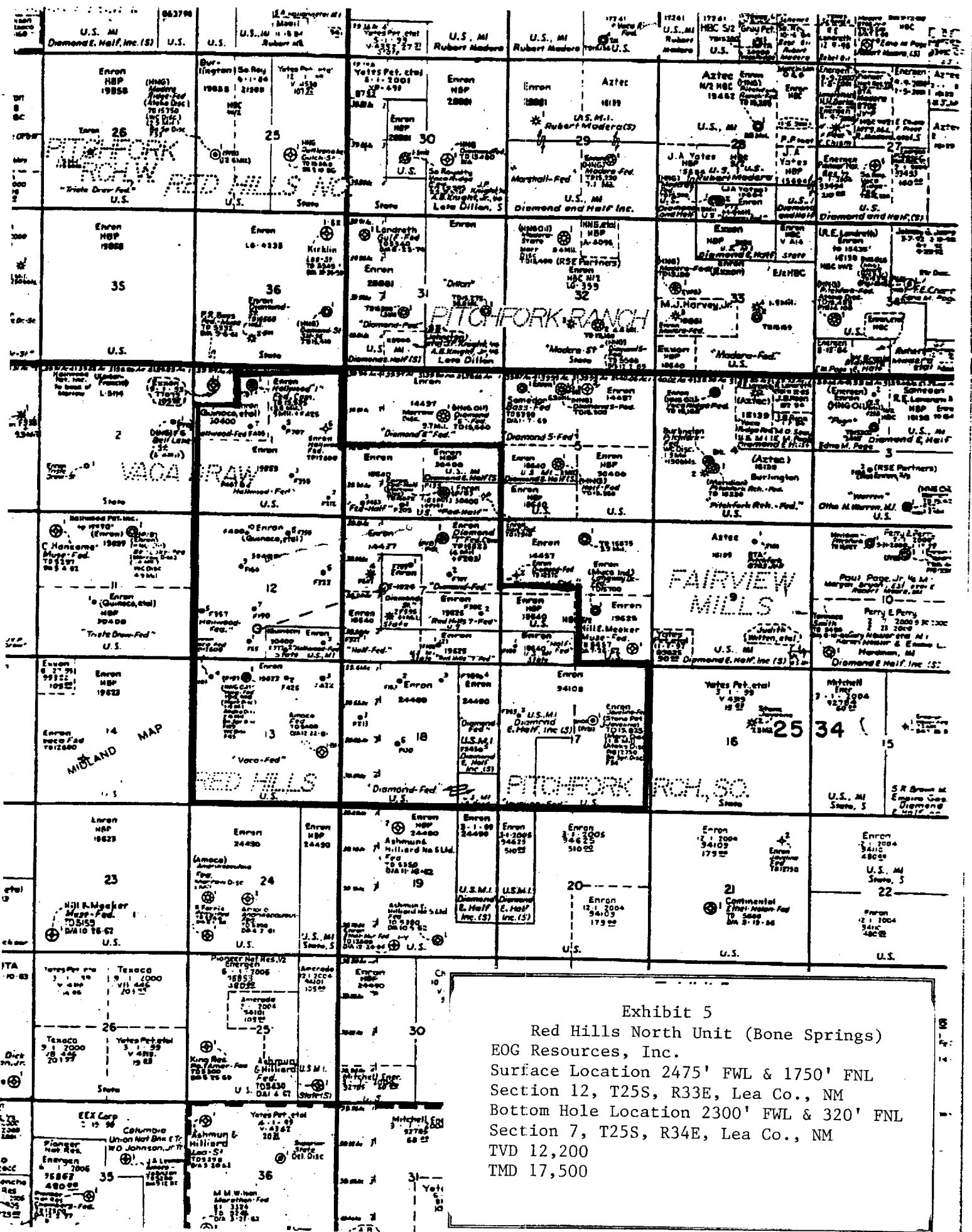


Exhibit 5
Red Hills North Unit (Bone Springs)
EOG Resources, Inc.
Surface Location 2475' FWL & 1750' FNL
Section 12, T25S, R33E, Lea Co., NM
Bottom Hole Location 2300' FWL & 320' FNL
Section 7, T25S, R34E, Lea Co., NM
TVD 12,200
TMD 17,500

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.: NM18640

Legal Description of Land: Section 12, T25S, R33E, NMPM
Lea Co., NM

Formation(s) (if applicable):

Bond Coverage: *(State if individually bonded or another's bond)* Individually

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

Authorized Signature:


Mike Francis

Title: Agent

Date: 11/6/2000

ELF 7/2/01
ABOVE DATE DOES NOT
INDICATE WHEN
CONFIDENTIAL LOGS
WILL BE RELEASED

CONFIDENTIAL - 2010