

*[Handwritten initials]*

NEW MEXICO  
1625 N. French Blvd  
Hobbs, NM 88240

Form 2160-3  
(August 1999)

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANGEMENT

5. Lease Serial No. S/L NM 19623  
BHL-NM19625

6. If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL OR REENTER *865*

1a. Type of Work:  DRILL  REENTER

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

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

8. Lease Name and Well No.  
Red Hills North Unit No. 307

2. Name of Operator  
EOG Resources, Inc.

9. API Well No.  
*30-025-35639*

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 1,980' FNL & 990' FEL Sec 13 (Surface) *H*

11. Sec., T., R., M., or Bk. And Survey or Area  
*25S*  
Sec 13, T24N, R33E (SHL)

At proposed prod. Zone 2,100' FSL & 1,600' FEL Sec 7 (BHL)

*25S*  
Sec 7, T24N, R34E (BHL)

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

12. County or Parish *Lea* 13. State *NM*

15. Distance from proposed\* location to nearest property or lease line, ft. 900'  
(Also to nearest drlg. Unit line, if any)

16. No. of Acres in lease  
See Exhibit 5

17. Spacing Unit dedicated to this well  
30 ac.

18. Distance from proposed location\* to nearest well, drilling, completed applied for, on this lease, ft. 1450'

19. Proposed Depth  
TVD 12,700  
TMD 17,800

20. BLM/BIA Bond No. on file  
NM2308

21. Elevations (Show whether DF, KDB, RT, GL, etc)  
3351

22. Approximate date work will start\*  
6/1/2001

23. Estimated duration  
60 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:

**Carlsbad Controlled Water Basin**

- 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 *Mike Francis*  
Title Agent

Name (Printed/Typed)  
Mike Francis

Date  
4/18/01

Approved by (Signature) */s/ LESLIE A. THEISS*  
Title FIELD MANAGER

Name (Printed/Typed) */s/ LESLIE A. THEISS*  
Office CARLSBAD FIELD OFFICE

Date JUN 28 2001

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.

APPROVAL FOR 1 YEAR

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)

*KE*

OPER. OGRID NO. *7377*  
PROPERTY NO. *26406*  
POOL CODE *51020*  
EFF. DATE *7-23-01*  
API NO. *30-025-35639*

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

*BP*

RECEIVED  
MAY 03 2007  
BLM  
ROSWELL

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Artec, 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 30-025-35639		'Pool Code 51020		'Pool Name Red Hills Bone Spring	
'Property Code 26406		'Property Name RED HILLS NORTH UNIT			'Well Number 307
'OGRID No. 7377		'Operator Name EOG RESOURCES INC.			'Elevation 3351

<sup>10</sup> Surface Location

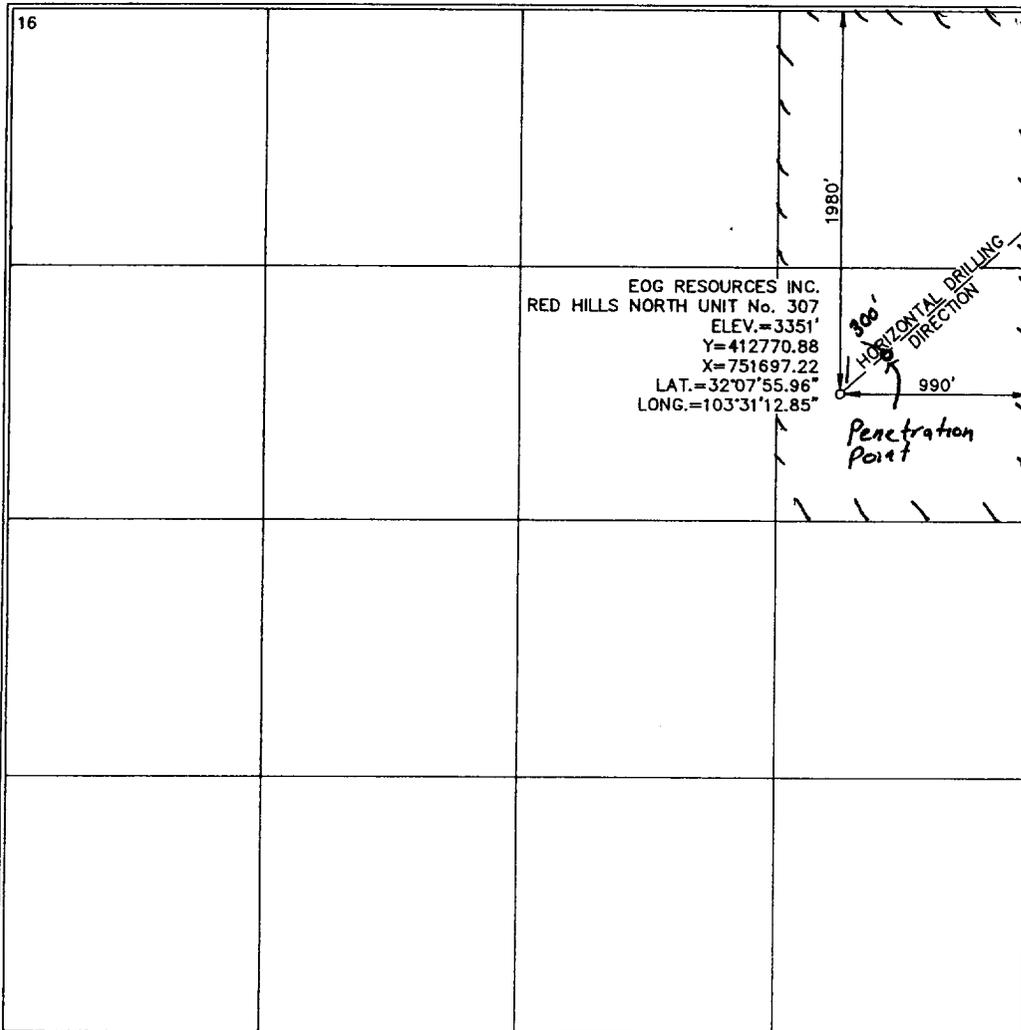
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	25-S	33-E		1980	NORTH	990	EAST	LEA

<sup>11</sup> 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 80	'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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Mike Francis*  
 Signature  
 Mike Francis  
 Printed Name  
 Agent  
 Title  
 7/19/01  
 Date

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.

MARCH 28, 2001  
 Date of Survey  
 Signature and Seal of Professional Surveyor:  
  
*James E. Tompkins*  
 Certificate Number 14729

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Artesia, NM 88211-0719

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1000 Rio Brazos Rd., Aztec, NM 87410

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<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	18	25 s	34 e						Lea

<sup>11</sup> 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 120	'Joint or Infill	'Consolidation Code	'Order No.
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<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <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</p> <p>Mike Francis Printed Name</p> <p>Agent Title</p> <p>7/19/01 Date</p>			
	<p>18 SURVEYOR CERTIFICATION</p> <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>MARCH 28, 2001 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: James E. Tompkins REGISTERED PROFESSIONAL SURVEYOR NEW MEXICO 14729</p> <p><i>James E. Tompkins</i> Certificate Number 14729</p>			
	<p>19</p>			
	<p>20</p>			

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<sup>11</sup> 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
J	7	25-S	34-E		2100	SOUTH	1600	EAST	LEA

'Dedicated Acres 200	'Joint or Infill	'Consolidation Code	'Order No.
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*Mike Francis*  
 Signature  
 Mike Francis  
 Printed Name  
 Agent  
 Title  
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 Date of Survey  
 Signature and Seal of Professional Surveyor:  
  
 James E. Tompkins  
 Certificate Number 14729

DRILLING PROGRAM

EOG RESOURCES, INC.  
RED HILLS NORTH UNIT NO. 307

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 <sup>rd</sup> 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 <sup>rd</sup> 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'	13 3/8"	48# H-40 A ST&C	<b>WITNESS</b>
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" 1<sup>st</sup> 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. 307

LEA COUNTY, NM

- 7" 2<sup>nd</sup> 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"~~ 13 3/8" 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).

EOG Resources, Inc. requests a variance for testing surface casing and BOP prior to drilling out surface casing. Surface casing and BOP will be tested to ~~600~~ 1000 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:

<u>Depth</u>	<u>Type</u>	<u>Wt (ppg)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0-1000'	Fresh Water (spud mud)	8.5	40-45	N.C.
1000'-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. 307

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 H<sub>2</sub>S 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.

EOG Resources, Inc.  
Red Hills North Unit No. 307 well

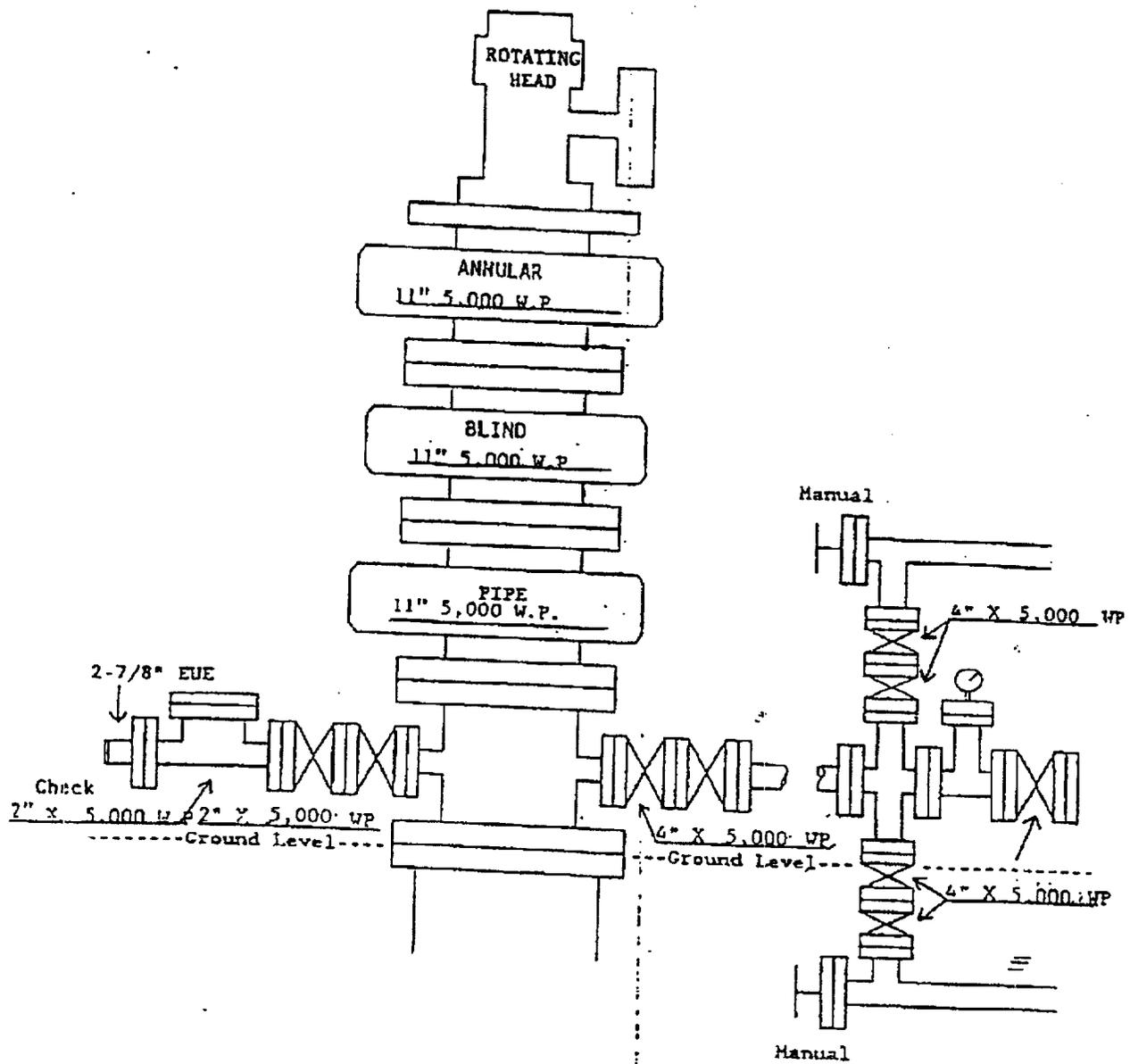
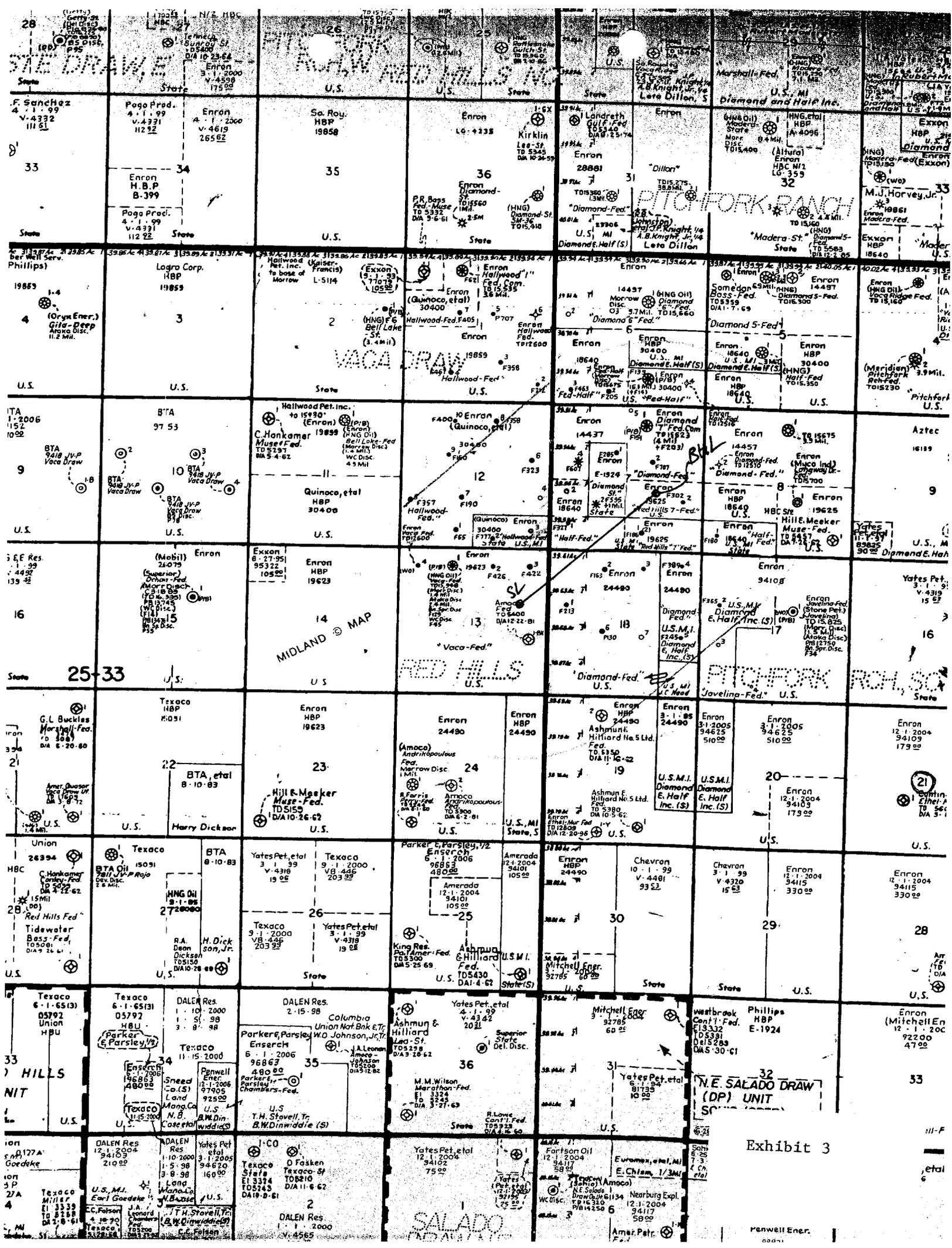


EXHIBIT #1



28  
F. Sanchez  
4-1-99  
V-4332  
11151

Enron  
3-1-2000  
V-4599  
17599

Enron  
4-1-2000  
V-4619  
26582

Sa. Roy.  
HBP  
19859

Enron  
LG-4238

Kirklin  
Lee-SP  
TO 5342  
DA 10-24-99

Enron  
28891

"Dillon"  
TO15,275  
TO15,300

Enron  
HBC N12  
LG 359

Enron  
HBP  
19859

Enron  
H.B.P.  
B-399

Pogo Prod.  
4-1-99  
V-4331  
11222

Enron  
Diamond-  
151M  
2.5M

Enron  
HBP  
19859

Exhibit 3

SALADO

