

EOG Resources, Inc.
P.O. Box 250
Big Piney, WY 83113

June 28, 2002

Utah Division of Oil, Gas, & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

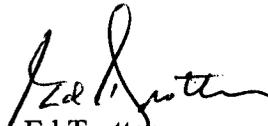
RE: APPLICATION FOR PERMIT TO DRILL
NATURAL BUTTES UN IT 507-7E
SE/SW, SEC. 7, T10S, R21E
UINTAH COUNTY, UTAH
LEASE NO.: U-02270-A
UTE INDIAN TRIBAL LANDS

Enclosed please find a copy of the Application for Permit to Drill and associated attachments for the referenced well.

Please address further communication regarding this matter (including approval) to:

Ed Trotter
P.O. Box 1910
Vernal, UT 84078
Phone: (435)789-4120
Fax: (435)789-1420

Sincerely,


Ed Trotter
Agent
EOG Resources, Inc.

Attachments

UDOGM-BLM-EOG

RECEIVED
JUL 01 2002
DIVISION OF
OIL, GAS AND MINING

(July 1992)
001

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. Lease designation and serial number
U-02270-A

6. If Indian, Allottee or Tribe name

7. Unit Agreement Name
NATURAL BUTTES UNIT

8. Farm or lease name, well no.

9. API Well No.
NBU 507-7E

10. Field and pool, or wildcat
WASATCH

11. Sec., T., R., M., or BLK. and survey or area
SEC. 7, T10S, R21E

12. County or parish
UINTAH

13. State
UTAH

14. Distance in miles and direction from nearest town or post office
12.7 MILES SOUTHEAST OF OURAY, UTAH

15. Distance from proposed location to nearest property or lease line, ft.
860'

16. No. of acres in lease
2167

17. No. of acres assigned to this well

18. Distance from proposed location to nearest well, drilling, completed, or applied for, on this lease, ft.

19. Proposed depth
6370'

20. Rotary or cable tools
ROTARY

21. Elevations (show whether DF, RT, GR, etc.)
5063.9 FEET GRADED GROUND

22. Approx. date work will start
UPON APPROVAL

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"	24#	200' - 220'	100-150 SX CLASS "G" + 2%
or 12 1/4"	9 5/8"	32.30#	200 - 220'	CaCl2 + 1/4 #/SX CELLOFLAKE.
7 7/8"	4 1/2"	10.50#	6370'	50/50 POXMIX + 2% GEL + 10% SALT TO 400' ABOVE ALL ZONES OF INTEREST (+10% EXCESS). LIGHT CEMENT (11PPG+) + LCM TO 200' ABOVE OIL SHALE OR FRESH WATER INTERVALS (+ 5% EXCESS).

CONFIDENTIAL

SEE ATTACHMENTS FOR:

- 8 POINT PLAN
- BOP SCHEMATIC
- SURFACE USE AND OPERATING PLAN
- LOCATION PLAT
- LOCATION LAYOUT
- TOPOGRAPHIC MAPS "A", "B", AND "C"
- GAS SALES PIPELINE—MAP "D"

EOG RESOURCES, INC. WILL BE THE DESIGNATED OPERATOR OF THE SUBJECT WELL UNDER BOND #NM 2308

Pc: UTAH DIVISION OF OIL, GAS, AND MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Field Agent DATE 6-28-2002

(This space for Federal or State office use)
PERMIT NO. 43-047-34641 APPROVAL DATE _____

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:
APPROVED BY [Signature] TITLE BRADLEY G. HILL RECLAMATION SPECIALIST III DATE 07-10-02

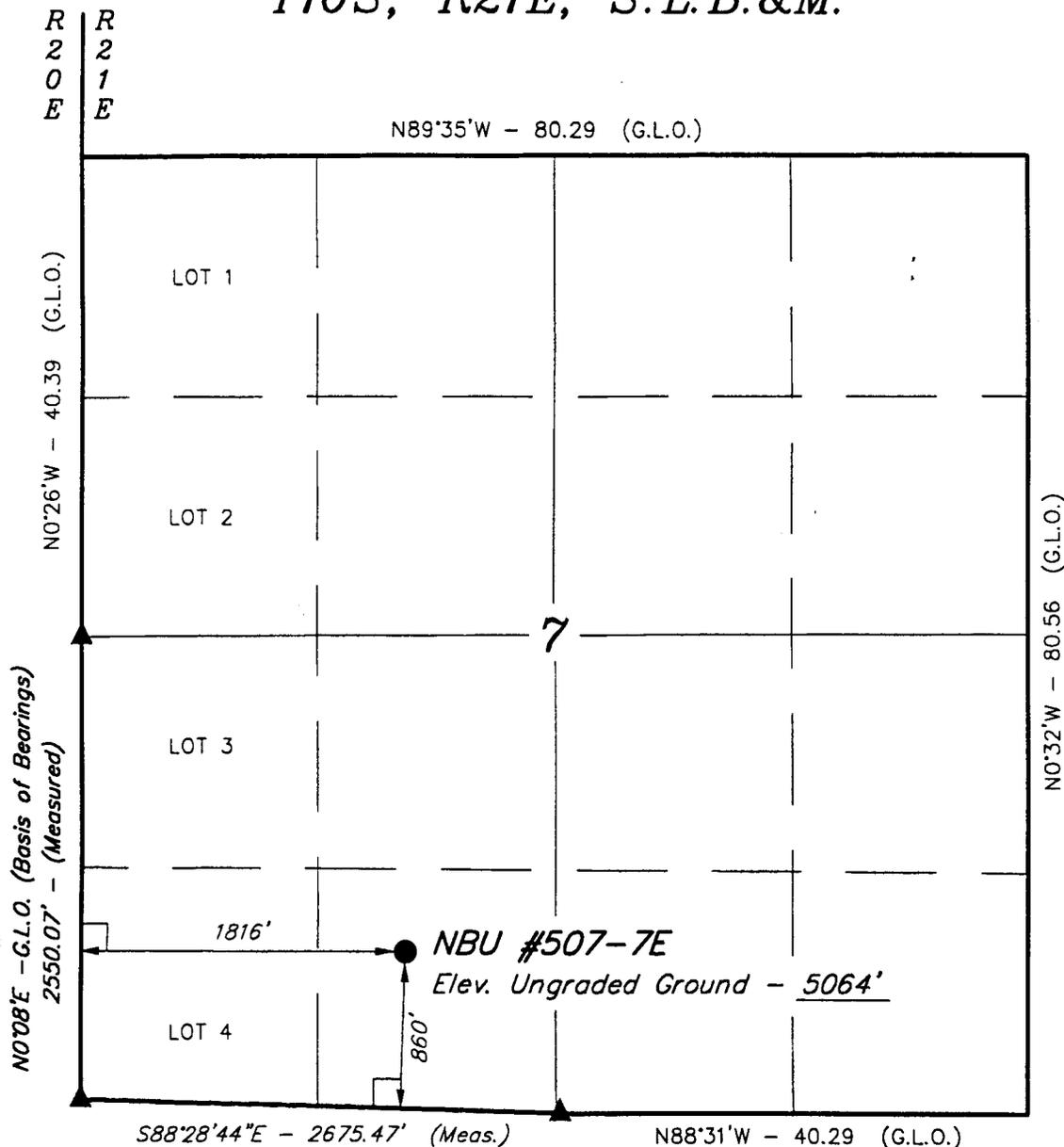
RECEIVED

DIVISION OF OIL, GAS AND MINING

T10S, R21E, S.L.B.&M.

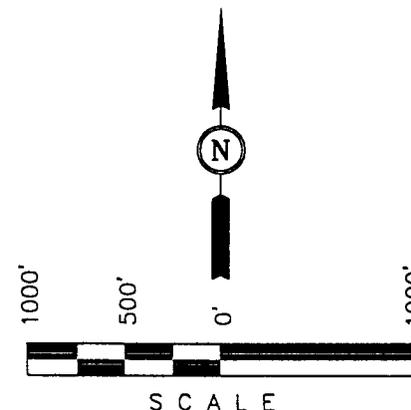
ENRON OIL & GAS CO.

Well location, NBU #507-7E, located as shown in the SE 1/4 SW 1/4 of Section 7, T10S, R21E, S.L.B.&M. Uintah County, Utah.



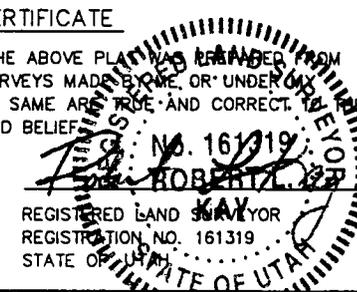
BASIS OF ELEVATION

SPOT ELEVATION ON HILL TOP LOCATED IN THE NE 1/4 SE 1/4 OF SECTION 7, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN. NE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5193 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME, OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

UINTAH ENGINEERING & LAND SURVEYING		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 12-4-97	DATE DRAWN: 12-16-97
PARTY D.K. D.H. D.COX	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE ENRON OIL & GAS CO.	

EIGHT POINT PLAN

**NATURAL BUTTES UNIT 507-7E
SE/SW, SEC. 7, T10S, R21E, S.L.B.&M.
UINTAH COUNTY, UTAH**

1. & 2. ESTIMATED TOPS & ANTICIPATED OIL, GAS, & WATER ZONES:

FORMATION	DEPTH	TYPE ZONES	MAXIMUM PRESSURE
Green River FM	1241		
"M" Marker	4173		
Wasatch	4619	GAS	
Chapita Wells	5229	GAS	
Buck Canyon	5869	GAS	
EST. TD:	6370	Anticipated BHP 2800 PSI	

3. PRESSURE CONTROL EQUIPMENT: BOP Schematic Diagram attached.

4. CASING PROGRAM:

HOLE SIZE	INTERVAL	LENGTH	SIZE	WEIGHT	GRADE	THREAD	<u>MINIMUM SAFETY FACTOR</u>		
							COLLAPSE	BURST	TENSILE
11	0' - 220'	200' - 220'	8 5/8	24.0 #	J-55	ST&C	1370 PSI	2950 PSI	263,000#
or									
12 1/4	0' - 220'	200' - 220'	9 5/8	32.3 #	H-40	ST&C	1370 PSI	2270 PSI	254,000#
7 7/8	0' - 6370'	6370'	4 1/2	10.5 #	J-55	ST&C	4010 PSI	4790 PSI	146,000#

If conductor drive pipe is used, it will be left in place if its total length is less than 20 feet below the surface. If the total length of the drive pipe is equal to or greater than 20 feet, it will be pulled prior to cementing surface casing, or it will be cemented in place. The minimum diameter of the conductor drive pipe will be 13 3/8".

All casing will be new or inspected.

5. MUD PROGRAM

<u>INTERVAL</u>	<u>MUD TYPE</u>
0' - 220'	Air
240' - 4000'	Air/Mist & Aerated Water
4000' - TD	Air/3% KCL water or KCL substitute

Lost circulation probable from 1500' to 3000'+/-.

Sufficient mud inventory will be maintained on location during drilling to handle any adverse conditions that may arise.

EIGHT POINT PLAN

NATURAL BUTTES UNIT 507-7E
SE/SW, SEC. 7, T10S, R21E, S.L.B.&M.
UINTAH COUNTY, UTAH

6. VARIANCE REQUESTS:

- A. EOG Resources, Inc. requests a variance to regulations requiring a straight run blooie line (Where possible, a straight run blooie line will be used).
- B. EOG Resources, Inc. requests a variance to regulations requiring an automatic ignitor or continuous pilot light on the blooie line. (Not required on aerated water system).
- C. EOG Resources, Inc. requests a variance to regulations requiring the blooie line to be 100' in length. To reduce location excavation, the blooie line will be 75' in length.

7. EVALUATION PROGRAM:

Logs: SCHLUMBER DIPOLE SONIC NEUTRON GR TD to 4100'
 SCHLUMBER GR-NEUTRON 4100 to base of surface casing

Cores: None Programmed
DST: None Programmed

Completion: To be submitted at a later date.

Note: If hole conditions prevent the running of open hole logs, a cased hole Dipole Sonic/Neutron/Gr will be run in lieu of open hole logs.

8. ABNORMAL CONDITIONS:

None anticipated.

9. STANDARD REQUIRED EQUIPMENT:

- A. Choke Manifold
- B. Kelly Clock
- C. Stabbing Valve
- D. Visual Mud Monitoring

EIGHT POINT PLAN

NATURAL BUTTES UNIT 507-7E
SE/SW, SEC. 7, T10S, R21E, S.L.B.&M.
UINTAH COUNTY, UTAH

10. HAZARDOUS CHEMICALS:

No chemicals subject to reporting under SARA title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

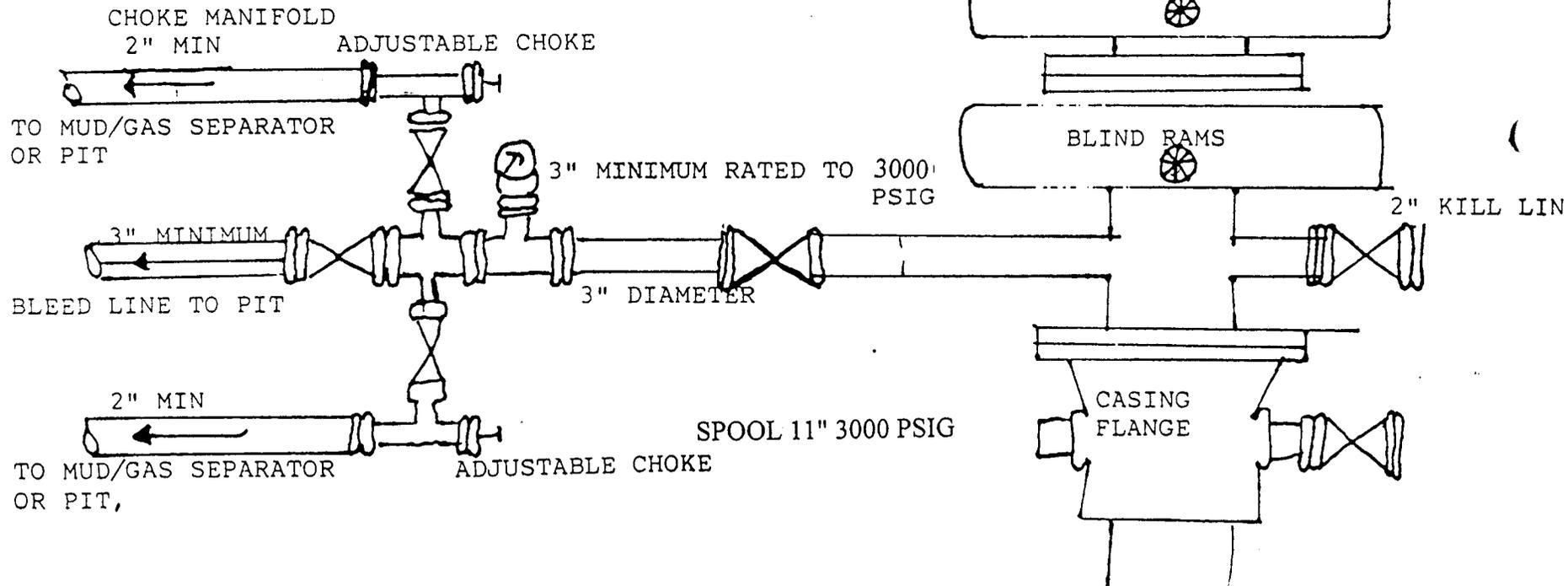
(Attachment: BOP Schematic Diagram)

3000 PSIG DIAGRAM

ANNULAR PREVENTOR AND BOTH RAMS ARE 3000 RATED.
 CASING FLANGE IS 11" 3000 PSIG RATED.
 BOPE 11" 3000 PSIG

TESTING PROCEDURE:

1. BOPE 's will be tested with a professional tester to conform to Onshore Order #2 with retest every 14 days.
2. Blind & Pipe rams will be tested to rated working pressure, 3000 psig
3. Annular preventor will be tested to 50% of working pressure, 1500 psig
4. Casing will be tested to 0.22 psi/ft. or 1500 psig. Not to exceed 70% of burst strength, whichever is greater.
5. All lines subject to well pressure will be pressure tested to the same pressure as blind & pipe rams.
6. All BOPE specifications and configurations will meet Onshore Order #2 requirements for 3000 psig BOPE specifications.



**CONDITIONS OF APPROVAL
FOR THE SURFACE USE PROGRAM OF THE
APPLICATION FOR PERMIT TO DRILL**

Company/Operator: EOG Resources, Inc.
Well Name & Number: Natural Buttes Unit 507-7E
Lease Number: U-02270-A
Location: 860' FSL & 1816' FWL, SE/SW, Sec. 7,
T10S, R21E, S.L.B.&M., Uintah County, Utah
Surface Ownership: Federal

NOTIFICATION REQUIREMENTS

Location Construction - forty-eight (48) hours prior to construction of location and access roads.

Location Completion - prior to moving on the drilling rig.

Spud Notice: - at least twenty-four (24) hours prior to spudding the well.

Casing String and Cementing - twenty-four (24) hours prior to running casing and cementing all casing strings.

BOP and related Equipment Tests - twenty-four (24) hours prior to running casing and tests.

First Production Notice - within five (5) business days after new Well begins or production resumes after Well has been off production for more than ninety (90) days.

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

THIRTEEN POINT SURFACE USE PROGRAM

1. EXISTING ROADS

- A. See attached Wellsite Plats showing directional reference stakes on location, and attached TOPO Map "B" showing access to location from existing roads.
- B. The proposed well site is located approximately 12.7 miles southeast of Ouray, Utah - See attached TOPO Map "A".
- C. Refer to attached Topographic Map "A" showing labeled access route to location.
- D. Existing roads will be maintained and repaired as necessary. No off lease Right-of-Way will be required.

2. PLANNED ACCESS ROAD

- A. The access road will be approximately 0.1 miles in length. See attached TOPO Map "B".
- B. The access road has a 30 foot ROW w/ 18 foot running surface.
- C. Maximum grade on access road will be 8%.
- D. No turnouts will be required.
- E. Road drainage crossings shall be of the typical dry creek drainage crossing type.
- F. No culverts, bridges, or major cuts and fills will be required.
- G. The access road will be dirt surface.
- H. No gates, cattleguards, or fences will be required or encountered.

New or reconstructed roads will be centerlined - flagged at time of location staking.

The road shall be upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Upgrading shall include ditching, drainage, graveling, crowning, and capping the roadbed as necessary to provide a well-constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot Right-of-Way will not be allowed.

Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossings nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by run off water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.

As operator, EOG Resources, Inc. shall be responsible for all maintenance on cattleguards, or gates associated with this oil and/or gas operation.

3. LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS OF PROPOSED WELL LOCATION

Producing wells - 15*

(*See attached TOPO map "C" for location)

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

A. ON WELL PAD

1. Production facilities will be set on location if the well is successfully completed for production. Facilities will consist of wellhead valves, combo separator-dehy unit with meter, 300 Bbl vertical or 200 Bbl low profile, condensate tank, and attaching piping. See attached facility diagram.
2. Gas gathering lines - A 3" gathering line will be buried from dehy to the edge of the location.

B. OFF WELL PAD

1. Proposed location of attendant off pad flowlines shall be flagged prior to archaeological clearance.
2. A 3" OD steel above ground natural gas pipeline will be laid approximately 1218' from proposed location to a point in the NE/SW of Section 7, T10S, R21E, where it will tie into Questar Pipeline Co.'s existing line. Proposed pipeline crosses Federal lands, thus a Right-of-Way grant will be required.
3. Proposed pipeline will be a 3" OD steel, welded line laid on the surface.
4. Protective measures and devices for livestock and wildlife will be taken and/or installed where required.

If storage facilities/tank batteries are constructed on this lease, the facility/battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain, at a minimum, the entire contents of the largest tank within the facility/battery.

The production facilities will be placed on the Northwest side of the location.

All permanent (on site for six months or longer) structures constructed or installed (including pumping units) will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities will be painted within 6 months of installation. Facilities

required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

The required paint color is Carlsbad Canyon.

If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation as determined by the authorized officer.

5. LOCATION & TYPE OF WATER SUPPLY

- A. Water supply will be from Ouray Municipal Water Plant at Ouray, Utah, and/or Target Trucking Inc.'s water source in the SW/SW, Sec. 35, T9S, R22E, Uintah County, Utah (State Water Right #49-1501). Produced water from the Chapita Wells and Stagecoach Units will also be used.
- B. Water will be hauled by a licensed trucking company.
- C. No water well will be drilled on lease.

6. SOURCE OF CONSTRUCTION MATERIAL

- A. All construction material for this location and access road will be of native borrow and soil accumulated during the construction of the location.
- B. All construction material will come from Federal Land.
- C. No mineral materials will be required.

7. METHODS OF HANDLING WASTE DISPOSAL

A. METHODS AND LOCATION

- 1. Cuttings will be confined in the reserve pit.
- 2. A portable toilet will be provided for human waste during the drilling and completion of the well. Disposal will be at the Vernal sewage disposal plant.
- 3. Burning will not be allowed. Trash and other waste material will be contained in a wire mesh cage and disposed of at the Uintah County Landfill.
- 4. Produced wastewater will be confined to a lined pit or storage tank for a period not to exceed 90 days after initial production. After the 90 day period, the produced water will be contained in a tank on location and then disposed of at one of the following three locations: Natural Buttes Unit 21-20B SWD, Ace Disposal, or EOG Resources, Inc. drilling operations (Chapita Wells Unit, Natural Buttes Unit & Stagecoach Unit).

5. All chemicals will be disposed of at an authorized disposal site. Drip pans and absorbent pads will be used on the drilling rig to avoid leakage of oil to the pit.
- B. Water from drilling fluids and recovered during testing operations will be disposed of by either evaporating in the reserve pit or be removed and disposed of at an authorized disposal site. Introduction of well bore hydrocarbons to the reserve pit will be avoided by flaring them off in the flare pit at the time of recovery.

On BLM administered land:

The reserve pit will be constructed so as not to leak, break, or allow discharge. If the reserve pit requires padding prior to lining (due to rocky conditions) felt padding will be used.

The reserve pit shall not be lined.

8. ANCILLARY FACILITIES

- A. No airstrips or camps are planned for this well.

9. WELLSITE LAYOUT

- A. Refer to attached well site plat for related topography cuts and fills and cross sections.
- B. Refer to attached well site plat for rig layout and soil material stockpile location as approved on On-site.
- C. Refer to attached well site plat for rig orientation, parking areas, and access road.
- D. The approved seed mixture for this location is:
 - 3 pounds Nuddles per acre
 - 4 pounds FourWing Salt Bush per acre
 - 3 pounds Shadscale per acre
 - 2 pounds Western Wheatgrass per acre.

The reserve pit will be located on the North side of the location. The flare pit will be located downwind of the prevailing wind direction on the East side of the location, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.

The stockpiled pit topsoil will be stored separate from the location topsoil between Corners C and 5. The stockpiled location topsoil will be stored around Corners 6 and 7. Upon completion of construction, the stockpiled topsoil from the location will be broadcast seeded with the approved seed mixture for this location and then walked down with a cat.

Access to the well pad will be from the West.

Corner #8 will be rounded off to minimize excavation.

FENCING REQUIREMENTS:

All pits will be fenced according to the following minimum standards:

- A. Thirty-nine inch net wire shall be used with at least one strand of barbed wire on top of the net wire. (Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
- B. The net wire shall be no more than 2 inches above the ground. The barbed wire strand shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C. Corner posts shall be cemented and/or braced in such a manner as to keep the fence tight at all times.
- D. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
- E. All wire shall be stretched by using a stretching device before it is attached to the corner posts.

The reserve pit fencing will be on the three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until clean-up.

Each existing fence to be crossed by the access road shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be closed temporarily as necessary during construction to prevent the escape of livestock, and, upon completion of construction, the fence shall be repaired to BLM or SMA specifications. A cattleguard with an adjacent 16 foot gate shall be installed in any fence where a road is to be regularly traveled. If the well is a producer, the cattleguards (shall/shall not) be permanently mounted on concrete bases. Prior to a new road, crossing any fence located on Federal land, or any fence between Federal land and private land, the operator will contact the BLM, who will in turn contact the grazing permittee or owner of said fence and offer him/her the opportunity to be present when the fence is cut in order to satisfy himself/herself that the fence is adequately braced and tied off.

10. PLANS FOR RESTORATION OF SURFACE

A. PRODUCING LOCATION

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.

Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with CFR 3162.7-1.

If a plastic nylon reinforced liner is used, it shall be torn and perforated before backfilling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The stockpiled pit topsoil will then be spread over the pit area and broadcast seeded with the prescribed seed mixture for this location. The seeded area will then be walked down with a cat.

B. DRY HOLE/ABANDONED LOCATION

At such time as the well is plugged and abandoned, the operator will submit a subsequent report of abandonment and the BLM will attach the appropriate surface rehabilitation conditions of approval.

11. SURFACE OWNERSHIP

Access road: Federal

Location: Federal

12. OTHER INFORMATION

A. EOG Resources, Inc. will inform all persons in the area who are associated with this project that they are subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator will immediately stop work that might further disturb such materials, and contact the AO. Within five working days the AO will inform the operator as to:

-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used.

-a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wished, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials that may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- B. As operator, EOG Resources, Inc. will control noxious weeds along Right-of-Ways for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds will be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land, a Pesticide Use proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.

- C. Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on BLM lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities. (The BLM does not seek to compete with private industry. There are commercial facilities available for stacking and storing drilling rigs.)

Additional Surface Stipulations

None

LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION

<u>OPERATIONS</u>		<u>PERMITTING</u>
EOG Resources, Inc.	EOG Resources, Inc.	Ed Trotter
P.O. Box 250	P.O. Box 1815	P.O. Box 1910
Big Piney, WY 83113	Vernal, UT 84078	Vernal, UT 84078
Jim Schaefer	George McBride	Telephone: (435)789-4120
Telephone (307)276-3331	Telephone (435)789-0790	Fax: (435)789-1420

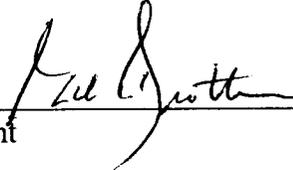
All lease or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approval plan of operations, and any applicable Notice to Lessees. EOG Resources, Inc. is fully responsible for the actions of their subcontractors. A copy of these conditions will be furnished to the field representative to insure compliance.

A copy of the approved APD and ROW grant, if applicable, shall be on location during construction of the location and drilling activities.

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that presently exist; that the statements made in the 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 subcontractors in conformity with this Plan and the terms and conditions under which it is approved.

6-28-2002
Date


Agent

ENRON OIL & GAS CO.

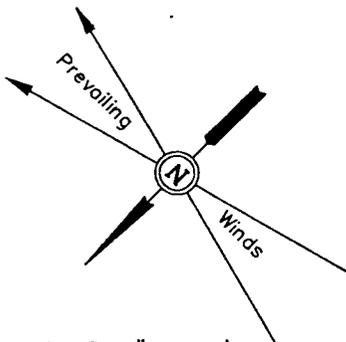
LOCATION LAYOUT FOR

NBU #507-7E

SECTION 7, T10S, R21E, S.L.B.&M.

860' FSL 1816' FWL

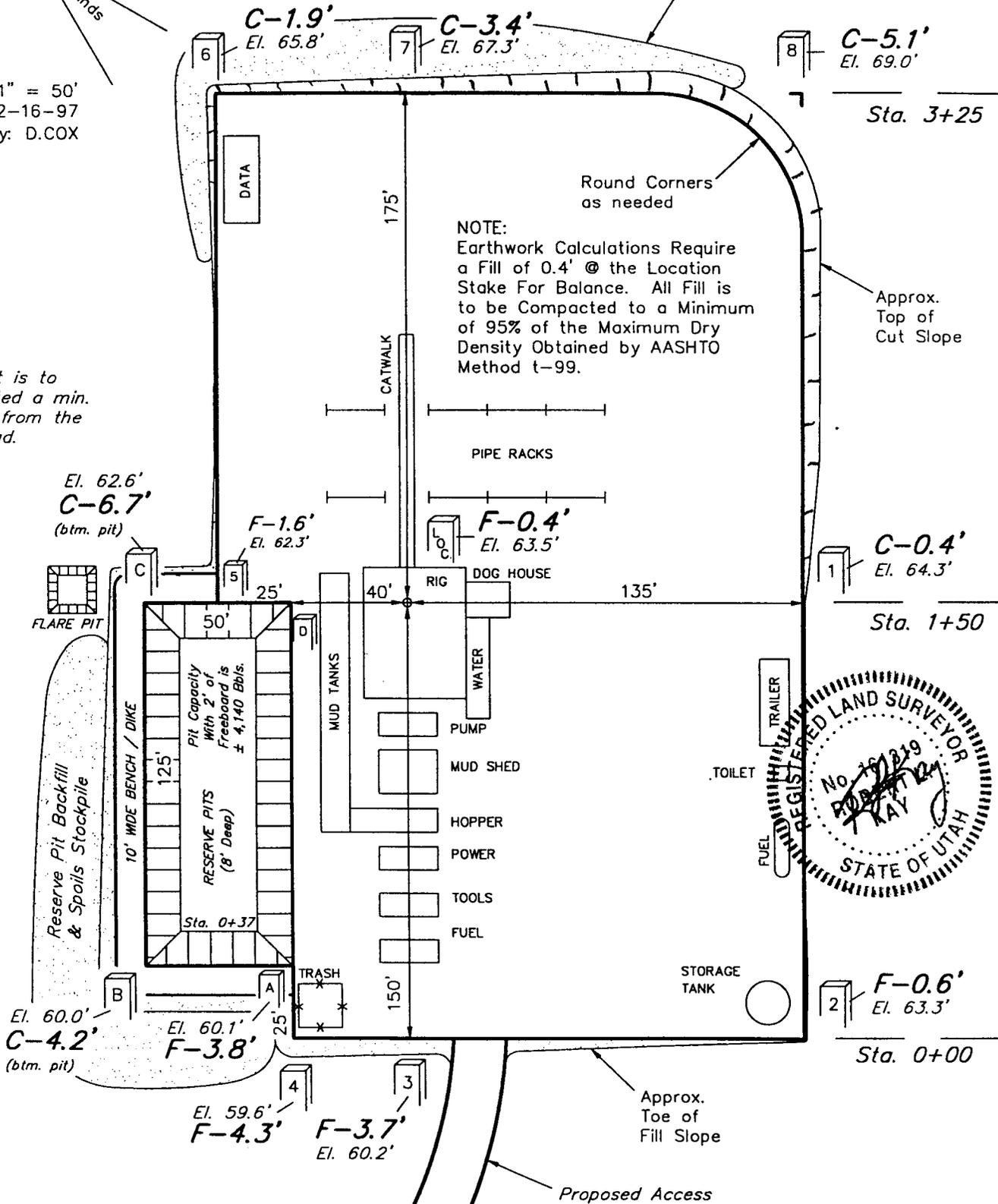
Topsail Stockpile



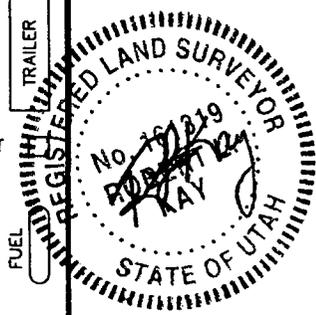
SCALE: 1" = 50'
DATE: 12-16-97
Drawn By: D.COX

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



NOTE:
Earthwork Calculations Require a Fill of 0.4' @ the Location Stake For Balance. All Fill is to be Compacted to a Minimum of 95% of the Maximum Dry Density Obtained by AASHTO Method t-99.



Elev. Ungraded Ground at Location Stake = 5063.5'
Elev. Graded Ground at Location Stake = 5063.9'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017

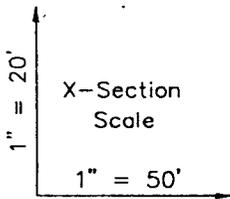
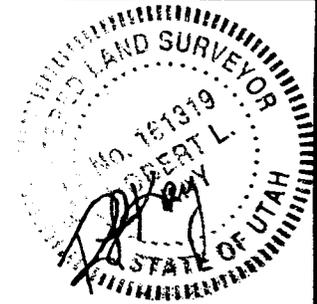
ENRON OIL & GAS CO.

TYPICAL CROSS SECTIONS FOR

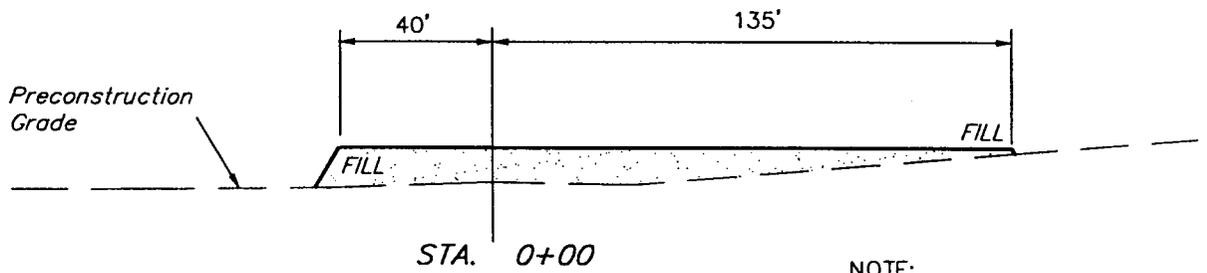
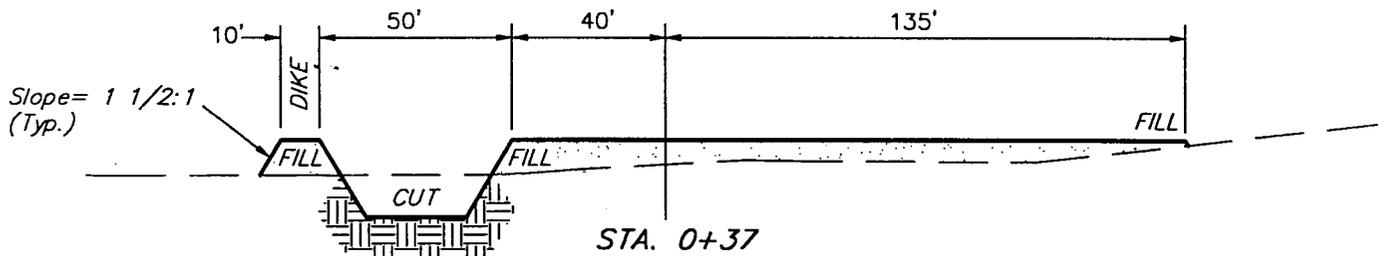
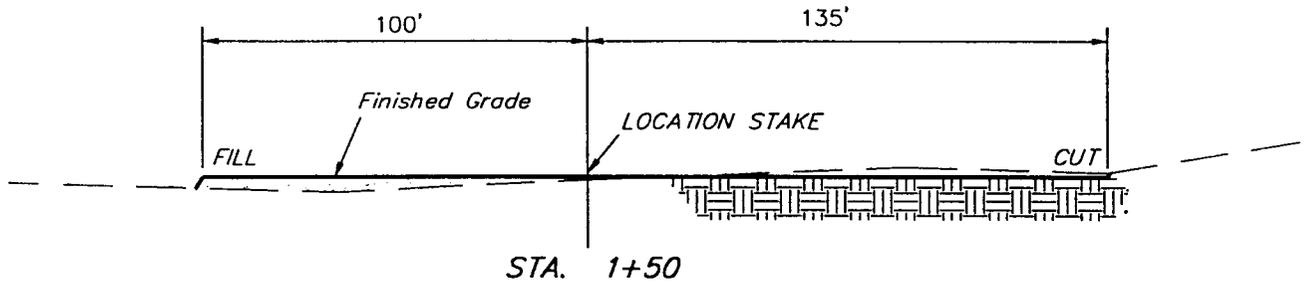
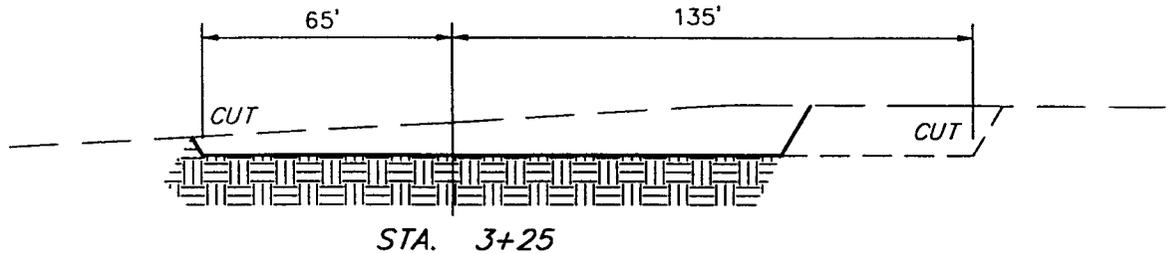
NBU #507-7E

SECTION 7, T10S, R21E, S.L.B.&M.

860' FSL 1816' FWL



DATE: 12-16-97
Drawn By: D.COX

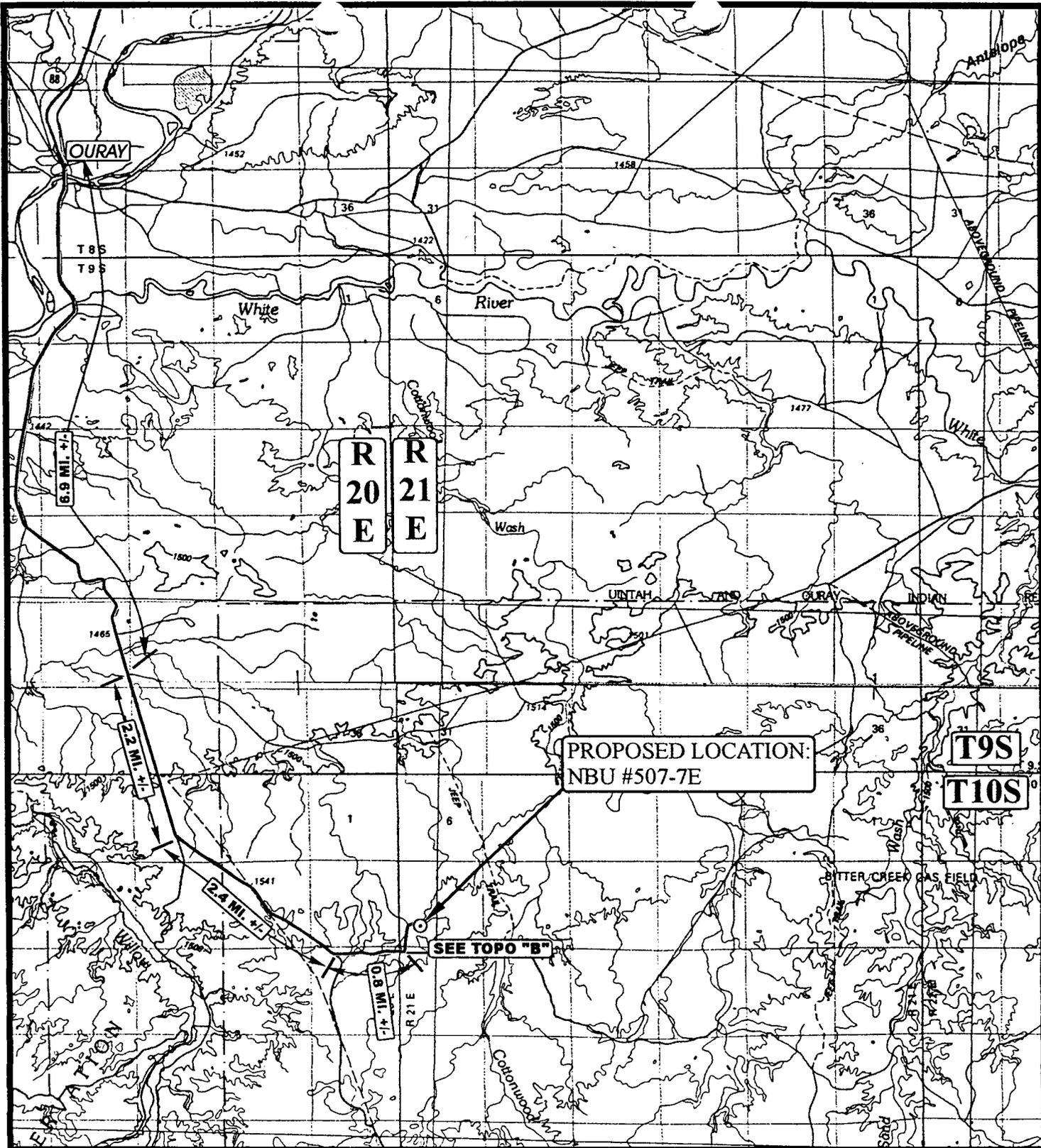


NOTE:
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

APPROXIMATE YARDAGES

(6") Topsoil Stripping	=	1,250 Cu. Yds.
Remaining Location	=	3,170 Cu. Yds.
TOTAL CUT	=	4,420 CU.YDS.
FILL	=	2,400 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	=	1,900 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	1,900 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	=	0 Cu. Yds.



LEGEND:

⊙ PROPOSED LOCATION



ENRON OIL & GAS COMPANY

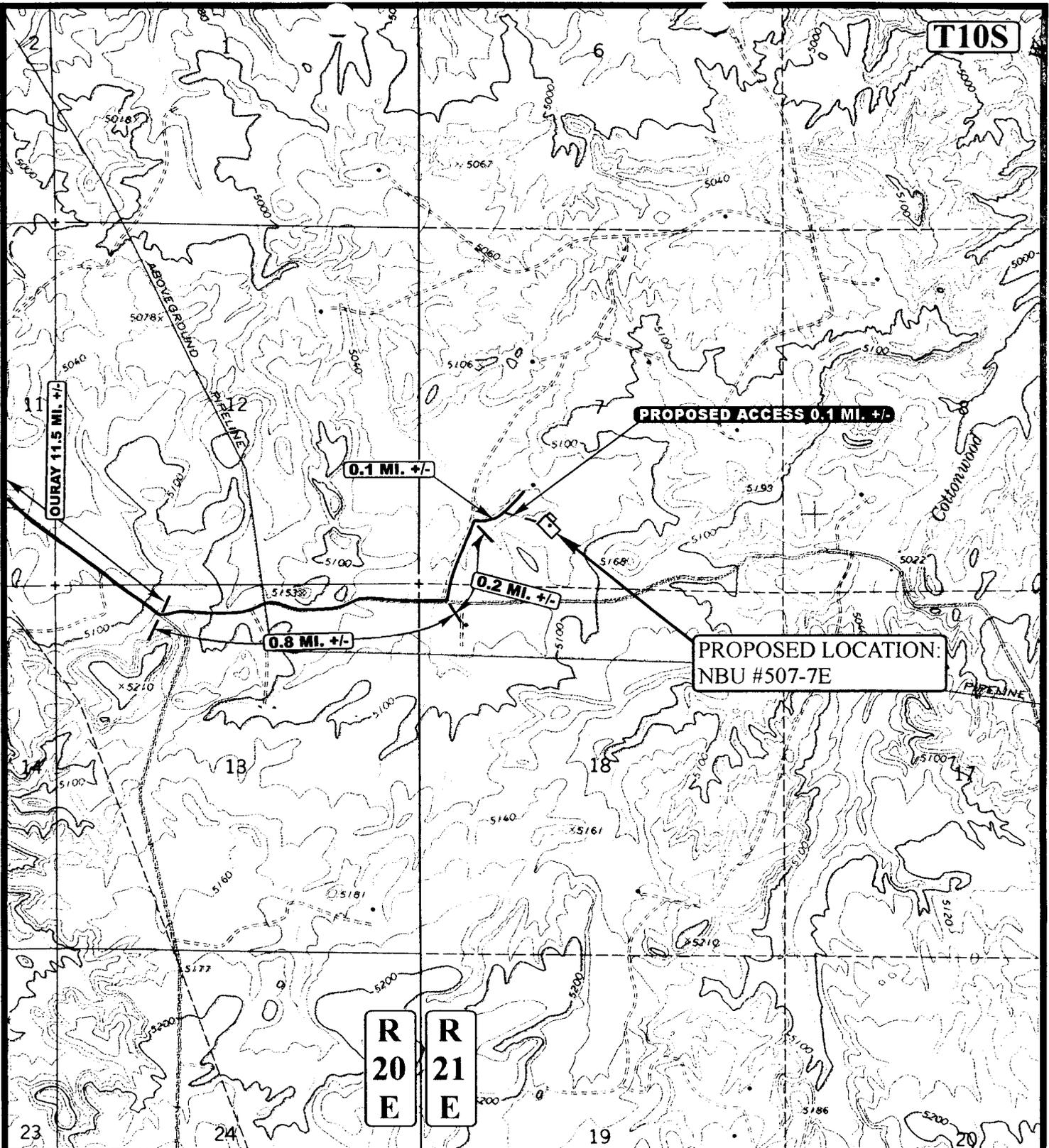
NBU #507-7E
 SECTION 7, T10S, R21E, S.L.B.&M.
 860' FSL 1816' FWL



Utah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (801) 789-1017 * FAX (801) 789-1813
 Email: uels@easilink.com

TOPOGRAPHIC 12 11 97
 MAP MONTH DAY YEAR
 SCALE: 1:100,000 DRAWN BY: C.G. REVISED: 00-00-00





LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD



ENRON OIL & GAS COMPANY

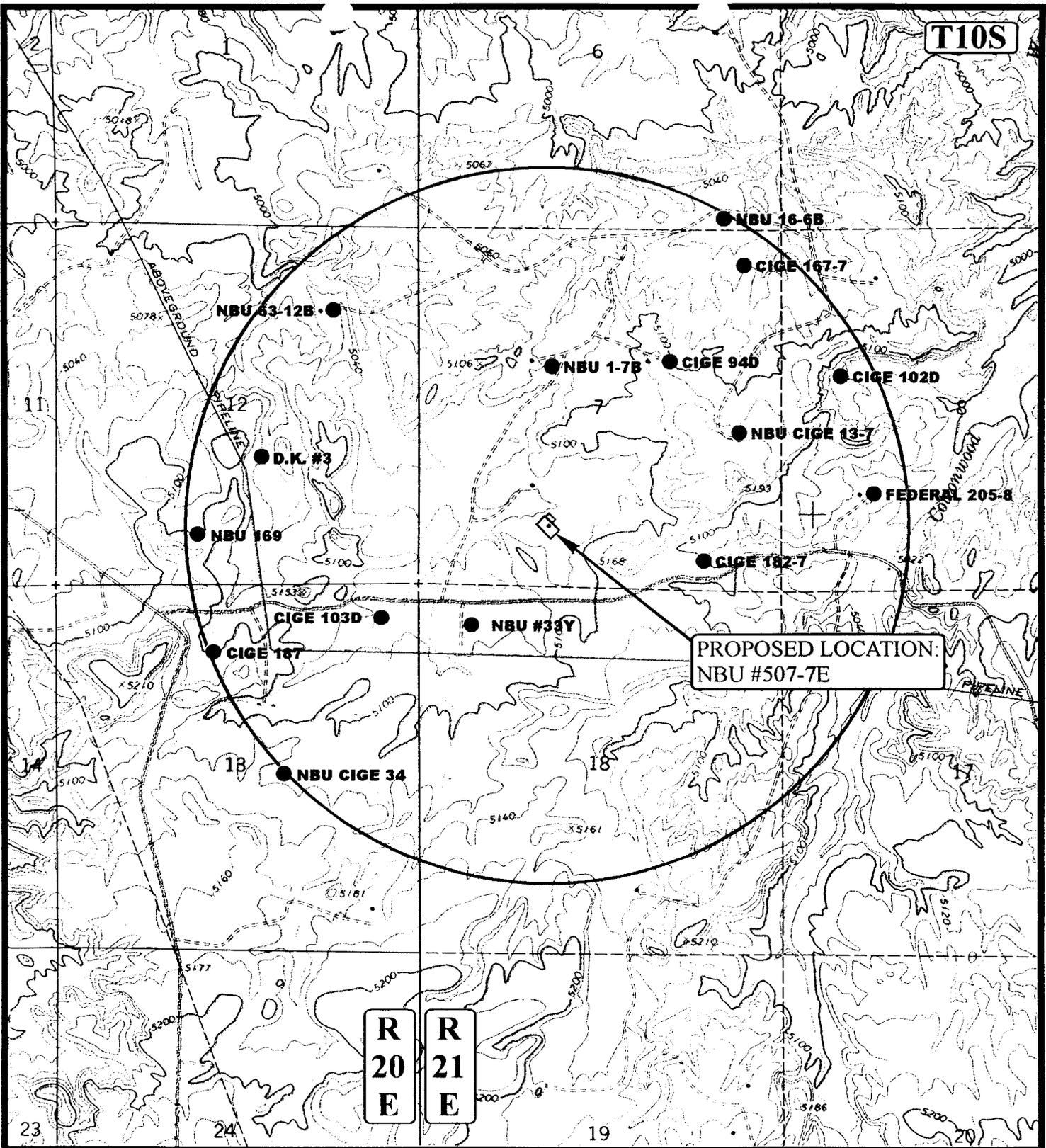
NBU #507-7E
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TOPOGRAPHIC 12 11 97
 MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.G. REVISED: 00-00-00

B
 TOPO



LEGEND:

- ∅ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ∅ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



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 85 South 200 East Vernal, Utah 84078
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NBU #507-7E
SECTION 7, T10S, R21E, S.L.B.&M.
860' FSL 1816' FWL

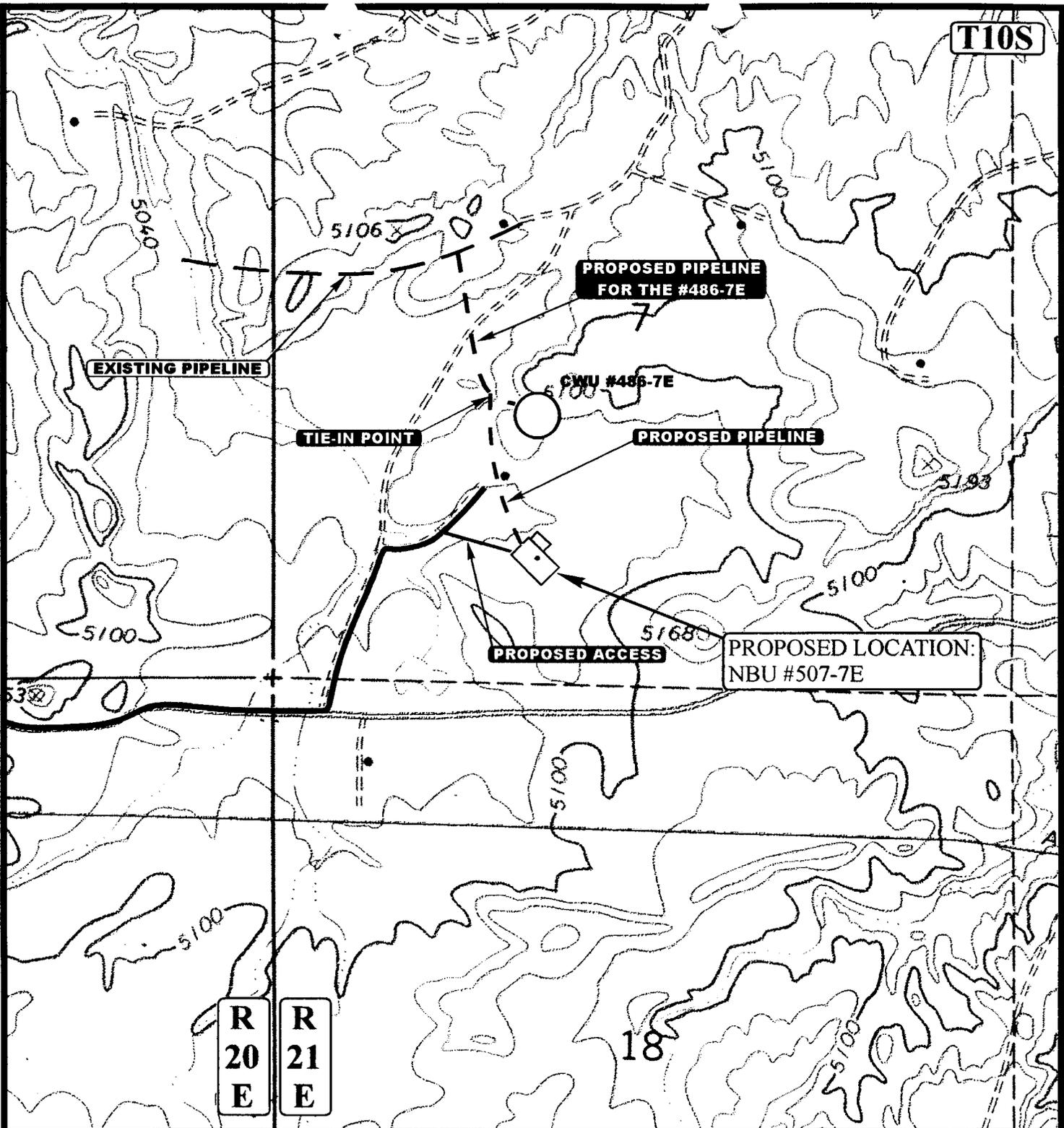
**TOPOGRAPHIC
MAP**

12	11	197
MONTH	DAY	YEAR

SCALE: 1" = 2000' DRAWN BY: C.G. REVISED: 00-00-00



T10S



APPROXIMATE TOTAL PIPELINE DISTANCE = 1218' +/-

LEGEND:

- EXISTING PIPELINE
- - - PROPOSED PIPELINE
- PROPOSED ACCESS



ENRON OIL & GAS COMPANY

NBU #507-7E
 SECTION 7, T10S, R21E, S.L.B.&M.
 860' FSL 1816' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
 MAP

12	11	1997
MONTH	DAY	YEAR

SCALE: 1" = 1000' DRAWN BY: C.G. REVISED: 00-00-00

D
 TOPO

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/01/2002

API NO. ASSIGNED: 43-047-34641

WELL NAME: NBU 507-7E
 OPERATOR: EOG RESOURCES INC (N9550)
 CONTACT: ED TROTTER

PHONE NUMBER: 435-789-0790

PROPOSED LOCATION:

SESW 07 100S 210E
 SURFACE: 0860 FSL 1816 FWL
 BOTTOM: 0860 FSL 1816 FWL
 UINTAH
 NATURAL BUTTES (630)

LEASE TYPE: 1 - Federal
 LEASE NUMBER: U-02270-A
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSTC

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LATITUDE: 39.95771
 LONGITUDE: 109.59713

RECEIVED AND/OR REVIEWED:

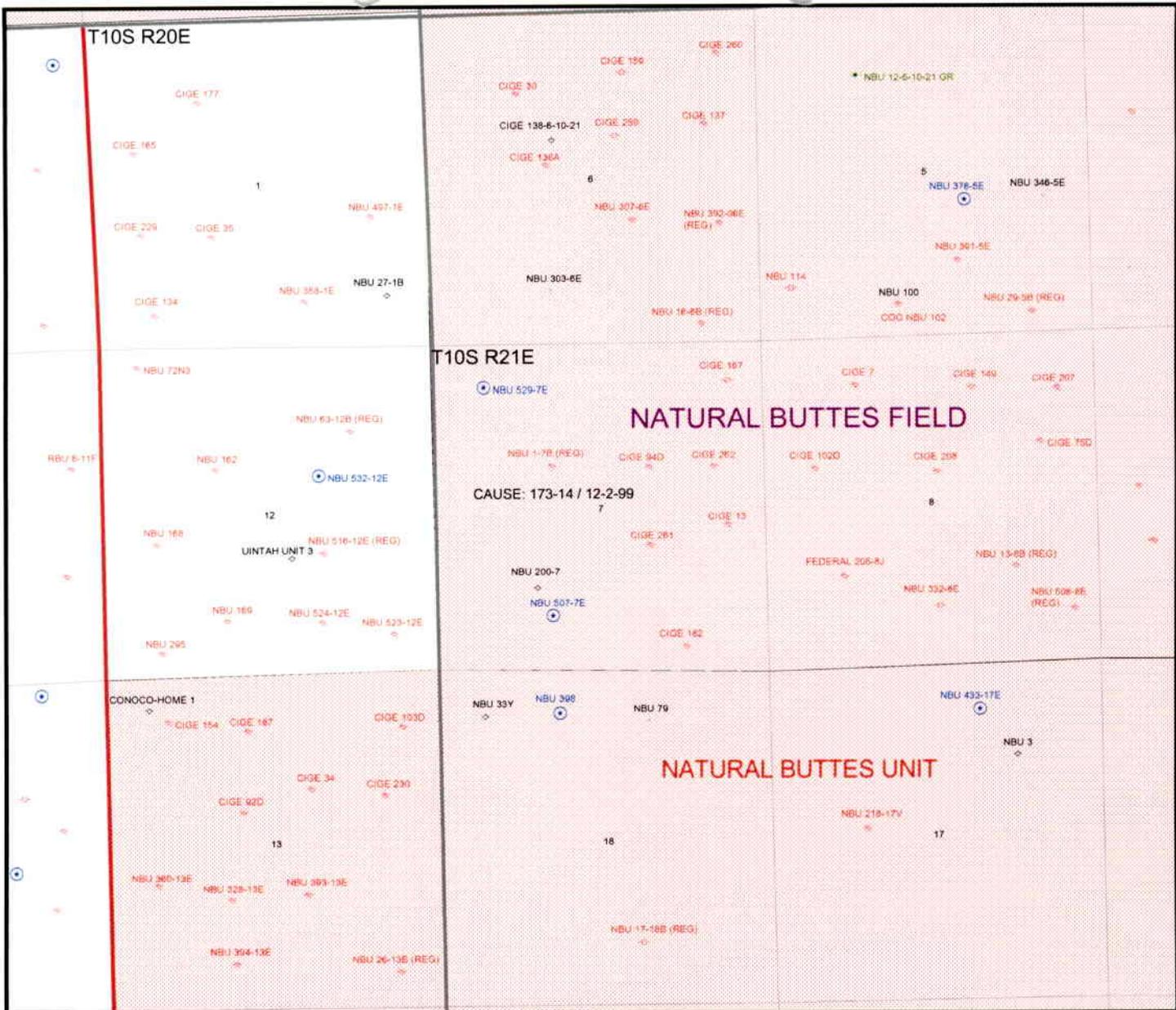
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. NM 2308)
- Potash (Y/N)
- Oil Shale 190-5(B) or 190-3 or 190-13
- Water Permit
(No. 49-1501)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit NATURAL BUTTES
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 173-14
Eff Date: 12-2-99
Siting: * 400' Fr unit boundary
- R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS: 1- Federal Apprv
2- OIL SHALE

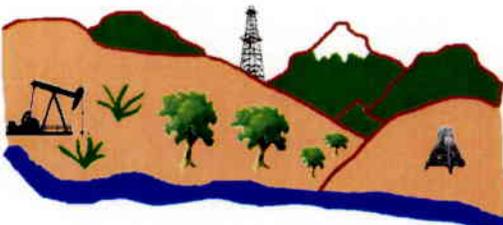


OPERATOR NAME: EOG RESOURCES (N9550)

SEC. 7 T10S R21E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH SPACING: 173-14 / 12-2-99



Utah Oil Gas and Mining



Prepared By: D. Mason
Date: 10-July-2002

Field Status		Well Status		Unit Status	
	ABANDONED		Gas Injection		EXPLORATORY
	ACTIVE		Gas Storage		GAS STORAGE
	COMBINED		Location Abandoned		NF PP OIL
	INACTIVE		Location		NF SECONDARY
	PROPOSED		Plugged		PENDING
	STORAGE		Producing Gas		PI OIL
	TERMINATED		Producing Oil		PP GAS
	Township.shp		Shut-In Gas		PP GEOTHERML
	Sections		Shut-In Oil		PP OIL
			Temporarily Abandoned		SECONDARY
			Test Well		TERMINATED
			Water Injection		
			Water Supply		
			Water Disposal		



EOG Resources, Inc.
600 Seventeenth Street
Suite 1100N
Denver, CO 80202
(303) 572-9000
Fax: (303) 824-5400

June 27, 2002

Utah State Office
Bureau of Land Management
P.O. Box 45155
Salt Lake City, Utah 84145-0155

Attention: Mr. Robert A. Henricks
Chief, Branch of Fluid Minerals

RE: Designation of Agent
Natural Buttes Unit
Uintah County, Utah
Natural Buttes Prospect
1540-AA29

Gentlemen:

Enclosed, for your approval, are three (3) copies of a Designation of Agent pertaining to EOG Resources, Inc.'s (EOG) proposed NBU 436-18E and NBU 507-7E wells. All copies have been originally executed on behalf of El Paso Production Oil & Gas Company.

When approved, please forward the approved Designation of Agent to my attention at the letterhead address (not to EOG's Vernal, Utah, office as identified on the face of this Designation of Agent).

If anything further is needed in connection with this matter, please contact the undersigned at the telephone number listed in the letterhead.

Yours very truly,

EOG RESOURCES, INC.

A handwritten signature in black ink, appearing to read "Toni Lei Miller".

Toni Lei Miller
Division Land Specialist

TLM/kse

Enclosures

(m:\tlm\june\blmltr.doc)

cc: Vernal District, BLM (with copy of enclosure)
Division of Oil, Gas and Mining (with copy of enclosure)
Ed Trotter (with copy of enclosure)
Jim Schaefer, EOG - Big Piney (with copy of enclosure)
George McBride, EOG - Vernal (with copy of enclosure)
El Paso Production Oil & Gas Company, Attn: Ms. Elizabeth Williams
(with copy of enclosure)

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DESIGNATION OF AGENT

Robert A. Henricks
Chief, Branch of Fluid Minerals

The undersigned is, on the records of the Bureau of Land Management, Unit Operator under the Natural Buttes Unit Agreement, Uintah County, Utah, No. 14-08-00018900 approved January 5, 1968, and hereby designates:

NAME: EOG Resources, Inc.
ADDRESS: P.O. Box 1815
Vernal, Utah 84078

as its agent, with full authority to act in its behalf in complying with the terms of the unit agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to drilling, testing, and completing the unit wells listed on the attached Exhibit "A" which are located in Uintah County, Utah.

This designation of agent does not relieve the Unit Operator of responsibility for compliance with the terms of the unit agreement. It is also understood that this designation of agent does not constitute an assignment of any interest under the unit agreement or any lease committed thereto.

The designated agent will be responsible for compliance with the Oil and Gas Operating Regulations as they relate to the drilling, testing, and completing of each of the subject wells. In accordance with 3104.2, bonding shall be provided by EOG Resources, Inc., Bond No. NM 2308.

This designation of agent is deemed to be temporary and in no manner a permanent arrangement.

This designation is given only to enable the agent herein designated to drill the above specified unit wells. Unless sooner terminated, this designation shall terminate as to each well when there is filed in the appropriate district office of the Bureau of Land Management a completed file of all required Federal reports pertaining to that well. At which time the Unit Operator shall assume all liability of that well and bonding shall be provided by the Unit Operator or as otherwise arranged by the unit agreement. It is also understood that this designation of agent is limited to field operations and does not cover administrative actions requiring specific authorization of the Unit Operator.

EL PASO PRODUCTION OIL & GAS COMPANY, Unit Operator

By: Henry J. Hansen

Date: 6-26-02

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EXHIBIT "A"

Attached to and made a part of that certain Designation of Agent dated 6-26-02, 2002, from El Paso Production Oil & Gas Company to EOG Resources, Inc.

WELL NAME	LOCATION			
	DIV	SEC	TWP	RGE
NBU 436-18E	NESE	18	10S	21E
NBU 507-7E	SESW	7	10S	21E

Township and Range references are South and East of the Salt Lake Meridian in Uintah County, Utah.

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**DIVISION OF
OIL, GAS AND MINING**



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 10, 2002

EOG Resources, Inc.
P O Box 1815
Vernal, UT 84078

Re: Natural Buttes Unit 507-7E Well, 860' FSL, 1816' FWL, SE SW, Sec. 7, T. 10 South,
R. 21 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-34641.

Sincerely,

for John R. Baza
Associate Director

pb
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: EOG Resources, Inc.
Well Name & Number Natural Buttes Unit 507-7E
API Number: 43-047-34641
Lease: U-02270-A

Location: SE SW **Sec. 7** **T. 10 South** **R. 21 East**

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

5. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

(July 1992) 005

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

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JUN 28 2002

U-02270-A

APPLICATION FOR PERMIT TO DRILL OR DEEPEN. 1a. TYPE OF WORK DRILL [X] DEEPEN []. b. TYPE OF WELL Oil Well [] Gas Well [X] Other []. 2. Name of Operator EOG RESOURCES, INC. 3. Address and Telephone Number P.O. BOX 1815, VERNAL, UT 84078 (435)789-0790. 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 860' FSL & 1816' FWL SE/SW. 6. If Indian, Allottee or Tribe name. 7. Unit Agreement Name NATURAL BUTTES UNIT. 8. Farm or lease name, well no. 9. API Well No. NBU 507-7E. 10. Field and pool, or wildcat WASATCH. 11. Sec., T., R., M., or BLK. and survey or area SEC. 7, T10S, R21E. 12. County or parish UINTAH. 13. State UTAH. 14. Distance in miles and direction from nearest town or post office 12.7 MILES SOUTHEAST OF OURAY, UTAH. 15. Distance from proposed location to nearest property or lease line, ft. 860'. 16. No. of acres in lease 2167. 17. No. of acres assigned to this well. 18. Distance from proposed location to nearest well, drilling, completed, or applied for, on this lease, ft. 19. Proposed depth 6370'. 20. Rotary or cable tools ROTARY. 21. Elevations (show whether DF, RT, GR, etc.) 5063.9 FEET GRADED GROUND. 22. Approx. date work will start UPON APPROVAL.

23. PROPOSED CASING AND CEMENTING PROGRAM. Table with columns: SIZE OF HOLE, GRADE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 11", 12 1/4", and 7 7/8" hole sizes with corresponding casing and cement specifications.

SEE ATTACHMENTS FOR:

- 8 POINT PLAN
BOP SCHEMATIC
SURFACE USE AND OPERATING PLAN
LOCATION PLAT
LOCATION LAYOUT
TOPOGRAPHIC MAPS "A", "B", AND "C"
GAS SALES PIPELINE—MAP "D"

CONFIDENTIAL

EOG RESOURCES, INC. WILL BE THE DESIGNATED OPERATOR OF THE SUBJECT WELL UNDER BOND #NM 2308

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Pc: UTAH DIVISION OF OIL, GAS, AND MINING

DIVISION OF OIL GAS AND MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Agent DATE 6-28-2002

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

Application approval 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.

CONDITIONS OF APPROVAL IF ANY. APPROVED BY [Signature] TITLE Assistant Field Manager Mineral Resources DATE 08/21/2002

NOTICE OF APPROVAL CONDITIONS OF APPROVAL ATTACHED

92MK0135A APP POSTED 06/28/02 DOBMA

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: EOG Resources Inc.

Well Name & Number: NBU 507-7E

API Number: 43-047-34641

Lease Number: U - 02270-A

Location: SESW Sec. 07 T.10S R. 21E

Agreement: NATURAL BUTTES UNIT

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For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application 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.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 3M system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Green River Formation, identified at 1,385 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

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COAs Page 3 of 7
Well No.: NBU 507-7E

DIVISION OF
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4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations. No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first

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COAs Page 4 of 7
Well No.: NBU 507-7E

DIVISION OF

produced into a permanent storage facility, ~~ON, GAS AND MINING~~ and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries and tested for meter accuracy at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (435) 828-7874
Petroleum Engineer

Kirk Fleetwood (435) 828-7875
Petroleum Engineer

BLM FAX Machine (435) 781-4410

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AUG 27 2002
DIVISION OF
OIL, GAS AND MINING

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

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CONDITIONS OF APPROVAL
FOR THE SURFACE USE PROGRAM OF THE
APPLICATION FOR PERMIT TO DRILL

-The reserve pit shall be lined with a synthetic reinforced liner a minimum of 10 mil thick. Sufficient bedding will be used to cover any rocks protruding from the pit walls and floors. The liner will overlap the pit walls and be covered with dirt and /or rocks to hold it in place. Trash or scrap will not be disposed of in the pit.

-Diversion dam & Ditch would be built to divert the drainage around the pit south of stake 8

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DIVISION OF
OIL, GAS AND MINING

006

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

5. LEASE DESIGNATION AND SERIAL NUMBER:
U-02270-A

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

7. UNIT or CA AGREEMENT NAME:
NATURAL BUTTES UNIT

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
NATURAL BUTTES UNIT 507-7E

2. NAME OF OPERATOR:
EOG RESOURCES, INC.

9. API NUMBER:
4304734641

3. ADDRESS OF OPERATOR:
P.O. BOX 1910 CITY VERNAL STATE UT ZIP 84078

PHONE NUMBER:
(435) 789-4120

10. FIELD AND POOL, OR WILDCAT:
NATURAL BUTTES

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 860' FSL, 1816' FWL

COUNTY: UINTAH

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 7 10S 21E S

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Request for extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

EOG Resources, Inc. is requesting that the APD for the subject well be extended for one year.

Approved by the
Utah Division
Oil, Gas and Min.
Date: 07-03-03
By: [Signature]

COPY SENT TO OPERATOR
Date: 7-8-03
Initials: CHD

NAME (PLEASE PRINT) Ed Trotter
SIGNATURE [Signature]

TITLE Agent for EOG Resources, Inc.
DATE 6/30/2003

(This space for State use only)

RECEIVED
JUL 03 2003
DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304734641
Well Name: NATURAL BUTTES UNIT 507-7E
Location: 860' FSL, 1816' FWL, SE/SW, SEC. 7, T10S, R21E
Company Permit Issued to: EOG RESOURCES, INC.
Date Original Permit Issued: 7/10/2002

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No



Signature

6/30/2003

Date

Title: Agent

Representing: EOG RESOURCES, INC.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

007 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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Serial No. U-02270-A
2. Name of Operator EOG RESOURCES, INC.	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. (435)789-4120 P.O. BOX 1910, VERNAL, UT 84078	7. If Unit or CA/Agreement, Name and/or No. NATURAL BUTTES UNIT
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 860' FSL, 1816' FWL, SE/SW SECTION 7, T10S, R21E	8. Well Name and No. NATURAL BUTTES UNIT 507-7E
	9. API Well No. 43-047-34641
	10. Field and Pool, or Exploratory Area NATURAL BUTTES
	11. County or Parish, State UINTAH COUNTY, UTAH

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"/> SUBSEQUENT REPORT	<input type="checkbox"/> Alter Casing
<input type="checkbox"/> FINAL ABANDONMENT NOTICE	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Deepen
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other-Request for Extension

13. Describe Proposed or Completed Operations (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 recomplete 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 shall 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 shall be filed once testing is completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

EOG Resources, Inc. is requesting that the APD for the subject well be extended for one year.

CONDITIONS OF APPROVAL ATTACHED

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Ed Trotter	Title Agent
Signature	Date July 21, 2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Petroleum Engineer 10/27/03
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 RECEIVED

NOV 19 2003

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, makes 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)

DIV. OF OIL, GAS & MINING

UDOGM

EOG Resources, Inc.
APD Extension

Well: NBU 507-7E

Location: SESW Sec. 7, T10S, R21E

Lease: UTU 02270A

Conditions of Approval

An extension for the referenced APD is granted with the following condition(s):

1. The extension will expire 8/21/04
2. No other extensions beyond that period will be granted or allowed.

If you have any other questions concerning this matter, please contact Kirk Fleetwood at (435) 781-4486.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

008

5. LEASE DESIGNATION AND SERIAL NUMBER:
U-02270-A

SUNDRY NOTICES AND REPORTS ON WELLS

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Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

7. UNIT or CA AGREEMENT NAME:
NATURAL BUTTES UNIT

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
NATURAL BUTTES UNIT 507-7E

2. NAME OF OPERATOR:
EOG RESOURCES, INC.

9. API NUMBER:
4304734641

3. ADDRESS OF OPERATOR:
P.O. BOX 1910 CITY VERNAL STATE UT ZIP 84078

PHONE NUMBER:
(435) 789-4120

10. FIELD AND POOL, OR WILDCAT:
NATURAL BUTTES

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 860' FSL, 1816' FWL

COUNTY: UINTAH

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 7 10S 21E S

STATE: UTAH

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	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extension Request</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

EOG Resources, Inc. requests that the APD for the subject well be extended for one year.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 06-28-04
By: *[Signature]*

COPY SENT TO OPERATOR
Date: 6-28-04
Initials: CHD

NAME (PLEASE PRINT) Ed Trotter

TITLE Agent

SIGNATURE *[Signature]*

DATE 6/23/2004

(This space for State use only)

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JUN 25 2004

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304734641
Well Name: NATURAL BUTTES 507-7E
Location: 860' FSL, 1816' FWL, SESW, SEC. 7, T10S, R21E
Company Permit Issued to: EOG RESOURCES, INC.
Date Original Permit Issued: 7/10/2002

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

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Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

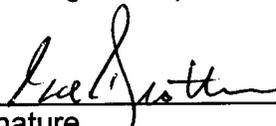
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No



Signature

6/23/2004

Date

Title: Agent

Representing: EOG Resources, Inc.

009



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/utah/vernal>



IN REPLY REFER TO:

3160

UT08300

September 7, 2004

EOG Resources, Inc.

P O Box 1815

Vernal, Utah 84078

Re: Notification of Expiration
Well No. NBU 507-7E
SESW, Sec. 7, T10S, R21E
Uintah County, Utah
Lease No. UTU-02270-A
Natural Buttes WS MV

Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on August 21, 2002. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until August 21, 2004. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,

Leslie Walker

Legal Instruments Examiner

cc: UDOGM

RECEIVED
SEP 13 2004
DIV. OF OIL, GAS & MINING



State of Utah

Department of
Natural ResourcesROBERT L. MORGAN
*Executive Director*Division of
Oil, Gas & MiningLOWELL P. BRAXTON
*Division Director*OLENE S. WALKER
*Governor*GAYLE F. McKEACHNIE
Lieutenant Governor

October 15, 2004

Ed Trotter
EOG Resources Inc.
P.O. Box 1910
Vernal UT 84078Re: APD Rescinded – NBU 507-7E, Sec. 7, T. 10S, R. 21E
Uintah County, Utah API No. 43-047-34641

Dear Mr. Trotter:

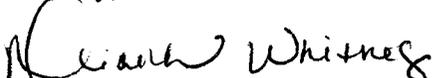
The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 10, 2002. On July 3, 2003 and June 28, 2004 the Division granted a one-year APD extension. On September 13, 2004 the Division received a letter from the Bureau of Land Management (BLM), which states that the permit filed with the BLM was being returned. I contacted you on October 15, 2004 and you requested that the APD filed with the Division be rescinded.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 15, 2004.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,



Diana Whitney
Engineering Technician

cc: Well File
Bureau Of Land Management, Vernal