

**EOG Resources, Inc.**  
**P.O. 1910**  
**Vernal, UT 84078**

January 18, 2006

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 COTTON 70-8  
NE/SE, SEC. 8, T10S, R21E  
UINTAH COUNTY, UTAH  
LEASE NO.: U-01791  
FEDERAL 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

Natural Cotton 70-8 B

RECEIVED

FEB 03 2006

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work:  DRILL  REENTER  
1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

5. Lease Serial No.  
**U-01791**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.  
**Natural Buttes**

8. Lease Name and Well No.  
**NATURAL COTTON 70-8**

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

9. API Well No.  
**43-047-37689**

3a. Address **P.O. BOX 1815  
VERNAL, UT 84078**

3b. Phone No. (Include area code)  
**(435)789-0790**

10. Field and Pool, or Exploratory  
**NATURAL BUTTES**

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface **1524' FSL, 607' FEL 622318X 39.959330**  
At proposed prod. Zone **4424 015Y NE/SE -109.567936**

11. Sec., T., R., M., or Blk. and Survey or Area  
**SEC. 8, T10S, R21E,  
S.L.B.&M.**

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

12. County or Parish **UINTAH** 13. State **UTAH**

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. Unit line, if any)  
**607'**

16. No. of Acres in lease  
**2164**

17. Spacing Unit dedicated to this well  
**160**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft. See Topo Map C

19. Proposed Depth  
**4700'**

20. BLM/BIA Bond No. on file  
**NM-2308**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**5051.0 FEET GRADED GROUND**

22. Approximate date work will start\*  
**UPON APPROVAL**

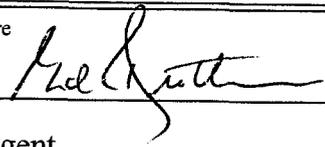
23. Esti mated duration  
**45 DAYS**

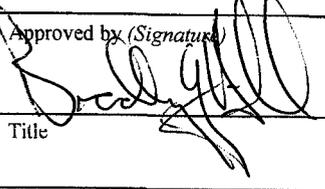
24. Attachments

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) **Ed Trotter** Date **January 18, 2006**  
Title **Agent**

Approved by (Signature)  Name (Printed/Typed) **BRADLEY G. HILL  
ENVIRONMENTAL SCIENTIST III** Date **02-08-06**  
Title \_\_\_\_\_ Office \_\_\_\_\_

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, 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 page 2)

Federal Approval of this  
Action is Necessary

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FEB 03 2006

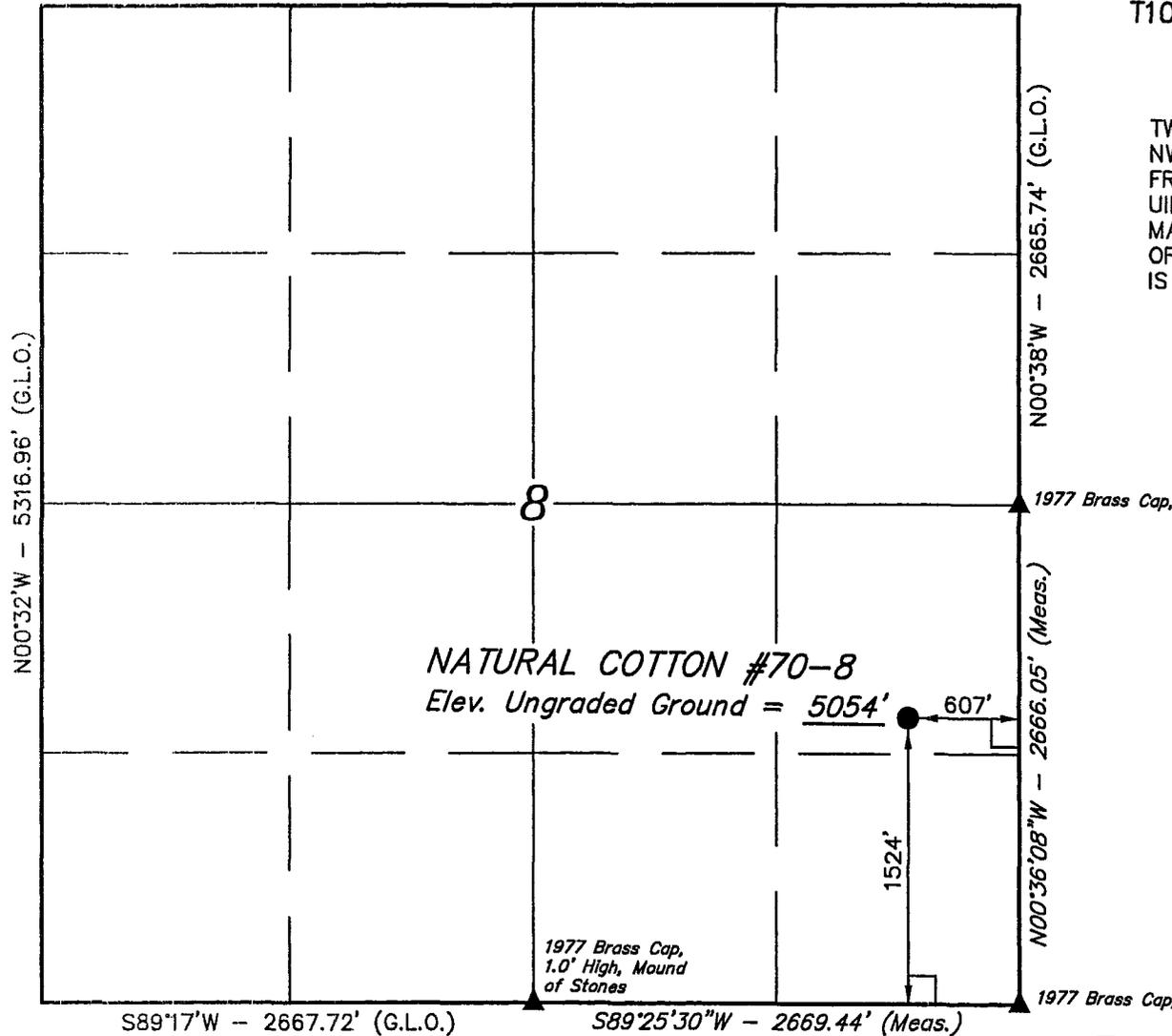
DIV. OF OIL, GAS & MINING

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

EOG RESOURCES, INC.

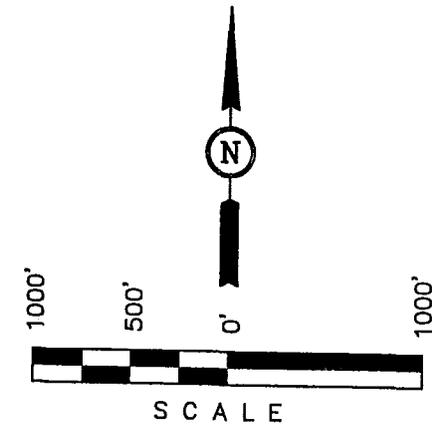
Well location, NATURAL COTTON #70-8, located as shown in the NE 1/4 SE 1/4 of Section 8, T10S, R21E, S.L.B.&M. Uintah County, Utah.

S89°10'W - 5322.24' (G.L.O.)



## BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, 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 5238 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

*John H. Gray*  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

## BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(NAD 83)  
LATITUDE = 39°57'33.62" (39.959339)  
LONGITUDE = 109°34'07.10" (109.568639)  
(NAD 27)  
LATITUDE = 39°57'33.75" (39.959375)  
LONGITUDE = 109°34'04.62" (109.567950)

## LEGEND:

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

**UNTAH ENGINEERING & LAND SURVEYING**  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 10-7-05	DATE DRAWN: 10-10-05
PARTY T.B. B.C. K.G.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE EOG RESOURCES, INC.	

**EIGHT POINT PLAN**  
**NATURAL COTTON 70-8**  
**NE/SE, SEC. 8, T9S, R21E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

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

<b>FORMATION</b>	<b>DEPTH (KB)</b>
Uinta FM	18'
Green River FM	1,403'
Mahogany Oil Shale Bed	2,033'
Middle Garden Gulch	2,623'
Middle Carb Bed	2,803'
Castle Peak MBR	4,123'
Uteland Butte MBR	4,443'

**EST. TD: 4,700' or 200' ± below Uteland Butte Top      Anticipated BHP: 2,320 Psig**

1. Fresh Waters may exist in the upper, approximately 1,000 ft ± of the Green River Formation, with top at about 2,000 ft ±.
2. Cement isolation is installed to surface of the well isolating all zones by cement.

**3. PRESSURE CONTROL EQUIPMENT:** Production Hole - 5,000 Psig  
 BOP Schematic Diagrams attached.

**4. CASING PROGRAM:**

	<u>HOLE SIZE</u>	<u>INTERVAL</u>	<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>THREAD</u>	<u>RATING FACTOR</u>		
							<u>COLLAPSE</u>	<u>BURST</u>	<u>TENSILE</u>
Surface	12-1/4"	0' - 500'KB±	9-5/8"	36.0#	J-55	STC	2020 Psi	3520 Psi	394,000#
Production:	7-7/8"	500'± - TD	4-1/2"	11.6#	J-55	LTC	4960 Psi	5350 Psi	162,000#

**All casing will be new or inspected.**

**5. Float Equipment:**

**Surface Hole Procedure (0 - 500' ± Below GL):**

Guide Shoe

Insert Float Collar (PDC drillable)

Centralizers: 1 - 5-10' above shoe, every collar for next 3 joints (4 total).

**Production Hole Procedure (500' ± - TD):**

Float shoe, 1 joint casing, float collar and balance of casing to surface. 4-1/2", 11.6#, J-55 or equivalent marker collars or short casing joints to be placed 400' above top of Garden Gulch. Centralizers to be placed 5' above shoe on joint #1, top of joint #2, and every 2nd joint to 400' above Garden Gulch top. (15± total). Thread lock float shoe, top and bottom of float collar, and top of 2<sup>nd</sup> joint.

**EIGHT POINT PLAN**  
**NATURAL COTTON 70-8**  
**NE/SE, SEC. 8, T9S, R21E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**6. MUD PROGRAM:**

**Surface Hole Procedure (0 - 500' ± below GL):**

Air/air mist or aerated water

**Production Hole Procedure (500' ± - TD):**

Anticipated mud weight 9.0 – 9.5 ppg depending on actual wellbore condition encountered while drilling.

**500'± - TD** A closed mud system will be utilized. A bentonite gelled water mud system will be used to control viscosity w/PHPA polymer used for supplemental viscosity and clay encapsulation/inhibition. Water loss will be maintained at <15cc's using white starch or PAC. Bactericides will be used as needed. Anticipated pH will range from 9.0-10.0. Mud weight will be adjusted as necessary for well control. Defloculants/thinners will be used as necessary to maintain mud quality. LCM sweeps will be utilized as necessary to control lost circulation and mud loss. CO2 contamination, if encountered, will be treated with lime and gypsum.

**7. VARIANCE REQUESTS:**

**Reference: Onshore Oil and Gas Order No. 2 – Item E: Special Drilling Operations**

EOG Resources, Inc. requests a variance to regulations requiring the blooie line to be 100' in length. Due to reduce location excavation, the blooie line will be approximately 75' in length

**8. EVALUATION PROGRAM:**

**Logs:** Mud log from base of surface casing to TD.

**Open-hole Logs:** BHC (Schlumberger Borehole Compensated Sonic)  
Schlumberger Platform Express consisting: of Open-hole gamma ray, resistivity, bulk density, and neutron porosity

**9. CEMENT PROGRAM:**

**Surface Hole Procedure (0-500' ± Below GL)**

**Lead:** 275 sks. (100% excess volume) Class 'G' cement with 2% S1 (CaCl<sub>2</sub>) & 0.25 pps D29 (cellophane flakes), mixed at 15.8 ppg, 1.16 ft<sup>3</sup>./sk., 4.95 gps water.

**Top Out:** Top out with Class 'G' cement with 2% S1 (CaCl<sub>2</sub>) in mix water, 15.8 ppg, 1.16 ft<sup>3</sup>./sk., 4.95 gps via 1" tubing set at 25' if needed.

Install 6' x 4' cellar ring, drill rat and mouse holes with spud rig.

**Note:** Cement volumes will be calculated to bring cement to surface.

**EIGHT POINT PLAN**  
**NATURAL COTTON 70-8**  
**NE/SE, SEC. 8, T28S, R21E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**CEMENT PROGRAM (Continued):**

**Production Hole Procedure (500' ± to TD)**

**Lead:** 162 sks: 35:65 Poz "G" w/4% D20 (Bentonite), 2% D174 (Extender), 0.2% D65 (Dispersant), 0.2% D46 (Antifoam), 0.75% D112 (Fluid Loss Additive), 0.200% D13 (Retarder), 0.25 pps D29 (cello flakes) mixed at 13.0 ppg, 1.75 ft<sup>3</sup>/sk., 9.19 gps water.

**Tail:** 460 sks: 50:50 Poz "G" w/ 2% D20 (Bentonite), 0.1% D46 (Antifoam), 0.075% D13 (Retarder), 0.2% D167 (Fluid Loss Additive), 0.2% D65 (Dispersant), mixed at 14.1 ppg, 1.28 ft<sup>3</sup>/sk., 5.9gps water.

**Note:** The above number of sacks is based on gauge-hole calculation.  
Lead volume to be calculated to bring cement to 200'± above 9-5/8" casing shoe.  
Tail volume to be calculated to bring cement to 400'± above top of Garden Gulch.  
**Final Cement volumes will be based upon gauge-hole plus 45% excess.**

**10. ABNORMAL CONDITIONS:**

**Surface Hole (Surface - 500'±):**

Lost circulation

**Production Hole (500'± - TD):**

Sloughing shales, lost circulation and key seat development are possible in the Garden Gulch Formation.

**11. STANDARD REQUIRED EQUIPMENT:**

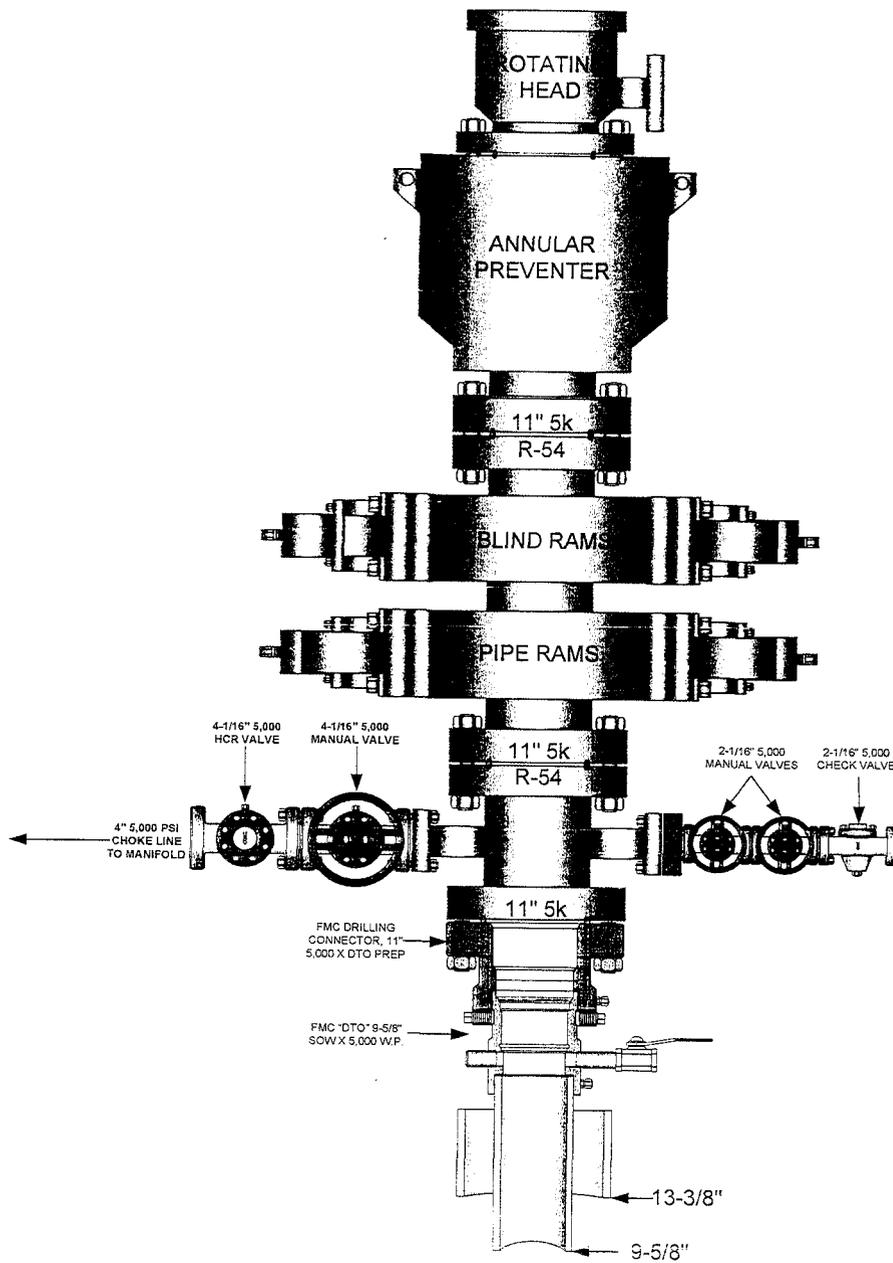
- A. Choke Manifold
- B. Upper and Lower Kelly Cock
- C. Stabbing Valve
- D. Visual Mud Monitoring

**12. 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.

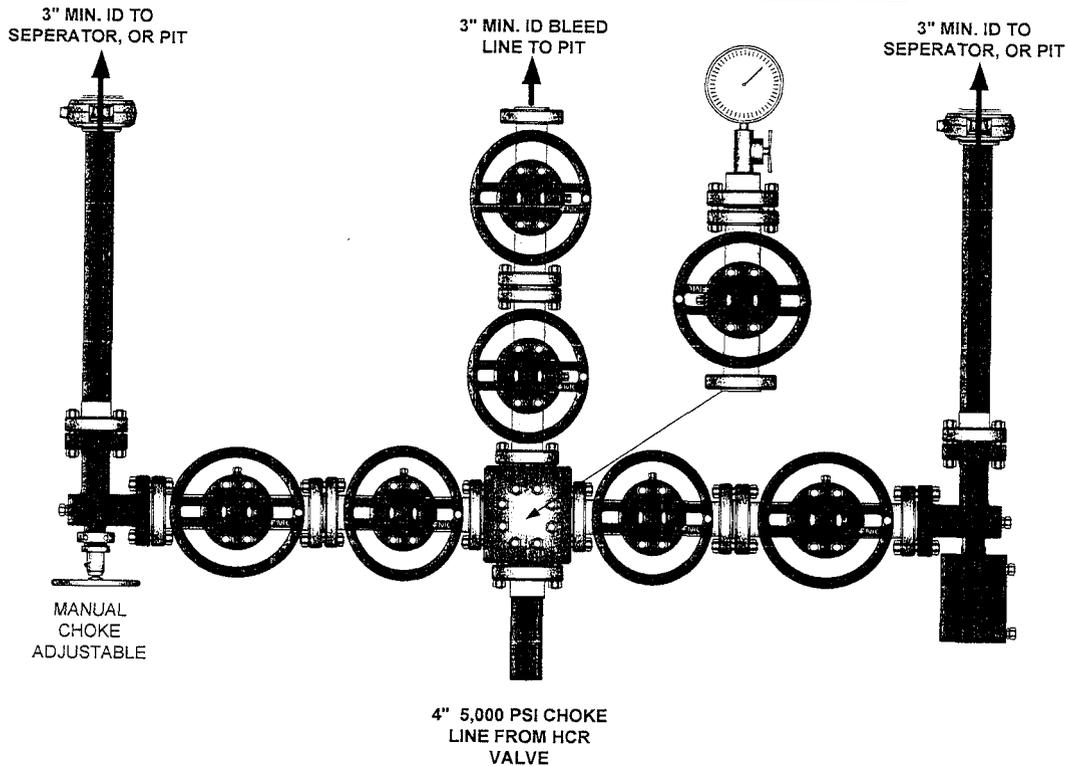
(Attachment: BOP Schematic Diagram)

EOG RESOURCES 11" 5,000 PSI W.P. BOP  
CONFIGURATION



EOG RESOURCES CHOKE MANIFOLD CONFIGURATION  
W/ 5,000 PSI WP VALVES

PAGE 2 OF 2



Testing Procedure:

1. BOP will be tested with a professional tester to conform to Onshore Order #2.
2. Blind and Pipe rams will be tested to rated working pressure, 5,000 psi.
3. Annular Preventer will be tested to 50% working pressure, 2,500 psi.
4. Casing will be tested to 0.22 psi / ft. or 1,500 psi. Not to exceed 70% of burst strength, whichever is greater.
5. All lines subject to well pressure will be tested to the same pressure as blind and pipe rams.
6. All BOPE specifications and configurations will meet Onshore Order #2 requirements.

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

Company/Operator: EOG Resources, Inc.  
Well Name & Number: Natural Cotton 70-8  
Lease Number: U-01791  
Location: 1524' FSL & 607' FEL, NE/SE, Sec. 8,  
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 16.98 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 400 feet 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. **A high water crossing will be installed in the access road with an 18" CMP culvert.**
- F. Road drainage crossings shall be of the typical dry creek drainage crossing type.
- G. No other culverts, bridges, or major cuts and fills will be required.
- H. The access road will be dirt surface.
- I. 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**

A. Producing wells - 26\*

(\*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.
2. Gas gathering lines - A 4" 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 4" OD steel above ground natural gas pipeline will be laid approximately 938' from proposed location to a point in the SE/SE of Section 8, 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 4" 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 East 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 be lined with felt and a 12 mill plastic liner.**

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 interim seed mixture for this location is:  
Hi-Crest Crested Wheatgrass – 9 pounds per acre  
Kochia Prostrata – 3 pounds per acre.

The final abandonment seed mixture for this location is:

- Gardner Salt Bush – 4 pounds per acre
- Shad Scale – 3 pounds per acre
- Hi-Crest Crested Wheat Grass – 2 pounds per acre

The reserve pit will be located on the Southeast corner of the location. The flare pit will be located downwind of the prevailing wind direction on the South 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 Southwest of Corner #5. The stockpiled location topsoil will be stored Southeast of Corner #6, as well as between Corners #2 and #8. 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 Caterpillar tractor.

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 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. The drilling rig and ancillary equipment will be removed from the location prior to commencement of completion operations. Completion operations will be conducted utilizing a completion/workover rig.
- D. 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**

**A pond will be constructed South of the access road where it enters the location. A high water crossing will be installed in the access road with an 18" CMP culvert.**

**LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION**

**PERMITTING AGENT**

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

**DRILLING OPERATIONS**

Donald Presenkowski  
EOG Resources, Inc.  
P.O. Box 250  
Big Piney, WY 83113  
Telephone: (307)276-4865

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.

Please be advised that EOG Resources, Inc. is considered to be the operator of the **Natural Cotton 70-8 Well, located in the NE/SE of Section 8, T10S, R21E, Uintah County, Utah; Lease #U-01791**; and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond Coverage is provided under Bond #NM 2308.

1-18-2006  
Date

  
Agent

**Request for Exception to Buried Pipeline Requirement  
For the Natural Cotton 70-8  
NE/SE, Sec. 8, T10S, R21E  
Lease Number U-01791**

EOG Resources, Inc. requests a variance to the requirement for a buried gas sales pipeline for the referenced well for the following reasons:

1. In order to bury pipe on the gas sales line route, additional surface disturbance relative to surface pipeline would be approximately 1.08 acres.
2. Ripping, cutting, or blasting of rock would be required, which in turn would leave long-term spoils on the right-of-way.
3. The disturbed soils on the pipeline corridor would be difficult to rehabilitate and would be susceptible to noxious weed infestation, which in turn would be hazardous to livestock.
4. Supplemental soil to replace removed rock would need to be hauled in from other locations to provide bedding and cover material.
5. The buried pipe would need to be coated and/or wrapped to minimize the potential for corrosion-caused gas leaks and blowouts.
6. Burying of pipe next to access roads increases the potential for damage, explosion, and fire when using graders and/or dozers for snow removal or road rehabilitation.
7. Surface equipment, including risers with blow down valves and pipeline markers will be required, adding to negative visual impact.
8. Disturbance of previously rehabilitated pipeline corridor could be necessary if increasing well density requires crossing of the corridor or location construction on the corridor.
9. Pipeline corridors subject to poor rehabilitation characteristics are susceptible to high rates of soil erosion.
10. Buried shallow pipelines in low areas subject to the occasional presence of standing water are susceptible to movement and surfacing.

# EOG RESOURCES, INC.

## NATURAL COTTON #70-8 SECTION 8, T10S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 9.1 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 2.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 3.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY, THEN NORTHWESTERLY DIRECTION APPROXIMATELY 1.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 400' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 47.9 MILES.

**EOG RESOURCES, INC.**  
**NATURAL COTTON #70-8**  
 LOCATED IN UINTAH COUNTY, UTAH  
 SECTION 8, T10S, R21E, S.L.B.&M.

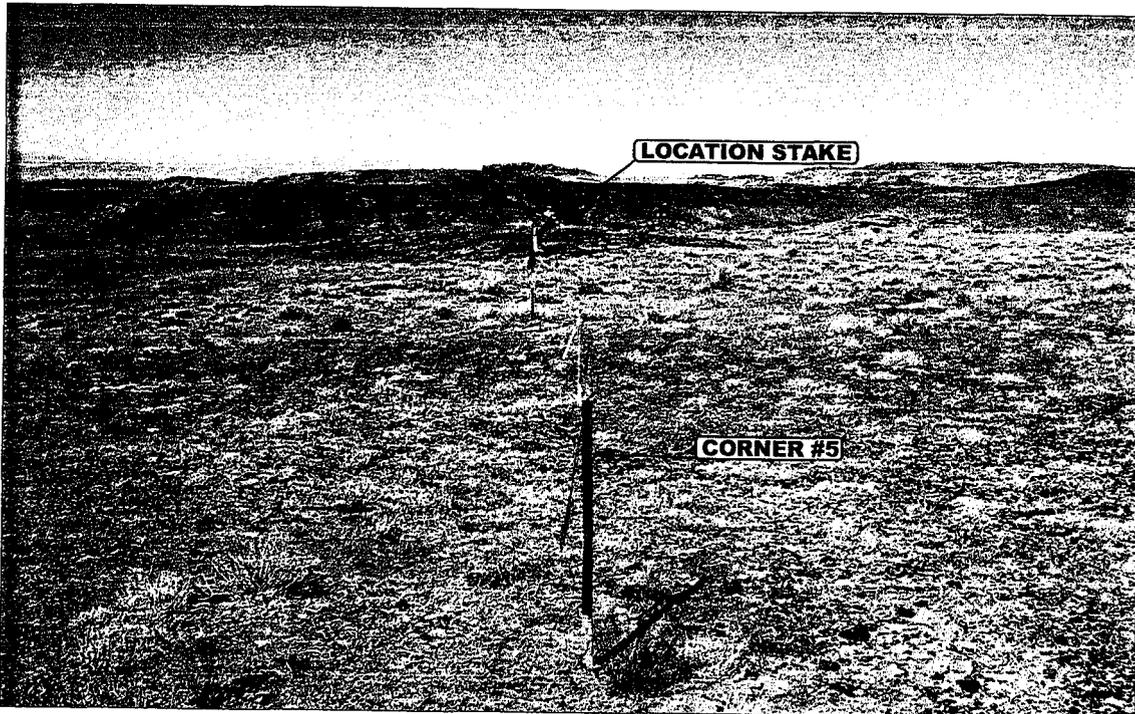


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY

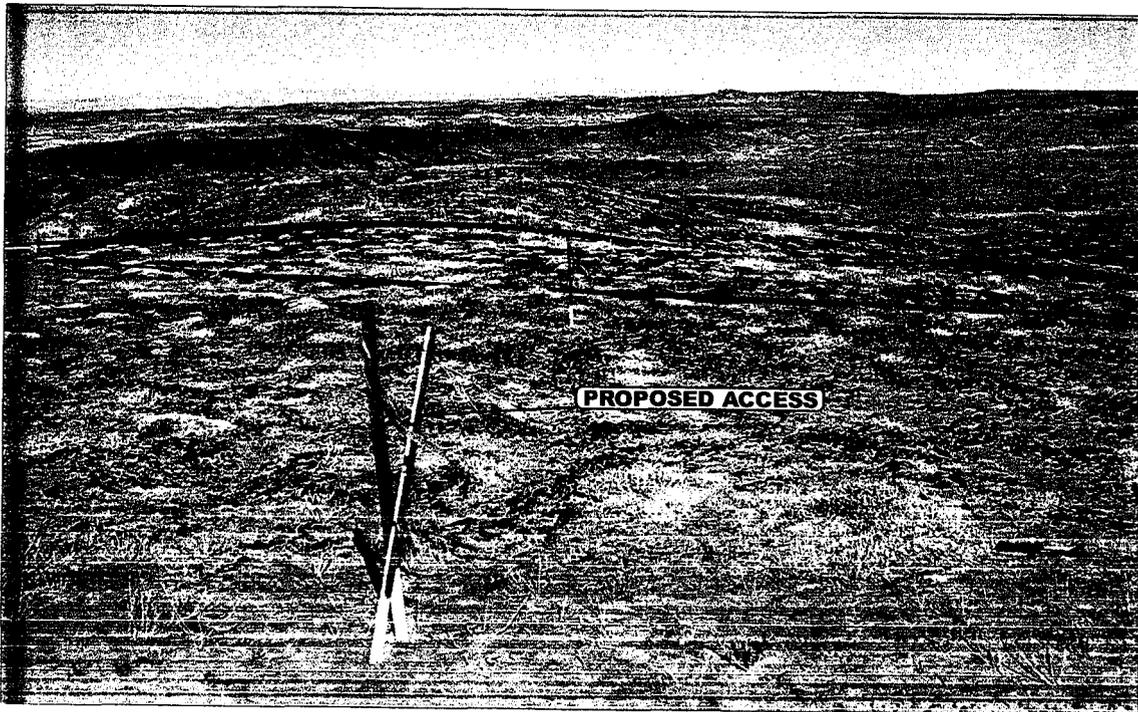


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



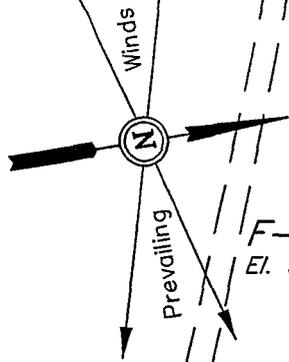
- Since 1964 -

**ELS** Uintah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	10	13	05	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: T.B.	DRAWN BY: C.P.	REVISED: 00-00-00		

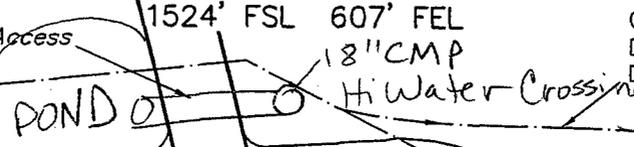
EOG RESOURCES, INC.

LOCATION LAYOUT FOR  
NATURAL COTTON #70-8  
SECTION 8, T10S, R21E, S.L.B.&M.



Proposed Access Road

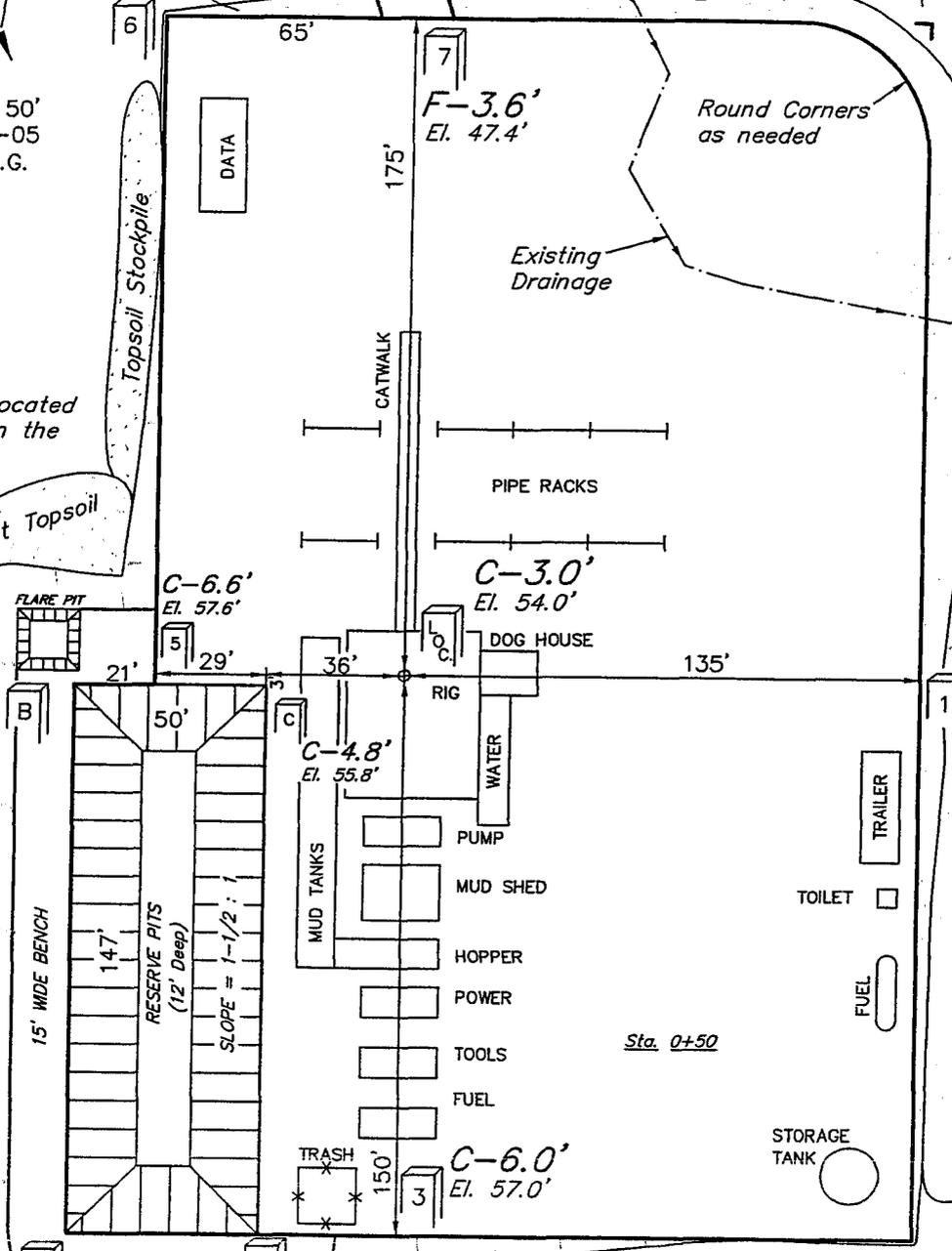
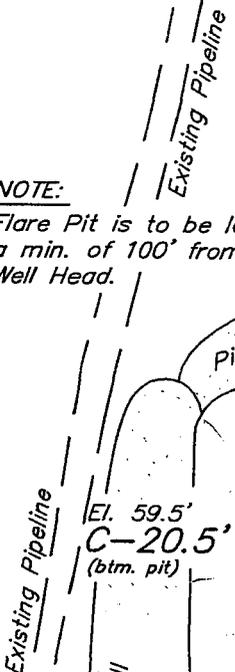
CONSTRUCT DIVERSION DITCH



SCALE: 1" = 50'  
DATE: 10-10-05  
Drawn By: K.G.

NOTE:

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



*John*

Total Pit Capacity  
W/2' Of Freeboard  
= 6,640 Bbls. ±  
Total Pit Volume  
= 1,880 Cu. Yds.

NOTES:

Elev. Ungraded Ground At Loc. Stake = 5054.0'

FINISHED GRADE ELEV. AT LOC. STAKE = 5051.0'

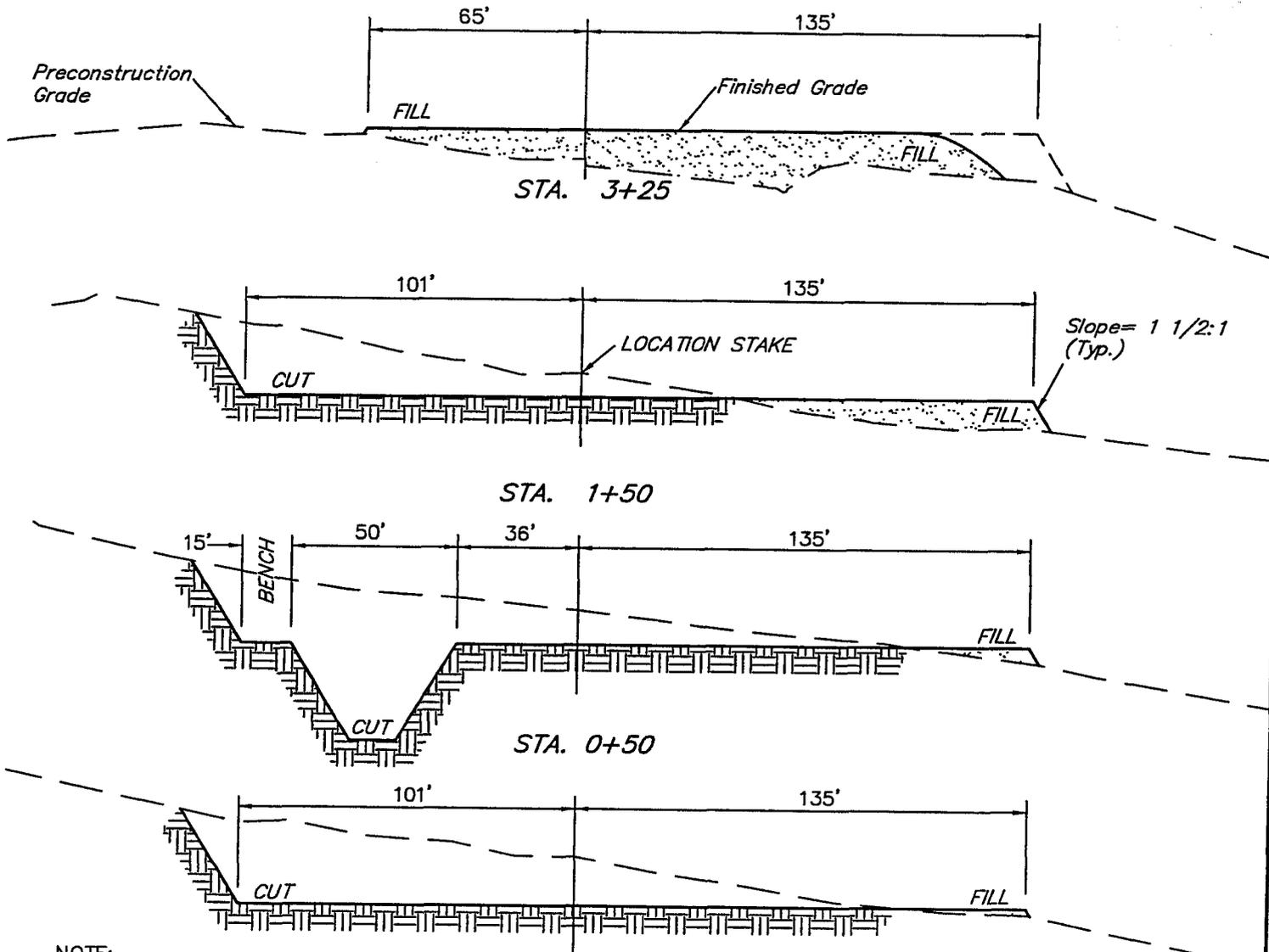
FIGURE #1

TYPICAL CROSS SECTIONS FOR  
 NATURAL COTTON #70-8  
 SECTION 8, T10S, R21E, S.L.B.&M.  
 1524' FSL 607' FEL

1" = 20'  
 X-Section  
 Scale  
 1" = 50'

DATE: 10-10-05  
 Drawn By: K.G.

*[Handwritten Signature]*



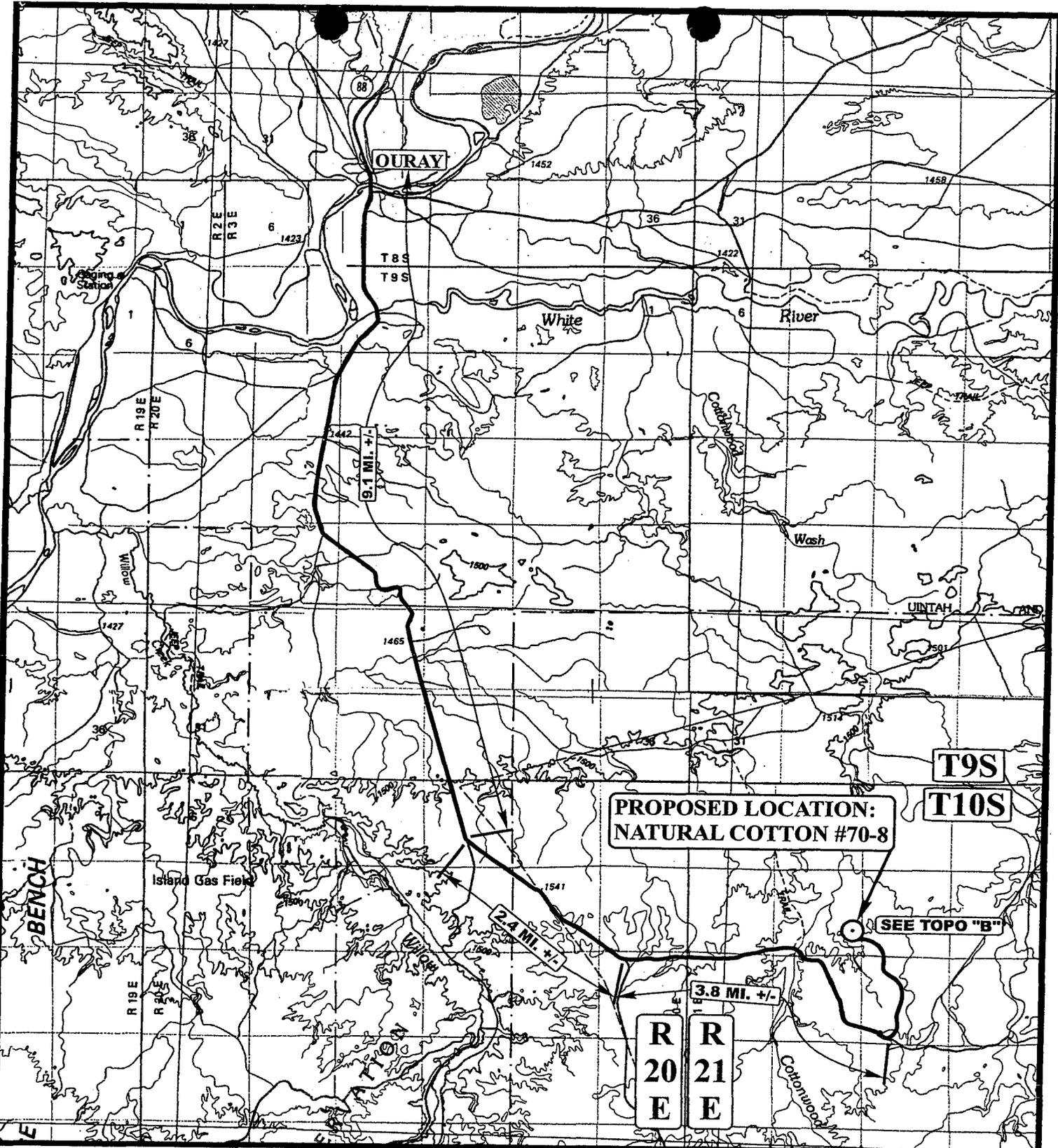
NOTE:  
 Topsoil should not be  
 Stripped Below Finished  
 Grade on Substructure Area.

\* NOTE:  
 FILL QUANTITY INCLUDES  
 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,580 Cu. Yds.
Remaining Location	= 7,470 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 9,050 CU.YDS.</b>
<b>FILL</b>	<b>= 6,530 CU.YDS.</b>

EXCESS MATERIAL	= 2,520 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,520 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.



**PROPOSED LOCATION:  
NATURAL COTTON #70-8**

**T9S  
T10S**

**SEE TOPO "B"**

**R  
20  
E  
R  
21  
E**

**LEGEND:**

○ PROPOSED LOCATION



**EOG RESOURCES, INC.**

**NATURAL COTTON #70-8  
SECTION 8, T10S, R21E, S.L.B.&M.  
1524' FSL 607' FEL**



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

**TOPOGRAPHIC** 10 | 13 | 05  
**MAP** MONTH | DAY | YEAR  
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00



T10S

R 21 E

**PROPOSED LOCATION:  
NATURAL COTTON #70-8**

**PROPOSED ACCESS 400' +/-**

#13-8B

0.4 MI. +/-

OURAY 15.3 MI. +/-

1.2 MI. +/-

ABOVEGROUND

PIPELINE

Gas Well

**LEGEND:**

- EXISTING ROAD
- - - - - PROPOSED ACCESS ROAD



**EOG RESOURCES, INC.**

**NATURAL COTTON #70-8  
SECTION 8, T10S, R21E, S.L.B.&M.  
1524' FSL 607' FEL**



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

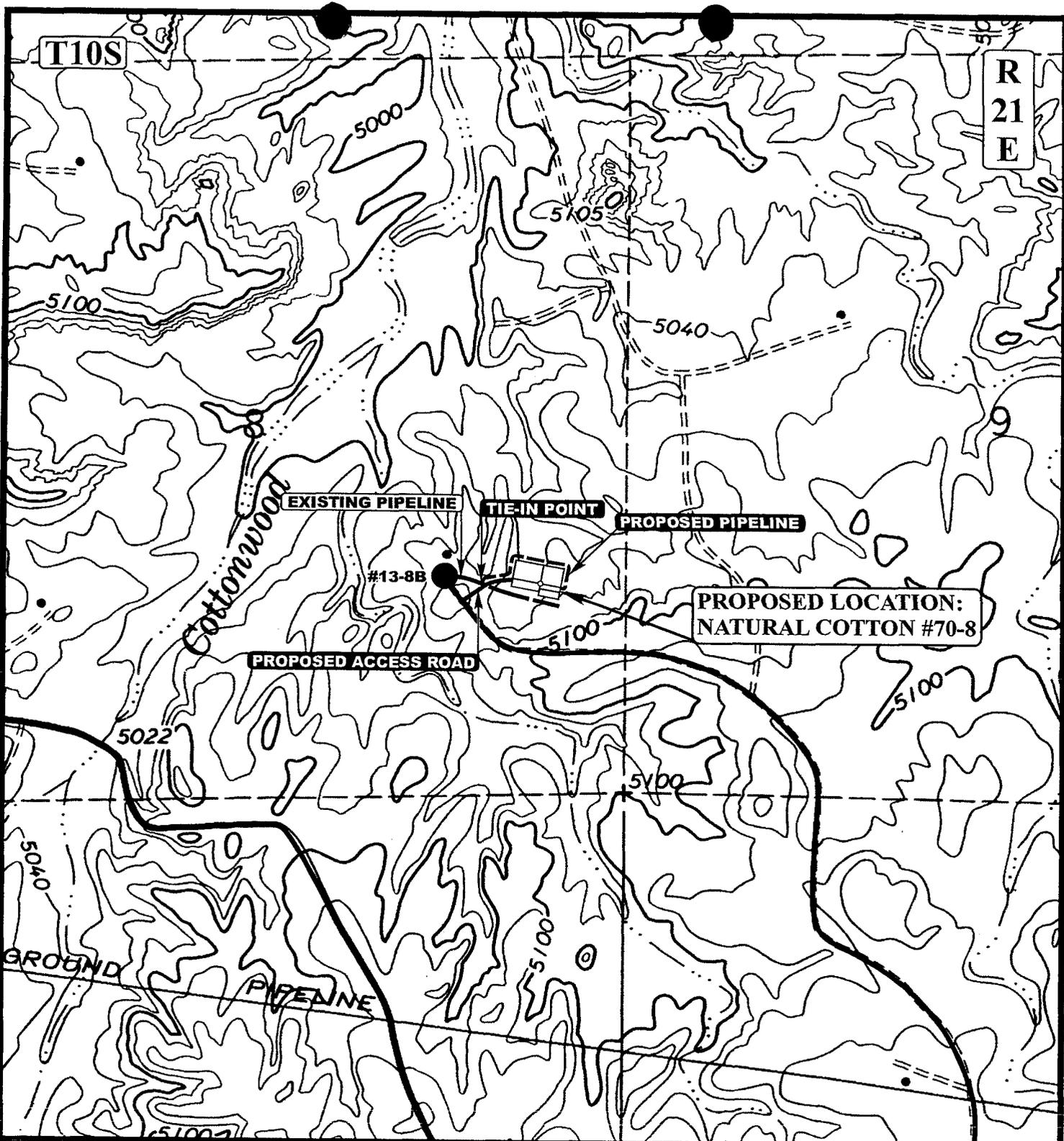
<b>TOPOGRAPHIC</b>	<b>10</b>	<b>13</b>	<b>05</b>
<b>MAP</b>	MONTH	DAY	YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.		REVISED: 00-00-00





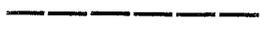
T10S

R  
21  
E



APPROXIMATE TOTAL PIPELINE DISTANCE = 938' +/-

**LEGEND:**

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE

**EOG RESOURCES, INC.**

**NATURAL COTTON #70-8**  
**SECTION 8, T10S, R21E, S.L.B.&M.**  
**1524' FSL 607' FEL**



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

TOPOGRAPHIC 10 13 05  
 MAP MONTH DAY YEAR  
 SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 00-00-00



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 02/03/2006

API NO. ASSIGNED: 43-047-37689

WELL NAME: NATURAL COTTON 70-8  
 OPERATOR: EOG RESOURCES INC ( N9550 )  
 CONTACT: ED TROTTER

PHONE NUMBER: 435-789-4120

PROPOSED LOCATION:

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

NESE 08 100S 210E  
 SURFACE: 1524 FSL 0607 FEL  
 BOTTOM: 1524 FSL 0607 FEL  
 COUNTY: UINTAH  
 LATITUDE: 39.95933 LONGITUDE: -109.5679  
 UTM SURF EASTINGS: 622318 NORTHINGS: 4424015  
 FIELD NAME: NATURAL BUTTES ( 630 )

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: U-01791  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: CSLPK  
 COALBED METHANE WELL? NO

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)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- \_\_\_\_ R649-2-3.
- Unit: NATURAL BUTTES \* New PA
- \_\_\_\_ R649-3-2. General
- Siting: 460 From Qtr/Qtr & 920' Between Wells
- \_\_\_\_ R649-3-3. Exception
- Drilling Unit
- Board Cause No: 197-1
- Eff Date: 4-29-1985
- Siting: 1,000' Fr ext drl ub arg
- \_\_\_\_ R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: 1- Lease Approved  
2- Oil Shale





**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

February 8, 2006

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

Re: Natural Cotton 70-8 Well, 1524' FSL, 607' FEL, NE SE, Sec. 8, 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 43-047-37689.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

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

**Operator:** EOG Resources, Inc.  
**Well Name & Number** Natural Cotton 70-8  
**API Number:** 43-047-37689  
**Lease:** U-01791

**Location:** NE SE                      **Sec.** 8                      **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.



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

February 8, 2006  
AMENDED

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

Re: Natural Cotton 70-8 Well, 1524' FSL, 607' FEL, NE SE, Sec. 8, 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-047-37689.

Sincerely,

Gil Hunt  
Associate Director

mf  
Enclosures

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

Operator: EOG Resources, Inc.  
Well Name & Number Natural Cotton 70-8  
API Number: 43-047-37689  
Lease: U-01791

Location: NE SE                      Sec. 8                      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.

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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.

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



**EOG Resources, Inc.**  
600 Seventeenth Street  
Suite 1000N  
Denver, CO 80202  
Main: 303-572-9000  
Fax: 303-824-5400

March 7, 2006

Kerr-McGee Oil & Gas Onshore LP  
1999 Broadway, Suite 3700  
Denver, Colorado 80202

Attention: Mr. W. Chris Latimer

RE: Request for Consent to  
Exception Well Location  
Natural Cotton 70-8  
NE/4SE/4 of Sec. 8-10S-21E, SLM  
Uintah County, Utah  
Natural Buttes Prospect  
1540-G06, 0050621-000

Gentlemen:

EOG Resources, Inc. ("EOG") has staked and proposes to drill the Natural Cotton 70-8, a 4,700' Green River formation test well, at a location 1,524' FSL, 607' FEL (NE/4SE/4) of Section 8, Township 10 South, Range 21 East, SLM, Uintah County, Utah (see enclosed copy of plat).

The State of Utah Board of Oil, Gas and Mining's Order in Cause No. 197-1 established 160-acre drilling units for the development and production of gas and associated hydrocarbons from the Green River formation and prescribes that the location of the permitted well in each drilling unit shall be not less than 1000' from the exterior boundary of such drilling unit.

Inasmuch as the location of the proposed Natural Cotton 70-8 well is not in compliance with this spacing order, EOG will request the State of Utah Division of Oil, Gas and Mining's administrative approval of such location as an exception location in accordance with General Rule R649-3-3. Such Rule requires EOG to submit written consent from all owners of directly or diagonally offsetting drilling units.

Therefore, if Kerr-McGee Oil & Gas Onshore LP has no objections to EOG's drilling its proposed Green River test, the Natural Cotton 70-8 well at the above-described location, EOG respectfully requests you so indicate such written consent to same by having this letter dated and executed in the spaces provided below and returning two (2) originally executed copies to my attention at the letterhead address at your very earliest opportunity.

**RECEIVED**

**APR 03 2006**

DIV. OF OIL, GAS & MINING

Kerr-McGee Oil & Gas Onshore LP  
March 7, 2006  
Page 2 of 2

Thank you for your favorable consideration of this request. If you have any questions, please don't hesitate to call the undersigned at (303) 824-5430.

Sincerely,

**EOG RESOURCES, INC.**



Debbie Spears  
Lead Land Technician

/das  
exloc\naturalcotton70-8

On this 18<sup>th</sup> day of MARCH, 2006, Kerr-McGee Oil & Gas Onshore LP hereby grants its written consent to EOG Resources, Inc.'s drilling the proposed Green River test, the Natural Cotton 70-8, at a location 1,524' FSL, 607' FEL (NE/4SE/4) of Section 8, Township 10 South, Range 21 East, SLM, Uintah County, Utah, which location is an exception to State of Utah Board of Oil, Gas and Mining's Order in Cause No. 197-1.

**KERR-McGEE OIL & GAS ONSHORE LP**

By: 

Title: Gerald Adam



**EOG Resources, Inc.**  
600 Seventeenth Street  
Suite 1000N  
Denver, CO 80202  
Main: 303-572-9000  
Fax: 303-824-5400

March 30, 2006

State of Utah  
Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Attention: Ms. Diana Whitney

RE: Request for Exception to Location  
and Siting of Wells  
Natural Cotton 70-8  
NE/4SE/4 of Sec. 8-10S-21E, SLM  
Uintah County, Utah  
Natural Buttes Prospect  
1540-G06, 0050621-000

Ladies and Gentlemen:

Reference is made to that certain Order promulgated in Cause No. 197-1 for the development and production of gas and associated hydrocarbons from the Green River formation. Said spacing order established 160-acre drilling units covering, among other lands, the SE/4 of Section 8, Township 10 South, Range 21 East, SLM, Uintah County, Utah. The prescribed location of the permitted well therein shall not be less than 1,000' from the exterior boundary of each drilling unit.

EOG Resources, Inc. ("EOG") proposes and respectfully requests permission to drill the Natural Cotton 70-8, a 4,700' Green River test well, at a location 1,524' FSL, 607' FEL (NE/4SE/4) of Section 8, Township 10 South, Range 21 East, SLM, Uintah County, Utah. The subject well location was selected based on geology and EOG attempted to stake it at the most optimum location allowed by existing topography and other drilling operations in the area. Said location could not be staked in compliance with Cause No. 197-1. Therefore, EOG is requesting this exception location.

Enclosed herewith is a copy of the survey plat for the proposed well and another plat labeled Exhibit "A" which depicts the outlines of the 160-acre drilling units established in Cause No. 197-1 and Cause No. 197-10 and the location at which EOG requests permission to drill the proposed Natural Cotton 70-8 well. There are no other Green River formation wells located within the surrounding area.

**RECEIVED**

**APR 03 2006**

**DIV. OF OIL, GAS & MINING**

EOG and Kerr-McGee Oil & Gas Onshore LP ("Kerr-McGee") are the only owners of operating rights directly or diagonally offsetting the 160-acre drilling unit in which the Natural Cotton 70-8 would be drilled (see enclosed Exhibit "B"). A letter dated March 7, 2006, on which Kerr-McGee has evidenced its written consent to EOG's proposed drilling of the Natural Cotton 70-8 well at the requested exception location is also enclosed.

EOG respectfully requests the Utah Division of Oil, Gas and Mining review and grant administrative approval of this application for an exception well location and permission to drill the proposed Green River formation well described herein at its earliest opportunity.

If you have any questions or need any additional information, please do not hesitate to contact the undersigned.

Yours very truly,

**EOG RESOURCES, INC.**



Debbie Spears  
Lead Land Technician

/das

Enclosures

M:\das\exceptionlocation\naturalcotton70-8.doc

cc: Ed Trotter (with copies of enclosures)  
Denver Well File

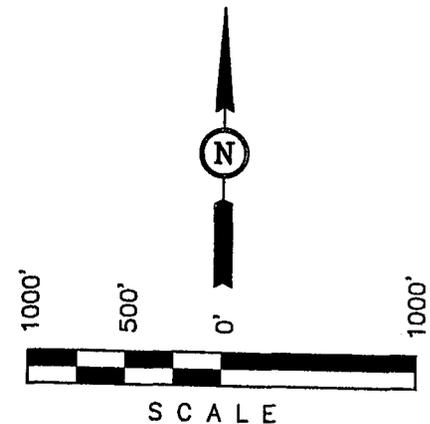
# T10S, R21E, S.L.B.&M.

EOG RESOURCES, INC.

Well location, NATURAL COTTON #70-8, located as shown in the NE 1/4 SE 1/4 of Section 8, T10S, R21E, S.L.B.&M. Uintah County, Utah.

## BASIS OF ELEVATION

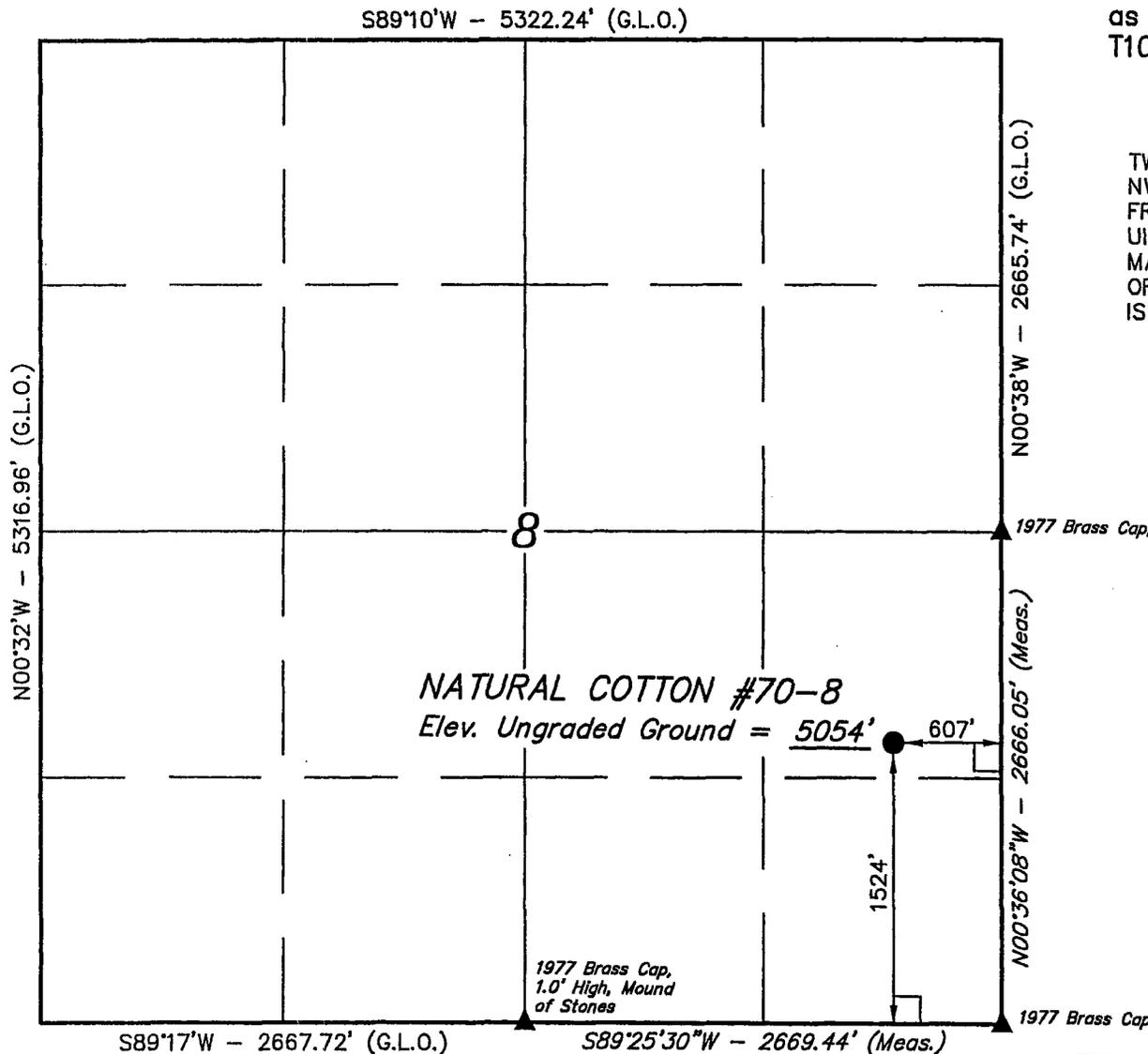
TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 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.

*John H. Gray*  
 REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH



## BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(NAD 83)  
 LATITUDE = 39°57'33.62" (39.959339)  
 LONGITUDE = 109°34'07.10" (109.568639)  
 (NAD 27)  
 LATITUDE = 39°57'33.75" (39.959375)  
 LONGITUDE = 109°34'04.62" (109.567950)

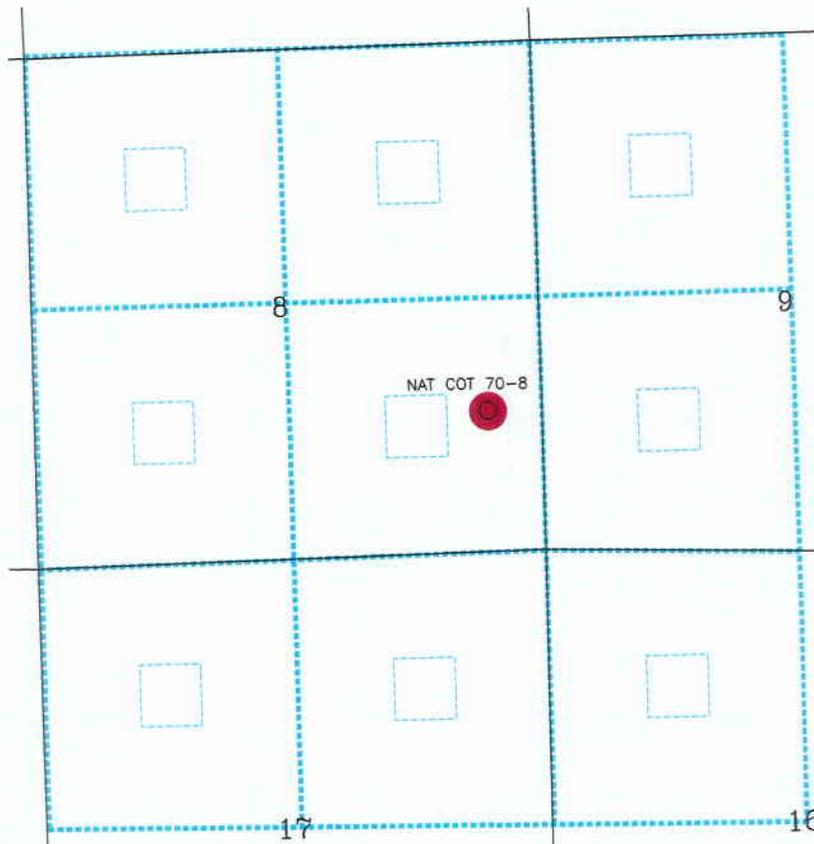
## LEGEND:

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

UNTAH ENGINEERING & LAND SURVEYING  
 85 SOUTH 200 EAST - VERNAL, UTAH 84078  
 (435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 10-7-05	DATE DRAWN: 10-10-05
PARTY T.B. B.C. K.G.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE EOG RESOURCES, INC.	

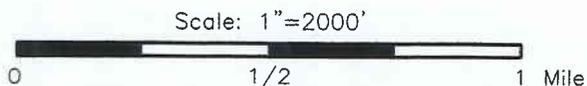
R 21 E



T  
10  
S

-  Drilling Units established for development and production of gas and associated hydrocarbons from Green River Formation under Cause No. 197-1 and Cause No. 197-10
-  Legal window within which a Green River gas well could be drilled in each Drilling Unit in compliance with said orders.
-  Location at which applicant requests permission to drill the proposed Natural Cotton #70-8  
1524' FSL, 607' FEL, (NESE) of Sec. 8, T10S - R21E

Exhibit "A"



Denver Division

Application for  
Exception Well Location

**Natural Cotton #70-8 Well**

UINTAH COUNTY, UTAH

Scale:  
1"=2000'

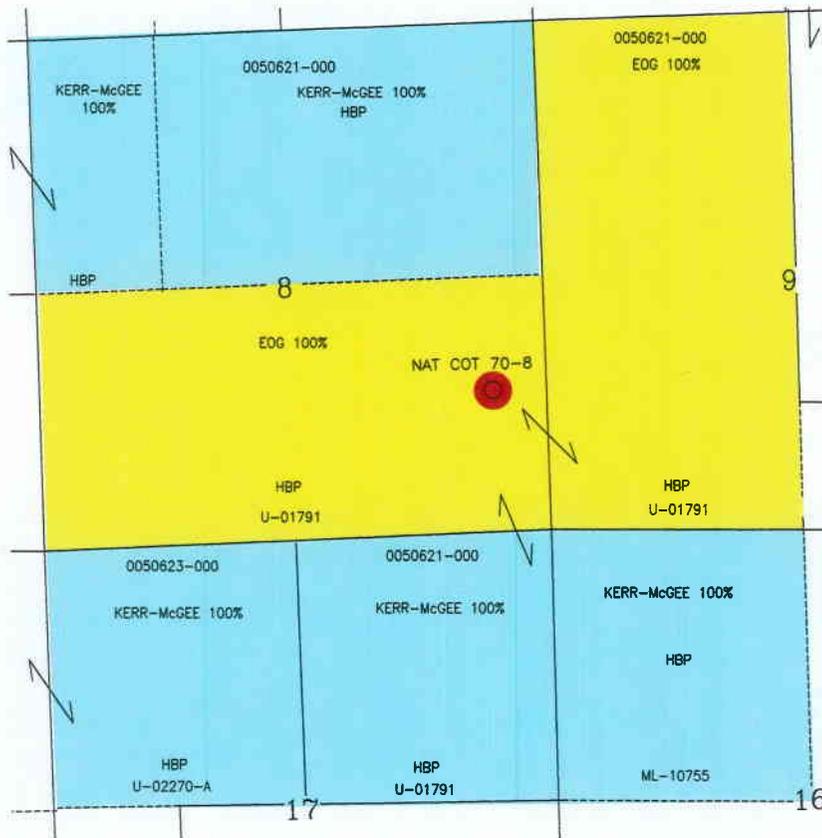
D:\utah\exception\_platn  
exc10a21e-08.dwg  
exc\_A\_160

Author

T.M.

Mar 08, 2006 -  
1:37pm

R 21 E



T  
10  
S



EOG 100% Working Interest

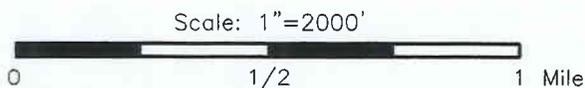
Kerr-McGee 100% Working Interest

Information depicted on this plat is limited to the ownership from the surface to the base of the Green River Formation.



Location at which applicant requests permission to drill the proposed Natural Cotton #70-8  
1524' FSL, 607' FEL, (NESE) of Sec. 8, T10S - R21E

Exhibit "B"



Denver Division

Application for  
Exception Well Location

**Natural Cotton #70-8 Well**

UINTAH COUNTY, UTAH

Scale:  
1"=2000'

D:\utah\exception\_plat\  
exc10a21e-08.dwg  
exc\_B\_160

Author  
T.M.

Mar 08, 2006 -  
1:37pm



**EOG Resources, Inc.**  
600 Seventeenth Street  
Suite 1000N  
Denver, CO 80202  
Main: 303-572-9000  
Fax: 303-824-5400

March 30, 2006

Ms. Diana Whitney  
Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

RE: Request for Consent to  
Exception Well Location  
Natural Cotton 70-8  
NE/4SE/4 of Sec. 8-10S-21E, SLM  
Uintah County, Utah  
Natural Buttes Prospect  
1540-G06, 0050621-000

Dear Ms. Whitney:

Enclosed is EOG Resources, Inc.'s ("EOG") formal application for the Utah Division of Oil, Gas and Mining's administrative approval of the subject exception location.

The Division of Oil, Gas and Mining has already approved the application to drill the referenced well and the need for an exception location was apparently overlooked. So, if the enclosed request is approved, please provide EOG with an amended version of the Division of Oil, Gas and Mining's original February 8, 2006, approval letter (copy also enclosed) evidencing same. I would greatly appreciate it if you would also fax a copy of such amended approval letter to my attention at (303) 824-5401.

Thank you for your assistance. If you have any questions, please don't hesitate to call me at (303) 824-5430.

Sincerely,

**EOG RESOURCES, INC.**

A handwritten signature in black ink, appearing to read "Debbie Spears".

Debbie Spears  
Lead Land Technician

/das  
Enclosures  
DOGM-nc70-8.doc

**RECEIVED**

**APR 03 2006**

**DIV. OF OIL, GAS & MINING**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

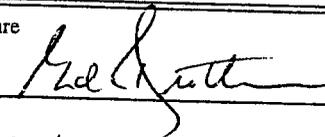
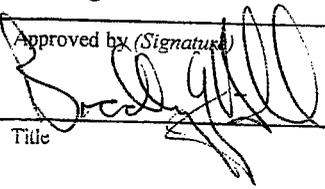
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. <b>U-01791</b>	
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No. <b>Natural Buttes</b>	
8. Lease Name and Well No. <b>NATURAL COTTON 70-8</b>	
9. API Well No. <b>43-047-37689</b>	
10. Field and Pool, or Exploratory <b>NATURAL BUTTES</b>	
11. Sec., T., R., M., or Blk. and Survey or Area <b>SEC. 8, T10S, R21E, S.L.B.&amp;M.</b>	
12. County or Parish <b>UINTAH</b>	13. State <b>UTAH</b>
14. Distance in miles and direction from nearest town or post office* <b>16.98 MILES SOUTHEAST OF OURAY, UTAH</b>	17. Spacing Unit dedicated to this well <b>160</b>
15. Distance from proposed* location to nearest property or lease line, ft. <b>607'</b> (Also to nearest drig. Unit line, if any)	16. No. of Acres in lease <b>2164</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. See Topo Map C	19. Proposed Depth <b>4700'</b>
20. BLM/BIA Bond No. on file <b>NM-2308</b>	21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5051.0 FEET GRADED GROUND</b>
22. Approximate date work will start* <b>UPON APPROVAL</b>	23. Esti mated duration <b>45 DAYS</b>
24. Attachments	

Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) <b>Ed Trotter</b>	Date <b>January 18, 2006</b>
Title <b>Agent</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>BRADLEY G. HILL ENVIRONMENTAL SCIENTIST III</b>	Date <b>02-28-06</b>
Title	Office	

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, 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 the jurisdiction of such department or agency.

\*(Instructions on page 2)

Federal Approval of this  
Action is Necessary

APR 03 2006

RECEIVED  
FEB 03 2006

DIV. OF OIL, GAS & MINING  
DIV. OF OIL, GAS & MINING

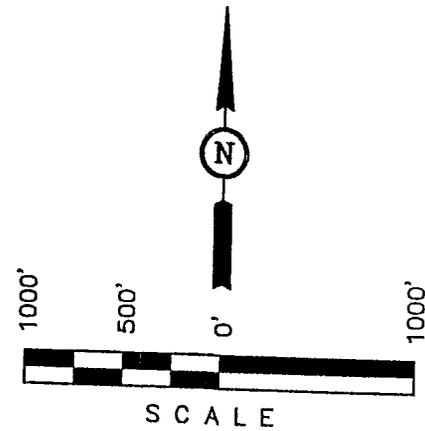
# T10S, R21E, S.L.B.&M.

## EOG RESOURCES, INC.

Well location, NATURAL COTTON #70-8, located as shown in the NE 1/4 SE 1/4 of Section 8, T10S, R21E, S.L.B.&M. Uintah County, Utah.

### BASIS OF ELEVATION

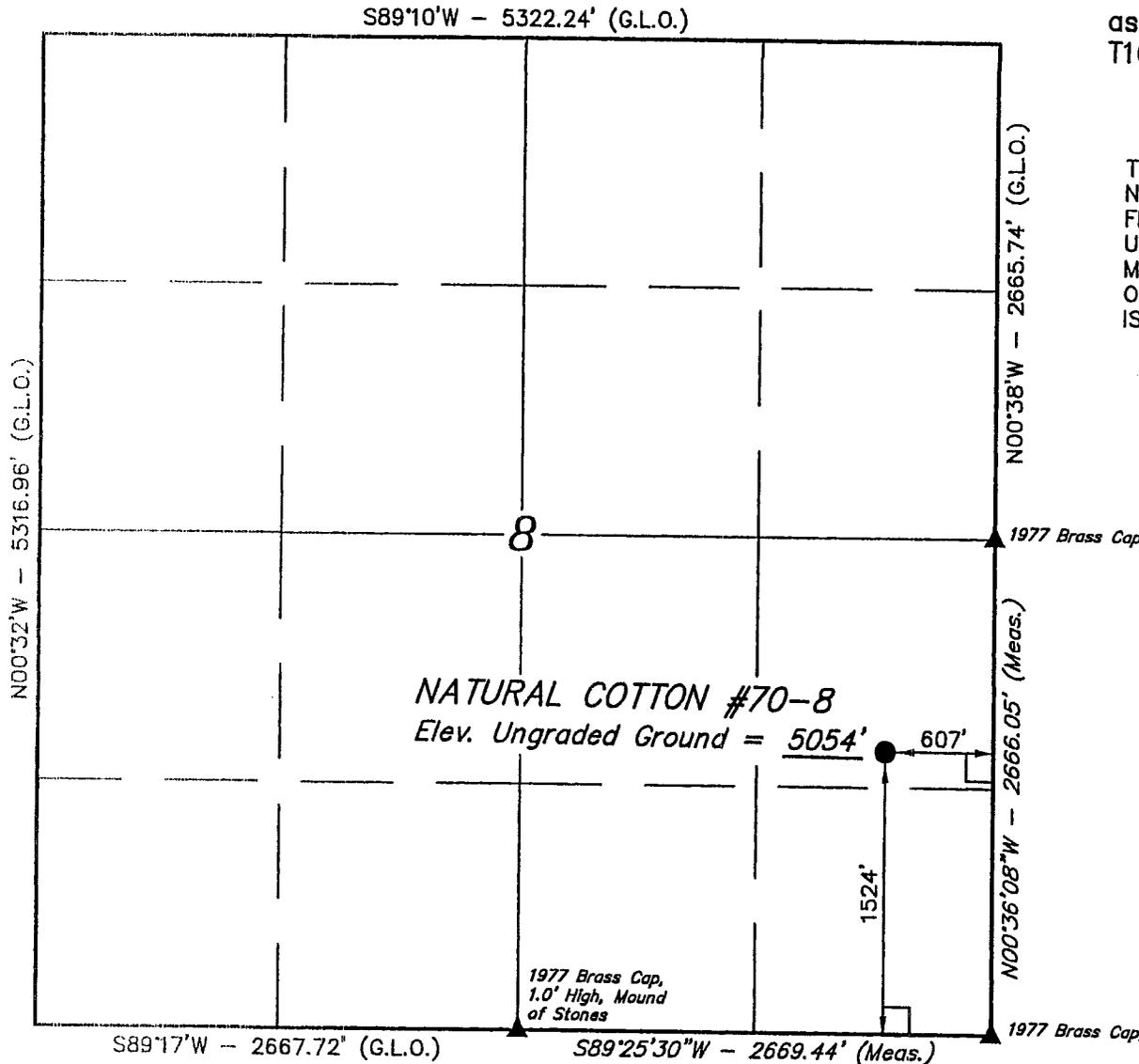
TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 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.

*John H. ...*  
 REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH



### BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(NAD 83)  
 LATITUDE = 39°57'33.62" (39.959339)  
 LONGITUDE = 109°34'07.10" (109.568639)  
 (NAD 27)  
 LATITUDE = 39°57'33.75" (39.959375)  
 LONGITUDE = 109°34'04.62" (109.567950)

### LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

<b>UNTAH ENGINEERING &amp; LAND SURVEYING</b>		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 10-7-05	DATE DRAWN: 10-10-05
PARTY T.B. B.C. K.G.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE EOG RESOURCES, INC.	



State of Utah

Department of  
Natural Resources

MICHAEL R. STYLER  
*Executive Director*

Division of  
Oil, Gas & Mining

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

February 8, 2006

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

Re: Natural Cotton 70-8 Well, 1524' FSL, 607' FEL, NE SE, Sec. 8, 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 43-047-37689.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

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

RECEIVED  
APR 03 2006  
DIV. OF OIL, GAS & MINING

Operator: EOG Resources, Inc.  
Well Name & Number Natural Cotton 70-8  
API Number: 43-047-37689  
Lease: U-01791

Location: NE SE Sec. 8 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.

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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.

		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>U-01791</b>
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: <b>NATURAL COTTON 70-8</b>
2. NAME OF OPERATOR: <b>EOG Resources, Inc.</b>		9. API NUMBER: <b>43-047-37689</b>
3. ADDRESS OF OPERATOR: <b>600 17th St., Suite 1000N</b> CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80202</b>		PHONE NUMBER: <b>(303) 262-2812</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1,524' FSL &amp; 607' FEL</b>		10. FIELD AND POOL, OR WILDCAT: <b>NATURAL BUTTES</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NESE 8 10S 21E S. L. B. &amp; M.</b>		COUNTY: <b>UINTAH</b> STATE: <b>UTAH</b>

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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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"/> 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: <b>APD EXTENSION REQUEST</b>
	<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. respectfully requests the APD for the referenced well be extended for one year.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 02-06-07  
By: [Signature]

2-9-07  
RM

NAME (PLEASE PRINT) <u>Carrie MacDonald</u>	TITLE <u>Operations Clerk</u>
SIGNATURE <u>[Signature]</u>	DATE <u>2/6/2007</u>

(This space for State use only)

**RECEIVED  
FEB 07 2007**

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:** 43-047-37689  
**Well Name:** NATURAL COTTON 70-8  
**Location:** 1524 FSL 607 FEL (NESE), SECTION 8, T10S, R21E S.L.B.&M  
**Company Permit Issued to:** EOG RESOURCES, INC.  
**Date Original Permit Issued:** 2/8/2006

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

2/6/2007  
Date

Title: Operations Clerk

Representing: EOG Resources, Inc.

**RECEIVED**  
**FEB 07 2007**  
DIV. OF OIL, GAS & MINING

# RECEIVED

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FEB 02 2007

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work:  DRILL  REENTER  
1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

5. Lease Serial No.  
**U-01791**  
6. If Indian, Allottee or Tribe Name

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

7. If Unit or CA Agreement, Name and No.  
8. Lease Name and Well No.  
**NATURAL COTTON 70-8**

3a. Address **P.O. BOX 1815  
VERNAL, UT 84078**

3b. Phone No. (Include area code)  
**(435)789-0790**

9. API Well No.  
**43-047137689**

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface **1524' FSL, 607' FEL** **NE/SE**  
At proposed prod. Zone

10. Field and Pool, or Exploratory  
**NATURAL BUTTES**  
11. Sec., T., R., M., or Blk. and Survey or Area  
**SEC. 8, T10S, R21E,  
S.L.B.&M.**

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

12. County or Parish  
**UINTAH**  
13. State  
**UTAH**

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. Unit line, if any)  
**607'**

16. No. of Acres in lease  
**2164**

17. Spacing Unit dedicated to this well  
**160**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft. See Topo Map C

19. Proposed Depth  
**4700'**

20. BLM/BIA Bond No. on file  
**NM-2308**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**5051.0 FEET GRADED GROUND**

22. Approximate date work will start\*  
**UPON APPROVAL**

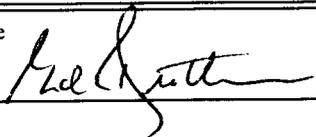
23. Estimated duration  
**45 DAYS**

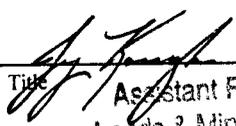
24. Attachments

### Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) <b>Ed Trotter</b>	RECEIVED	Date <b>January 18, 2006</b>
Title <b>Agent</b>		<b>APR 16 2007</b>	

Approved by (Signature) 	Name (Printed/Typed) <b>JERRY KENCELA</b>	DIV. OF OIL, GAS & MINING	Date <b>4-10-2007</b>
Title <b>Assistant Field Manager Lands &amp; Mineral Resources</b>	Office <b>VERNAL FIELD OFFICE</b>		

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, 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 page 2)

# CONDITIONS OF APPROVAL ATTACHED

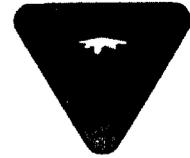
06BXJ0537A  
NOS Rec 10 30 05

## NOTICE OF APPROVAL



**UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE**

170 South 500 East VERNAL, UT 84078 (435) 781-4400



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

<b>Company:</b>	<b>EOG Resources, Inc.</b>	<b>Location:</b>	<b>NESE, Sec. 8, T10S, R21E</b>
<b>Well No:</b>	<b>Natural Cotton 70-8</b>	<b>Lease No:</b>	<b>UTU-01791</b>
<b>API No:</b>	<b>43-047-37689</b>	<b>Agreement:</b>	<b>N/A</b>

<b>Title</b>	<b>Name</b>	<b>Office Phone Number</b>	<b>Cell Phone Number</b>
Petroleum Engineer:	Matt Baker	435-781-4490	435-828-4470
Petroleum Engineer:	Michael Lee	435-781-4432	435-828-7875
Petroleum Engineer:	James Ashley	435-781-4470	435-828-7874
Petroleum Engineer:	Ryan Angus	435-781-4430	435-828-7368
Supervisory Petroleum Technician:	Jamie Sparger	435-781-4502	435-828-3913
NRS/Enviro Scientist:	Paul Buhler	435-781-4475	435-828-4029
NRS/Enviro Scientist:	Karl Wright	435-781-4484	
NRS/Enviro Scientist:	Holly Villa	435-781-4404	
NRS/Enviro Scientist:	Melissa Hawk	435-781-4476	435-828-7381
NRS/Enviro Scientist:	Chuck MacDonald	435-781-4441	
NRS/Enviro Scientist:	Jannice Cutler	435-781-3400	
NRS/Enviro Scientist:	Michael Cutler	435-781-3401	
NRS/Enviro Scientist:	Anna Figueroa	435-781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	435-781-3402	
NRS/Enviro Scientist:	Darren Williams	435-781-4447	
NRS/Enviro Scientist:	Nathan Packer	435-781-3405	
<b>After Hours Contact Number: 435-781-4513</b>		<b>Fax: 435-781-4410</b>	

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

Location Construction (Notify NRS/Enviro Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify NRS/Enviro Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supervisory Petroleum Technician)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings
BOP & Related Equipment Tests (Notify Supervisory Petroleum Technician)	-	Twenty-Four (24) hours prior to initiating pressure tests
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days

**SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

**General Surface COAs**

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer AO. A report will be prepared by a BLM permitted paleontologist and submitted to the AO at the completion of surface disturbing activities.

**Specific Surface COAs**

Conditions for Approval are in the APD

- Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee shall submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this would include the reshaping of the pad to the original contour to the extent possible; the respreading of the top soil up to the rig anchor points; and, the area reseeded using appropriate reclamation methods. The AO will provide written approval or concurrence within 30 calendar days of receipt.
- Pronghorn kidding area no construction or drilling from 5/15-6/20

## **DOWNHOLE CONDITIONS OF APPROVAL**

### **SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL**

- Production casing cement shall be brought up and into the surface casing.
- A cement Bond Log (CBL) shall be run from the production casing shoe to the surface casing shoe.

**All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to.** The following items are emphasized:

### **DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment BOPE shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources such as Gilsonite, tar sands, oil shale, trona, etc. to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth from KB or GL of encounter, vertical footage of the encounter and,

the name of the person making the report along with a telephone number should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log CBL will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to [UT\\_VN\\_Welllogs@BLM.gov](mailto:UT_VN_Welllogs@BLM.gov). This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## **OPERATING REQUIREMENT REMINDERS:**

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" Oil and Gas Operations Report OGOR starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 303 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location  $\frac{1}{4}$  Sec., Twn, Rng, and P.M..
  - Date well was placed in a producing status date of first production for which royalty will be paid.
  - The nature of the well's production, i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons.
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees NTL 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events fires, accidents, blowouts, spills, discharges as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" BLM Form 3160-4 shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including,

at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples cuttings, fluid, and/or gas shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers 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 shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 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 Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" Form BLM 3160-5 must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**UTU-01791**

**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:

1. TYPE OF WELL    OIL WELL     GAS WELL     OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:  
**NATURAL COTTON 70-08**

2. NAME OF OPERATOR:  
**EOG Resources, Inc.**

9. API NUMBER:  
**43-047-37689**

3. ADDRESS OF OPERATOR:  
**1060 East Highway 40**    CITY **Vernal**    STATE **UT**    ZIP **84078**

PHONE NUMBER:  
**(435) 781-9111**

10. FIELD AND POOL, OR WILDCAT:  
**NATURAL BUTTES**

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **1524 FSL & 607 FEL 39.959339 Lat 109.568639 Lon**

COUNTY: **UINTAH**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NESE 8 10S 21E S. L. B. & M.**

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: <b>APD EXTENSION REQUEST</b>
	<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. respectfully requests the APD for the referenced well be extended for one year.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 02-12-08  
By: [Signature]

NAME (PLEASE PRINT) Kaylene R. Gardner    TITLE Lead Regulatory Assistant  
SIGNATURE [Signature]    DATE 2/8/2008

(This space for State use only)

**RECEIVED**  
**FEB 11 2008**  
DIV. OF OIL, GAS & MINING

COPY SENT TO OPERATOR  
Date: 2-12-2008  
Initials: KS

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

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

**API:** 43-047-37689  
**Well Name:** NATURAL COTTON 70-08  
**Location:** 1524 FSL & 607 FEL (NESE), SECTION 8, T10S, R21E S.L.B.&M  
**Company Permit Issued to:** EOG RESOURCES, INC.  
**Date Original Permit Issued:** 2/8/2006

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

2/6/2008

\_\_\_\_\_  
Date

**Title:** Lead Regulatory Assistant

**Representing:** EOG Resources, Inc.

RECEIVED  
FEB 11 2008  
DIV. OF OIL, GAS & MINING

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

FORM 9

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2. NAME OF OPERATOR:  
**EOG Resources, Inc.**

9. API NUMBER:  
**43-047-37689**

3. ADDRESS OF OPERATOR:  
**1060 East Highway 40      Vernal      STATE UT      ZIP 84078**

PHONE NUMBER:  
**(435) 781-9145**

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**Natural Buttes**

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **1524' FSL & 607' FEL 39.959339 LAT 109.568639 LON**

COUNTY: **Uintah**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NESE 8 10S 21E S.L.B. & M.**

STATE: **UTAH**

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Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 02-05-09

By: [Signature]

COPY SENT TO OPERATOR

Date: 2.5.2009

Initials: KS

NAME (PLEASE PRINT) Mickenzie Thacker

TITLE Operations Clerk

SIGNATURE [Signature]

DATE 1/29/2009

(This space for State use only)

**RECEIVED**  
**FEB 02 2009**

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

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

**API:** 43-047-37689  
**Well Name:** Natural Cotton 70-08  
**Location:** 1524 FSL & 607 FEL (NESE), SECTION 8, T10S, R21E S.L.B.&M  
**Company Permit Issued to:** EOG Resources, Inc.  
**Date Original Permit Issued:** 2/8/2006

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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

Michelle Thacker  
Signature

1/29/2009

Date

Title: Operations Clerk

Representing: EOG Resources, Inc.

**RECEIVED**  
**FEB 02 2009**  
DIV OF OIL, GAS & MINING



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

February 10, 2010

Mickenzie Gates  
EOG Resources Inc.  
1060 East Highway 40  
Vernal, Utah 84078

Re: APD Rescinded – Natural Cotton 70-8, Sec. 8, T. 10S, R. 21E  
Uintah County, Utah API No. 43-047-37689

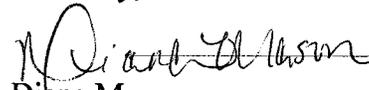
Dear Ms. Gates:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on February 8, 2006. On February 8, 2007, February 12, 2008 and February 5, 2009 the Division granted a one-year APD extension. On February 9, 2010, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 9, 2010.

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 Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal

