



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 21, 2006

EOG Resources, Inc.
c/o Ms. Ocean Munds-Dry
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order SD-200631

Re: EOG Resources, Inc.
Frio B 8 Fee Well No. 2H
API No. 30-015-34667
Unit P, Section 8, Twsp 16S, Range 25E
Eddy County

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (**administrative SD application reference No. pTDS06-33237163**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 27, 2006, on behalf of EOG Resources, Inc. (EOG);

(b) your e-mail communication of December 21, 2006; and

(c) the Division's records pertinent to EOG's request.

EOG has requested to simultaneously dedicate the E/2 of Section 8, Township 16 South, Range 25 East, NMPM, in Eddy County to its proposed Frio B 8 Fee Well No. 2H (API No. 30-015-34667) and to its existing Frio B 8 Fee Well No. 1H (API No. 30-015-34666).

The Frio B 8 Well No. 1H is a horizontal gas well completed in the Wolfcamp formation, projected from a standard surface location and penetration point 660 feet from the South line and 1880 feet from the East line (Unit O) of Section 8 to a terminus 660 feet from the North line and 1880 feet from the East line (Unit B) of the same section.

EOG proposes to complete the Frio B 8 Fee Well No. 2H as a horizontal well in the Wolfcamp formation, projected from a standard surface location and penetration point 660 feet from the South line and 760 feet from the East line (Unit P) of Section 8 to a terminus 660 feet from the North line and 760 feet from the East line (Unit A) of the same section. The E/2 of Section 8 is a standard 320-acre unit in the Cottonwood Creek-Wolfcamp Gas Pool (75250).

Spacing in the Cottonwood Creek-Wolfcamp Gas Pool is governed by Statewide Rule 104.C(2), which allows two wells to be completed in a 320-acre unit, but requires that the wells be in different quarter sections. Because both the proposed well and the existing well will be completed within both quarter sections of this 320-acre unit, division approval for simultaneous dedication is required.

Your application on behalf of EOG has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A.

It is our understanding that EOG has proposed the simultaneous dedication of this unit to the two wells described for geological reasons, in order to prevent waste and maximize production from this unit.

We further understand that all operators of offsetting units within the Wolfcamp formation have been duly notified of the filing of this application, and that, as to those offsetting units that EOG operates, the working interest ownership is identical to that in the subject unit.

Pursuant to the authority granted to the Division by Rule 104.D(3), the above-described simultaneous dedication is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.

Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia