

| | | | | | |
|------------------|----------|-------------------|--------------------|----------|-------------------------|
| DATE IN 10/26/07 | SUSPENSE | ENGINEER W. JONES | LOGGED IN 10/27/06 | TYPE NSL | APP NO. P TDSO 30046483 |
|------------------|----------|-------------------|--------------------|----------|-------------------------|

BROOKS

11/6/06

SD

P TDSO 31048552

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



EOG

San Alaba B12 #14

NSL-5538

SD-200630

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☒ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address



2006 OCT 26 PM 3 29

October 26, 2006

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox surface location and the simultaneous dedication of the S/2 of Section 12, Township 16 South, Range 24 East, N.M.P.M., Eddy County, New Mexico to its proposed San Saba B 12 Fee Well No. 1H and the existing San Saba B 12 Fee Well No. 2HY.

Dear Mr. Fesmire:

EOG Resources, Inc. is the operator of a standard 320-acre spacing unit in the Cottonwood Creek-Wolfcamp West Gas Pool (**Pool Code 75260**) comprised of the S/2 of Section 12, Township 16 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. This spacing unit is dedicated to EOG's San Saba B 12 Fee Well No. 2HY which has been horizontally drilled and produces from the Wolfcamp formation.

EOG seeks administrative approval of the simultaneous dedication of this standard 320-acre gas spacing unit to the following two horizontal gas wells:

- A. the existing San Saba B 12 Fee Well No. 2HY (**API No. 30-015-34837**) horizontally drilled from an unorthodox surface location 150 feet from the East line and 635 feet from the South line to a bottomhole location in the Wolfcamp formation 660 feet from the West line and 760 feet from the South line of said Section 12; and
- B. the proposed San Saba B 12 Fee Well No. 1H (**API No. 30-015-34478**) to be horizontally drilled from an unorthodox surface location 1964 feet from the South line and 413 feet from the East line to a proposed end point or bottomhole location 1880 feet from the South line and 660 feet from the West line of said Section 12.

HOLLAND & HART^{LLP}



The wellbore directional survey of the San Saba 12 Fee Well No. 2HY has been filed with the Division and shows the path of the wellbore within the Wolfcamp formation to be standard pursuant to Division Rules 104.C (2) (a) and 111.A (7). EOG now intends to horizontally drill and complete its proposed San Saba B 12 Fee Well No. 1H to be drilled to the targeted subsurface end-point or bottomhole location, 1880 feet from the South line and 660 feet from the West line (Unit L) of Section 12. EOG proposes to drill this well in compliance with the set-back requirements of Division Rules 104.C(2) 9b) and 111.A(7) for deep gas wells in southeast New Mexico.

The proposed well is unorthodox pursuant to Division Rules 104.C(2)(b) and Division Rule 111 because the surface location is outside the producing area. This location is required to avoid a crop irrigation system.

Attached hereto as **Exhibit A** is a copy of Division Form C-102 for this well that shows the proposed surface and bottomhole location of the well.

EOG is the offset operator in the adjoining spacing unit in Section 7, Township 16 South, Range 25 East towards which the surface location is encroaching. All other interest owners are common and therefore there are no affected parties to notify in accordance with Division rules.

The simultaneous dedication of the S/2 of said Section 12 to the San Saba B 12 Fee Well Nos. 1H and 2HY will afford EOG the opportunity to efficiently produce the Wolfcamp formation under this spacing unit. EOG's proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

For the Division's reference, Administrative Order SD-06-21 was approved on August 30, 2006 for the simultaneous dedication of the N/2 of Section 12 to the San Saba A 12 Fee Wells No. 1H & 2H.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
ATTORNEY FOR EOG RESOURCES, INC.

Enclosures

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease-4 Copies
Fee Lease-3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|---|--|
| API Number 30-015-34478 | Pool Code 75260 | Pool Name Cottonwood Creek, WC, West (Gas) |
| Property Code | Property Name SAN SABA B 12 FEE | Well Number 1H |
| OGROD No. 7377 | Operator Name EOG RESOURCES | Elevation 3545' |

Surface Location

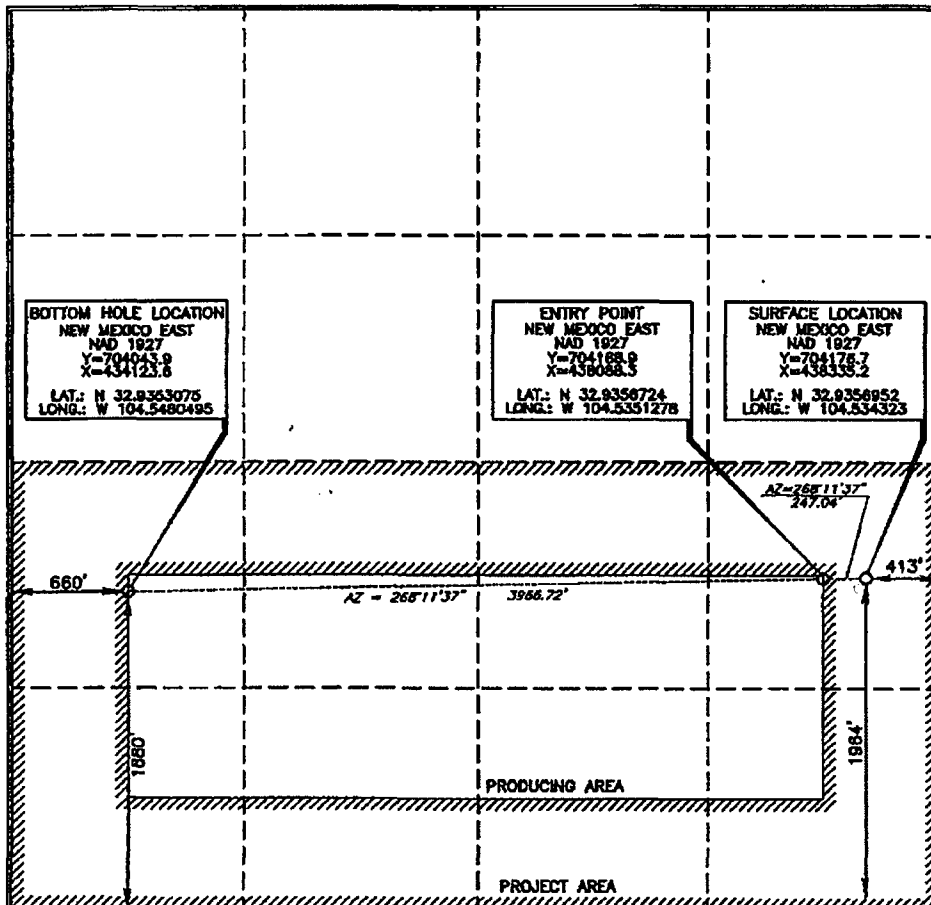
| UL or lot no. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| I | 12 | 16 SOUTH | 24 EAST, N.M.P.M. | | 1984 | SOUTH | 413 | EAST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| L | 12 | 16 SOUTH | 24 EAST, N.M.P.M. | | 1880 | SOUTH | 680 | WEST | EDDY |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 3.20 | | | |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Donny G. Glanton 12/16/2005
Signature Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes or actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

15079
DECEMBER 7, 2005
Date of Survey
Terry O. Paul 12/14/05
Signature and Seal of Professional Surveyor
Certificate Number 15079

WOF 051122WL-b (cnc)

EXHIBIT A

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|---|--|
| API Number 30-015-34837 | Pool Code 75260 | Pool Name Cottonwood Creek; WC, WEST (Gas) |
| Property Code | Property Name SAN SABA B 12 FEE | Well Number 2HY |
| OCRD No. 7377 | Operator Name EOG RESOURCES | Elevation 3552' |

Surface Location

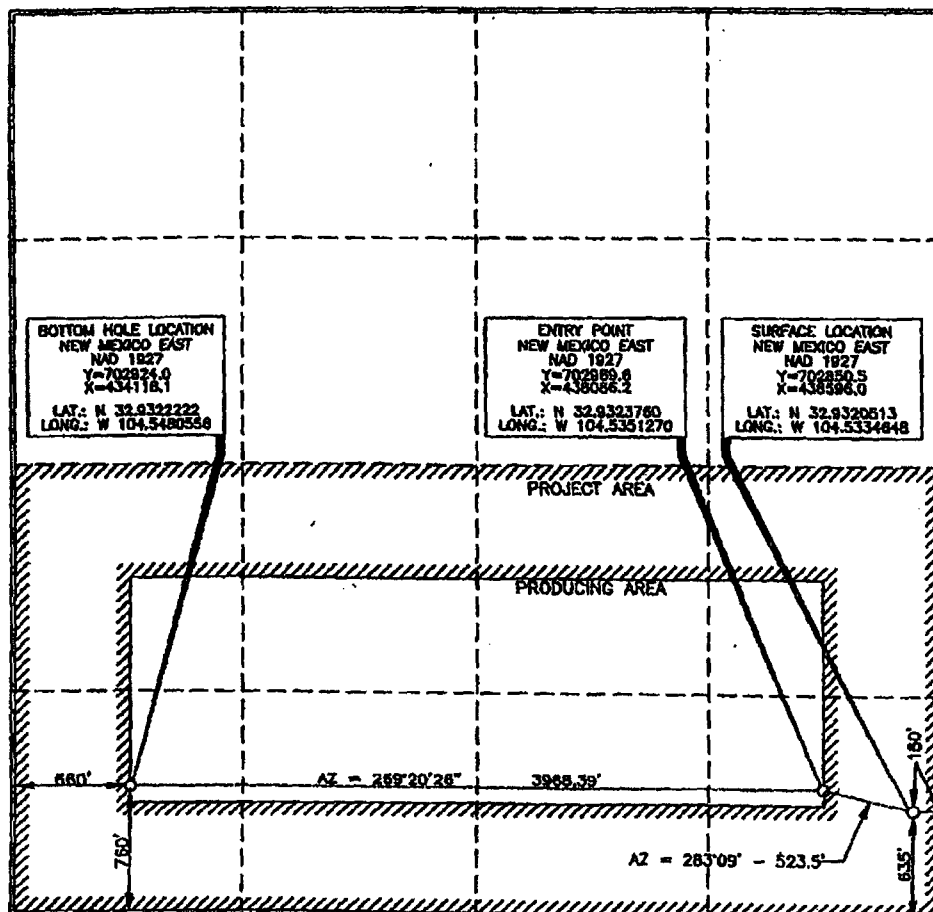
| UL or lot no. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| P | 12 | 16 SOUTH | 24 EAST, N.M.P.M. | | 696 | SOUTH | 160 | EAST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| M | 12 | 16 SOUTH | 24 EAST, N.M.P.M. | | 760 | SOUTH | 660 | WEST | EDDY |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 320 | | | |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Donny G. Glanton 5/5/06
Signature Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes or actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Donny G. Glanton
Date of Survey
Signature and Seal of Professional Surveyor
Certificate Number 15079

WOF 051122WL-A (A)

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD

Sent: Monday, November 06, 2006 11:19 AM

To: 'Ocean Munds-Dry'

Subject: NSL Application pTDS06-30046483 - EOG San Saba B12 No. 1H

Dear Ocean

I have before me the referenced application, which is another EOG application for two horizontal wells in a Wolfcamp 320-acre unit.

As you suggested, we probably need to meet about this matter. Are you going to be attending the examiner docket on Thursday. If so, we could meet about this that day.

Thanks

David Brooks

11/6/2006



2006 NOV 27 PM 3 38

November 27, 2006

HAND-DELIVERED

Mr. David K. Brooks, Esq.
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox surface location and the simultaneous dedication of the S/2 of Section 12, Township 16 South, Range 24 East, N.M.P.M., Eddy County, New Mexico to its proposed San Saba B 12 Fee Well No. 1H and the existing San Saba B 12 Fee Well No. 2HY.

Dear Mr. Brooks:

Pursuant to our meeting with you on November 15, 2006, EOG Resources, Inc. ("EOG") is providing you with additional information to comply with the notice requirements of the Division. Please allow this letter to serve as a supplement to EOG's application for simultaneous dedication of the S/2 of Section 12, Township 16 South, Range 24 East, NMPM, Eddy County, New Mexico to its proposed San Saba B 12 Fee Well Nos. 1H & 2H.

Exhibit B is a map of offset operators around the spacing unit in Section 12. The spacing unit is shown in dark orange and the acreage operated by EOG is shown in a lighter orange. Acreage not operated by EOG is shaded in blue. As required by Rule 1210, a copy of this application (with attachments) has been sent to those affected parties in accordance with Rule 1207(A)(5) and they have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent. Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

ATTORNEY FOR EOG RESOURCES, INC.

OFFSETS IN SECTION 12

| | | | | | |
|-----|-----|-----|-----|-----|-----|
| | | | | | |
| | D | C | B | A | |
| EOG | E | F | G | H | EOG |
| EOG | L | K | J | I | EOG |
| EOG | M | N | O | P | EOG |
| LCX | EOG | EOG | EOG | EOG | LCX |

EXHIBIT B

HOLLAND & HART LLP



**Ocean Munds-Dry
Associate**
omundsdry@hollandhart.com

November 27, 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

LCX Energy, LLC
101 N. Marenfeld Suite 200
Midland, Texas 79701

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox surface location and the simultaneous dedication of the S/2 of Section 12, Township 16 South, Range 24 East, N.M.P.M., Eddy County, New Mexico to its proposed San Saba B 12 Fee Well No. 1H and the existing San Saba B 12 Fee Well No. 2HY.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on October 26th by EOG Resources, Inc. for administrative approval of an unorthodox well location for its San Saba B 12 Fee Well No. 1H, to be drilled from a surface location 1964 feet from the South line and 413 feet from the East line to a proposed end point or bottomhole location 1880 feet from the South line and 660 feet from the West line of Section 12, Township 16 South, Range 24 East, NMPM, Eddy County, New Mexico and simultaneous dedication of the San Saba B 12 Fee Well No.1H and the existing San Saba B 12 Fee Well No. 2HY to the S/2 of said Section 12.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

ATTORNEY FOR EOG RESOURCES, INC.

Enclosures

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☺

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD

Sent: Tuesday, December 19, 2006 2:57 PM

To: Ocean Munds-Dry

Subject: EOG NSL/SD Application - San Saba B-12 Fee No. 1H

Dear Ocean

I have reviewed your letter of November 27, which shows that EOG is the operator of all units offsetting the S/2 of Section 7-16S-24E, except for the N/2 Section 17-16S-24E and the N/2 Section 8-16S-25E.

Your original application states that as to the N/2 of Section 7, working interest ownership is identical to the S/2 of Section 7. Can you confirm that the same is true for all other offsetting units operated by EOG?

Thanks
David Brooks

12/19/2006

Brooks, David K., EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Thursday, December 21, 2006 8:52 AM
To: Brooks, David K., EMNRD
Subject: RE: EOG NSL/SD Application - San Saba B-12 Fee No. 1H

David: I can confirm that EOG owns 100% of the working interest in the offsetting spacing units which are operated by EOG.

Thanks,
Ocean

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, December 19, 2006 2:57 PM
To: Ocean Munds-Dry
Subject: EOG NSL/SD Application - San Saba B-12 Fee No. 1H

Dear Ocean

I have reviewed your letter of November 27, which shows that EOG is the operator of all units offsetting the S/2 of Section 7-16S-24E, except for the N/2 Section 17-16S-24E and the N/2 Section 8-16S-25E.

Your original application states that as to the N/2 of Section 7, working interest ownership is identical to the S/2 of Section 7. Can you confirm that the same is true for all other offsetting units operated by EOG?

Thanks
David Brooks

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12/21/2006