

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 15, 2007

EOG Resources, Inc.
c/o Holland & Hart, LLP
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attn: Ms. Ocean Munds-Dry, Attorney

Administrative Order SD-200716

RE: **Simultaneous Dedication of a Gas Spacing
Unit Comprising Lots 9 through 16**

Irregular Section 2, T-16 South, R-25 East, NMPM, Eddy County, NM
Cottonwood Creek-Wolfcamp Gas Pool (Gas - 75250)

Existing horizontal well:

Ganges B 2 Fee Well No. 1H (API No. 30-015-35488)
Surface Location: 2518' FNL & 210' FEL, Lot 9
Bottomhole Location: 2703' FNL & 660' FWL, Lot 12

Proposed horizontal well:

Ganges B 2 Fee Well No. 2H (API No. 30-015-35330)
Surface Location: 3468' FSL & 210' FEL, Lot 16
Bottomhole Location: 3400' FSL & 660' FWL, Lot 13

Dear Ms Munds-Dry:

Reference is made to the following:

(a) your application on behalf of EOG Resources, Inc. ("EOG") (**administrative application reference No. pCLP0711742031**) that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on April 25, 2007; and the Division's records pertinent to EOG's request.

The Cottonwood Creek-Wolfcamp Gas Pool is currently governed by Division Rule 19.15.3.104(C) which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is

located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. These rules further authorize the drilling of an infill well on a standard 320-acre unit provided that the infill well is not located within the same quarter section as the parent well. Because both the proposed horizontal well and the existing horizontal 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 19.15.3.104.D(3) and 19.15.14.1210.A.

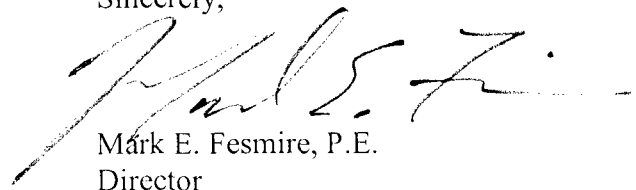
The data presented with your application demonstrates that the horizontal (producing) portion of the wellbores will be fully contained within the "producing area", as this term is defined by Division Rule 19.15.3.111.

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

All operators of offsetting gas spacing units within the Wolfcamp formation or all working interest owners in offsetting gas spacing units that are operated by EOG have been duly notified of the filing of this application and no objections have been received.

Pursuant to the authority granted to the Division by Rule 19.15.3.104.D(3), the above-described simultaneous dedication is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/drc

cc: OCD – Artesia