



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

March 4, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 983-6043

Administrative Order NSL-4848

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, EOG Resources, Inc. ("EOG"), submitted to the New Mexico Oil Conservation Division ("Division") on March 3, 2003 (*Division application reference No. pKRV0-306330475*); and (ii) the Division's records in Santa Fe: all concerning EOG's request for an unorthodox gas well location in the Morrow and Mississippian Chester formations for its proposed Dave's Hopper "31" Well No. 1. This well will be a re-entry of the plugged Vawter Well No. 1 (API 30-025-28233) and directionally drilled to a bottom hole location 788 feet from the North line and 2385 feet from the West line (Unit C) of Section 31, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico.

The N/2 of Section 31, being a standard 322-acre lay-down spacing unit for the Undesignated Big Dog-Morrow Gas Pool (97214), and Undesignated Big Dog-Mississippian Gas Pool (97215), is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that EOG is seeking this location exception based on a 3-D seismic survey of the immediate area, which indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the intermediate Morrow formation than a well drilled at a location considered to be standard within the NW/4 of Section 31. Division records indicate this 322-acre spacing unit is fee owned except for Federally owned Lots 1 and 2 (W/2 NW/4).

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location for the proposed Dave's Hopper "31" Well No. 1 in both deep gas bearing intervals within this 322-acre unit comprising the N/2 of Section 31 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/wvjj

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management – Carlsbad