



May 3, 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

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13741 Exhibit No. 1  
Submitted by:  
EOG Resources, Inc.  
Hearing Date: July 6, 2006

**Re: Application of EOG Resources, Inc. for Administrative Approval of an Unorthodox Well Location for its Rhine "13" Federal Well No. 1, from a location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, N.M.P.M., Eddy County, New Mexico.**

Dear Mr. Fesmire:

EOG Resources, Inc. ("EOG") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Rhine 13 Federal Well No. 1 to be re-entered and completed from the Wolfcamp formation at an unorthodox well location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. A standard 320-acre spacing and proration unit comprised of the S/2 of Section 13 will be dedicated to the well.

This location in the Wolfcamp formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located not closer than 660 feet to the outer boundary of the quarter section on which the well is located. The well is 150 feet, or 510 feet too close, to the east line of the dedicated acreage.

This well was originally drilled by EOG as the vertical portion of a proposed horizontal Wolfcamp test. Prior to drilling the horizontal segment, it was utilized as a monitor well to study the frac job on the Yukon 18 Fed Com Well No. 1H immediately east in Section 18. Although EOG sought a standard location for the Rhine 13 Federal Well No. 1, the Bureau of Land Management requested that the location be moved because of topographical concerns. The study of the Yukon well has been completed and EOG has elected not to drill the horizontal segment and now proposes to complete the Rhine 13 Federal Well No. 1 as a vertical well to test the Wolfcamp formation. EOG will not utilize this wellbore to drill an additional horizontal wellbore in this section.

Attached hereto as **Exhibit A** is a plat which shows the subject area, the 320-acre spacing unit

**Holland & Hart LLP**

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comprised of all of the S/2 of Section 13 and the proposed unorthodox location. The well encroaches only on acreage operated by EOG in which the ownership is identical to the ownership under the drill site. Accordingly, there are no affected parties to whom this application needs to be provided.

**Exhibit B** is Division Form C-102 which shows the surveyed location for this well.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry  
Attorney for EOG Resources, Inc.

Enclosures

cc: Rick Lanning  
EOG Resources, Inc.  
Post Office Box 2267  
Midland, Texas 79702

EOG Resources, Inc.  
Post Office Box 2267  
Midland, Texas 79705

Attention: Rick Lanning

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Lanning:

Reference is made to your application dated May 3, 2006 for an unorthodox well location for a well to be re-entered and completed to the Wolfcamp formation for your proposed Rhine 13 Federal Well No. 1. Said well is to be re-entered and at a location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico.

A 320-acre spacing and proration unit in the Wolfcamp formation comprising the S/2 of said Section 13 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Mark E. Fesmire  
Director

cc: Oil Conservation Division - Hobbs/Artesia  
U. S. Bureau of Land Management - Carlsbad



DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Form C-102

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

Energy, Minerals, and Natural Resources Department

Revised August 15, 2000

Submit to Appropriate District Office

OIL CONSERVATION DIVISION

State Lease - 4 copies

Fee Lease - 3 copies

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-34184	<sup>2</sup> Pool Code 96623	<sup>3</sup> Pool Name UNDES COLLIN RANCH; WOLFCAMP NE
<sup>4</sup> Property Code	<sup>5</sup> Property Name RHINE "13" FED	<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 7377	<sup>8</sup> Operator Name EOG RESOURCES, INC.	<sup>9</sup> Elevation 3666'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	13	17 SOUTH	24 EAST, N.M.P.M.		1680'	SOUTH	150'	EAST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**<sup>17</sup> OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.*

*Donny G. Glanton*

Signature  
Donny G Glanton

Printed Name  
Sr. Lease Operations Rep

Title  
4/25/2006

Date

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**<sup>18</sup> SURVEYOR CERTIFICATION**

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

Date of Survey  
MARCH 15, 2006

Signature and Seal of Professional Surveyor  
*V. Lynn Bezner*

Certification Number  
V. L. BEZNER R.P.S. #7920

JOB # 101799 / 101 SE / E.U.O.

EXHIBIT B