

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**CASE NO. 12543
ORDER NO. R-11433-A**

**APPLICATION OF EOG RESOURCES, INC. TO AMEND DIVISION ORDER NO.
R-11433 FOR COMPULSORY POOLING AND NON-STANDARD SPACING AND
PRORATION UNITS TO PERMIT AN UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 16, 2000, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 14th day of December, 2000, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) By Division Order No. R-11433, issued in Case No. 12454 and dated August 3, 2000, the Division granted the application of EOG Resources, Inc. ("EOG") to pool all uncommitted mineral interests from a depth of 3100 feet through the top 100 feet of the Mississippian Chester formation underlying the following acreage in Section 7, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico:

(a) the N/2 to form a non-standard 292.32-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated South Empire-Morrow Gas Pool, Aid-Morrow Gas Pool and Undesignated North Empire-Atoka Gas Pool; and

(b) the NW/4 to form a non-standard 132.32-acre gas spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent.

(3) The subject non-standard spacing and proration units were dedicated to the applicant's proposed Warp Speed "7" Federal Com Well No. 1 to be drilled and completed at a standard location 1980 feet from the North line and 800 feet from the West line of Section 7.

(4) The applicant seeks approval to move the Warp Speed "7" Federal Com Well No. 1 from its previously approved location to an unorthodox location 2280 feet from the North line and 1930 feet from the West line of Section 7.

(5) The applicant is requesting the unorthodox location for the following reasons:

(a) after Division Order No. R-11433 was issued, the original proposed location was moved, based on refined seismic data, to a more favorable location to the east; and

(b) the U.S. Bureau of Land Management then required the applicant to move the proposed second location to an unorthodox location to the southeast for archaeological reasons.

(6) The applicant has provided sufficient notice pursuant to Division Rule 1207.A. (2) (b).

(7) Mewbourne Oil Company ("Mewbourne"), the only affected party, did not object to the unorthodox location on the condition that EOG not object to Mewbourne drilling a well to test the Pennsylvanian formation at a similar location in the S/2 of Section 7.

(8) Mewbourne did not appear at the hearing.

(9) The applicant's request to amend Division Order No. R-11433 should be approved.

(10) At the time of the hearing the applicant testified that all parties subject to compulsory pooling Order No. R-11433 had reached voluntary agreement; therefore, the

compulsory pooling provisions of that order have no further effect.

(11) All other applicable provisions contained within Division Order No. R-11433 should remain in full force and effect.

(12) Approval of the unorthodox location will afford the applicant the opportunity to recover the gas reserves underlying the subject non-standard spacing and proration units and will protect correlative rights.

IT IS THEREFORE ORDERED THAT:

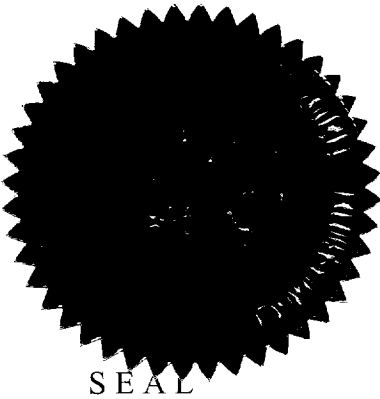
(1) The applicant, EOG Resources, Inc., is hereby authorized to drill its Warp Speed "7" Federal Com Well No. 1 at an unorthodox location 2280 feet from the North line and 1930 feet from the West line of Section 7, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, to test the Atoka and Morrow formations.

(2) The subject non-standard spacing and proration units approved by Division Order No. R-11433 shall be dedicated to the Warp Speed "7" Federal Com Well No. 1.

(3) The compulsory pooling provisions of Division Order No. R-11433 have no further effect, but all other applicable provisions of that order shall remain in full force and effect, except as modified by Ordering Paragraphs (1) and (2) of this order.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director