

DATE IN 7-23-04	SUSPENSE 8/12/04	ENGINEER Stagner	LOGGED IN 7-27-04	TYPE NSL	APP NO. P58M0420941643
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



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 _____

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- [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.

<u>WILLIAM F. CARR</u> Print or Type Name	<u><i>William F. Carr</i></u> Signature	<u>ANDEWEY</u> Title	<u>7-23-04</u> Date
		<u>wcarr@hollandhart.com</u> e-mail Address	

July 23, 2004

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. administrative approval of an unorthodox well location for its Sibyl "1" Federal Com Well No. 1 (**API No. 30-015-31276**) in the Bone Spring formation at a location 1980 feet from the North line and 1134 feet from the East line of Section 1, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Fesmire:

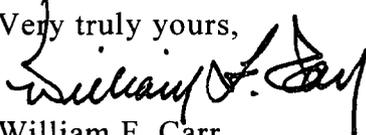
EOG Resources, Inc. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Sybil "1" Federal Com Well No. 1 at an unorthodox oil well location in the Bone Spring formation, Undesignated North Shugart-Bone Spring Pool at a point 1980 feet from the North line and 1134 feet from the East line of Section 1, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The well was originally drilled to test the Morrow formation at a standard location on a N/2 spacing unit. However, after having produced in the Morrow formation, the well has been re-completed in the Bone Spring formation. A standard 40-acre spacing and proration unit comprised of the SE/4 NE/4 of Section 1 will be dedicated to the well.

This location in the Bone Spring formation is unorthodox because it is governed by the Division's statewide rules that provide for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the quarter section on which the well is located. The proposed well location is unorthodox because it is only 186 feet from an outer boundary of the 40-acre quarter-quarter section being the SE/4 NE/4 of said Section 1.



Attached hereto as Exhibit A is a plat that shows the subject area, the 40-acre spacing unit comprised of the SE/4 NE/4 of Section 1 and the proposed unorthodox well location. Since this well encroaches on offsetting acreage to the west, a copy of this application, including a copy of the plat described above has been sent to all working interest owners in this offsetting spacing unit by certified mail-return receipt requested in accordance with Rule 1207 (A)(5). These owners are identified on Exhibit B to this application and 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. The offset operators indicated by an asterisk are part of the Read & Stevens group and Read & Stevens has recommended that these owners not oppose this location in exchange for a like waiver from EOG Resources, Inc. for an unorthodox location for an offsetting well in Section 1.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr
Attorney for EOG Resources, Inc.

Enclosures

cc: Patrick J. Tower, Project Landman
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

EXHIBIT B
NOTIFICATION LIST

Application of EOG Resources, Inc.
administrative approval of an unorthodox bottom hole gas well location
Sibyl "1" Federal Com Well No. 1
40 acres (SE/4 NE/4)
Section 1, Township 18 South, Range 30 East, NMPM
Eddy County, New Mexico.

Western Oil Producers, Inc.
Post Office Box 1498
Roswell, New Mexico 88202-1498

Thomas M. Beall and wifeCarolym Beall
Post Office Box 3098
Midland, Texas 79702

*Charles B. Read
Post Office Box 1518
Roswell, New Mexico 88202-1518

Buchholz Oil & Gas, Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75207

Clark Family Limited Partnership
7501 Bear Canyon Road, N.E.
Albuquerque, New Mexico 87109

Bumpass Global Holdings, Inc.
CRESPI & COMPANY
5600 West Lovers Lane, Suite 323
Dallas, Texas 75209

*First Century Oil, Inc.
Post Office Box 1738
Roswell, New Mexico 88202-1518

*Betty Read Young
1311 West Third Street
Roswell, New Mexico 88201

*Read & Stevens Employee Benefit Plan
Post Office Box 1518
Roswell, New Mexico 88202-1518

Sibyl H. Morrison and husband Sammy L.
Morrison
714 Pinehurst
Midland, Texas 79705

Fuel Products, Inc.
Post Office Box 3098
Midland, Texas 79702

*Robert H. Watson and wife Barbara J.
Watson
c/o Post Office Box 1518
Roswell, New Mexico 88202-1518

*CLM Production Company
c/o Post office Box 1518
Roswell, New Mexico 88202

*Patricia L. Pruitt
1405 Latigo Lane
Roswell, New Mexico 88201

*Lincoln Oil & Gas, L.L.C.
Post Office Box 1518
Roswell, New Mexico 88202

Hillier Oil & Gas Ltd.
#8 Lakeside Park
Dallas, Texas 75225

*Marion B. Riley
1105 San Juan
Roswell, New Mexico 88201

Hillier Oil & Gas Ltd.
443 Foster Road
Franklin, Pennsylvania 16323-3313

*Susan M. Rodrigue
c/o Post Office Box 1518
Roswell, New Mexico 88201

Cannon Exploration
3608 South County Road 1184
Midland, Texas 79706

Attention: Todd Wilson
Hollyhock Corporation
201 West Wall, Suite 905
Midland, Texas 79701
Attention: Roger Elliott

*Read & Stevens, Inc.
Post Office Box 1518
Roswell, New Mexico 88202

* Read & Stevens Group

Westway Petro Three, A Texas Joint Venture
Suite 200 Lincoln Plaza
500 N. Akard Street
Dallas, Texas 75201

Todd M. Wilson and wife Carol I. Wilson
3608 South County Road 1184
Midland, Texas 79706

The Roger T. and Holly L. Elliott Family
Limited Partnership L.P.
Formerly Hollyhock Corporation
210 West Wall, Suite 905
Midland, Texas 79701

*William A Bradshaw III and wife Kelly
Bradshaw
Post Office Box 1518
Roswell, New Mexico 88202



July 23, 2004

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED WORKING INTEREST OWNERS

Re: Application of EOG Resources, Inc. administrative approval of an unorthodox well location for its Sibyl "1" Federal Com Well No. 1, 1980 feet from the North line and 1134 feet from the East line of Section 1, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application and attached plat which was filed with the New Mexico Oil Conservation Division on this date by EOG Resources, Inc. for administrative approval of an unorthodox well location in the Bone Spring formation, Undesignated North Shugart-Bone Spring Pool, for its Sibyl "1" Federal Com Well No. 1, 1980 feet from the North line and 1134 feet from the East line of Section 1, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

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 at the Division's Santa Fe office, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within twenty days from this date. If no objection is received within this twenty-day period, this application for unorthodox well location may be approved.

Very truly yours,

William F. Carr
Attorney for EOG Resources, Inc.

cc: Patrick J. Tower
EOG Resources, Inc.



July 23, 2004

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO AFFECTED WORKING INTEREST OWNERS

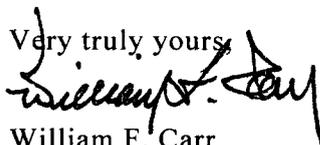
Re: Application of EOG Resources, Inc. administrative approval of an unorthodox well location for its Sibyl "1" Federal Com Well No. 1, 1980 feet from the North line and 1134 feet from the East line of Section 1, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

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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 at the Division's Santa Fe office, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within twenty days from this date. If no objection is received within this twenty-day period, this application for unorthodox well location may be approved.

If you are willing to waive objection to this location by signing a copy of this letter as provided below and returning it to EOG Resources, Post Office Box 2267, Midland, Texas 79705, Attention: Patrick J. Tower, EOG Resources, Inc. agrees to waive objection to one offsetting location in the NE/4 of Section 1, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, at a location no closer than 186 feet to the boundary of the SE/4 NE/4 of this section.

Very truly yours,


William F. Carr
Attorney for EOG Resources, Inc.

WAIVER OF OBJECTION:

Signature: _____

Print Name and Title: _____

Date: _____