



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 6, 2005

EOG Resources, Inc.

c/o **Holland & Hart LLP**

P. O. Box 2208

Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

Administrative Order NSL-5190

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, EOG Resources, Inc. ("EOG") that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on March 7, 2005 (*administrative application reference No. pSEM0-506637527*); and (ii) the Division's records in Santa Fe: all concerning EOG's request for an unorthodox gas well location in both the Morrow and deeper Mississippian formations for its proposed Lusk "23" Federal Com. Well No. 1 to be drilled 1650 feet from the North line and 500 feet from the West line (Unit E) of Section 23, Township 19 South, Range 32 East, NMPM, Eddy County, New Mexico.

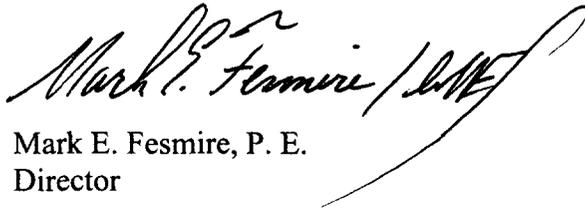
The W/2 of Section 23, being a standard 320-acre stand-up gas spacing unit for both the deeper wildcat Mississippian formation and shallower designated and Undesignated East Lusk-Morrow Gas Pool (80770), is to be dedicated to this well.

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 the Division's 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 shallower Morrow formation than a well drilled at a location considered to be standard within the NW/4 of Section 23. Further, the proposed location is approximately 179 feet west of a previous location proposed by EOG in 2001 (see "Application for Permit to Drill or Reenter," U. S. Bureau of Land Management Form OMB No. 1004-0136 dated September 21, 2001); said well was assigned API No. 30-025-35785.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location for EOG's proposed Lusk "23" Federal Com. Well No. 1 to be drilled 1650 feet from the North line and 500 feet from the West line (Unit E) of Section 23 in both the Morrow and Mississippian formations is hereby approved.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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