

DATE IN 3-7-05	SUSPENSE 3-28-05	ENGINEER Stogner	LOGGED IN 3-7-05	TYPE NSL	APP NO. BEM0506637527
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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 \_\_\_\_\_

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ~~X~~ 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.

WILLIAM F. CARR  
 Print or Type Name

*William F. Carr*  
 Signature

ANDREW  
 Title

3/7/2005  
 Date

wcarr@hollandhart.com  
 e-mail Address

30-025-35785

2005 MAR 7 AM 9 58

*EOB Resources, Inc.*



March 8, 2005

**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 Lusk "23" Federal Com Well No. 1 (**API No. 30-025-35785**) in the Morrow formation, Undesignated Lusk-Morrow Gas Pool, at a location 1650 feet from the North line and 500 feet from the West line of Section 23, Township 19 South, Range 32 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 Lusk "23" Federal Com Well No. 1 at an unorthodox gas well location in the Morrow formation, Undesignated Lusk-Morrow Gas Pool, at a point 1650 feet from the North line and 500 feet from the West line of Section 23, Township 19 South, Range 32 East, N.M.P.M., Eddy County, New Mexico. A standard 320-acre spacing and proration unit comprised of the W/2 of Section 23 will be dedicated to the well. EOG proposes to drill to a depth sufficient to test the top of the Mississippian formation; however, the shallower Morrow formation is the primary zone of interest.

This location in the Morrow formation is governed by the Division's statewide rules that provide for wells on 320-acre spacing units to be located no closer than 660 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 500 feet from the west boundary of the dedicated spacing unit or 160 feet closer than permitted by Division Rules.

This well is projected to the fault bounded anomaly shown on the 3D Seismic Morrow Lime Time Structure Map that is attached hereto as **Exhibit A**. This anomaly is located in the NW/4 of Section 23 and contains approximately 100 acres. The location was moved from a standard 660 foot set back from the West line to the proposed unorthodox

**HOLLAND & HART** LLP

location 500 feet from the West line of this section to keep the well away from the northeast bounding fault. This is fault shown on the accompanying seismic line attached hereto as **Exhibit B**. It is because of EOG's concern that they must be to the west of this fault that they are proposing this unorthodox location.

The Morrow formation in this small structural feature should contain several potentially productive intervals. These sand intervals are shown on the type log of the Grace Petroleum West Tonto Federal Com Well No. 1 located to the East in Section 24 that is attached hereto as **Exhibit C**. Starting at the base of the log section, the lower Morrow Orange Sand is the regionally most productive sand. This interval is mapped as having narrow north-south trending channels up to 20 feet of gross sand. The overlying Yellow and the Pink Sands are also expected to contribute production as is the Middle Morrow Red Sand.

Attached hereto as **Exhibit D** is a plat of the area that shows the 320-acre spacing unit comprised of the W/2 of Section 32, the proposed unorthodox well location and offsetting spacing units and wells. This well encroaches on offsetting acreage to the west where EOG is the lessee of 100% of the working interest. EOG's well to the west is currently temporarily abandoned. The royalty interest is owned by the federal government and is common under the subject spacing unit and the offsetting property on which the proposed well encroaches. Accordingly, there are no affected parties to whom copies of this application needs to be provided in accordance with Rule 1207 (A)(2).

Your attention to this application is appreciated.

Very truly yours,

William F. Carr

Attorney for EOG Resources, Inc.

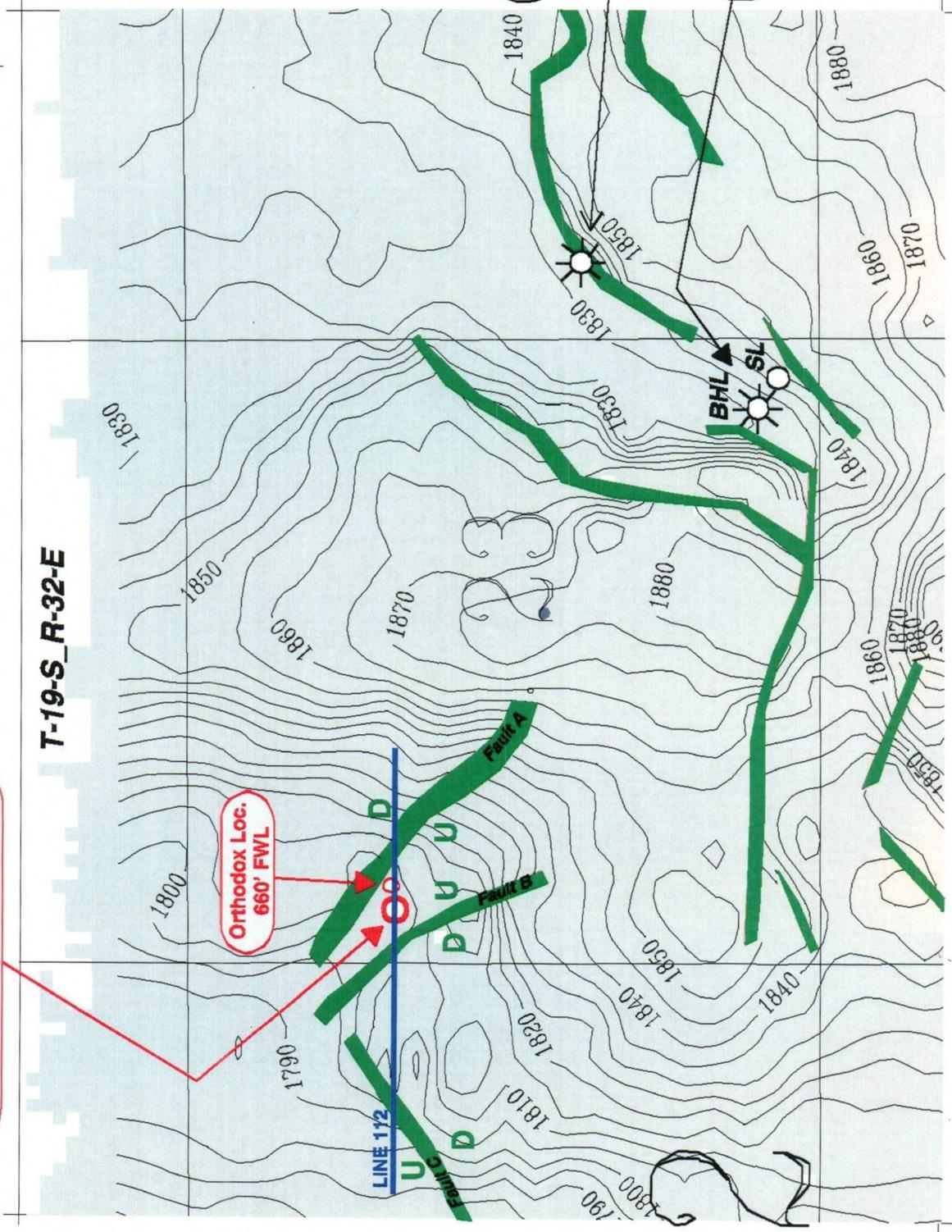
Enclosures

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



T-19-S\_R-32-E

**PROPOSED LOCATION  
EOG RESOURCES  
Lusk '23' #1  
500' FWL & 1650' FNL**



**TYPE LOG  
West Tonto Fed Com #1**

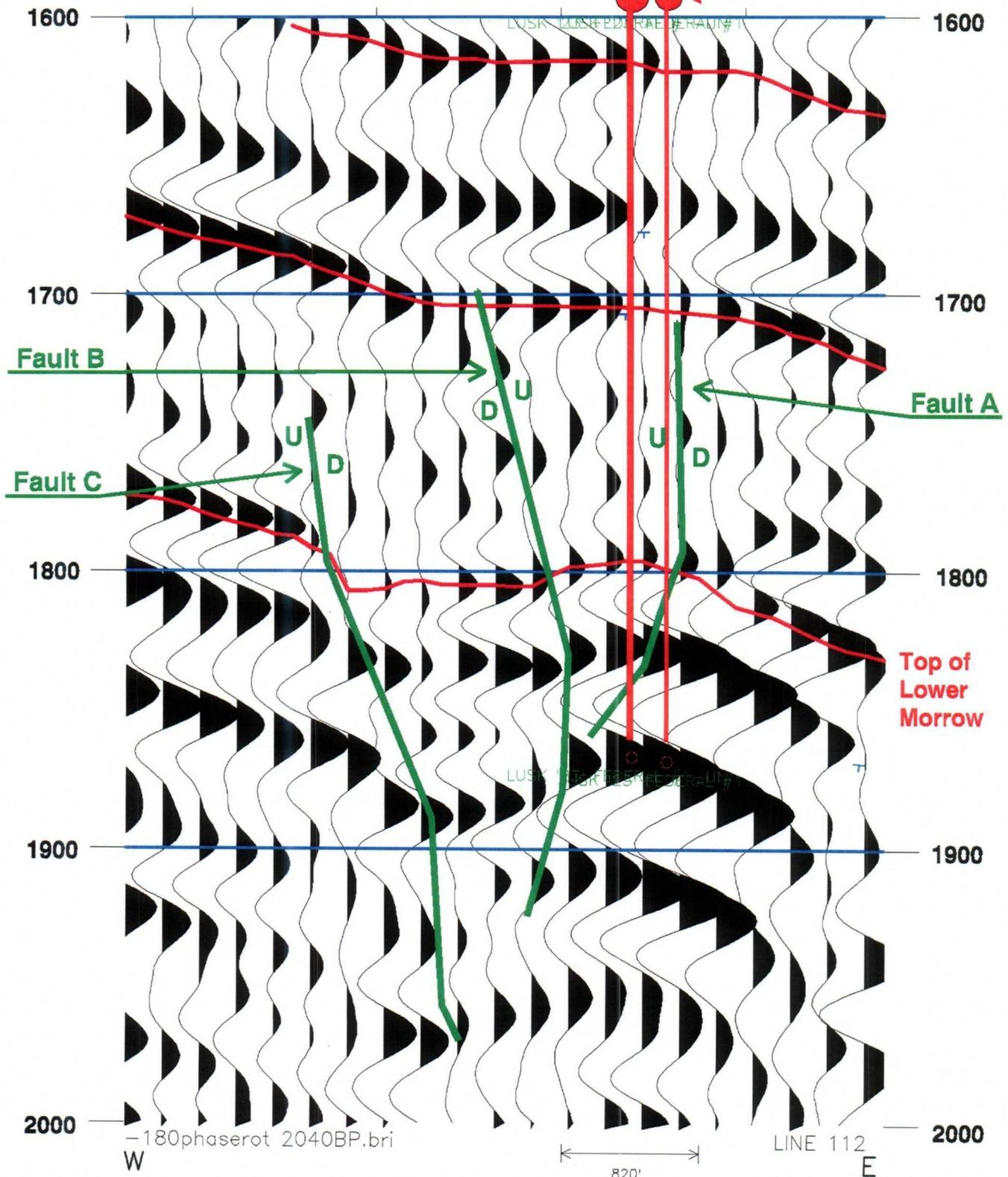
**EOG RESOURCES  
Lusk '23' #2**

**Orthodox Loc.  
660' FWL**

MRRWL TIME STRUCTURE MAP  
C.I. = 5 ms

**PROPOSED LOCATION  
EOG RESOURCES  
Lusk '23' #1  
500' FWL & 1650' FNL**

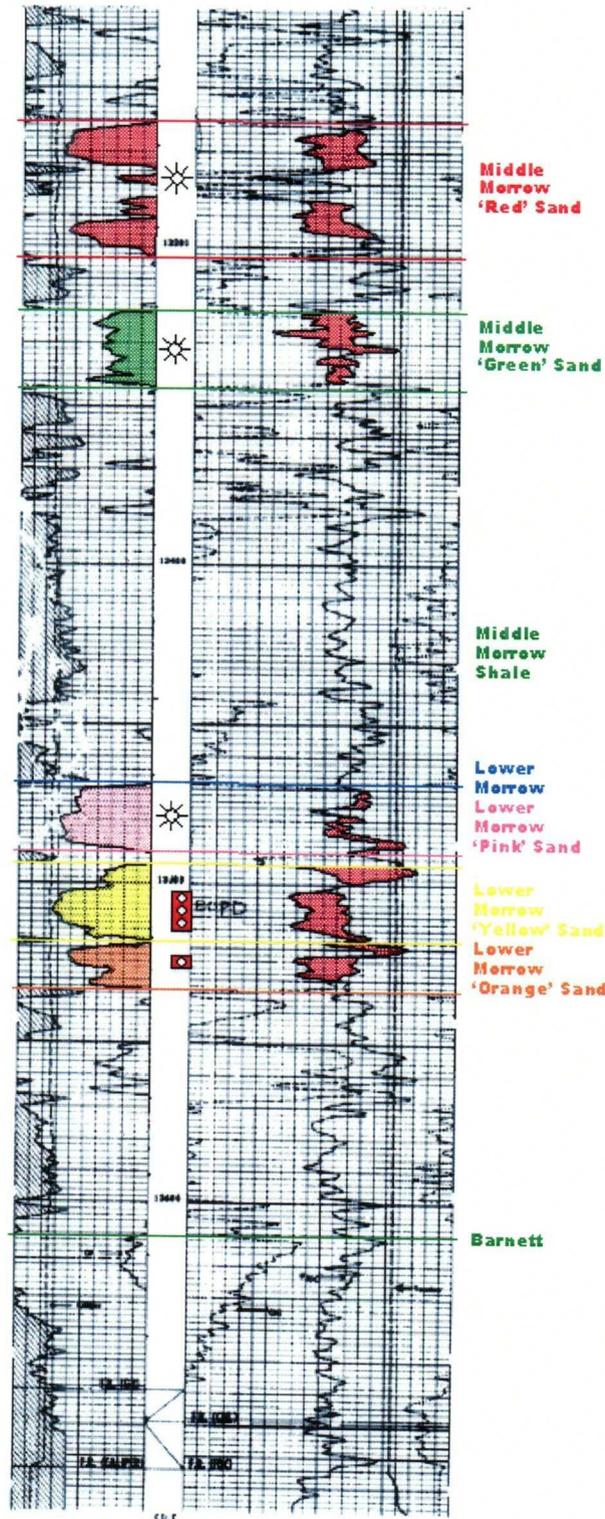
**Orthodox Loc.  
660' FWL**



**EXHIBIT B**

# Type Log

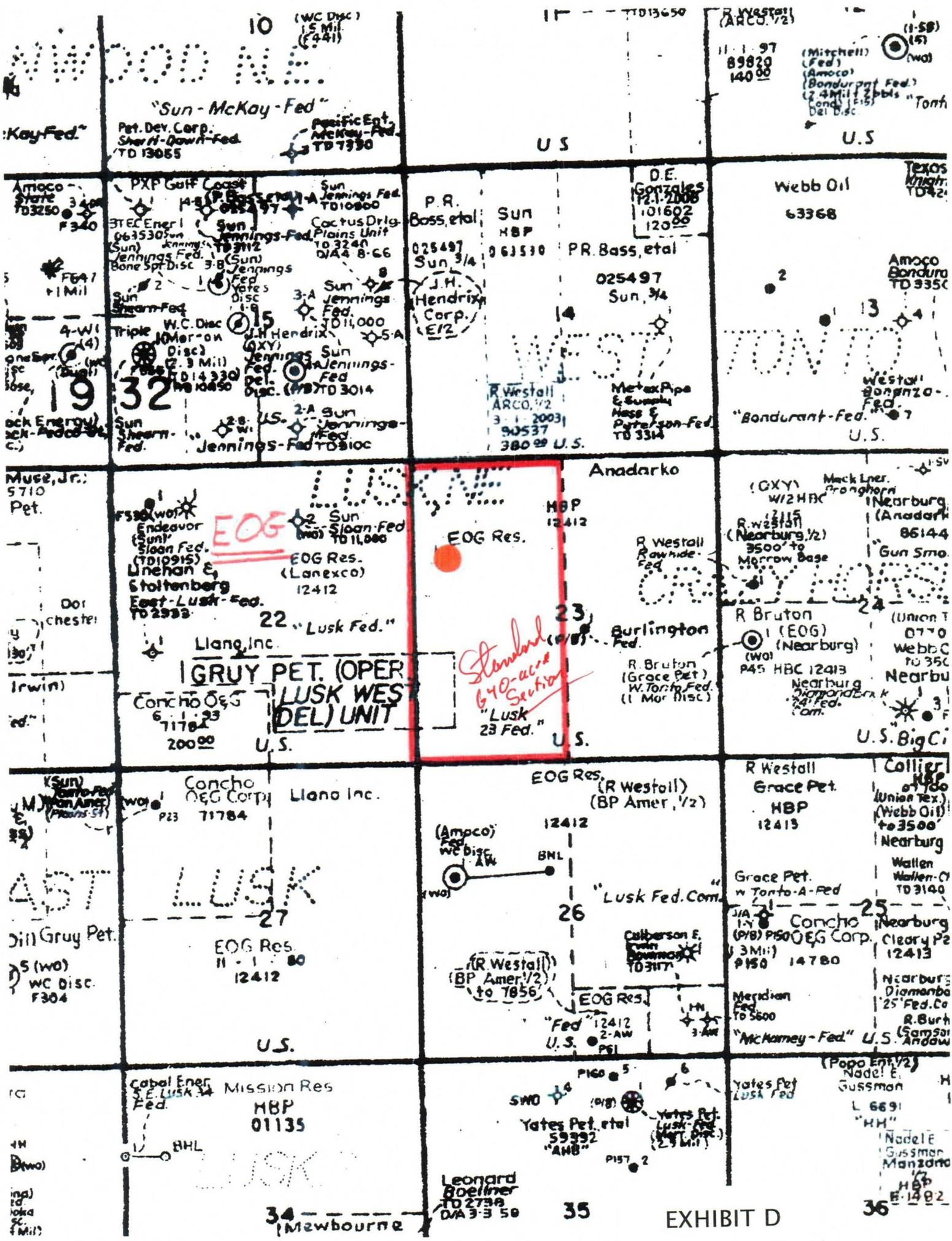
Grace Petroleum  
**West Tonto Fed Com #1**  
 Sec. 24-T19S-R32E



GRACE PETROLEUM		TENSILE	
100.0	GR (GMP)	0.7500	MPHIC
6.000	CALL (L)	0.3000	MPHIC
100.0	GR (GMP)	0.7500	MPHIC

**Completed 1/5/81**  
**Morrow Cum (3/2000):**  
1,464 MMCF  
54 MBO

EXHIBIT C



**EOG**

**GRUY PET. (OPER LUSK WEST DEL) UNIT**

*Standard 640-acre Section*

**"Lusk 23 Fed."**

**"Lusk Fed. Com."**

**"McNamey-Fed"**

**EXHIBIT D**

**34 Mewbourne**

**35**

**36**