



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joaquín Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

March 28, 2007

EOG Resources, Inc.
C/O Ms Ocean Munds-Dry
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

RE: **Existing New 25 Federal Well No. 1H**
API No. 30-015-34842
Surface Location: 660 feet FSL & 760 feet FEL (Unit P)
Bottomhole Location: 660 feet FNL & 760 feet FEL (Unit A)

Proposed New 25 Federal Well No. 2H
API No. 30-015-34895
Surface Location: 660 feet FSL & 1880 feet FEL (Unit O)
Bottomhole Location: 660 feet FNL & 1880 feet FEL (Unit B)

Both in Section 25, Township 16-S, Range 24-E, NMPM
Eddy County, New Mexico

Administrative Order SD-200706

Dear Ms Munds-Dry:

Reference is made to the following:

- (a) your application on behalf of EOG Resources, Inc. ("EOG") (**administrative application reference No. pRE0706459683**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 5, 2007; and
- (b) the Division's records pertinent to EOG's request.

EOG requests approval to simultaneously dedicate the E/2 of Section 25, Township 16 South, Range 24 East, NMPM, Eddy County, New Mexico, in the Undesignated Cottonwood Creek-Wolfcamp West Gas Pool (**Pool Code 75260**) to the existing New Federal Well No. 1H, drilled at a surface location 660 feet from the South line, and 760 feet from the East line (Unit P), to a bottomhole location 660 feet from the North line and 760 feet from the East line (Unit A), and to its proposed New 25 Federal Well No. 2H to

be drilled at a surface location 660 feet from the South line, 1880 feet from the East line (Unit O), to a bottomhole location 660 feet from the North line, and 1880 feet from the East line (Unit B).

The Undesignated Cottonwood Creek-Wolfcamp West Gas Pool is currently governed by Division Rule 104.C. Horizontal drilling is governed by Division rule 111. These rules require that horizontal wells be fully contained within the producing area, the producing area being defined as that area within the spacing unit that is located 660 feet or more from the outer boundary of the spacing unit.

It is our understanding that the horizontal producing portion of the wellbore will be fully contained within the producing area.

The applicant provided notice of this application to the operators of all units that offset the E/2 of Section 25.

No offset operator objected to the application.

Pursuant to the authority granted under the provisions of Division Rule 104.D (3), the above-described simultaneous dedication of these wells in the Undesignated Cottonwood Creek-Wolfcamp West Gas Pool to the E/2 of Section 25 is hereby approved.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division - Artesia