



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joann Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 25, 2007

EDG Resources, Inc.
CO Ms Ocean Munds-Dry, Esq
PO. Box 2208
Santa Fe, New Mexico 87504-2208

Administrative Order SD-200711

RE: **Simultaneous Dedication of the S/2 Gas Spacing Unit**
Section 22, T16S, R24E, NMPM, Eddy County, NM
Wolfcamp Formation Gas Production
Undesignated West Cottonwood Creek-Wolfcamp Gas Pool (75260)

Existing horizontal well:

Colorado B 22 Federal Well No. 1H, API No. 30-015-34712
Surface Location: 1880 FSL, 660 FEL
Bottomhole Location: 1880 FSL, 660 FWL

Proposed horizontal well:

Colorado B 22 Federal Well No. 2H, API No. 30-015-34713
Surface Location: 760 FSL, 660 FEL
Bottomhole Location: 760 FSL, 660 FWL

Dear Ms Munds-Dry:

Reference is made to the following:

- (a) your application on behalf of EOG Resources, Inc. ("EOG") (**administrative application reference No. pCLP0709346852**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 29, 2007; and
- (b) the Division's records pertinent to EOG's request.

Spacing in the West Cottonwood Creek-Wolfcamp Gas Pool is governed by Statewide Rule 104.C(2), which allows two wells to be completed in a 320-acre unit, but requires that the wells be in different quarter sections. Because both the proposed horizontal well and the existing horizontal well will be completed within both quarter sections of this 320-acre unit, division approval for simultaneous dedication is required.

It is our understanding that the entire "producing interval" of this "directional well", as those terms are defined in Division Rule 111, is at a standard location. It is also our understanding that only the aforementioned two horizontal wellbores will be producing Wolfcamp gas within this gas spacing unit.

Your application on behalf of EOG has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A.

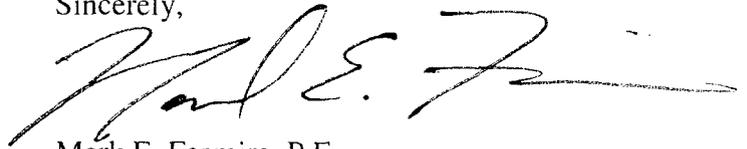
It is our understanding that EOG has proposed the simultaneous dedication of this unit to the two wells described for geological reasons, in order to prevent waste and maximize production from this unit.

We further understand that all operators of offsetting gas spacing units within the Wolfcamp formation or all working interest owners in offsetting gas spacing units that are operated by EOG have been duly notified of the filing of this application and no objections have been received.

Pursuant to the authority granted to the Division by Rule 104.D(3), the above-described simultaneous dedication 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/wvjj

cc: New Mexico Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad