



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

July 31, 2007

Stan Wagner
EOG Resources, Inc.
PO Box 2267
Midland, TX 79702

RE: Burnett Oil 24 Fed Com Well No. 3 (API No 30-015-35418)
EOG Resources, Inc. OGRD 7377
1705 feet from the West Line, 2072 feet from the South line, Unit K
Section 24, Township 17 South, Range 30 East, NMPM, Eddy County
Undesignated Cedar Lake-Morrow Gas Pool (74560)
W/2 (320 Acres) Section 24 Dedication

Administrative Order NSL-5668

Dear Mr. Wagner:

Reference is made to the following:

- (a) your application (administrative application reference No. pWVJ0721257155 for non-standard location [NSL]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 31, 2007, on behalf of EOG Resources, Inc., ("EOG"); and
- (b) the Division's records pertinent to EOG's request.

EOG wishes to produce from the Morrow formation within this gas spacing unit in the Undesignated Cedar Lake-Morrow Gas Pool (74560). The proposed completion would be the first Morrow gas well in this unit.

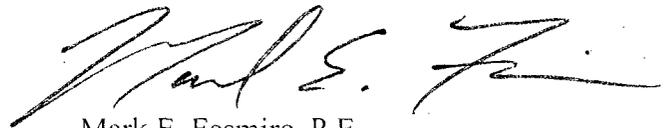
The Cedar Lake-Morrow Gas Pool is governed by statewide rules, which requires deep gas wells in southeast New Mexico to be located no closer than 660 feet from any quarter section and spaced in a 320-acre gas spacing unit. This well is un-orthodox because it is located 568 feet from the north side of the SW/4 of Section 24, within a standard 320-acre W/2 gas spacing unit.

EOG had to move this well from a standard location due to the presence of two pipelines. This well location does not encroach on any offsetting spacing units and therefore no notice is necessary.

Division Rule 104.F allows the Division director to grant location exceptions in order to prevent waste and protect correlative rights. Your application on behalf of EOG has been duly filed and notice has been provided as required under the provisions of Division Rules 104.F and 1210.A. In order to prevent waste and protect correlative rights, the above-described non-standard Morrow gas well location within the Undesignated Cedar Lake-Morrow Gas Pool 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