



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 18, 2007

EOG Resources, Inc.
c/o Mr. William F. Carr
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order SD-200724

Re: EOG Resources, Inc.
Souris 29 State Well No. 1H
API No. 30-015-35751
Unit H, Section 29, Twsp 18S, Range 23E
Eddy County

Dear Mr. Carr:

Reference is made to the following:

(a) your application (**administrative SD application reference No. pTDS07-23338314**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 20, 2007, on behalf of EOG Resources, Inc. (EOG); and

(b) the Division's records pertinent to EOG's request.

EOG has requested to simultaneously dedicate the N/2 of Section 29, Township 18 South, Range 23 East in Eddy County, New Mexico, in the Wolfcamp formation, to:

(a) its proposed Souris 29 State Well No. 1H (API No. 30-015-35751) (the proposed well), a horizontal gas well to be drilled to the Wolfcamp formation from an orthodox surface location 1780 feet from the North line and 660 feet from the East line (Unit H) of Section 29 to an orthodox terminus, or bottom-hole location, 1880 feet from the North line and 660 feet from the West line of said Section; and

(b) its existing Walrus State Well No. 1 (API No. 30-015-33508) (the existing well), a vertical well located 805 feet from the North line and 866 feet from the West line (Unit D) of said Section.

The N/2 of Section 29 is a standard 320-acre gas spacing unit in the Four Mile Draw-Wolfcamp Gas Pool (97415). Well density in this pool is governed by statewide Rule 104.C(2), which, as applied to this unit allows two wells to be completed in the unit, but requires that the wells be in different quarter sections. Because the proposed well will be completed within both quarter sections of this 320-acre unit, including the NW/4 in which the existing well is also completed, division approval for simultaneous dedication is required.

Your application on behalf of EOG has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A(2).

It is our understanding 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 units within the Wolfcamp formation have been duly notified of the filing of this application.

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/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe