

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      William F. Carr      ATTORNEY      10-7-03  
 Print or Type Name      Signature      Title      Date

wcarr@hollandhart.com  
 e-mail Address

*Talked with Pat Tower @ 4:15 PM 10-16-2003*  
*432-686-3758*

*Pat Tower*

*pat\_tower@ecogresources.com*

Oil Conservation Division

OCT 7 2003

RECEIVED

HOLLAND & HART<sup>LLP</sup>  
ATTORNEYS AT LAW

DENVER • ASPEN  
BOULDER • COLORADO SPRINGS  
DENVER TECH CENTER  
BILLINGS • BOISE  
CHEYENNE • JACKSON HOLE  
SALT LAKE CITY • SANTA FE  
WASHINGTON, D.C.

P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
110 NORTH GUADALUPE, SUITE 1  
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

October 7, 2003

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Note:  
Voice Mail message  
from Pat Tower  
@ 4:26 P.M. Oct. 15, 2003  
432-886-3698*

Re: Application of EOG Resources, Inc. administrative approval of an unorthodox gas well location for its Gin Seng "27" State Com Well No. 1, to be drilled at an unorthodox location 1730 feet from the North line and 2377 feet from the East line Section 27, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

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 Gin Seng "27" State Com Well No. 1 to be drilled at an unorthodox location 1730 feet from the North line and 2377 feet from the East line of Section 27, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This well will be drilled to a depth sufficient to test the Morrow formation, Undesignated South Shoe Bar-Morrow Gas Pool, and Undesignated Townsend-Morrow Gas Pool and the Mississippian Chester formation. A standard 320-acre spacing and proration unit comprised of the N/2 of Section 27 will be dedicated to the well.

This location in the Morrow and Missippian Chester formations is unorthodox because it is governed by Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the Oil Conservation Commission in Case 12119 on August 12, 1999, which provides for wells on 320-spacing units to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The proposed unorthodox well location is 263 feet from an outer boundary of a quarter section.

HOLLAND & HART<sup>LLP</sup>  
ATTORNEYS AT LAW

October 7, 2003

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An unorthodox location for this well is required by geologic conditions. EOG's geologic model for this area is that there is greater potential for Morrow sands in paleo lows adjacent to significant highs. The seismic data does not "see" Morrow sands but shows paleo highs, which suggests the potential for Morrow sands at the proposed location.

Exhibit A is a Top Morrow Structure Map integrated with 3D seismic with the 3D seismic time displayed in color (red/yellow is high and purple is low). This figure shows the Ginseng "27" State Com #1 proposed location to be located in a present day low. This low is adjacent to a paleo high ridge as evidenced by the Morrow interval being absent to the east.

Exhibit B is Seismic Line A-A' which runs west to east through the proposed location. This figure includes the subsea depths posted on the seismic at the existing well locations. Seismic Line A-A' shows the thick (approximately 400+ ft) Morrow interval on the down thrown side of a large fault and missing Morrow interval on the upthrown side. The discreet low for the Ginseng 27 State Com #1 is clearly defined coming from the west side of the proposed location but is poorly imaged coming from the east off of the structural high. This uncertainty to the east of our proposed location may include, Morrow is absent in conjunction with a highly faulted and deformed geologic section. It is this uncertainty that causes EOG to propose the Ginseng 27 State Com #1 as an unorthodox location.

Exhibit C is Seismic Line B-B' which runs north to south through the proposed location. This figure also shows the discreet nature of the structural low at our proposed location.

EOG's location for the Ginseng 27 State Com #1 is in a position to maximize EOG's ability to effectively recover hydrocarbons from this N/2 spacing unit.

Attached hereto as Exhibit D is a plat that shows the subject area, the 320-acre spacing unit comprised of all of the N/2 of Section 27 and the proposed unorthodox well location. Since this well encroaches on an interior boundary within the proposed N/2 spacing unit and therefore there are no affected parties to whom this application should be provided pursuant to Division rules.

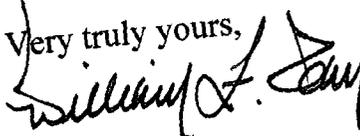
Enclosed in hard copy and disc is a proposed administrative order of the Division.

Your attention to this application is appreciated.

HOLLAND & HART<sup>LLP</sup>  
ATTORNEYS AT LAW

October 7, 2003  
Page 3

Very truly yours,

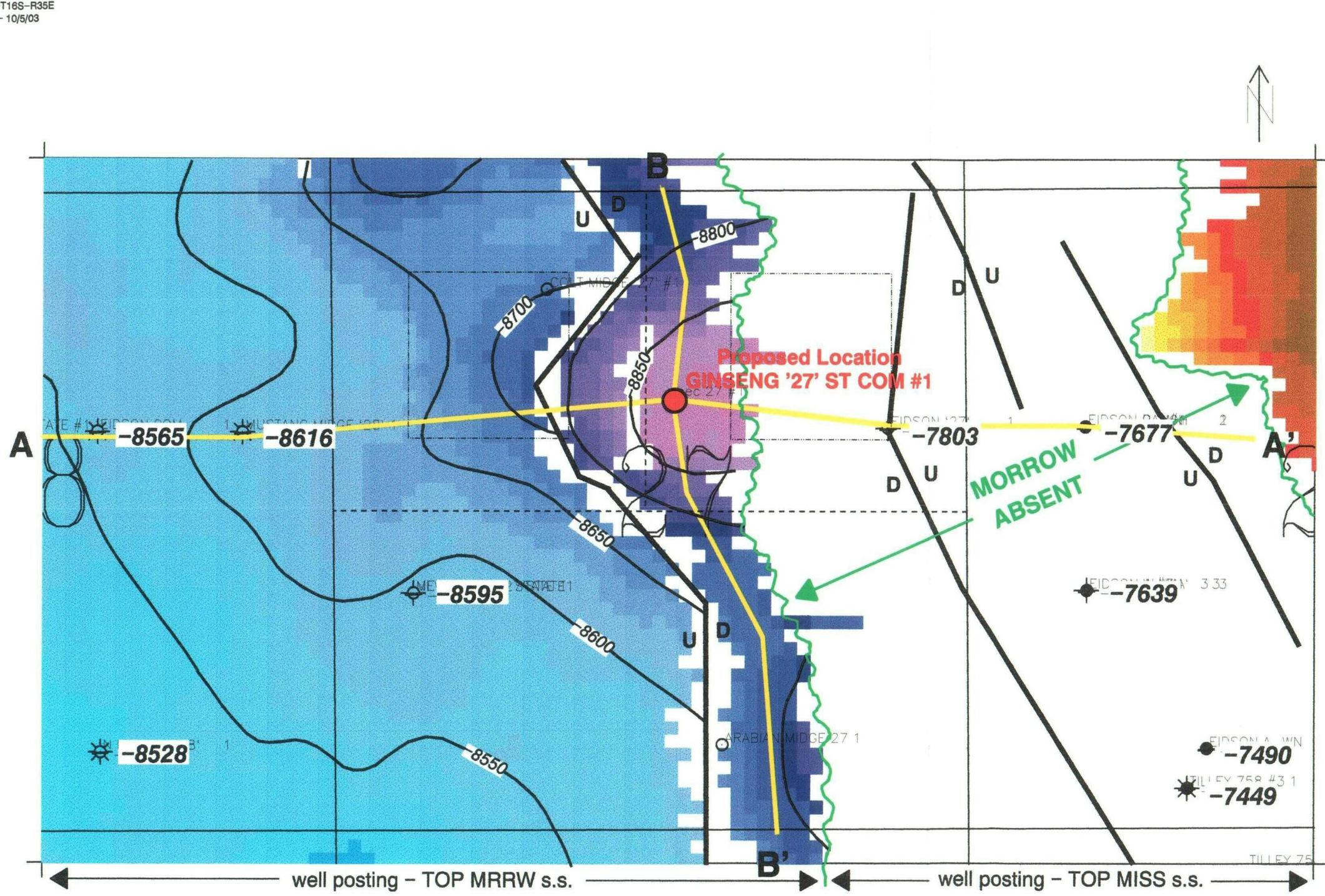


William F. Carr

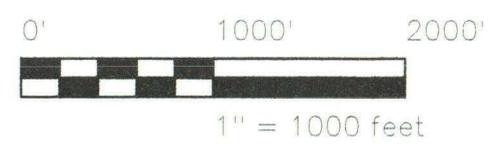
Attorney for EOG Resources, Inc.

Enclosures

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



Top Morrow Structure Map  
 (C.I.= 50' s.s., color in seismic time)



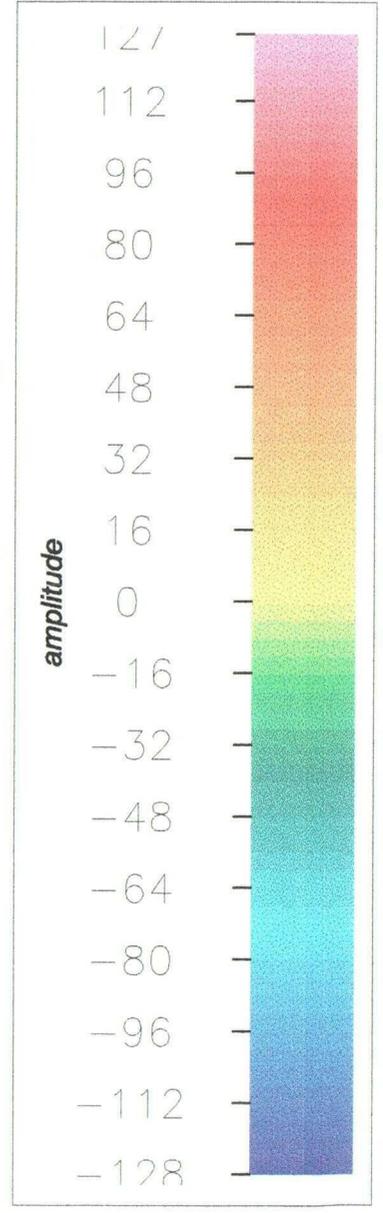
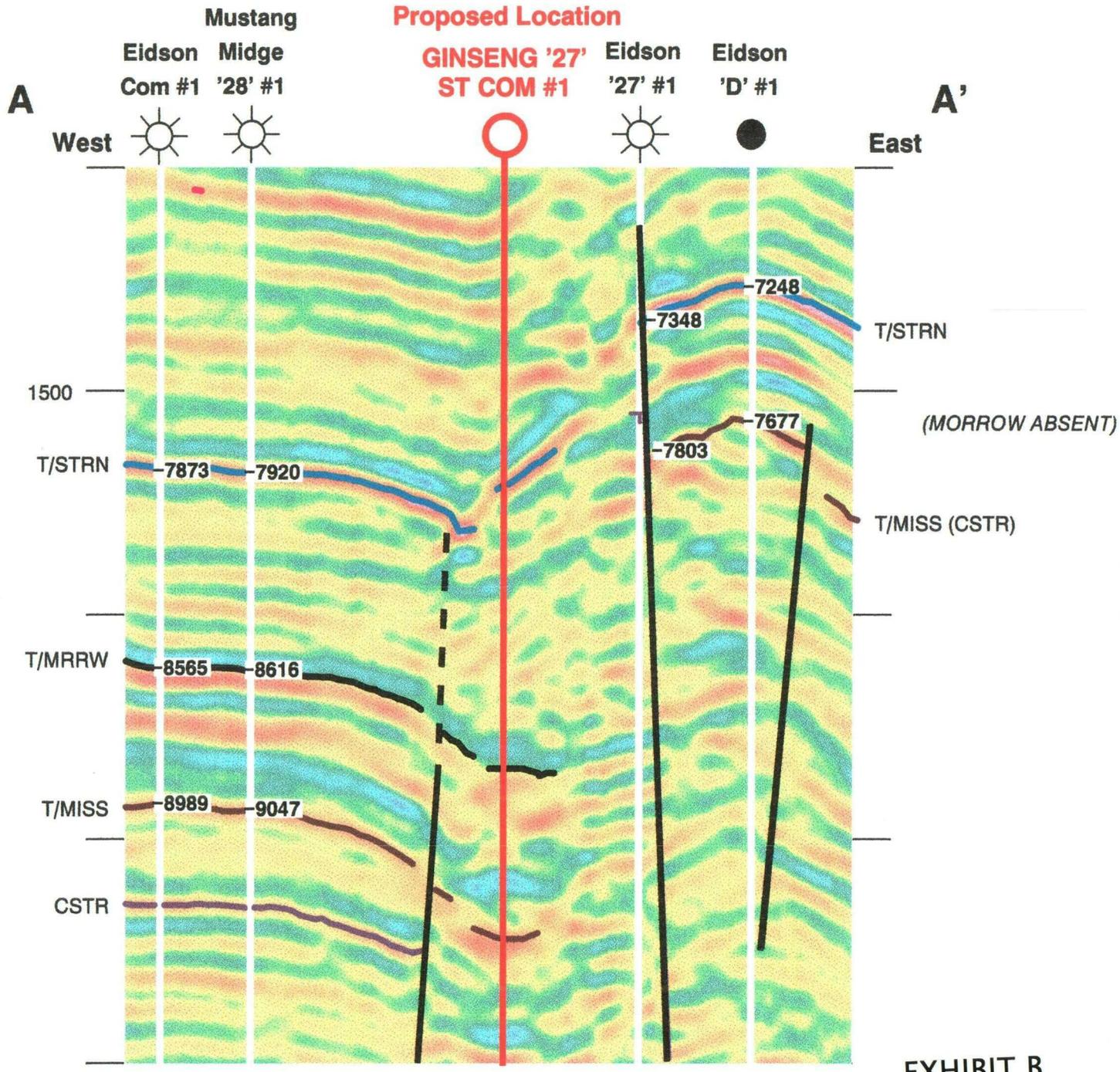


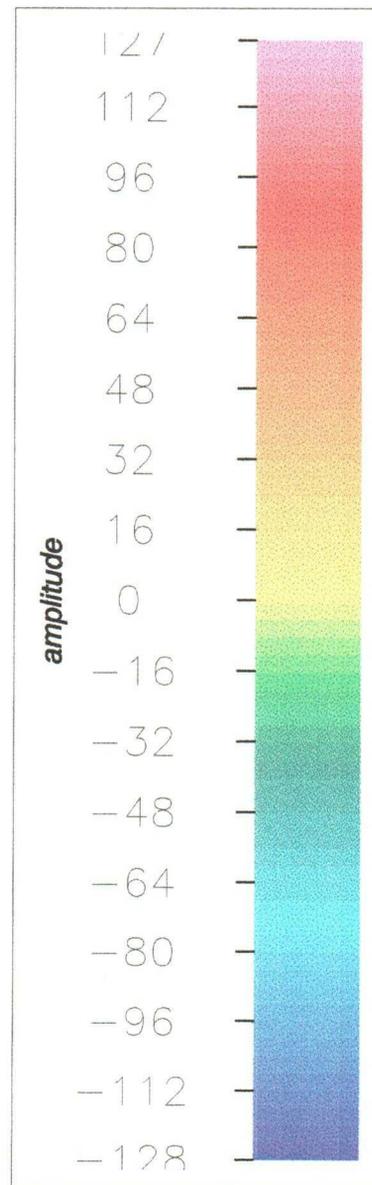
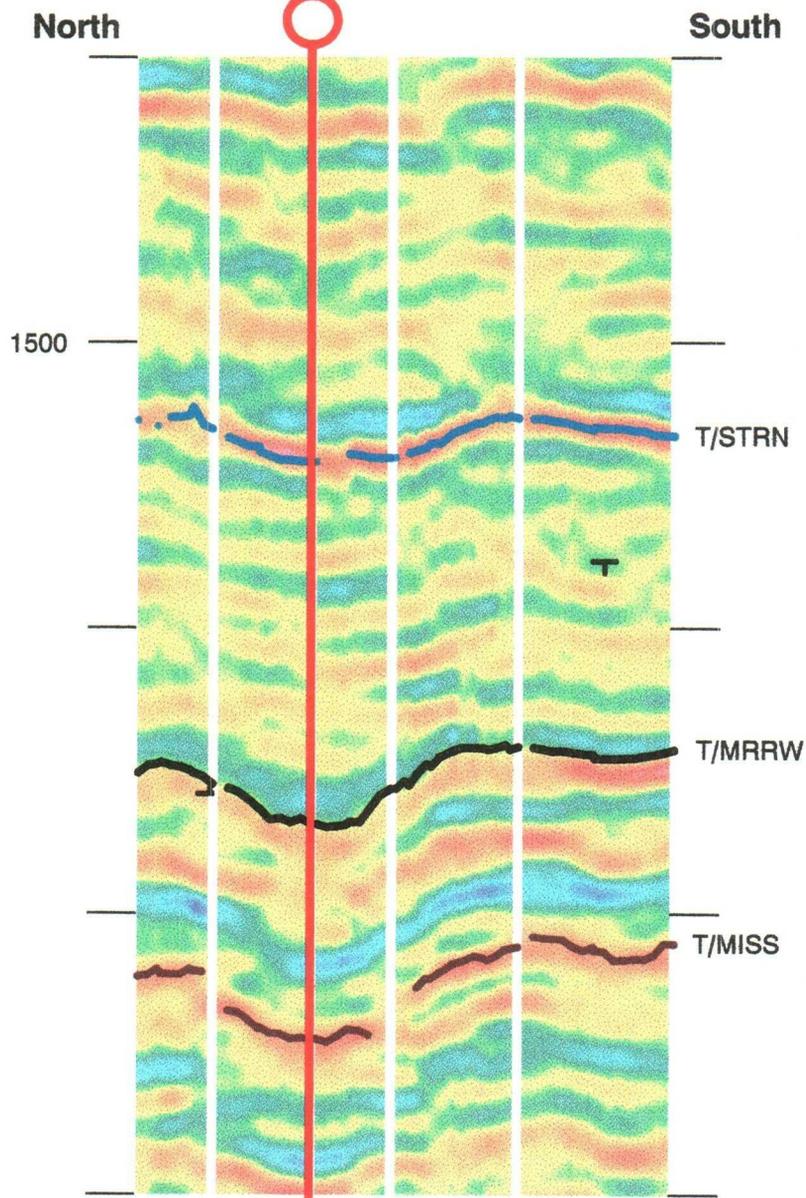
EXHIBIT B

**Proposed Location**

**GINSENG '27'  
ST COM #1**

**B**

**B'**



October \_\_, 2003

EOG Resources, Inc.  
Post Office Box 2267  
Midland, Texas 79705

Attention: Patrick J. Tower

*Administrative Order NSL-\_\_\_\_\_*

Dear Mr. Tower:

Reference is made to the following: (i) your application dated October 7, 2003 on behalf of the operator, EOG Resources, Inc. ("EOG"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning EOG's request for a non-standard gas well location to be applicable to any and all formations and /or pools from the surface to the base of the Mississippian Chester formation that are:

- (1) developed on 320-acre spacing; and
- (2) governed by the provisions of Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which presently includes but is not necessarily limited to the Undesignated Shoe Bar-Atoka Gas Pool, Undesignated South Shoe Bar-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool.

The N/2 of Section 27, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico is to be dedicated to this well in order to form a standard 320-acre lay-down spacing and proration unit.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

The geological interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable position within the targeted Morrow Channel system than a well drilled at a location considered to be standard for the Undesignated South Shoe Bar-Morrow Gas Pool or the Undesignated Townsend-Morrow Gas Pool, which is the primary zone of interest within the proposed unit.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the following described well to be drilled at an unorthodox gas well location within this 320-acre unit is hereby approved:

**Gin Seng "27" State Com Well No. 1  
1730' FNL & 2377' FEL (Unit G)**

HOLLAND & HART<sup>LLP</sup>  
ATTORNEYS AT LAW

October 7, 2003  
Page 2

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

Sincerely,

Lori Wrotenbery  
Director

cc: New Mexico Oil Conservation Division – Hobbs  
U. S. Bureau of Land Management - Carlsbad







COUNTY *Lea*

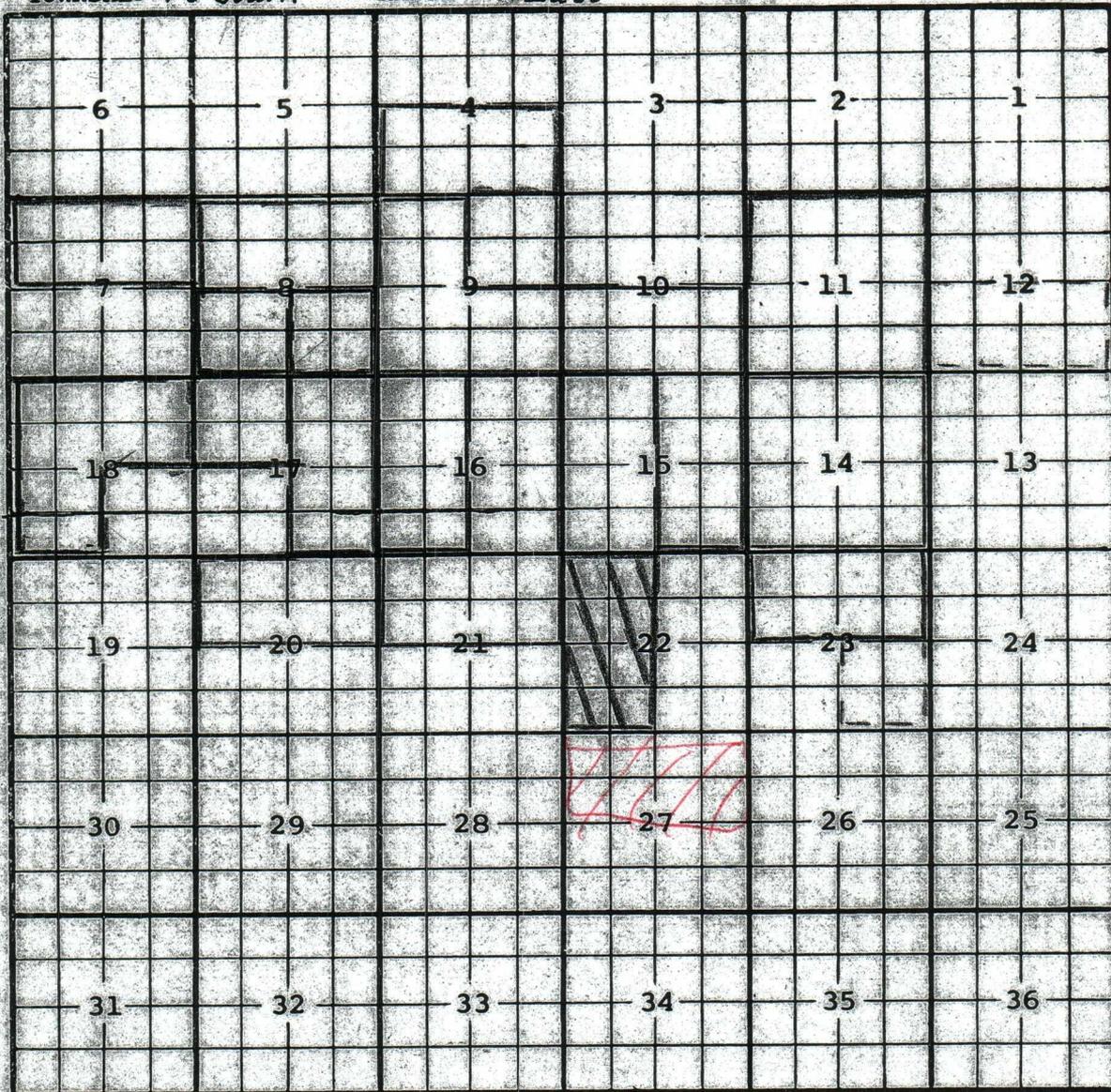
POOL *Townsend-Morrow Gas*

TOWNSHIP *16 South*

RANGE *35 East*

NMPM

86400



Description: *SE 1/4 Sec 8 (R-4014, 9-1-70)*

Ext: *SW 1/4 Sec 8 (R-4041, 11-1-70) - W 1/2 SE 1/4 Sec 9; S 1/2 Sec 10; E 1/2 Sec 15 (R-4304, 6-1-72)*

*- E 1/2 Sec 17 (R-4351, 8-1-72) - W 1/2 Sec 16 (R-4423, 11-1-72)*

Ext: *All Sec. 14 (R-4709, 6-18-74) Ext: E 1/2 Sec 16, N 1/2 Sec 21 (R-6005, 6-1-79)*

Ext: *N 1/2 Sec 20 (A-6657, 4-20-81) Ext: N 1/2 sec 23 (R-6876, 1-22-82)*

Ext: *NW 1/4 Sec. 17, N 1/2 and SW 1/4 Sec. 18 (R-10972, 4-13-98)*

Ext: *N 1/2 Sec. 8 (R-11475, 10-24-00) Ext: S 1/2 Sec. 4, N 1/2 Sec. 7 (R-1633, 2-8-01)*

Ext: *NE 1/4 Sec. 9 (R-11633, 8-10-01) Ext: W 1/2 Sec. 15, W 1/2 Sec. 22 (A-11728, 2-20-02)*

Delete *W 1/2 sec. 22 (A-11818, 8-26-02) Ext: All Sec. 11 (A-11818, 8-26-02)*

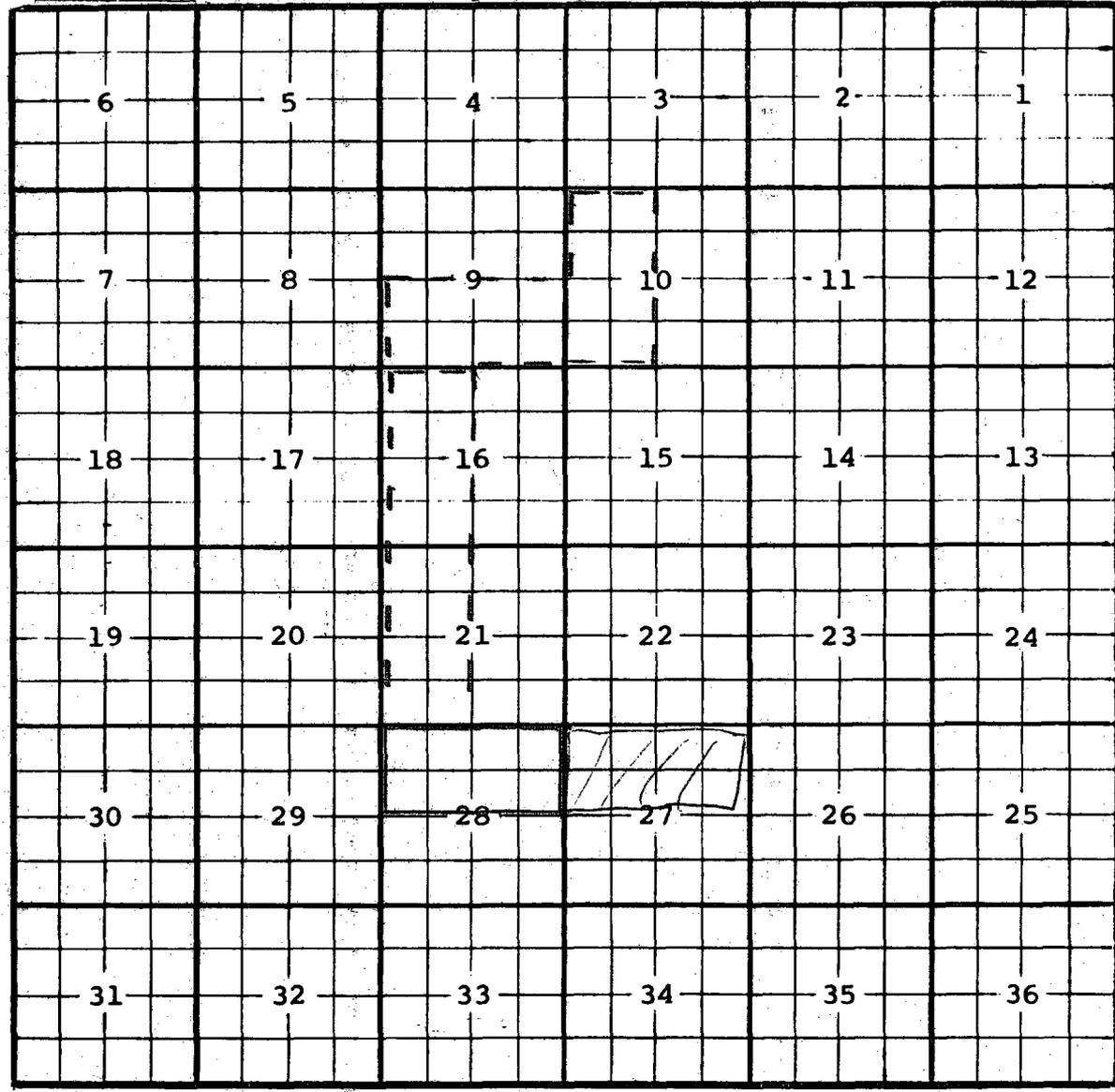




County LEA Pool TOWNSEND - MISSISSIPPIAN GAS

TOWNSHIP 16 South Range 35 East NMPM

86350



Description: 1/2 Sec. 28 (R-6328, 5-1-80)

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

Form C-101

**APPLICATION FOR PERMIT TO DRILL**

Operator Name and Address EOG Resources, Inc. PO Box 2267 Midland, TX 79702		OGRID Number 7377
		API Number 30-25-36441
Property Code 32996	Property Name Ginseng 27 State Com	Well No. 001

**Surface Location**

UL or Lot G	Section 27	Township 16S	Range 35E	Lot Idn	Feet From 1729	N/S Line N	Feet From 2377	E/W Line E	County Lea
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**Proposed Pools**

TOWNSEND;MORROW (GAS) 86400
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Work Type New Well	Well Type Gas	Cable/Rotary	Lease Type State	Ground Level Elevation 3983
Multiple N	Proposed Depth 13600	Formation Morrow	Contractor	Spud Date 10/6/2003

**Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	14.75	11.75	42	475	250	0
Int1	11	8.625	32	4900	1300	0
Prod	7.875	5.5	17	13600	1400	4000

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Electronically Signed By: Stan Wagner

Title: Regulatory Analyst

Date: 10/3/2003 Phone: 432-686-3689

**OIL CONSERVATION DIVISION**

Electronically Approved By: Paul Kautz

Title: Geologist

Approval Date: 10/3/2003 Expiration Date: 10/3/2004

Conditions of Approval:  
No Conditions

District I  
 1625 N. French Dr., Hobbs, NM 88240  
District II  
 1301 W. Grand Ave., Artesia, NM 88210  
District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
 1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-102

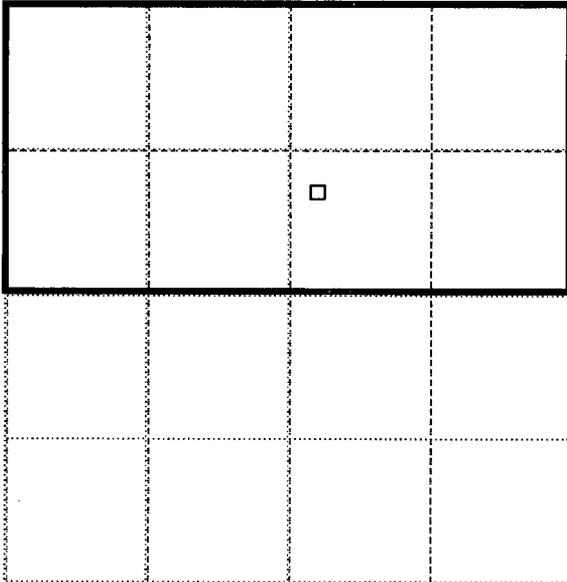
Oil Conservation Division  
 1220 S. St Francis Dr.  
 Santa Fe, NM 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-25-36441	Pool Name TOWNSEND;MORROW (GAS)	Pool Code 86400
Property Code 32996	Property Name Ginseng 27 State Com	Well No. 001
OGRID No. 7377	Operator Name EOG Resources, Inc.	Elevation 3983

**Surface And Bottom Hole Location**

UL or Lot G	Section 27	Township 16S	Range 35E	Lot Idn	Feet From 1729	N/S Line N	Feet From 2377	E/W Line E	County Lea
Dedicated Acres 320		Joint or Infill		Consolidation Code		Order No.			



**OPERATOR CERTIFICATION**  
*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.*  
 Electronically Signed By: Stan Wagner  
 Title: Regulatory Analyst  
 Date: 10/3/2003

**SURVEYOR CERTIFICATION**  
*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*  
 Electronically Signed By: V.L. Bezner  
 Date of Survey: 10/1/2003  
 Certificate Number: 7920

# APD Comments

**Operator:** 7377 EOG Resources, Inc.

**Well:** Ginseng 27 State Com 001

<b>User Name</b>	<b>Comment</b>	<b>Comment Date</b>
SWAGNER	Donna, Houston is taking care of the bond problem. They will fed ex the necessary info to Dorothy Phillips in Santa Fe and are faxing a copy to her today. EOG is filing the NSL concurrently. EOG is aware of the risk that the NSL might be denied. This well will not be produced until the NSL is approved.	10/3/2003

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

10/16/03 16:15:50  
OGOMES -TQB9  
PAGE NO: 1

Sec : 27 Twp : 16S Rng : 35E Section Type : NORMAL

D 40.00 CPR V05432 0004 EOG RESOURCES / D C 12/01/03	C 40.00 CPR V05432 0004 EOG RESOURCES / D C 12/01/03 A	B 40.00 CPR B04286 0000 MARATHON OIL CO C 05/10/45	A 40.00  Fee owned C
E 40.00 CPR B02317 0017 CRESCENT PORTER H C 12/18/43	F 40.00 CPR V05432 0004 EOG RESOURCES / D C 12/01/03	G 40.00 CPR B04286 0000 MARATHON OIL CO C 05/10/45 A	H 40.00  Fee owned C A

PF01 HELP    PF02    PF03 EXIT    PF04 GoTo    PF05    PF06  
PF07 BKWD    PF08 FWD    PF09 PRINT    PF10 SDIV    PF11    PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

10/16/03 16:23:49  
OGOMES -TQB9  
PAGE NO: 2

Sec : 27 Twp : 16S Rng : 35E Section Type : NORMAL

L 40.00 CPR V05420 0000 YATES PETROLEUM C 12/01/03 A	K 40.00 CPR V05420 0000 YATES PETROLEUM C 12/01/03	J 40.00 CPR V06918 0000 DANIEL E GONZALES 10/01/08	I 40.00  Fee owned
M 40.00 CPR V05420 0000 YATES PETROLEUM C 12/01/03	N 40.00 CPR V05420 0000 YATES PETROLEUM C 12/01/03	O 40.00 CPR V06918 0000 DANIEL E GONZALES 10/01/08	P 40.00  Fee owned

PF01 HELP    PF02    PF03 EXIT    PF04 GoTo    PF05    PF06  
PF07 BKWD    PF08 FWD    PF09 PRINT    PF10 SDIV    PF11    PF12