

June 2, 2008

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of EOG Resources, Inc. for Administrative Approval of the Simultaneous Dedication of the North-Half of Section 3, Township 18 South, Range 23 East, N.M.P.M., Eddy County, New Mexico to its proposed Niagara 3 Fee Com Well No. 2H and the existing Niagara 3 Fee Com Well No. 1H.

Dear Mr. Fesmire:

EOG Resources, Inc. is the operator of a standard 320-acre spacing unit in the Gopher Wolfcamp Gas Pool (**Pool Code 77660**) comprised of the north-half of Section 3, Township 18 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. This spacing unit is dedicated to EOG's Niagara 3 Fee Com Well No. 1H which has been horizontally drilled and produces from the Wolfcamp formation.

EOG seeks administrative approval of the simultaneous dedication of this standard 320-acre gas spacing unit to the following two horizontal gas wells:

- A. the existing **NIAGARA 3 FEE COM Well No. 1H (API No. 30-015-36237)** horizontally drilled from a surface location 760 feet from the North line and 460 feet from the East line to a proposed end point or bottomhole location 760 feet from the North line and 660 feet from the West line of said Section 3; and
- B. the proposed **NIAGARA 3 FEE COM Well No. 2H (API No. 30-015 - 36168)** to be horizontally drilled from a surface location 2330 feet from the North line and 350 feet from the East line to a proposed end point or bottomhole location 1880 feet from the North line and 660 feet from the West line of said Section 3.



Both the penetration point and the bottomhole location for the Niagara 3 Fee Com Well No. 1H are at a standard location in the Wolfcamp formation pursuant to Division Rules 104.C (2) (a) and 111.A (7). EOG now intends to horizontally drill and complete its proposed Niagara 3 Fee Com Well No. 2H to be drilled to the targeted subsurface end-point or bottomhole location 1880 feet from the North line and 660 feet from the West line (Unit E) of Section 3. EOG proposes to drill this well in compliance with the setback requirements of Division Rules 104.C(2)(b) and 111.A(7) for deep gas wells in southeast New Mexico.

Attached hereto as **Exhibit A** is a copy of Division Form C-102 for this well that shows the proposed surface and bottomhole location of the well.

Exhibit B is a map of offset operators around the spacing unit in Section 3. **Exhibit C** is a list of affected parties as defined by Division Rules. As required by Rule 1210, a copy of this application (with attachments) has been sent to those affected parties in accordance with Rule 1207(A)(5) and they have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

The simultaneous dedication of the N/2 of said Section 3 to the Niagara 3 Fee Com Well Nos. 1H and 2H will afford EOG the opportunity to efficiently produce the Wolfcamp formation under this spacing unit. EOG's proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
Attorney for EOG Resources, Inc.

Enclosures

Exhibit C

**Application of EOG Resources, Inc.
Simultaneous Dedication of
N/2 of Section 3, Township 18 South, Range 23 East, NMPM
Eddy County, New Mexico**

LCX Energy, LLC
101 N. Marenfeld Suite 200
Midland, Texas 79701

David H. Arrington Oil & Gas
214 West Texas, Suite 400
Midland, Texas 79701

J.J. Steele Testamentary Trust
c/o Mr. Ribble Holloman
P.O. Box 58
Clovis, NM 88101

Chesapeake Energy Corporation
6100 Western Ave.
Oklahoma City, OK 73148

Parallel Petroleum Corporation
1004 N. Big Spring
Suite 400
Midland, TX 79701

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-36168	Pool Code 77660	Pool Name Stephen K. (Wolfcamp)
Property Code 37038	Property Name NIAGARA 3 FEE COM	Well Number 2H
OGRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3937'

Surface Location

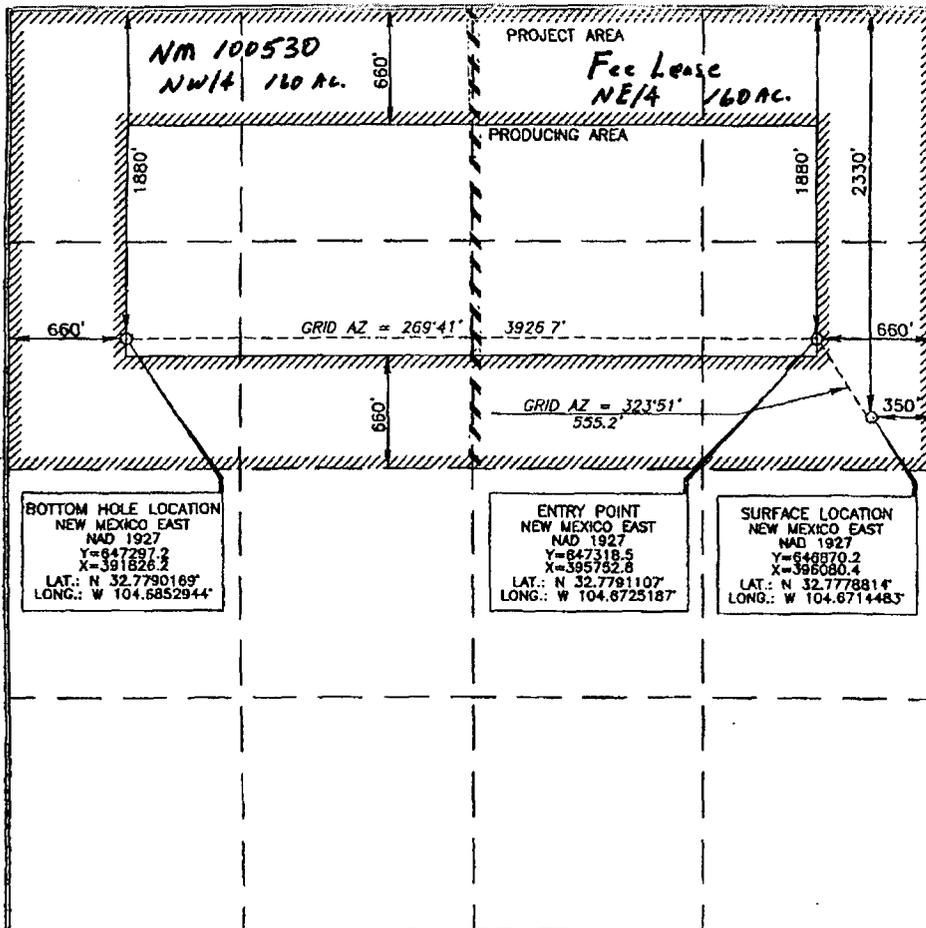
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	3	18 SOUTH	23 EAST, N.M.P.M.		2330'	NORTH	350'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	18 SOUTH	23 EAST, N.M.P.M.		1880'	NORTH	660'	WEST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Don J. Mack 12/7/07
Signature Date

Donny G. Glanton
Printed Name

SURVEYOR CERTIFICATION

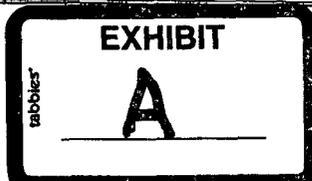
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

15079
SEPTEMBER 27, 2007
Date of Survey

Signature and Seal of Professional Surveyor

Terry J. Abel 10/3/2007
Certificate Number 15079

WOL 070927WL-b (KA)



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

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Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-36237	Pool Code 77660	Pool Name Gopher (Wolfcamp)
Property Code 37038	Property Name NIAGARA 3 FEE COM	Well Number 1H
OCRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3934'

Surface Location

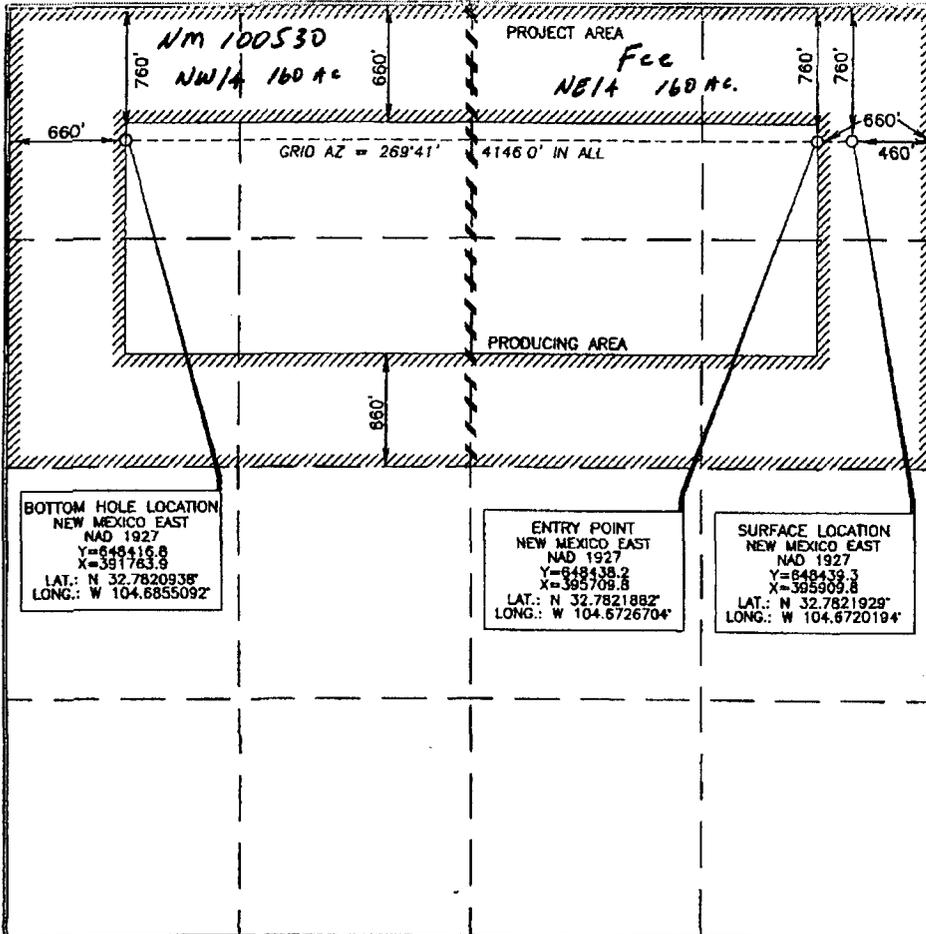
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	3	18 SOUTH	23 EAST, N.M.P.M.		780'	NORTH	460'	EAST	EDDY

Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	3	18 SOUTH	23 EAST, N.M.P.M.		780'	NORTH	660'	WEST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Don J. Met 3/30/08
Signature Date

Donny G. Glantz
Printed Name

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.

SEPTEMBER 24 2007
Date of Survey

Terry J. ...
Signature and Seal of Professional Surveyor

Terry J. ... 10/3/07
Certificate Number 15079

OFFSETS IN SECTION 3

LCX	Arrington				
CHK	D	C	B	A'	JJ Steele
	E	F	G	H'	Arrington
Parallel	L	K	J	I	LCX
	M	N	O	P	

EXHIBIT
tabbles
B

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, July 01, 2008 3:32 PM
To: 'Ocean Munds-Dry'
Subject: EOG Niagra 3 Fee Com #2H SD Application

Dear Ocean

Please confirm, if such is the fact, that working interest ownership is identical as between the N/2 and S/2 of Section 3-18S-23E.

Thanks

David

7/1/2008

Brooks, David K., EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Tuesday, July 01, 2008 4:03 PM
To: Brooks, David K., EMNRD
Subject: RE: EOG Niagra 3 Fee Com #2H SD Application

Hi David: Yes it is. Thank you.

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, July 01, 2008 4:32 PM
To: Ocean Munds-Dry
Subject: EOG Niagra 3 Fee Com #2H SD Application

Dear Ocean

Please confirm, if such is the fact, that working interest ownership is identical as between the N/2 and S/2 of Section 3-18S-23E.

Thanks

David

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