



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

June 20, 2002

Lori Wrotenbery
Director
Oil Conservation Division

EOG Resources, Inc.
c/o Holland & Hart LLP
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4751

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, EOG Resources, Inc. ("EOG") dated May 30, 2002 (*application reference No. pKRV0-215437692*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning EOG's request for an unorthodox gas well location in both the Morrow and deeper Mississippian formations for its proposed Chocolate Chip "19" Federal Com. Well No. 2 to be drilled 2124 feet from the North line and 944 feet from the West line (Lot 2/Unit E) of Section 19, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 19, being a standard 316.42-acre lay-down gas spacing and proration unit for either the Undesignated North Turkey Track-Morrow Gas Pool (86500) or Undesignated Sand Tank-Morrow Gas Pool (84872), and the Undesignated Sand Tank-Chester Gas Pool (96573) is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that EOG is seeking this location exception based on a 3-D seismic survey of the immediate area, which indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the shallower Morrow formation than a well drilled at a location considered to be standard within the NW/4 equivalent of Section 19.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location to both the Morrow and Mississippian formations within this 320-acre unit comprising the N/2 equivalent of Section 19 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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