

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13741
ORDER NO. R- 12604**

**APPLICATION OF EOG RESOURCES, INC. FOR APPROVAL OF AN
UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 6 2006, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 3rd day of August, 2006, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.
- (2) The applicant, EOG Resources, Inc, ("Applicant" or "EOG"), seeks approval to re-enter and complete its Rhine 13 Federal Well No. 1 (API #30-015-34184) at an unorthodox well location 1680 feet from the South line and 150 feet from the East line (Unit I) of Section 13, Township 17 South, Range 24 East, NMPM, to test the Wolfcamp formations, Undesignated Northeast Collins Ranch-Wolfcamp Gas Pool, Eddy County, New Mexico.
- (3) The S/2 of Section 13 is to be dedicated to the well forming a standard 320-acre spacing and proration unit.
- (4) The Northeast Collins Ranch-Wolfcamp Pool is currently governed by 19.15.3.104 (C)(2) NMAC, which requires standard 320-acre spacing and proration units with wells 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.

- (5) The Applicant presented testimony that demonstrates that:
- (a) the Rhine 13 Federal Well No. 1 ("Rhine well") was not drilled as a **Stratigraphic** Test-Hole well;
 - (b) the Rhine well was drilled to monitor the fracture job on the EOG's Yukon 18 Federal Com Well No. 1H ("Yukon well") located immediately to the east in Section 18;
 - (c) after the fracture job was completed in the Yukon well, EOG planned to come **up-hole**, kick out of the wellbore and drill horizontally to the Wolfcamp formation at a standard gas well location;
 - (d) EOG did not initially seek unorthodox gas well location approval because the subsurface location would be standard in the Wolfcamp formation; and
 - (e) the Yukon well proved to be uneconomic and EOG decided not to drill the horizontal portion of the Rhine well, and now seeks approval for the unorthodox surface location to re-enter and complete the well in the Wolfcamp formation.

(6) The Applicant testified that the Federal lease in the S/2 of Section 13, Township 17 South, Range 24 East, and the Federal lease in the W/2 of Section 18, Township 17 South, Range 25 East are one hundred (100%) percent owned by EOG. Therefore, there is no affected party to notify of this application.

(7) Approval of this application will afford EOG the opportunity to produce its just and equitable share of the gas in the Wolfcamp formation underlying the S/2 of Section 13, will result in the recovery of additional gas reserves from this area that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

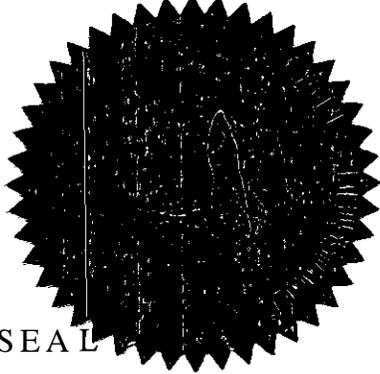
IT IS THEREFORE ORDERED THAT :

(1) The Applicant, EOG Resources, Inc, is hereby authorized to re-enter and complete its Rhine 13 Federal Well No. 1 (**API #30-015-34184**) at an unorthodox well location 1680 feet from the South line and 150 feet from the East line (Unit I) of Section 13, Township 17 South, Range 24 East, NMPM, to test the Wolfcamp formations, Undesignated Northeast Collins Ranch-Wolfcamp Gas Pool, Eddy County, New Mexico

(2) The S/2 of Section 13 shall be dedicated to the well forming a standard 320-acre spacing and proration unit.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director