



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

June 20, 2003

Lori Wrotenberg

Director

Oil Conservation Division

EOG Resources, Inc.
c/o Michael H. Feldewert
Holland & Hart LLP
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Telefax No. (505) 983-6043

Administrative Order NSL-4901

Dear Mr. Feldewert:

Reference is made to the following: (i) your application on behalf of the operator, EOG Resources, Inc. ("EOG") dated May 28, 2003 (*administrative application reference No. pKRV0-315349545*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, all concerning EOG's request for an unorthodox Morrow and/or Atoka gas well location for its proposed Brown Stonefly "1" Well No. 1, to be located 3432 feet from the North line and 945 feet from the East line (Unit I) of Section 1, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

Lots 1, 2, 7, 8, 9, 10, 15, and 16 located on the E/2 of Section 1, being a standard 342.42-acre stand-up gas spacing unit for the Undesignated North Shoe Bar-Atoka Gas Pool () and the Undesignated North Shoe Bar-Morrow Gas Pool (), is to be dedicated to this well. This will be the first well within these pools in this spacing unit.

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

It is the Division's understanding that the subject well location was chosen based on geologic, geophysical reasons and should prevent waste by recovering more gas than available from existing standard locations in the S/2 of this spacing unit. This S/2 location encroaches on the N/2 of this spacing unit, the N/2 being operated by EOG and leased from the State of New Mexico.

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By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Atoka and Morrow gas well location within this 342.42-acre unit in the E/2 of Section 1 is hereby approved.

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenbery (in vts)".

Lori Wrotenbery
Director

LW/wvjj

cc: New Mexico Oil Conservation Division - Hobbs
State Land Office – Minerals Management Division