



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER NO. PMX-232

***APPLICATION OF EOG RESOURCES, INC. TO EXPAND ITS PRESSURE
MAINTENANCE PROJECT IN THE RED HILLS-BONE SPRING POOL IN LEA
COUNTY, NEW MEXICO***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-11389, as amended, EOG Resources, Inc. has made application to the Division on June 9, 2005 for permission to expand its Red Hills North Unit Pressure Maintenance Project in the Red Hills-Bone Spring Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided to demonstrate that there are no offset operators to the proposed injection wells; however, the surface owner and the United States Bureau of Land Management have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced pressure maintenance project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, EOG Resources, Inc., be and the same is hereby authorized to inject water into the 3rd Bone Spring sand interval, Red Hills-Bone Spring Pool, through the

gross vertical interval from approximately 11,434 feet to 12,258 feet through 2 7/8-inch plastic-lined tubing in the following-described horizontal wells for purposes of pressure maintenance to wit:

Red Hills North Unit Well No. 801

(API No. 30-025-32651)

Surface Location: 1827' FNL & 660' FWL, Unit E, Section 18,
Bottomhole Location of Horizontal Lateral: 1209' FNL & 1084' FEL (Unit A), Section 18
Both in Township 25 South, Range 34 East, NMPM
Injection Interval (TVD): 11,626'-12,258'
Maximum Injection Pressure: 3,265 psig
Packer Setting Depth: 11,575'

Red Hills North Unit Well No. 904

(API No. 30-025-36237)

Surface Location: 1000' FNL & 1700' FWL, Unit C, Section 17,
Bottomhole Location of Horizontal Lateral: 1088' FNL & 114' FWL (Unit D), Section 17,
Both in Township 25 South, Range 34 East, NMPM
Injection Interval (TVD): 11,434'-12,255'
Maximum Injection Pressure: 3,265 psig
Packer Setting Depth: 11,380'

all located in Lea County, New Mexico.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluid enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations, the casing in each well shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus in each well shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The Director of the Division may authorize an increase in the maximum injection pressure shown above upon a proper showing by the operator that such higher pressure will not result in migration of the injected fluid from the Bone Spring formation.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

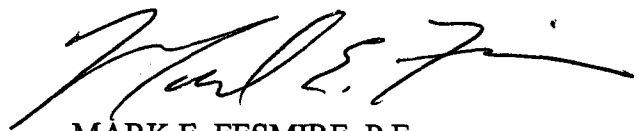
The subject wells shall be governed by all provisions of Division Order No. R-11389, as amended, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority for the wells granted herein, shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 19th day of July, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.,
Director

S E A L

MEF/drc

cc: Oil Conservation Division - Hobbs