

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 5, 2007

EOG Resources, Inc.
c/o Ms. Ocean Munds-Dry
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Ms. Ocean Munds-Dry, Attorney

Re: **Hasburg B 35 Fee Well No. 2H**
API No. 30-005-63861
Surface Location: 760' FSL & 157' FEL, Unit P
Bottomhole Location: 760' FSL & 660' FWL, Unit M

Hasburg B 35 Fee Well No. 1H
API No. 30-005-63860
Surface Location: 2080' FSL & 155' FEL, Unit I
Bottomhole Location: 1880' FSL & 660' FWL, Unit L

Both in Section 35, T-15 South, R-24 East, NMPM,
Chaves County, New Mexico

Administrative Order NSL-5574
Administrative Order SD-200703

Dear Ms. Munds-Dry:

Reference is made to the following:

- (a) your application on behalf of EOG Resources, Inc. ("EOG") for approval of two non-standard surface well locations and simultaneous dedication (*administrative application reference No. pTDS0702636687 and pDRC0706437171, respectively*) for the Hasburg B 35 Fee Wells No. 1H and 2H that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on January 25, 2007; and
- (b) the Division's records pertinent to your request.

EOG requests approval of an unorthodox surface well location for its existing Hasburg B 35 Fee Well No. 2H in the West Cottonwood Creek-Wolfcamp Gas Pool (Gas – 75260), which has been drilled as a horizontal producing well from a non-standard surface location 760 feet from the South line and 157 feet from the East line (Unit P) to a standard bottomhole location 760 feet from the South line and

660 feet from the West line (Unit M) of Section 35, Township 15 South, Range 24 East, NMPM, Chaves County, New Mexico. EOG also requests approval of an unorthodox surface well location for its proposed Hasburg B 35 Fee Well No. 1H which is to be drilled as a horizontal producing well from a non-standard surface location 2080 feet from the South line and 155 feet from the East line (Unit I) to a standard bottomhole location 1880 feet from the South line and 660 feet from the West line (Unit L) of Section 35. The wells are to be simultaneously dedicated to a standard 320-acre gas spacing and proration unit comprising the S/2 of Section 35.

The West Cottonwood Creek-Wolfcamp Gas Pool is currently governed by Division Rule 19.15.3.104(C). Horizontal drilling is governed by Division Rule 19.15.3.111. These rules require that horizontal wells be fully contained within the producing area, the producing area being defined as that area within the spacing unit that is located 660 feet or more from the outer boundary of the spacing unit.

It is our understanding that although both wells are to be drilled at non-standard surface well locations, the horizontal (producing) portion of the wellbores will be fully contained within the producing area.

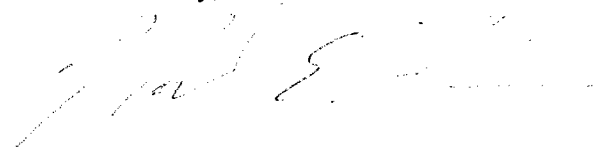
The proposed non-standard surface well locations are necessary in order to reduce the impact on farming operations in this area.

The applicant provided notice of this application to the operators of all units that offset the S/2 of Section 35.

No offset operator objected to the subject application.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2) and Division Rule 19.15.3.104.D(3), the above-described unorthodox surface well locations and the simultaneous dedication of these wells in the West Cottonwood Creek-Wolfcamp Gas Pool are hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Artesia