

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Josma Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

April 25, 2007

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

**Administrative Order SD-200712**

RE: **Simultaneous Dedication of laydown Gas Spacing Unit (Lots 9 – 16)**

Section 4, T16S, R25E, NMPM, Eddy County, NM  
Wolfcamp Formation Gas Production  
Cottonwood Creek-Wolfcamp Gas Pool (75250)

**Existing horizontal well:**

Meramec B 4 Fee Well No. 2H, API No. 30-015-35381  
Surface Location: 3400 FSL, 660 FEL  
Bottomhole Location: 3400 FSL, 660 FWL

**Proposed horizontal well:**

Meramec B 4 Fee Well No. 1H, API No. 30-015-35382  
Surface Location: 2517 FNL, 660 FEL  
Bottomhole Location: 2515 FNL, 660 FWL

Dear Ms Munds-Dry:

Reference is made to the following:

(a) your application on behalf of EOG Resources, Inc. ("EOG") (**administrative application reference No. pCLP0709241915**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 28, 2007; and

(b) the Division's records pertinent to EOG's request.

Spacing in the Cottonwood Creek-Wolfcamp Gas Pool is governed by Statewide Rule 104.C(2), which allows two wells to be completed in a 320-acre unit, but requires that the wells be in different quarter sections. Because both the proposed horizontal well and the existing horizontal well will be completed within both quarter sections of this 320-acre unit, division approval for simultaneous dedication is required.

It is our understanding that the entire "producing interval" of this "directional well", as those terms are defined in Division Rule 111, is at a standard location. It is also our understanding that only the aforementioned two horizontal wellbores will be producing Wolfcamp gas within this gas spacing unit.

Your application on behalf of EOG has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A.

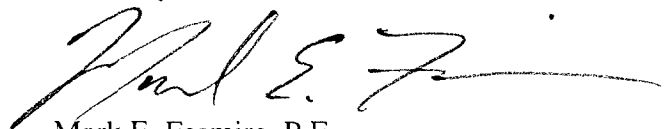
It is our understanding that EOG has proposed the simultaneous dedication of this unit to the two wells described for geological reasons, in order to prevent waste and maximize production from this unit.

We further understand that all operators of offsetting gas spacing units within the Wolfcamp formation or all working interest owners in offsetting gas spacing units that are operated by EOG have been duly notified of the filing of this application and no objections have been received.

Pursuant to the authority granted to the Division by Rule 104.D(3), the above-described simultaneous dedication is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.  
Director

MEF/wvjj

cc: New Mexico Oil Conservation Division – Artesia