



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL R. ICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 12, 2007

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

Attn: Ms. Ocean Munds-Dry, Attorney

Administrative Order SD-200714-A

**RE: Simultaneous Dedication of a Gas Spacing
Unit Comprising Lots 9 through 16:**

Irregular Section 1, T-16 South, R-24 East, NMPM, Eddy County, N.M.
West Cottonwood Creek-Wolfcamp Gas Pool (Gas - 75260)

Existing Horizontal Well:

PO B 1 Fee Well No. 2H (API No. 30-015-34752)
Surface Location: 2622' FNL & 660' FEL, Lot 9
Bottomhole Location: 2458' FNL & 660' FWL, Lot 12

Proposed Replacement Horizontal Well:

PO B 1 Fee Well No. 1HY (API No. 30-015-35650)
Surface Location: 3450' FSL & 660' FEL, Lot 16
Bottomhole Location: 3400' FSL & 660' FWL, Lot 13

Dear Ms Munds-Dry:

Reference is made to the following:

(a) your application on behalf of EOG Resources, Inc. ("EOG") (**administrative application reference No. pCLP0716234603**) that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 8, 2007; and

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

EOG seeks to amend Division Order No. SD-200714 dated April 24, 2007. This order authorized EOG to simultaneously dedicate a standard 320-acre gas spacing and proration unit

comprising Lots 9 through 16 of Irregular Section 1, Township 16 South, Range 24 East, NMPM, to its PO B 1 Fee Well No. 1H (API No. 30-015-34751) which is to be horizontally drilled from a surface location 3400 feet from the South line and 660 feet from the East line (Lot 16) to a standard bottomhole location 3400 feet from the South line and 660 feet from the West line (Lot 13) of Section 1, and to its PO B 1 Fee Well No. 2H (API No. 30-015-34752) which is to be horizontally drilled from a surface location 2622 feet from the North line and 660 feet from the East line (Lot 9) to a standard bottomhole location 2458 feet from the North line and 660 feet from the West line (Lot 12) of Irregular Section 1, both in Township 16 South, Range 24 East, NMPM.

It is our understanding that the hole was lost while drilling the PO B 1 Fee Well No. 1H, and that EOG will now drill the PO B 1 Fee Well No. 1HY as a replacement well. Consequently, the subject spacing unit will now be simultaneously dedicated to the PO B 1 Fee Well No. 2H and the PO B 1 Fee Well No. 1HY.

Your application on behalf of EOG has been duly filed under the provisions of Division Rules 19.15.3.104.D(3) and 19.15.14.1210.A.

The data presented with your application demonstrates that the horizontal (producing) portion of the wellbores will be fully contained within the "producing area", as this term is defined by Division Rule 19.15.3.111.

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

EOG is the owner of 100% of the interest in the adjacent spacing units, consequently, the applicant did not provide notice of this application to any party.

Pursuant to the authority granted to the Division by Rule 19.15.3.104.D(3), the above-described simultaneous dedication is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/drc

cc: OCD – Artesia