

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

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

Director

Oil Conservation Division

July 26, 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-200719**

RE: **Simultaneous Dedication of a Gas Spacing  
Unit Comprising the S/2 (Units I-P) of Irregular  
Section 3, T-16 South, R-25 East, NMPM, Eddy County, N.M.  
Undesignated Cottonwood Creek-Wolfcamp Gas Pool (Gas - 75250)**

**Existing horizontal well:**

Yangtze C 3 Fee Well No. 1H (API No. 30-015-35667)  
Surface Location: 2450' FSL & 225' FEL, Unit I,  
Bottomhole Location: 1880' FSL & 660' FWL, Unit L;

**Proposed horizontal well:**

Yangtze C 3 Fee Well No. 2H (API No. 30-015-35328)  
Surface Location: 560' FSL & 200' FEL, Unit P,  
Bottomhole Location: 760' FSL & 660' FWL, Unit M;

Dear Ms Munds-Dry:

Reference is made to the following:

- (a) your application on behalf of EOG Resources, Inc. ("EOG") (administrative application reference No. pCLP0718438813) that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 2, 2007; and
- (b) the Division's records pertinent to EOG's request.

The Cottonwood Creek-Wolfcamp Gas Pool is currently governed by Division Rule 19.15.3.104(C) which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. These rules further authorize the drilling of an infill well on a standard 320-acre unit provided that the infill well is not located within the same quarter section as the parent well. 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.

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.

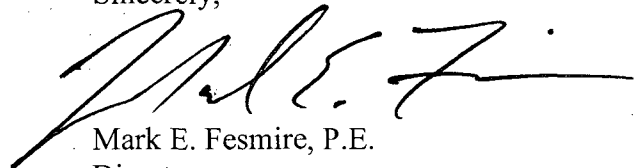
The data presented with your application demonstrates that the horizontal (producing) portion of the wellbores will be fully contained within the "producing area", as this term is defined by Division Rule 19.15.3.111.

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.

The applicant provided notice of this application to all affected offset operators and/or interest owners. No interest owner objected to this application.

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