



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 16, 2003

Lori Wrotenbery

Director

Oil Conservation Division

EOG Resources, Inc

c/o Holland & Hart LLP

P. O. Box 2208

Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

Administrative Order NSL-4951

Dear Mr. Carr:

Reference is made to the following: (i) your application dated October 7, 2003 (*administrative application reference No. pLR0-328227810*) on behalf of the operator, EOG Resources, Inc. ("EOG"); (ii) Mr. Pat Tower's voice mail message for Mr. Michael E. Stogner, Engineer/Hearing Officer with the New Mexico Oil Conservation Division ("Division") in Santa Fe late Wednesday afternoon, October 15, 2003; (iii) Mr. Tower's telephone conversation with Mr. Stogner late Thursday afternoon, October 16, 2003; and (iv) the Division's records in Santa Fe: all concerning EOG's request for a non-standard deep gas well location to be applicable to any and all formations and/or pools from the surface to the base of the Mississippian formation that are:

- (1) developed on 320-acre spacing; and
- (2) governed under the provisions of either Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which presently includes but is not necessarily limited to the Shoe Bar-Atoka Gas Pool (85210), Undesignated South Shoe Bar-Morrow Gas Pool (85220), Undesignated Townsend-Morrow Gas Pool (86400), Undesignated Shoe Bar-Mississippian Gas Pool (85215), Undesignated North Townsend-Mississippian Gas Pool (86390), and Undesignated Townsend-Mississippian Gas Pool (86380).

The N/2 of Section 27, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico is to be dedicated to this well in order to form a standard 320-acre lay-down deep gas spacing unit.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

The geological interpretation submitted with this application, based on 3-D seismic, indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable position within the targeted Morrow channel system than a well drilled at a location considered to be standard for either the Undesignated South Shoe Bar-Morrow Gas Pool or the Undesignated Townsend-Morrow Gas Pool, which is the primary zone of interest within the proposed unit.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the following described well which is currently drilling at an unorthodox deep gas well location within this 320-acre unit is hereby approved:

Gin Seng "27" State Well No. 1
1729 feet, more or less a foot or two, from the South line and 2377 feet from the East line
(Unit G)
(API No. 30-025-36441).

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

Sincerely,



Lori Wrotenberg
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
EOG Resources, Inc. (Attn: Pat Tower) - Midland, Texas (pat_tower@eogresources.com)