

DATE 3/20/03	SUBSENE 4/9/03	ENGINEER N ^o 5	LOGGED IN MV	TYPE NSL	PKRVO308039399
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William F. Carr
Print or Type Name

William F. Carr
Signature

ATTORNEY
Title

3/20/03
Date

wcarr@hollandhart.com
e-mail Address

RECEIVED

MAR 20 2003

Oil Conservation Division

HOLLAND & HART LLP
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

P. O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208
110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

March 20, 2003

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

(30-025-33908)

Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox well location for its Field Well No. 1-Y, to be re-entered and recompleted from a surface location 1650 feet from the South line and 625 feet from the East line of Irregular Section 3, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

EOG Resources, Inc. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Field Well No. 1-Y to be re-entered and drilled from a location 1650 feet from the South line and 625 feet from the East line of Section 3, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico. The well was originally drilled to test the Strawn formation at a standard oil well location. EOG proposes to re-enter the well and drill to a depth sufficient to test the Atoka formation, Undesignated North Shoe Bar-Atoka Gas Pool. A standard 320-acre spacing and proration unit comprised of Lots 9, 10, 15, 16 and the SE/4 of Irregular Section 3 will be dedicated to the well.

This location in the Atoka formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units 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. The proposed unorthodox well location is

Administrative Application for Unorthodox Well Location

Field Well No. 1-Y

March 20, 2003

Page 2

only 625 feet from an eastern boundary of the dedicated spacing unit and therefore 35 feet too close to the East line of Section 3.

The objective zone is the Shoe Bar North Atoka "Brunson" Sand. This sand was encountered in the Arrington Oil & Gas Parachute Adams Well No. 1 which was directionally drilled from a surface location 1859 feet from the South line and 777 feet from the East line to a bottomhole location 1522 feet from the South line and 992 feet from the East line of said Section 3. The well tested gas on DST at a reduced BHP but was damaged upon completion and rendered non-commercial in that wellbore. The Parachute Adams Well No. 1 is a producing well in the North Shoe Bar-Morrow Gas Pool which is now operated by EOG Resources, Inc. The Field Well No. 1-Y was drilled by Amerind Oil Company at a location 399 feet to the east of the Parachute Adams Well No. 1. It was drilled in 1997 to a total depth of 11,880 feet as a Strawn test. The Field Well No. 1-Y produced briefly from the Strawn and was subsequently unsuccessfully worked over by T. M. Hopkins Operating Co. EOG Resources proposes to re-enter the Field Well No. 1-Y and deepen it to test the Atoka "Brunson" Sand. Use of this existing wellbore makes this Atoka test more economically attractive for it will substantially reduce the cost of testing the Atoka formation. Furthermore, EOG will only deepen this well approximately 470 feet and, therefore, it is not feasible to directionally drill to a standard location.

Exhibit A is a Production Map which shows the locations and producing formations of deep gas wells in this area including the Parachute Adams Well No. 1 and the Field Well No. 1-Y. It also shows the locations of the Brunson Sand producing wells in Sections 10 and 11 to the South and the line of cross section for Cross Section A-A' (Exhibit C).

Exhibit B is a Net Sand Isopach Map of the Atoka "Brunson" Sand that shows that the proposed unorthodox well location should encounter thicker sand interval than that found in the offsetting Parachute Adams well. The bubble map in Sections 10 and 11 shows the approximate drainage areas of the Atoka "Brunson" Sand wells in the area.

Exhibit C is a Structural Cross-Section from the Parachute Adams Well No. 1 to Field Well No. 1-Y that shows the proposed location in the Atoka "Brunson" Sand is low to both the Parachute Adams and to a standard location on this spacing unit

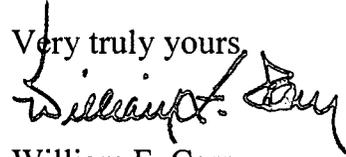
Exhibit D is a plat which shows the subject area, the 320-acre spacing unit comprised of Lots 9, 10, 15, 16 and the SE/4 of Irregular Section 3 the proposed unorthodox well location. This well encroaches on the Eastern boundary of the dedicated acreage. Yates Petroleum Corporation is the only affected party under

Administrative Application for Unorthodox Well Location
Field Well No. 1-Y
March 20, 2003
Page 3

Division Rules and operates the offsetting spacing unit to the East (Lots 11, 12, 13, 14 and the SW/4 SW/4 of Section 2) as well as the E/2 of Section 10 and the W/2 of Section 12, Township 16 South, Range 35East, NMPM. A copy of this application, including a copy of the plat described above, has been sent to Yates Petroleum Corporation by certified mail-return receipt requested in accordance with Rule 1207 (A)(5) and has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Enclosed in hard copy and disc is a proposed administrative order of the Division.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr
Attorney for EOG Resources, Inc.

Enclosures

cc: Patrick J. Tower, Project Landman
EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79702

HOLLAND & HART LLP
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
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TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

March 20, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

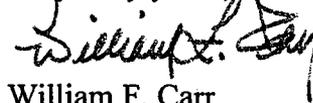
Re: Application of EOG Resources, Inc. for administrative approval of an unorthodox location for its Field Well No. 1-Y to be re-entered and re-completed at a location 1650 feet from the South line and 625 feet from the East line of Section 3, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application and attached plat which was filed with the New Mexico Oil Conservation Division on this date by EOG Resources, Inc. for administrative approval of an unorthodox well location for its Field Well No. 1-Y, to be re-entered and drilled to the Atoka formation, North Shoe Bar- Atoka Gas Pool, at a location 1650 feet from the South line and 625 feet from the East line of Section 3, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Very truly yours,



William F. Carr

Attorney for EOG Resources, Inc.

Enclosures

cc: Patrick J. Tower
EOG Resources, Inc.

EOG Resources, Inc.
Post Office Box 2267
Midland, Texas 79705

Attention: Patrick J. Tower

Administrative Order NSL-_____

Dear Mr. Tower:

Reference is made to your application dated March 20, 2003 for an unorthodox bottomhole well location for a well to be re-entered and drilled to the Atoka formation, Undesignated North Shoe Bar-Atoka Gas Pool, for your Field Well No. 1-Y. Said well to be drilled at an unorthodox gas well location in the Atoka formation at a location 1650 feet from South line and 625 feet from the East line of Irregular Section 3, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

A 320-acre spacing and proration unit in the Atoka formation comprising Lots 9, 10, 15, 16 and the SE/4 of said Irregular Section 3 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

cc: Oil Conservation Division - Hobbs/Artesia
U. S. Bureau of Land Management - Carlsbad

Claude E. Tatum, et al M.I.
Hardin E Watson, Inc.

M.D. McLone, (M.D.)
Caswell Farms
DIA 11-5-01

ENERGEN RES. (OPER.)
Hardin E Watson, Inc. (S)

Yates Pet. et al
3-1-2006
V-6145
102599
Bass Ent.
Bess St.
Dual Disc.
Morr. E.
Cany.

Permian Res
to base of Perm.
(Exxon)
E-735
"AM"

Arrington O&G
12-22-2002
8-31-2002
Amerind
(H.E. Yates)
Vawter
TD 11445
NTD 11890

(Wood Oil) Yates Pet
Energen, Mitchell Ener.
Res. Yates Pet. et al 42.6%

Abernathy
David, D.P.
9-25-2004
Yates Pet. et al
3-1-2006
V-6146
36250

Yates Pet. et al
3-1-2006
Humble V-6147
Perm. Disc. 850.00

D. Arrington
10-6-2002
1-17-2003
12-13-2002
E.E. Diffee
8-31-2002
8-24-2002

Devon Ener
Devon
(Atlantic)
Price
WC Disc.
TD 11552
(wo) 2

Arrington O&G
1-1-2005
VB 547
91798
F.M.
Ferguson
1-3-2002
Avon Drig
Dearduff
TD 310 12

T.M. Ferguson
10-1-3-2003
Arrington
10-6-2002 2-17-2003
11-8-2002
Arrington
2-17-2003
10-6-2002
Dan Field (S)

Yates Pet. et al
11-15-03
Tri-Serv
Hon. 10-24-03
T.M. Ferguson
5-5-2003
"Daisy St."
(Machris)

Nadei E.
Gussman
Yates Pet. et al
10-16-2005
V-5847
75900
Morton
E-3285
Ul. State
E.L. Harrod

Ocean Ener. (wo)
(Shell)
Cenard
E-3285
D. Field
2-TA
Townsend

Yates Pet. et al
11-20-03
Arrington
E. Diffee
8-30-2001
Arrington
B-11-99
3-10-00

Nadei E, Gussman
Energien
Exxon
Townsend
Humble
Townsend
Abo. Disc.
P33
Ocean Ener.
Harrod

Matador Pet
Cone
Harrod
B-10029
F-066
J.E. Serv.
LPO State
Ocean Ener.
P78
Carlsle
St. Cam
P34

Yates Pet. et al
V-6145
Koch E.
Bisser
Runnels
Lusk
Yates Pet. et al
Pet. et al
E12
Runnels
Lusk
Simmons
TD 12523

(Petroleum
Synergy
Grp.)
Humble
State
TD 10691

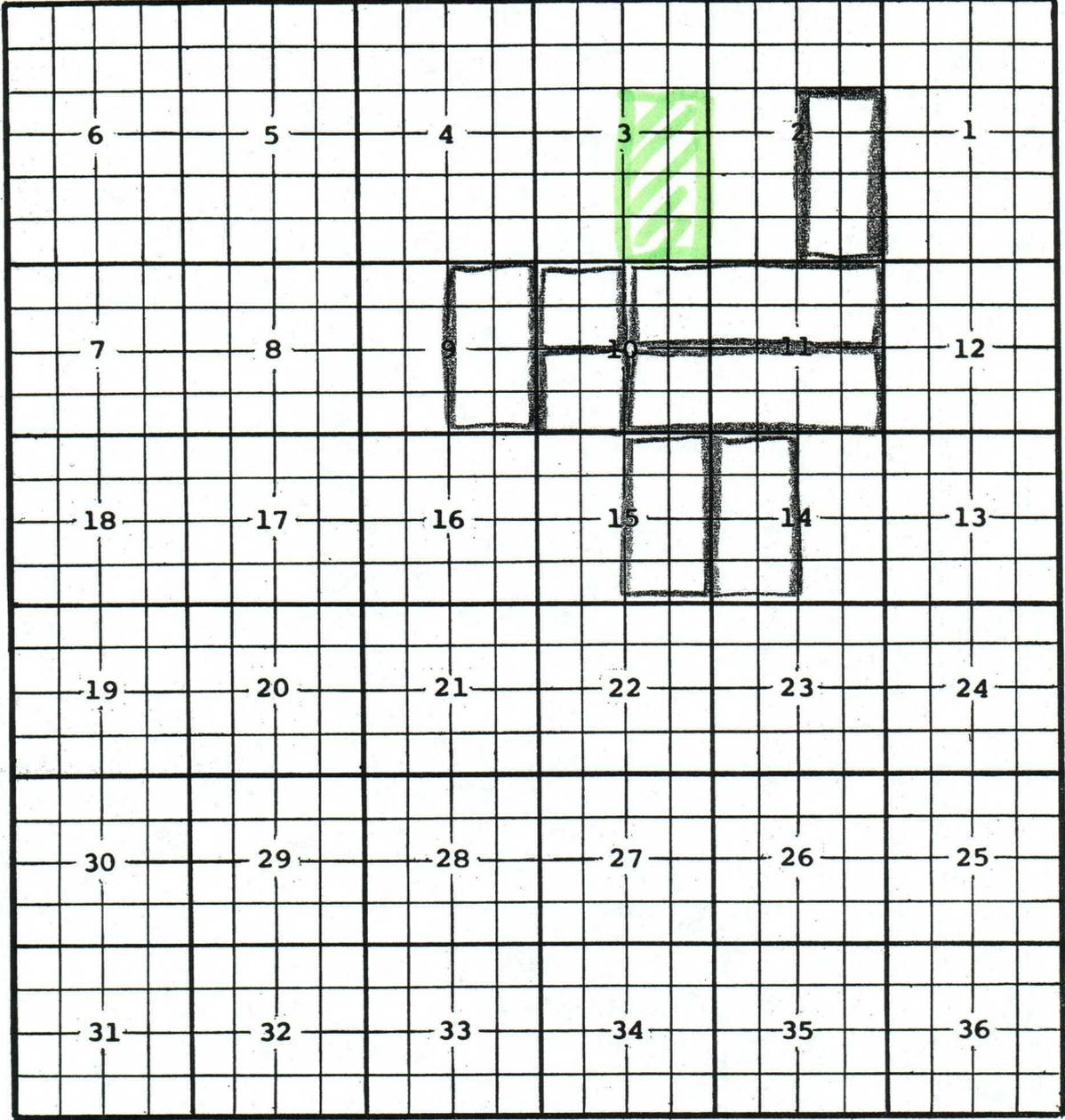
Shell
(Che
Michele
Edson
56-959
Edson
17-17-00

EXHIBIT D
Chesapeake
Arrington
Mayfly
St. 3-11
10-30-00
Arrington
L-5899
C.E. Oberholzer
et al M.I.

COUNTY Lea

POOL North Shoe Bar - Aloka Gas

TOWNSHIP 16 South RANGE 35 East NMPM



Description: $N\frac{1}{2}$ Sec. 10, $N\frac{1}{2}$ Sec. 11 (R-10972, 4-13-98)

Delete $nw\frac{1}{4}$ Sec. 10, Ext. $SE\frac{1}{4}$ Sec. 10, $S\frac{1}{2}$ Sec. 11 (R-11163, 4-15-99)

Ext: lots 9, 10, 15, 16 and $SE\frac{1}{4}$ Sec. 2 (R-11243, 9-15-99)

Ext: $E\frac{1}{2}$ Sec. 15 (R-11475, 10-24-00); Ext. $E\frac{1}{2}$ Sec. 9, $SW\frac{1}{4}$ Sec. 10 (R-11662, 10-12-01)

Ext. $nw\frac{1}{4}$ Sec. 10, $W\frac{1}{2}$ Sec. 14 (R-11728, 2-20-02)