



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

April 22, 2002

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-4720 (NSBHL)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, EOG Resources, Inc., submitted to the New Mexico Oil Conservation Division ("Division") on March 26, 2002 (*application reference No. pKRV0-208654751*); (ii) a letter of objection filed by Jo S. Starkweather of Lone Oak, Texas to the subject application on April 1, 2002; (iii) your letter dated April 15, 2002 with a copy Ms. Starkweather's letter dated April 8, 2002 withdrawing her objection; and (iv) the Division's records in Santa Fe: all concerning EOG Resources, Inc.'s request for an unorthodox subsurface gas well location within a standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 8, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, for both the Sand Tank-Morrow Gas Pool and Undesignated Sand Tank-Chester Gas Pool.

This application has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2).

It is our understanding that EOG Resources, Inc. proposes to directionally drill its proposed Oatmeal "8" Federal Com. Well No. 1 from a surface location 882 feet from the South line and 2133 feet from the East line (Unit O) of Section 8 to a targeted unorthodox subsurface gas well location 662 feet from the South line and 2133 feet from the East line (Unit O) of Section 8.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox subsurface gas well location will be at a more favorable geologic position within the Sand Tank-Morrow Gas Pool than a well drilled at a location considered to be standard within the proposed 320-acre unit.

By the authority granted me under Division Rule 104.F (2), EOG Resources, Inc. is hereby authorized to directionally drill its Oatmeal "8" Federal Com. Well No. 1 as close as is reasonably possible to the above-described targeted subsurface location within the Chester formation underlying

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EOG Resources, Inc.

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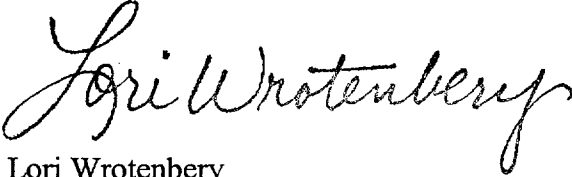
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the proposed 320-acre unit.

Further, EOG Resources, Inc. shall comply with all provisions of Division Rule 111 applicable in this matter.

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

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenbery". The signature is written in black ink and is positioned above the printed name and title.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad