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December 28, 2000

**BY FACSIMILE AND U. S. MAIL**  
FAX NO. (505) 982-2151

James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, New Mexico 87504

Re: Applications of EOG Resources, Inc and Pogo Producing Company for  
compulsory pooling, Section 23, Township 22 South, Range 32 East,  
NMPM, Lea County, New Mexico.

Dear Mr. Bruce,

As you are aware, EOG Resources, Inc. owns 100% of the working interest in the N/2, SW/4 and W/2 SE/4 of Section 23, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. EOG's interest is covered by a single federal lease. Pogo Producing Company owns the working interest in the W/2 SE/4 of this section.

By letter dated September 29, 2000 EOG proposed to Pogo the drilling of a well to test the Morrow formation on a spacing unit comprised of the S/2 of Section 23 and the creation of a working interest unit covering all of Section 23. In the alternative, EOG sought a farmin agreement or term assignment covering Pogo's interest in this section. EOG requested from Pogo the earliest possible response to this proposal due to time needed to obtain APD approval from the BLM and to schedule a rig. Pogo declined to participate in a well drilled on a S/2 spacing unit and declined to join in a one section working interest unit.

On October 24, 2000, EOG sent to Pogo a revised Joint Operating Agreement for a S/2 unit. Pogo responded on November 2, 2000 by proposing a well on an E/2 spacing unit with the well to be drilled on EOG acreage in the SE/4 NE/4 of this section.

Being unable to reach voluntary agreement for the development of the Morrow reserves

Jim Bruce, Esq.  
December 28, 2000  
Page 2

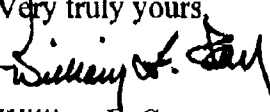
underlying Section 23, on November 7, 2000, EOG filed an application with the Oil Conservation Division seeking an order compulsory pooling the S/2 of Section for a Morrow well to be drilled in the NW/4 SE/4 of Section 23. This case was scheduled for hearing on December 7, 2000.

On November 16, 2000, EOG wrote to Pogo and advised Pogo that it had filed with the BLM an Application for Permit to Drill a well on a N/2 spacing unit in Section 23 and advised Pogo that it believed that "lay down" proration units in Section 23 were the optimum method of developing this acreage.

It is my understanding that the hearing on EOG's application was continued to January 11, 2001 at Pogo's request because one of Pogo's witnesses was unavailable on December 7th and because Pogo advised that it was going to file a competing pooling application. A continuance of EOG's application would avoid multiple hearings in this dispute. Pogo filed an application seeking a Division order pooling the E/2 of Section 23 on December 19, 2000. This application is also set for hearing on January 11, 2001.

EOG has proceeded with its plans for the development of its Morrow reserves underlying Section 23 in accordance with its letter to Pogo dated November 16, 2000. EOG's Application for Permit to Drill has been approved by the Bureau of Land Management covering a standard 320-acre N/2 spacing unit which is comprised of 100% federal lands under one federal lease (copy enclosed). EOG will drill this well. Accordingly, the NE/4 of Section 23 may not be dedicated to an E/2 spacing unit in Section 23.

Furthermore, unless a voluntary agreement is reached with Pogo for the development of the S/2 of Section 23, EOG intends to proceed with the hearing set for January 11, 2001 for an order pooling this acreage.

Very truly yours,  
  
William F. Carr

cc: Mr. David Catanach (By Facsimile)

Larry D. Cunningham w/enc.  
EOG Resources, Inc.



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
ROSWELL FIELD OFFICE  
2909 West Second Street  
Roswell, New Mexico 88202

## IN REPLY REFER TO:

2162.4  
NM-81633

EOG Resources, Inc.  
Attn: Mike Francis  
P. O. Box 2247  
Midland, TX 79702

OCT 18 2000

Dear Mr. Francis:

Your Application for Permit to Drill (APD), the Red Tank "23-N" Federal Well No. 1, 1660' FNL and 1980' FEL, Section 23, T. 22 S., R. 32 E., Lea County, New Mexico, Lease No. NM-81633 was received October 17, 2000.

The APD has been reviewed pursuant to part III.B.2 of Oil and Gas Onshore Order No. 1, except for the Archaeological Survey Report, and is found to be:

- ☒ Administratively complete
- ☐ Administratively deficient in the following items marked with an "X"
- ☐ Form 3160-3
  - ☐ Survey Plat
  - ☐ Bonding
  - ☐ Drilling Plan
  - ☐ BOP Diagram
  - ☐ Choke Manifold Diagram
  - ☐ H<sub>2</sub>S Drilling Plan
  - ☐ Surface Use Plan (including certification statement)
  - ☐ Private Surface Owner's Agreement or Statement that an agreement has been reached concerning surface use
  - ☐ Other:

Please submit six (6) copies of each of the above noted deficiencies, except for the Archaeological Survey Report. Technical adequacy of the APD will be determined during processing and you will be contacted if additional information is required.

If you would like to know whether the Archeological Survey Report has been filed with the BLM, call Rosa Marie Havel in the Carlsbad Field Office at (505) 234-5917.

Sincerely,

Linda A. Askwig  
Legal Instruments Examiner

Form 3140-3  
(August 1999)OPER. OGHID NO. 7377  
PROPERTY NO. 26923  
POOL CODE 83730  
EFF. DATE 11/22/00  
API NO. 30-025-35260Division PERSONAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONSFORM APPROVED  
OSAR No. 1004-0138  
Expires November 30, 2000UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.	
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Steam Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Red Tank "23-N" Federal No. 1	
2. Name of Operator EOG Resources, Inc.		9. API Well No.	
3a. Address P.O. Box 2287, Midland, TX 79702		10. Field and Pool or Exploratory Red Tank "23-N" (Morrow)	
3b. Phone No. (Include area code) (915) 896-3714		11. Sec., T., R., M., or B.M. And Survey or Area Sec 23, T22S, R90E	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1,650' FNC At proposed prod. Zone Same		12. County or Parish	
14. Distance in miles and direction from nearest town or post office*		13. State	
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest chg. Unit line, if any) 1,650'		16. No. of Acres in lease 840	
18. Distance from proposed location to nearest well, drilling completed applied for, on this lease, ft. 330		17. Spacing Unit dedicated to this well N/2 320	
19. Proposed Depth 15,400'		20. BLM/BIA Bond No. on file NM2206	
21. Elevations (Show whether DF, KDB, RT, GL, etc) GL-3753		22. Approximate date work will start* 12/10/00	
23. Estimated duration 30 days		24. Attachments	

The following completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- |  |  |
|--|--|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above)     |
| 2. A Drilling Plan.  | 5. Operator certification.   |
| 3. A Surface Use Plan (If the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <u>Mike Francis</u>		Name (Printed/Typed) Mike Francis		Date 10/13/2000	
Title Agent		Name (Printed/Typed) LARRY D. BRAY		Date NOV 17 2000	
Approved by (Signature) LARRY D. BRAY		Name (Printed/Typed) LARRY D. BRAY		Date NOV 17 2000	
Title Assistant Field Manager, Lease and Minerals		Office ROSWELL FIELD OFFICE		APPROVED FOR 1 YEAR	

Application approval does not warrant or certify the applicant holds legal or equitable title to those acres in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1061 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and unlawfully to make to any department or agency of the United States any false, fictitious or fraudulent statement or representation as to any matter within its jurisdiction.

\*Instructions on reverse

GNW

Form 3160-3  
(August 1999)APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
STIPULATIONS  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OAM No. 1004-0136  
Expires November 30, 2000

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		3. Lessee Serial No. 01633	
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allocated or Tribe Name	
2. Name of Operator EOG Resources, Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. Box 2267, Midland, TX 79702		8. Lessee Name and Well No. Red Yank "23-N" Federal No. 1	
3b. Phone No. (include area code) (815) 896-3714		9. API Well No.	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1,880' ENL & 1,880' FEL (Line Letter G) <b>CARLEAD CONTROLLED WATER BASIN</b> At proposed prod. Zone		10. Field and Pool or Field of Production LAWLESS CREEK	
14. Distance in miles and direction from nearest town or post office		11. Sec., T., R., M., or BLM, and Survey or Area Sec 23, T22S, R32E 93730	
15. Distance from proposed location to nearest property or lease line, ft. 1,880' (Also to nearest dril. Unit line, if any)		12. County or Parish	
16. No. of Acres in lease 640		13. State	
17. Spacing Unit dedicated to this well 1/2 320			
18. Distance from proposed location to nearest well, drilling, completed applied for, on this lease, ft. 320		19. Proposed Depth 15,400'	
20. BLM/BIA Bond No. on file NM2308			
21. Elevations (Show whether OF, KDB, RT, GL, etc) GL-3783		22. Approximate date work will start 12/10/2000	
23. Estimated duration 30 days			
24. Attachments			

The following completed in accordance with the requirements of Onshore O&amp;G an Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above)
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Mike Francis</i>	Name (Printed/Typed) Mike Francis	Date 10/13/2000
--------------------------------------	--------------------------------------	--------------------

Title Agent		
Approved by (Signature) <i>Larry D. Gray</i>	Name (Printed/Typed) LARRY D. GRAY	Date NOV 17 2000
Title Assistant Field Manager, Lands and Minerals		
Office		

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would enable the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 48 U.S.C. Section 1375, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

Surface Casing must be in Top of Rustler (Anhydrite) minimum ~~900~~ 975 ft.  
- (Top 25 to 50 ft into Rustler.) SEE STRIPS AT 975 Ft.

District I  
PO Box 1680, Hobbs, NM 88241-1680  
District II  
PO Box 60, Artesia, NM 88211-0060  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 3088, Santa Fe, NM 87504-3088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-10  
Revised February 21, 199  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Well Code <b>8730</b>	Well Name <b>Booster Ridge East Red Tank (Alonzo)</b>
Property Code	Property Name <b>RED TANK "23-N" FEDERAL</b>	Well Number <b>1</b>
Owner No. <b>7377</b>	Operator Name <b>EOG RESOURCES INC.</b>	Elevation <b>3753</b>

#### 12 Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
G	23	22	32		1660	NORTH	1980	EAST	LEA

#### 13 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>EOG RESOURCES INC. RED TANK "23-N" FEDERAL No. 1 ELEV.-3753 Y=802800.00 X=713179.85 LAT.=34°23'47.63" LONG.=103°25'34.04"</div>	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information provided herein is true and complete to the best of my knowledge and belief.  <i>Mike Francis</i> Signature <b>Mike Francis</b> Printed Name Agent Date <b>10/16/00</b> Date	
	<b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to best of my belief.  <b>OCTOBER 10, 2000</b> Date of Survey Signature of Professional Surveyor: <i>James E. Tompkins</i> James E. Tompkins NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 1990 Certificate Number <b>14729</b>	