



March 19, 2002

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(915) 686-3600

Ms. 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

Re: Application of EOG Resources, Inc. for Enhanced Oil Recovery
Project Qualification for Recovered Oil Tax Rate at the Red Hills
North Unit, Lea County, New Mexico

Dear Ms. Wrotenbery:

EOG Resources, Inc. ("EOG") hereby makes application to qualify (a portion of) the Red Hills North Unit for the recovered oil tax rate as authorized by the Enhanced Oil Recovery Act. EOG plans to commence pressure maintenance in the project area during the third quarter of 2002. EOG is making application pursuant to the rules promulgated by Oil Conservation Commission Order No. R-9708 entered on August 27, 1992.

In accordance with this Order, EOG provides the following information:

D. PROCEDURE

4.

a. Operator's name and address:

EOG Resources, Inc.
4000 N. Big Spring, Suite 500
Midland, TX 79705

b. Description of the project area:

(1) See Exhibit "A" which is a plat outlining the project area.

(2) Description of project area by Section, Township and Range

Township 25 South, Range 33 East, NMPM

Section 1: Lots 2 and 3, SW4 NE4, SE4 NW4, and S2

Section 12: All

Section 13: N2 and E2 SE4

energy opportunity growth

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12843 Exhibit No. 5
Submitted by:
EOG RESOURCES, INC.
Hearing Date: March 21, 2002

Township 25 South, Range 34 East, NMPM

Section 6: Lots 6 and 7, E2 SW4 and W2 SE4
Section 7: All
Section 8: W2 SW4
Section 17: SW4 NE4, W2 and W2 SE4
Section 18: All

The proposed project will impact 100% of the Unit area and is more accurately identified as the injection patterns highlighted on Exhibit "A", which includes the wells listed on Exhibit "B".

- (3) The Red Hills North Unit contains a total of 3,556 acres, more or less.
- (4) The Red Hills Bone Spring Pool. The unitized interval is the 3rd Bone Spring Sand formation. Exhibit "C" is the type-log identified in the Unit Agreement.
- c. Status of operations in the project area:
 - (1) The name of the Unit is the Red Hills North Unit. The Unit was approved by Division Order No. R-11388 , Case No. 12329, on May 25, 2000.
- d. Method of recovery to be used:
 - (1) It is proposed to inject produced Bone Spring and Morrow water. In addition, fresh water from the Santa Rosa formation. (Injection Authority No. R-11389)
- e. Description of the project:
 - (1) See attached Exhibit "B" which is a list of all producing wells within the project area. This list provides locations by footage, section, township and range.
 - (2) Also noted on Exhibit "B" is the list of injection well(s) and their corresponding location.
 - (3) Capital costs of additional facilities:

Description	Cost (MM\$)
Field installations and upgrades	1.3
Well remediation and D&C costs	32.5
(4) TOTAL Project Cost	40.0

- (5) Estimated total value of the additional production that will recovered as a result of this project are as follows:

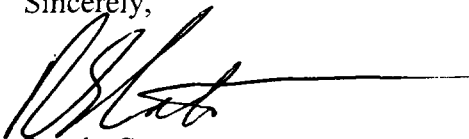
$$\begin{array}{rcl} 17.0 \text{ MMBO @ } \$22 \text{ Per BO} & = & \$374 \text{ MM} \\ -2.0 \text{ BCFG @ } \$2.50 \text{ Per MCF} & = & \underline{-\$ 5 \text{ MM}} \\ & & \$369 \text{ MM} \end{array}$$

*Undiscounted – over 60 year project life

- (6) We anticipate the commencement of injection sometime during the second half of 2002.
- (7) As noted in 4.d.1, it is proposed to inject produced Bone Spring and Morrow water. In addition, fresh water from the Santa Rosa formation. (Injection Authority No. R-11389). The maximum anticipated rate is estimated to be 8,000 BWPD and the average anticipated rate is estimated to be 5,500 BWPD.
- (8) This project requires the use of horizontal wells as injectors in order to overcome poor injectivity due to low permeability of the reservoir.
- f. Production Data: See Exhibit "D" which is a graph showing the production and injection history for the project including a forecast of the enhanced anticipated recovery of oil, gas, and water.

EOG requests that this application be set for hearing and, if no objections are received, that it be approved.

Sincerely,



Randy Cate
Reservoir Engineer

Enclosures

Exhibit "B"

APPLICATION FOR EOR CERTIFICATION RED HILLS NORTH UNIT - MARCH 21, 2002

TABULATION OF DATA ON PRODUCING WELLS IN PROJECT AREA

API	UNITIZED LEASE NAME	LEASE NAME	WELL #	N/S FTG	N/S DIR	EW FTG	EW DIR	SEC	TWP	RNG	HOLE DIR
30025327480000	RED HILLS NORTH UNIT #102	HALLWOOD '1' FEDERAL	2	510	FSL	660	FEL	1	25	33	Vertical
30025328860000	RED HILLS NORTH UNIT #103	HALLWOOD '1' FEDERAL	3	1430	FSL	1830	FEL	1	25	33	Vertical
30025328870000	RED HILLS NORTH UNIT #104	HALLWOOD '1' FEDERAL	4	1060	FSL	1650	FWL	1	25	33	Vertical
30025330700000	RED HILLS NORTH UNIT #105	HALLWOOD '1' FEDERAL	5	2130	FNL	2130	FEL	1	25	33	Vertical
30025332140000	RED HILLS NORTH UNIT #107	HALLWOOD '1' FEDERAL	7	2130	FNL	1980	FWL	1	25	33	Vertical
30025332050000	RED HILLS NORTH UNIT #201	HALLWOOD '12' FEDERAL	1	660	FSL	1980	FWL	12	25	33	Vertical
30025321670000	RED HILLS NORTH UNIT #202	HALLWOOD '12' FEDERAL	2	330	FSL	1980	FEL	12	25	33	Vertical
30025321810000	RED HILLS NORTH UNIT #203	HALLWOOD '12' FEDERAL	3	660	FSL	660	FEL	12	25	33	Vertical
30025332940000	RED HILLS NORTH UNIT #205	HALLWOOD '12' FEDERAL	5	1700	FSL	331	FWL	12	25	33	Vertical
30025325270000	RED HILLS NORTH UNIT #206	HALLWOOD '12' FEDERAL	6	1980	FNL	660	FEL	12	25	33	Vertical
30025325840000	RED HILLS NORTH UNIT #207	HALLWOOD '12' FEDERAL	7	1830	FSL	2130	FWL	12	25	33	Vertical
30025327400000	RED HILLS NORTH UNIT #208	HALLWOOD '12' FEDERAL	8	660	FNL	1980	FEL	12	25	33	Vertical
30025327890000	RED HILLS NORTH UNIT #209	HALLWOOD '12' FEDERAL	9	1830	FNL	1650	FWL	12	25	33	Vertical
30025328950000	RED HILLS NORTH UNIT #210	HALLWOOD '12' FEDERAL	10	660	FNL	1880	FWL	12	25	33	Vertical
30025350770000	RED HILLS NORTH UNIT #211	RED HILLS NORTH UNIT	211	1250	FSL	2449	FWL	12	25	33	Horizontal
30025353630000	RED HILLS NORTH UNIT #212	RED HILLS NORTH UNIT	212	1750	FNL	2475	FWL	12	25	33	Horizontal
30025282880002	RED HILLS NORTH UNIT #301	VACA '13' FEDERAL	1	660	FNL	1880	FWL	13	25	33	Vertical
30025321830000	RED HILLS NORTH UNIT #303	VACA '13' FEDERAL	3	660	FNL	660	FEL	13	25	33	Vertical
30025321300001	RED HILLS NORTH UNIT #304	VACA '13' FEDERAL	4	660	FNL	660	FWL	13	25	33	Vertical
30025357510000	RED HILLS NORTH UNIT #306H	RED HILLS NORTH UNIT	306H	2080	FSL	990	FEL	13	25	33	Horizontal
30025356390000	RED HILLS NORTH UNIT #307	RED HILLS NORTH UNIT	307	1980	FNL	990	FEL	13	25	33	Horizontal
30025309820001	RED HILLS NORTH UNIT #601	HALF '6' FEDERAL COM	1	990	FSL	1980	FEL	6	25	34	Vertical
30025326110000	RED HILLS NORTH UNIT #602	HALF '6' FEDERAL	2	510	FSL	1980	FWL	6	25	34	Vertical
30025326800000	RED HILLS NORTH UNIT #603	HALF '6' FEDERAL	3	510	FSL	660	FWL	6	25	34	Vertical
30025316380001	RED HILLS NORTH UNIT #701	DIAMOND '7' FEDERAL COM	1	660	FNL	1980	FEL	7	25	34	Vertical
30025322460000	RED HILLS NORTH UNIT #702	DIAMOND '7' FEDERAL	2	1980	FNL	1780	FEL	7	25	34	Vertical
30025325770000	RED HILLS NORTH UNIT #703	HALF '7' FEDERAL	1	990	FSL	990	FWL	7	25	34	Vertical
30025324330000	RED HILLS NORTH UNIT #704	DIAMOND '7' FEDERAL	4	1980	FNL	960	FWL	7	25	34	Vertical
30025326310000	RED HILLS NORTH UNIT #705	RED HILLS '7' FEDERAL	1	660	FSL	2110	FEL	7	25	34	Vertical
30025328140000	RED HILLS NORTH UNIT #706	RED HILLS '7' FEDERAL	2	1830	FSL	660	FEL	7	25	34	Vertical
30025322490000	RED HILLS NORTH UNIT #707	DIAMOND '7' STATE	1	1650	FNL	2310	FWL	7	25	34	Vertical
30025323130000	RED HILLS NORTH UNIT #708	DIAMOND '7' STATE	2	1650	FSL	1650	FWL	7	25	34	Vertical
30025326510000	RED HILLS NORTH UNIT #801	DIAMOND '18' FEDERAL	1	1830	FNL	660	FWL	18	25	34	Vertical

API	UNITIZED LEASE NAME	LEASE NAME	WELL #	N/S FTG	N/S DIR	E/W FTG	E/W DIR	SEC	TWP	RNG	HOLE DIR
30025326040000	RED HILLS NORTH UNIT #802	DIAMOND `18` FEDERAL	2	660	FNL	1980	FWL	18	25	34	Vertical
30025328130000	RED HILLS NORTH UNIT #803	DIAMOND `18` FEDERAL	3	660	FNL	1980	FEL	18	25	34	Vertical
30025328820000	RED HILLS NORTH UNIT #804	DIAMOND `18` FEDERAL	4	510	FNL	660	FEL	18	25	34	Vertical
30025330780000	RED HILLS NORTH UNIT #805	DIAMOND `18` FEDERAL	5	2130	FSL	660	FEL	18	25	34	Vertical
30025331500000	RED HILLS NORTH UNIT #806	DIAMOND `18` FEDERAL	6	2310	FSL	1980	FWL	18	25	34	Vertical
30025346590000	RED HILLS NORTH UNIT #807	DIAMOND `18` FEDERAL	7	990	FSL	330	FWL	18	25	34	Vertical
30025329800000	RED HILLS NORTH UNIT #811	HALF `8` FEDERAL	1	660	FSL	510	FWL	8	25	34	Vertical
30025280030002	RED HILLS NORTH UNIT #901	JAVELINA `17` FEDERAL	1	1980	FNL	1980	FEL	17	25	34	Vertical
30025329890000	RED HILLS NORTH UNIT #902	JAVELINA `17` FEDERAL	2	1830	FNL	660	FWL	17	25	34	Vertical

* There are plans to drill five to seven additional producers.

CURRENT INJECTION WELL

API	UNITIZED LEASE NAME	LEASE NAME	WELL #	N/S FTG	N/S DIR	E/W FTG	E/W DIR	SEC	TWP	RNG	HOLE DIR
30025321820000	RED HILLS NORTH UNIT #302	VACA `13` FEDERAL	2	660	FNL	1980	FEL	13	25	33	Vertical

* There are plans to drill six to eight additional horizontal injectors.

EOG RESOURCES
RHNU Field Daily Production & Forecast
With and Without Pressure Maintenance
Incremental 1300 BOPD, 17.0 MMBO, -2.0 BCF
Exhibit "D"

