

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop Cabinet Secretary May 19, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

EOG Resources. Inc.

c/o Holland & Hart LLP

P. O. Box 2208

Santa Fe, New Mexico 87504-2208

RECEIVED

MAY 2 6 2006

Attention:

Ms. Ocean Munds-Dry

NUMEROTEDIA

RE: Administrative application (Division Administrative Application Reference No. pTDS0-612360241) for EOG Resources, Inc.'s existing Rhine "13" Federal Well No. 1 (API No. 30-015-34184) located at an unorthodox Wolfcamp gas well location 1680 feet from the South line and 150 feet from the East line (Unit I) of Section 13, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico, within the S/2 of Section 13, being a standard 320-acre lay-down deep gas spacing unit for the Undesignated Northeast Collins Ranch-Wolfcamp Gas Pool (96623).

Dear Ms. Munds-Dry:

I have reviewed your application and the Division's records, due to the number of questionable variables with the drilling, placement, completion, and timing of this well I will not process this filing administratively. A few of my concerns include:

- (1) the well was drilled 10 months ago, is only 150 feet from the outer boundary of its proposed 320-acre spacing unit, and no attempt was made by EOG to obtain a location exception prior to the drilling of this well:
- (2) you state in your application that the U.S. Bureau of Land Management request EOG move from a "standard location" due to topographic concerns; however, no support data was presented; and
- (3) EOG in re-classifiying this well as a "monitor well," subjects it to the Division's Stratigraphic Test-Hole policy, see copy attached.

Your administrative application is hereby *denied* and is being returned to you. Should EOG elect not to abide by the Division's Stratigraphic Test-Hole policy, you may reapply through the Division's hearing procedure.

Thank you.

Sincerely,

Michael E. Stogner Staff Petroleum Engineer

MS/ms

cc:

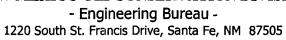
New Mexico Oil Conservation Division – Artesia U. S. Bureau of Land Management - Carlsbad

MIKE STOGNER

TYPE NSL

APP NO. DTD SO16/236024

NEW MEXICO OIL CONSERVATION DIVISION





ADMINISTRATIVE APPLICATION CHECKLIST

THI	IS CHECKLIST IS MA	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REC WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE	BULATIONS
Applica	[DHC-Dowr [PC-Po		al
[1]	TYPE OF AP	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication SL NSP SD	
	Check [B]	One Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM	2006
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR	MAA
	[D]	Other: Specify	ယ
[2]	NOTIFICATI [A]	ON REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners	Pn 3
	[B]	Offset Operators, Leaseholders or Surface Owner	24
	[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]		CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TION INDICATED ABOVE.	ІЕ ТҮРЕ
	al is accurate ar	FION: I hereby certify that the information submitted with this application for admind complete to the best of my knowledge. I also understand that no action will be taquired information and notifications are submitted to the Division.	
^	Note:	Statement must be completed by an individual with managerial and/or supervisory capacity.	
Print or	Munds-L Type Name	Try Ocean Mund-by attorney Signature Title	5-3-06
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Ocean Munds-Dry omundsdry@hollandhart.com

May 3, 2006

HAND-DELIVERED

Mark E. Fesmire, P.E.
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 Administrative Approval of an Unorthodox Well Location for its Rhine "13" Federal Well No. 1, from a location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Fesmire:

EOG Resources, Inc. ("EOG") hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Rhine 13 Federal Well No. 1 to be re-entered and completed from the Wolfcamp formation at an unorthodox well location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, N.M.P.M., Eddy County, New Mexico. A standard 320-acre spacing and proration unit comprised of the S/2 of Section 13 will be dedicated to the well.

This location in the Wolfcamp formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located not closer than 660 feet to the outer boundary of the quarter section on which the well is located. The well is 150 feet, or 510 feet too close, to the east line of the dedicated acreage.

This well was originally drilled by EOG as the vertical portion of a proposed horizontal Wolfcamp test. Prior to drilling the horizontal segment, it was utilized as a monitor well to study the frac job on the Yukon 18 Fed Com Well No. 1H immediately east in Section 18. Although EOG sought a standard location for the Rhine 13 Federal Well No. 1, the Bureau of Land Management requested that the location be moved because of topographical concerns. The study of the Yukon well has been completed and EOG has elected not to drill the horizontal segment and now proposes to complete the Rhine 13 Federal Well No. 1 as a vertical well to test the Wolfcamp formation. EOG will not utilize this wellbore to drill an additional horizontal wellbore in this section.

Attached hereto as Exhibit A is a plat which shows the subject area, the 320-acre spacing unit

Holland & Hart LLP

HOLLAND&HART

comprised of all of the S/2 of Section 13 and the proposed unorthodox location. The well encroaches only on acreage operated by EOG in which the ownership is identical to the ownership under the drill site. Accordingly, there are no affected parties to whom this application needs to be provided.

Exhibit B is Division Form C-102 which shows the surveyed location for this well.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

Attorney for EOG Resources, Inc.

Enclosures

cc:

Rick Lanning

EOG Resources, Inc. Post Office Box 2267 Midland, Texas 79702 EOG Resources, Inc. Post Office Box 2267 Midland, Texas 79705

Attention: Rick Lanning

Administrative Order NSL-

Dear Mr. Lanning:

Reference is made to your application dated May 3, 2006 for an unorthodox well location for a well to be re-entered and completed to the Wolfcamp formation for your proposed Rhine 13 Federal Well No. 1. Said well is to be re-entered and at a location 1680 feet from the South line and 150 feet from the East line of Section 13, Township 17 South, Range 24 East, NMPM, Eddy County, New Mexico.

A 320-acre spacing and proration unit in the Wolfcamp formation comprising the S/2 of said Section 13 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,

Mark E. Fesmire Director

cc: Oil Conservation Division - Hobbs/Artesia

U. S. Bureau of Land Management - Carlsbad

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DISTRICT I	
	ATE COOK

State of New Mexico

Form C-102

Revised August 15, 2000

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

State Lease - 4 copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

1220 South St. Francis Dr.

Energy, Minerals, and Natural Resources Department

Fee Lease - 3 copies

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30~015~34184	² Pool Code 96623	Pool Name UNDES COLLIN RANCH; WOLFCAMP NE			
20-010-24104	80023	UNDES COLLIN RANCH; WOLFCAMP NE			
4 Property Code	5	Property Name Well Number			
	RHI	NE "13" FED 1			
OGRID No.		Operator Name Elevation			
7377	EOG RESOURCES, INC.				

Surface Location

UL or lot no.	Section.	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	ı
1	13	17 SOUTH	24 EAST, N.M.P.M.		1680'	SOUTH	150'	EAST	EDDY	l

Bottom Hole Location If Different From Surface

Detted Her Detted I Philipping									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
				<u> </u>				<u> </u>	
Dedicated Acre	s 13 J	nint or Infil	14 Consolidation Code	15 Order N	lo.	-			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16			Figuretare Donny G Glanton Princed Name Sr. Lease Operations Rep
		NAD 27 NME ZONE X = 438544 Y = 666797. LAT.: N 32.8329514 LONG.: W 104.5334120	4/25/2006 Data 10 SURVEYOR CERTIFICATION I have been carried, that the well location aboves on this plat may plated from field united serving make by me or qualar may
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JL	 EXHIBI	<u></u>	JOD # 101/99 / 101 SE / E.U.U.