



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 9, 2002

EOG Resources, Inc.
P.O. Box 2267
Midland, TX. 79702
Attn: Mr. Stan Wagner or To Whom It May Concern

Well File Copy

RE: EOG Resources, Inc., Gordon '23' State Com. Well No. 1, located in Unit Letter N of Section 23, Township 23 South, Range 27 East, Eddy County, New Mexico, NMPM

Dear Mr. Wagner,

In reference for the above noted well, the New Mexico Oil Conservation Division is in receipt of your regulatory forms including a 'Request for Allowable and Authorization to Transport' (C-104), which was received by our office on 9/30/02.

In review of the regulatory information received on forms (C103), said well is to be **shut-in on October 15th, 2002** for failure/refusal to follow the procedures set forth by the New Mexico Oil Conservation Division's Rules and Regulations and the applicant's proposed application to drill, which was approved by this office on 8/01/2002.

As prepared by EOG Resources, Inc. (EOG) on the application for permit to drill, the proposed intermediate casing setting depth was set 400' shallower than permitted and EOG did not follow the time and procedures of "waiting on cement" set forth by OCD Rule 107 on the surface and intermediate strings of casing. (Please note that the WOC time is specifically spelled out in your approved APD for both the surface and intermediate strings of pipe.)

Additionally, cement on the 5 1/2" casing was brought to an estimated depth of 9690' and not 4000' as originally permitted on the APD.

In order to hopefully resolve this matter, EOG will need to have one of their company representatives come to our office and discuss this issue further with Tim Gum, our District Supervisor, and myself. Please free to call this office if you have any questions or concerns regarding this matter.

Yours truly,

Bryan G. Arrant (PES)

e-mail: Lori Wrotenbery-Division Director, Santa Fe
David Brooks-Legal Council, Santa Fe
Tim Gum-District Supervisor, Artesia
Richard Ezeanyim-Chief Engineer, Santa Fe