

PMESD-523641241

HOLLAND & HART LLP



William F. Carr
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2005 AUG 17 PM 2:18

August 17, 2005

VIA HAND DELIVERY

Mr. Michael E. Stogner
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of EOG Resources, Inc. for approval of a second horizontal wellbores on a standard 320-acre gas spacing unit, Lea County, New Mexico.

Dear Mr. Stogner:

In response to your e-mail of August 2nd, I am enclosing copies of two Well Location and Acreage Dedication Plats for the horizontal wells that EOG Resources, Inc. is proposing to drill in the W/2 of Section 13, Township 16 South, Range 24 East, NMPM, Eddy County, New Mexico. As you will recall, Bryan Arrant believes that Rule 104 does not authorize a second horizontal wellbore on this unit.

Rule 104 allows two wells on a standard deep gas spacing unit. However, it requires that the infill well be located on the quarter section not containing the original well. Since the first horizontal wellbore traverses both quarter sections in this spacing unit, the question is whether or not this wellbore precludes the drilling of the second well unless an exception to this rule is first obtained. Horizontal drilling technology seems to me to be forcing the amendment, of certain spacing and production rules. For example, spacing units are combined for single horizontal well "project areas" / "producing areas," and allowable limits are amended for wells that develop multiple units. Other questions are presented where multiple laterals are proposed from a single vertical wellbore, and now multiple horizontal wellbores are being proposed on a single spacing unit.

It appears to me that in the near future the Division is going to have a number of requests for multiple horizontal wellbores on a single spacing unit and therefore your guidance on how to proceed will be helpful to both the Division and to operators.

Very truly yours,

William F. Carr
Enclosures

cc: Rick Lanning, EOG Resources, Inc.
Bryan Arrant, OCD, Artesia

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. 3

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Form C-102

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

Energy, Minerals, and Natural Resources Department

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

DISTRICT IV

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

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number	2 Pool Code	3 Pool Name
4 Property Code	5 Property Name MACKENZIE "13" FEE	6 Well Number 1H
7 OGRID No.	8 Operator Name EOG RESOURCES, INC.	9 Elevation 3590'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	13	16 SOUTH	24 EAST, N.M.P.M.		660'	SOUTH	760'	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	13	16 SOUTH	24 EAST, N.M.P.M.		660'	NORTH	760'	WEST	EDDY
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.						

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

	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature _____ Printed Name _____ Title _____ Date _____ 18 SURVEYOR CERTIFICATION 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 the best of my belief. Date of Survey _____ Signature and Seal of Professional Surveyor Certificate Number V. L. BEZNER R.P.S. #7920 JOB #101803 / 101 SE / E.U.O.
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Standard 640-acre Section

Bill Carr 505-983-6043 2 pages

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1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Form C-102

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Santa Fe, New Mexico 87505

DISTRICT IV

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☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 APT Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name MACKENZIE "13" FEE			6 Well Number 2H
7 OGRID No.		8 Operator Name EOG RESOURCES, INC.			9 Elevation 3584'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot ldx	Feet from the	North/South line	Feet from the	East/West line	County
N	13	16 SOUTH	24 EAST, N.M.P.M.		660'	SOUTH	1980'	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot ldx	Feet from the	North/South line	Feet from the	East/West line	County
C	13	16 SOUTH	24 EAST, N.M.P.M.		660'	NORTH	1980'	WEST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>18 SURVEYOR CERTIFICATION</p> <p>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 the best of my belief.</p> <p>Date of Survey _____</p> <p>Signature of Professional Surveyor _____</p> <p>V. LYNN BEZNER NO. 7920</p> <p>Certificate Number V. A. BEZNER R.P.S. #7920</p> <p>JOB # 105204 / 101 SE / E.U.O.</p>
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