



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 4, 2006

EOG Resources, Inc.
c/o Ms. Ocean Munds-Dry
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order NSL-5517
Administrative Order SD-200628

Re: EOG Resources, Inc.
Congo B 10 Fee Well No. 1H
API No. 30-015-34597
Unit I, Section 10, Twsp 16S, Range 25E
Eddy County

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (**administrative NSL application reference No. pTDS06-26330809 and administrative SD application reference No. pTDS06-26330826**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 19, 2006, on behalf of EOG Resources, Inc. (EOG);

(b) your e-mail communications dated September 20 and October 20, 2006;

(c) your letter dated November 15, 2006; and

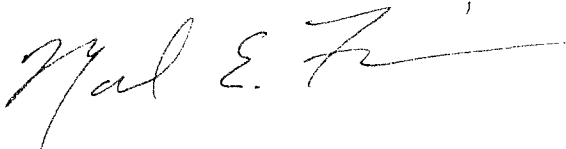
(d) the Division's records pertinent to EOG's request.

EOG has requested to drill its proposed Congo B 10 Fee Well No. 1H (API No. 30-015-34597), as a horizontal gas well to be completed in the Wolfcamp formation, from an unorthodox surface location 2150 feet from the South line and 140 feet from the East line (Unit I) of Section 10, Township 16 South, Range 25 East, N.M.P.M., in Eddy County, New Mexico.

THIS AUTHORIZATION IS CONDITIONED, however, such that (1) if the proposed well encounters the Wolfcamp formation at a location outside the producing area, as defined in Rule 111.A(7), the portion of the wellbore lying outside the producing area shall be cased off and not perforated unless and until approval for an unorthodox downhole location is obtained, and (2) if the proposed well is not drilled and completed with a horizontal drainhole substantially as described above, this order shall be of no further effect, and the well shall not be produced unless and until otherwise ordered by the Division.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs