



March 2, 2007

HAND-DELIVERED

Mark 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 a 227.96-acre non-standard gas spacing unit for its Yangtze A 3 Fee Well No. 1H in Irregular Section 3, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico.

Dear Mr. Fesmire:

EOG Resources, Inc. ("EOG"), pursuant to the provisions of Division Rule 104 D (2)(b) and (c) adopted on January 18, 1996, hereby seeks administrative approval of a 227.96-acre non-standard gas spacing and proration unit for the Yangtze A 3 Fee Well No. 1H to be drilled to test the Wolfcamp formation from a surface location 934 feet from the North line and 310 feet from the East line and a bottomhole location of 918 feet from the North line and 660 feet from the West line in Irregular Section 3, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

EOG's well will test the Wolfcamp formation which is developed on 320-acre spacing pursuant to the general rules of the Division.

This non-standard gas spacing and proration unit is necessary because of a variation in the legal subdivision of the United States Public Land Surveys. This unit is comprised of contiguous lots which lie wholly within a single governmental section and are joined by a common side. This non-standard spacing unit is a result of an oversized section on the northern township line. EOG plans to drill the Yangtze C 3 Fee Well No. 1H in the south 320 acres of this section and the Yangtze B 3 Fee Well No. 1H immediately north. Due to the oversized nature of the section, that leaves the 227.96 acres on the north end of the section unallocated. Attached as **Exhibit A** is the C-102 showing the subject spacing unit. **Exhibit B** is a plat showing the offsetting spacing units. EOG is

HOLLAND & HART^{LLP}



the operator of the adjoining spacing units in Sections 2 and 4. MYCO Industries, Inc. is the operator to the north in Section 32 and in Section 31, McBride Oil & Gas Corp. has a leasehold interest.

There are no interest owners being excluded from the spacing unit pursuant to Division Rule 1210. EOG has sent notice to those affected parties in **Exhibit C** with a copy of this application (with attachments) and has been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in black ink that reads "Ocean Munds-Dry". The signature is written in a cursive, flowing style.

Ocean Munds-Dry
Attorney for EOG Resources, Inc.

cc: Mr. Rick Lanning
Mr. Donny Glanton
EOG Resources

March 2, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

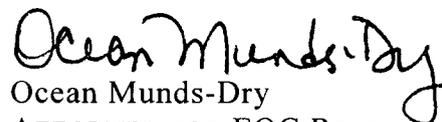
Re: Application of EOG Resources, Inc. for administrative approval of a 227.96-acre non-standard gas spacing unit for its Yangtze Fee Well No. 1H in Irregular Section 3, Township 16 South, Range 25 East, NMPM, Eddy County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by EOG Resources, Inc. for administrative approval of a 227.96-acre non-standard gas spacing unit for its Yangtze A 3 Fee Well No. 1H, to be drilled from a surface location 934 feet from the North line and 310 feet from the East line to a proposed bottomhole location 918 feet from the North line and 660 feet from the West line of Irregular Section 3, Township 16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Very truly yours,



Ocean Munds-Dry
ATTORNEY FOR EOG RESOURCES, INC.

Enclosures

Exhibit C
Application of EOG Resources, Inc.
Non-Standard Spacing Unit
Section 3, Township 16 South, Range 25 East
Eddy County, New Mexico

Myco Industries, Inc.
P.O. Box 840
Artesia, New Mexico 88211-0840

McBride Oil & Gas Corporation
400 N. Pennsylvania Ave. #1200
Roswell, New Mexico 88201

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease- 4 Copies
Fee Lease- 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-35383	Pool Code 75250	Pool Name COTTONWOOD CREEK WOLFCAMP (GAS)
Property Code 36265	Property Name YANGTZE "A" 3 FEE	Well Number 1H
OGRID No. 7377	Operator Name EOG RESOURCES, INC.	Elevation 3463'

Surface Location

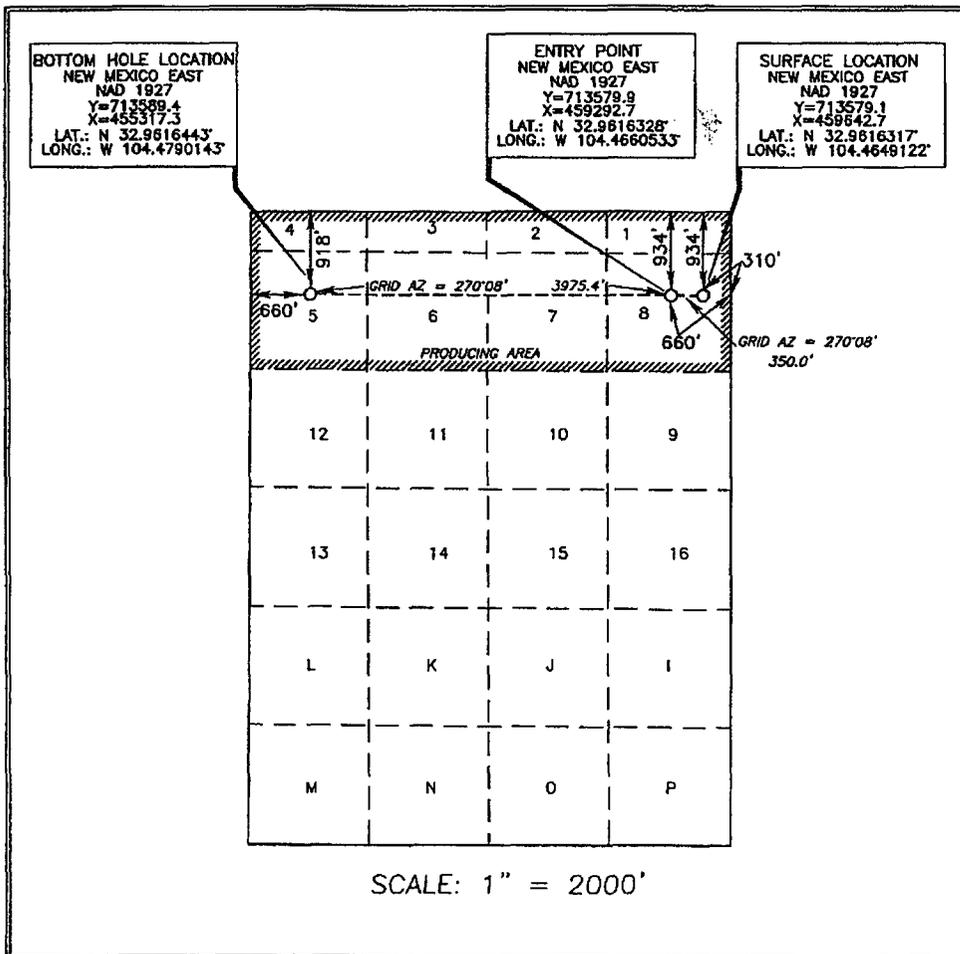
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
8	3	16 SOUTH	25 EAST, N.M.P.M.		934'	NORTH	310'	EAST	EDDY

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
5	3	16 SOUTH	25 EAST, N.M.P.M.		918'	NORTH	660'	WEST	EDDY

Dedicated Acres 227.96	Joint or Infill	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



SCALE: 1" = 2000'

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Donny G. Glanton 1/18/07
Signature Date

Donny G. Glanton
Printed Name

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.

15079
DECEMBER 05, 2006
Date of Survey

Signature and Seal of Professional Surveyor

Tommy G. Ornel 1/10/2007
Certificate Number 15079

WO# 061206WL-h (JL)

OFFSETS IN SECTION 3

McBride (31)		MYCO (32)			
EOG	D yangtze "A"	C	B	A	EOG
(4)	E	F	G	H	(2)
(4)	L	K EOG	J	I	(2)
M	N	O	P		

EXHIBIT B