





April 17, 2008

**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 the Simultaneous Dedication of the south-half of Section 3, Township 18 South, Range 23 East, N.M.P.M., Eddy County, New Mexico to its proposed Chama 3 Fed Well No. 2H and the existing Chama 3 Fed Well No. 1H.

Dear Mr. Fesmire:

EOG Resources, Inc. is the operator of a standard 320-acre spacing unit in the Gopher Wolfcamp Gas Pool (**Pool Code 77660**) comprised of the south-half of Section 3, Township 18 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. This spacing unit is dedicated to EOG's Chama 3 Fed Well No. 1H which has been horizontally drilled and produces from the Wolfcamp formation.

EOG seeks administrative approval of the simultaneous dedication of this standard 320-acre gas spacing unit to the following two horizontal gas wells:

- A. the existing CHAMA 3 FED Well No. 1H (API No. 30-015-36007) horizontally drilled from a surface location 1,800 feet from the South line and 660 feet from the East line to a proposed end point or bottomhole location 1,880 feet from the South line and 660 feet from the West line of said Section 3; and
- B. the proposed CHAMA 3 FED Well No. 2H (API No. 30-015 -36208) to be horizontally drilled from a surface location 760 feet from the South line and 360 feet from the East line to a proposed end point or bottomhole location 760 feet from the South line and 660 feet from the West line of said Section 3.

Both the penetration point and the bottomhole location for the Chama 3 Fed Well No. 1H are at a standard location in the Wolfcamp formation pursuant to Division Rules 104.C (2) (a) and 111.A (7). EOG now intends to horizontally drill and complete its proposed Chama 3 Fed Well No. 2H to be drilled to the targeted subsurface end-point or bottomhole location 760 feet from the South line and 660 feet from the West line (Unit M) of Section 3. EOG proposes to drill this well in compliance with the set-back requirements of Division Rules 104.C(2)(b) and 111.A(7) for deep gas wells in southeast New Mexico.

Attached hereto as **Exhibit A** is a copy of Division Form C-102 for this well that shows the proposed surface and bottomhole location of the well.

**Exhibit B** is a map of offset operators around the spacing unit in Section 3. **Exhibit C** is a list of affected parties as defined by Division Rules. As required by Rule 1210, a copy of this application (with attachments) has been sent to those affected parties in accordance with Rule 1207(A)(5) and they have 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.

The simultaneous dedication of the S/2 of said Section 3 to the Chama 3 Fed Well Nos. 1H and 2H will afford EOG the opportunity to efficiently produce the Wolfcamp formation under this spacing unit. EOG's proposed simultaneous dedication of these wells does not exceed the number of wells allowed by Division Rule for this spacing unit.

Your attention to this application is appreciated.

Sincerely,



Ocean Munds-Dry  
Attorney for EOG Resources, Inc.

Enclosures

**Exhibit C**

**Application of EOG Resources, Inc.  
Simultaneous Dedication of  
S/2 of Section 3, Township 18 South, Range 23 East, NMPM  
Eddy County, New Mexico**

LCX Energy, LLC  
101 N. Marenfeld Suite 200  
Midland, Texas 79701

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

David H. Arrington Oil & Gas  
214 West Texas, Suite 400  
Midland, Texas 79701

J.J. Steele Testamentary Trust  
c/o Mr. Ribble Holloman  
P.O. Box 58  
Clovis, NM 88101

Chesapeake Energy Corporation  
6100 Western Ave.  
Oklahoma City, OK 73148

Parallel Petroleum Corporation  
1004 N. Big Spring  
Suite 400  
Midland, TX 79701

Newkumet Exploration  
PO Box 11330  
Midland, Texas 79702-8330

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<br>30-015- <b>36208</b> | Pool Code<br><b>77660</b>                   | Pool Name<br><b>Gopher; Wolfcamp (G)</b> |
| Property Code                      | Property Name<br><b>CHAMA 3 FED.</b>        | Well Number<br><b>2H</b>                 |
| OGRID No.<br><b>7377</b>           | Operator Name<br><b>EOG RESOURCES, INC.</b> | Elevation<br><b>3923'</b>                |

Surface Location

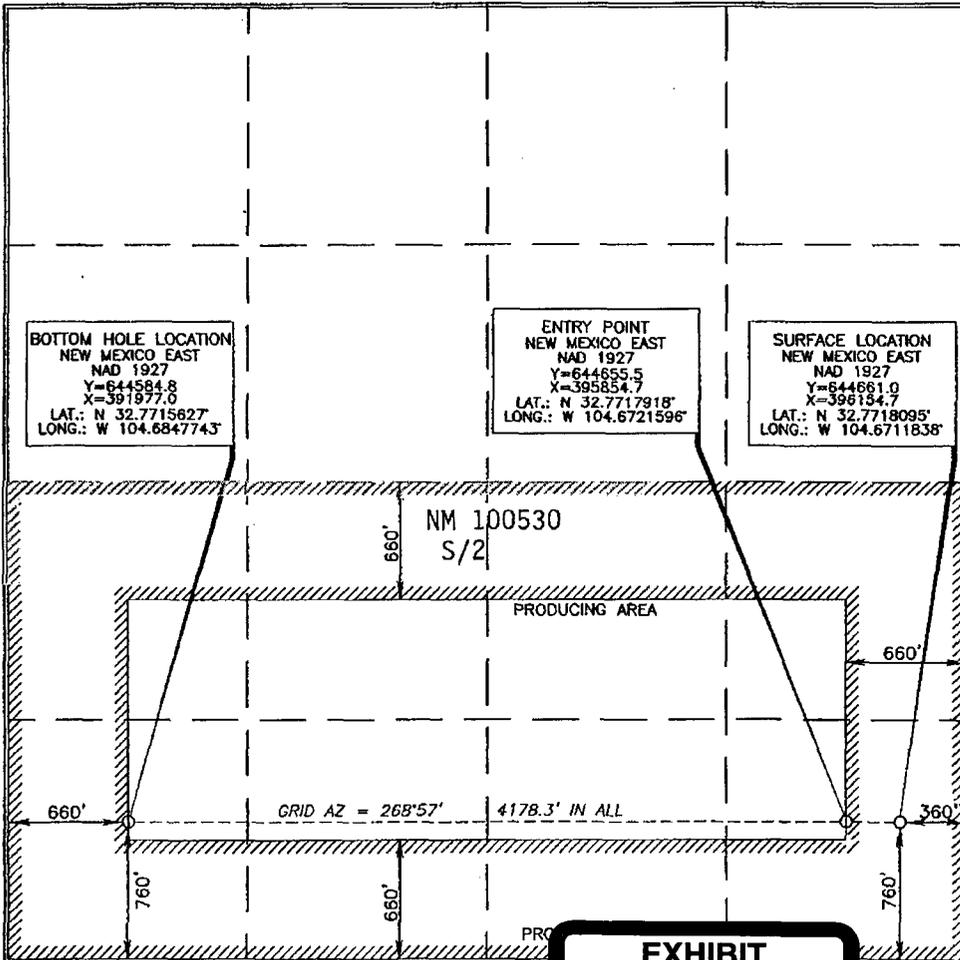
| UL or lot no. | Section  | Township        | Range                    | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County      |
|---------------|----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| <b>P</b>      | <b>3</b> | <b>18 SOUTH</b> | <b>23 EAST, N.M.P.M.</b> |         | <b>760'</b>   | <b>SOUTH</b>     | <b>360'</b>   | <b>EAST</b>    | <b>EDDY</b> |

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      |
|---------------|----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|-------------|
| <b>M</b>      | <b>3</b> | <b>18 SOUTH</b> | <b>23 EAST, N.M.P.M.</b> |         | <b>760'</b>   | <b>SOUTH</b>     | <b>660'</b>   | <b>WEST</b>    | <b>EDDY</b> |

|                               |                 |                    |           |
|-------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres<br><b>320</b> | Joint or Infill | Consolidation Code | Order No. |
|-------------------------------|-----------------|--------------------|-----------|

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.



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* 8/6/07  
Signature Date

Donny G. Glanton  
Printed Name

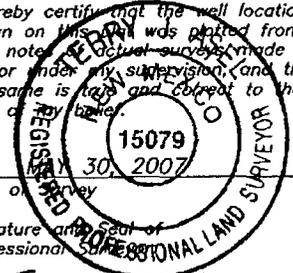
SURVEYOR CERTIFICATION

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.

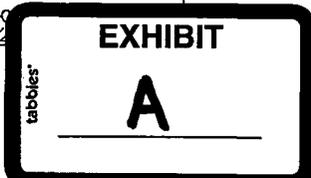
*Jerry D. Asel* 7/20/2007  
Date of Survey

Signature and Seal of Professional Surveyor

*Jerry D. Asel* 7/20/2007  
Certificate Number 15079



WOF 070530WL-b (JL)



OFFSETS IN SECTION 3

|  |             |                      |           |                   |
|--|-------------|----------------------|-----------|-------------------|
| (33)                                   |             | (34)                 | arrington | Arrington<br>(35) |
|  | D           | C                    | B         | A                 |
| CHK                                    | E           | F                    | G         | H                 |
| (4)                                    | L           | (3)                  | J         | (2)               |
| Parallel                               | Chama 3 Fed |                      |           |                   |
|  | M           | N                    | O         | P                 |
| EOG +<br>(9)<br>Newkomet<br>+ Parallel |             | Steele Trust<br>(19) |           | myco<br>(11)      |

District I  
1625 N. French Dr., Hobbs, NM 88240  
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District III  
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Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease-4 Copies  
Fee Lease-3 Copies

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|                            |                                      |                                    |
|----------------------------|--------------------------------------|------------------------------------|
| API Number<br>30-015-36007 | Pool Code<br>77660                   | Pool Name<br>Gopher ; Wolfcamp (G) |
| Property Code              | Property Name<br>CHAMA 3 FED.        | Well Number<br>1H                  |
| OGRID No.<br>7377          | Operator Name<br>EOG RESOURCES, INC. | Elevation<br>3929'                 |

Surface Location

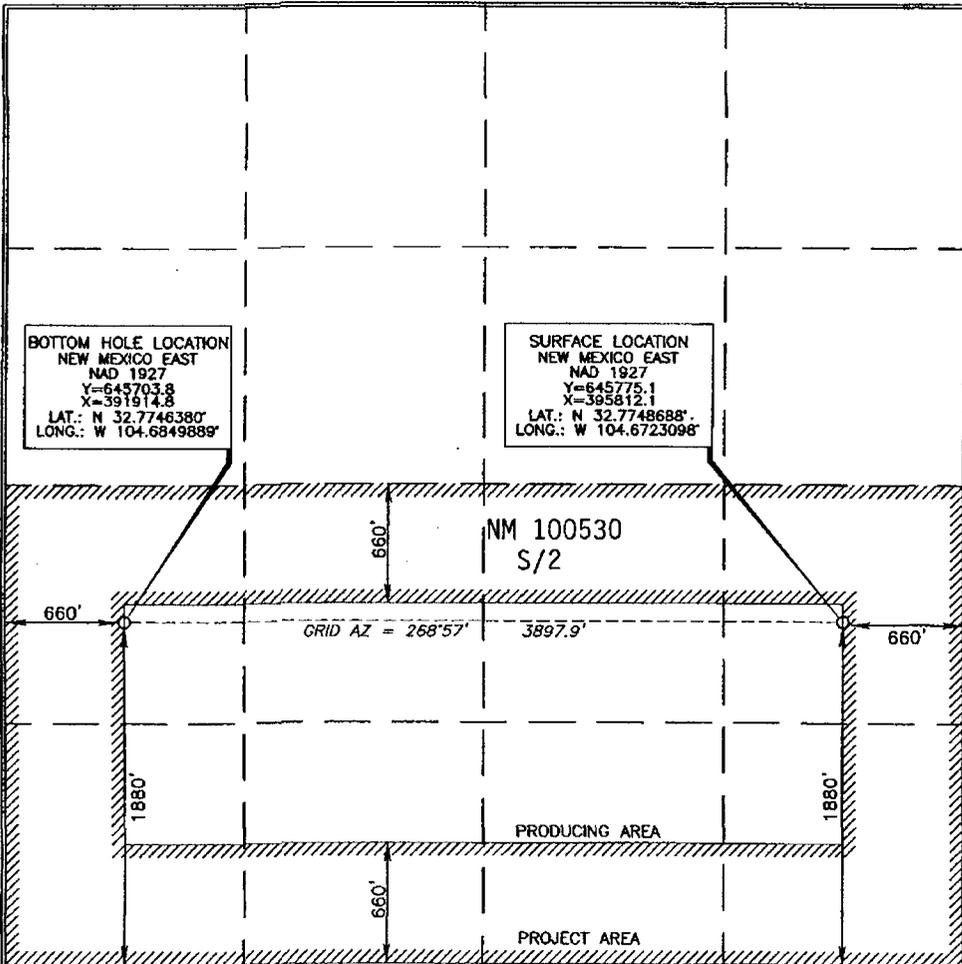
| UL or lot no. | Section | Township | Range             | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| I             | 3       | 18 SOUTH | 23 EAST, N.M.P.M. |         | 1880'         | SOUTH            | 660'          | 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 |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| L             | 3       | 18 SOUTH | 23 EAST, N.M.P.M. |         | 1880'         | SOUTH            | 660'          | WEST           | EDDY   |

|                        |                 |                    |           |
|------------------------|-----------------|--------------------|-----------|
| Dedicated Acres<br>320 | Joint or Infill | Consolidation Code | Order No. |
|------------------------|-----------------|--------------------|-----------|

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.



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.

*Don G. Glanton* 8/6/07  
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.

DATE  
MAY 30, 2007

Signature and Seal of Professional Surveyor

*Terry J. ...* 7/19/2007  
Certificate Number 15079

WO# 070530WL-a (JL)