

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 19, 2008

Ms. Ocean Munds-Dry
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order SD-200825

Re: EOG Resources, Inc.
Pembina B 33 State Com. Well No. 1H
API No. 30-015-36189
Unit I, Section 33, Twsp 18S, Range 23E
Eddy County

Dear Ms Munds-Dry:

Reference is made to the following:

(a) your application (**administrative SD application reference No. pKVR08-30229316**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 27, 2008, on behalf of EOG Resources, Inc. (EOG); and

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

EOG has requested to simultaneously dedicate the S/2 of Section 33, Township 18 South, Range 23 East in Eddy County, New Mexico, in the Wolfcamp formation, to:

(a) its proposed Pembina B 33 State Well No. 1H (API No. 30-015-36189) (the proposed well), a horizontal gas well to be drilled to the Wolfcamp formation from an unorthodox surface location 1580 feet from the South line and 410 feet from the East line (Unit I) of Section 33 to an orthodox point of penetration of the Wolfcamp formation, 1880 feet from the South line and 660 feet from the East line (Unit I) of Section 33, and thence to a terminus, or bottom-hole location, 1880 feet from the South line and 660 feet from the West line (Unit L) of said section; and

(b) its existing Pembina B 33 Federal Com. Well No. 2H (API No. 30-015-36502) (the existing well), a horizontal gas well drilled to the Wolfcamp formation from an unorthodox



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surface location 760 feet from the South line and 510 feet from the East line (Unit P) of Section 33 to an orthodox terminus, or bottom-hole location, 760 feet from the South line and 660 feet from the West line (Unit M) of said section.

The S/2 of Section 33 is a standard 320-acre gas spacing unit in the undesignated Four Mile Draw-Wolfcamp Gas Pool (97415). Well density in this pool is governed by statewide Rule 104.C(2), which, as applied to this unit, allows two wells to be completed in the unit, but requires that the wells be in different quarter sections. Because the proposed well will be completed within both quarter sections of this 320-acre unit, and the existing well is also completed in both quarter sections, division approval for simultaneous dedication is required.

Your application on behalf of EOG has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A(2).

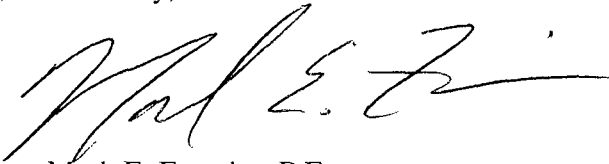
It is our understanding EOG has proposed the simultaneous dedication of this unit to the two wells described for geological reasons, in order to prevent waste and maximize production from this unit.

We further understand that all affected persons in offsetting units within the Wolfcamp formation have been duly notified of the filing of this application.

Pursuant to the authority granted by Rule 104.D(3), the above-described simultaneous dedication is hereby approved.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
United States Bureau of Land Management - Carlsbad