HOLLAND & HART LLP

DENVER • ASPEN BOULDER • COLORADO SPRINGS DENVER TECH CENTER BILLINGS • BOISE CHEYENNE • JACKSON HOLE SALT LAKE CITY • SANTA FE WASHINGTON, D.C. P.O BOX 2208 SANTA FE, NEW MEXICO 87504-2208 110 NORTH GUADALUPE, SUITE 1 SANTA FE, NEW MEXICO 87501-6525 TELEPHONE (505) 988-4421 FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

April 15, 2002

HAND-DELIVERED

Michael E. Stogner Chief Hearing Officer/Engineer 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. administrative approval of an unorthodox bottomhole well location for its Oatmeal "8" Federal Com Well No. 1, to be directionally drilled from a surface location 882 feet from the South line and 2133 feet from the East line to an unorthodox bottomhole location 662 feet from the South line and 2133 feet from the East line of Section 8, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Stogner:

By letter dated April 3, 2002 you advised that an objection to the abovereferenced application had been received by the Division from Jo S. Starkweather of Lone Oak, Texas. Following receipt of your letter, Patrick J. Tower contacted Ms. Starkweather concerning her letter of objection. After having the application for unorthodox well location explained to her, Ms. Starkweather decided to withdraw her objection. Enclosed is a copy of Ms Starkweather's letter of April 8, 2002.

EOG Resources, Inc. has a rig available to drill the Oatmeal "8" Federal Com Well No. 1 and requests that, since there are now no objections to this location and the 20-day notice period has run, that the Division grant administrative approval of this application and dismiss the case now set for hearing on May 2, 2002. If this request is not acceptable, EOG requests permission to commence the drilling of this well on the

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HOLLAND & HART LLP

April 8, 2002 Page 2

understanding that it will not produce until the location has been approved by the Division.

Your attention to this request is appreciated.

Very truly yours, eliant t

William F. Carr

cc: Patrick J. Tower

04/08/2002 03:20

5035525569

STARKWEATHER

PAGE 81

April 8, 2002

Michael E. Stogner Chief Hearing Officer-Engineer 1220 South St. Francis Dr. Santa Fe, NM 87505

Application of EOG Resources, Inc. of an unorthodox bottom hole RE: well location for it's Oatmeal "8" Federal Com Well No. 1, in Section 8-Township 18S-Range 30E NMPM, Eddy County, New Mexico

Dear Mr. Stogner:

I hereby withdraw my objection in my letter dated March 29, 2002. In reference to your letter I do not need to go forward with the hearing. Sorry for the misunderstanding.

Very truly yours,

Lucather

Jo Starkweather

April 8, 2002

Michael E. Stogner Chief Hearing Officer-Engineer 1220 South St. Francis Dr. Santa Fe, NM 87505

RE: Application of EOG Resources, Inc. of an unorthodox bottom hole well location for it's Oatmeal "8" Federal Com Well No. 1, in Section 8-Township 18S-Range 30E NMPM, Eddy County, New Mexico

Dear Mr. Stogner:

I hereby withdraw my objection in my letter dated March 29, 2002. In reference to your letter I do not need to go forward with the hearing. Sorry for the misunderstanding.

Very truly yours,

achierther

Jo Starkweather

March 29, 2002

Lori Wrotenbery, 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. of an unorthodox bottomhole well location for it's Oatmeal "8" Federal Com Well No. 1, in Section 8, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico 02 WAY - 1 - 848 50

Dear Ms. Wrotenbery,

As a working interest owner in this section mentioned above I object to this application for an unorthodox bottomhole well which is entirely too close to the section of the well of which I receive my mineral interests. They are infringing on my section and this should not be allowed.

I strongly oppose to this action.

If you need any other information regarding my opposition, please let me know.

Very truly yours, Starke ea there

Jo S. Starkweather



LONE OAK, TX 75453-6029

Santa Fe, New Mexico 87505 New Mexico Dept. of Energy 1200 South Saint Francis Dr. Lori Wrotenbery, Director Oil Conservation Division

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Betty Rivera Cabinet Secretary

April 3, 2002

Lori Wrotenbery Director Oil Conservation Division

EOG Resources, Inc. c/o Holland & Hart LLP P. O. Box 2208 Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

RE: Administrative application on behalf of EOG Resources, Inc. for a subsurface gas well location exception to the Sand Tank-Morrow Gas Pool and Undesignated Sand Tank-Chester Gas Pool (application reference No. pKRV0-208654751) filed with the New Mexico Oil Conservation Division ("Division") on March 26, 2002 for its Oatmeal "8" Federal Com. Well No. 1 within the E/2 of Section 8, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

Dear Mr. Carr:

The Division is in receipt of an objection from Jo S. Starkweather of Lone Oak, Texas to the subject application, see copy of letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for May 2, 2002. I have prepared the following advertisement in this matter:

"Application of EOG Resources, Inc. for a non-standard subsurface gas well location, Eddy County, New Mexico. Applicant, in accordance with Division Rules 104.F and 111.C (2), seeks approval for a non-standard subsurface gas well location/producing area for both the Sand Tank-Morrow Gas Pool and Undesignated Sand Tank-Chester Gas Pool within a standard 320-acre stand-up gas spacing and proration unit for both intervals comprising the E/2 of Section 8, Township 18 South, Range 30 East, (which is located approximately four miles south of Loco Hills, New Mexico). The applicant seeks to directionally drill its Oatmeal "8" Federal Com. Well No. 1 from a surface location 882 feet from the South line and 2133 feet from the East line (Unit O) of Section 8 to a targeted unorthodox subsurface gas well location 662 feet from the South line and 2133 feet from the East line (Unit O) of Section 8."

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-

Sincerely,

Michael E. Stogner Chief Hearing Officer/Engineer

MES/kv

3465.

cc: New Mexico Oil Conservation Division - Artesia Jo S. Starkweather – Lone Oak, Texas

DATE	26/02 4/1	5/02 ENGINEER M.S. LOGGED IN KN TYPE NSL APP NO. 208654751
<u></u>		ABOVE THIS LINE FOR DIVISION USE ONLY
		NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505
	A	DMINISTRATIVE APPLICATION CHECKLIST
THI	S CHECKLIST IS M	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
A pplic	DHC-Down [PC-Poo	ns: Idard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] hole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] of Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] ified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF AP [A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication X NSL NSL NSP SD
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	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR
	[D]	Other: Specify
[2]	NOTIFICAT	ON REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners
	[B]	Offset Operators, Leaseholders or Surface Owner
	[C]	Application is One Which Requires Published Legal Notice
	[D]	Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
	[E]	For all of the above, Proof of Notification or Publication is Attached, and/or,
	[F]	Waivers are Attached

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF [3] **APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

und. Earl A houand hart.com ATTOPUSI Title <u>i F.</u> C WILLA Print or Type Name Signature e-mail Address



DENVER • ASPEN BOULDER • COLORADO SPRINGS DENVER TECH CENTER BILLINGS • BOISE CHEYENNE • JACKSON HOLE SALT LAKE CITY • SANTA FE WASHINGTON, D.C. P.O. BOX 2208 SANTA FE. NEW MEXICO 87504-2208 110 NORTH GUADALUPE, SUITE 1 SANTA FE, NEW MEXICO 87501-6525 3 TELEPHONE (505) 988-4421 FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

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March 26, 2002

HAND-DELIVERED

Lori Wrotenbery, 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. administrative approval of an unorthodox bottomhole well location for its Oatmeal "8" Federal Com Well No. 1, to be directionally drilled from a surface location 882 feet from the South line and 2133 feet from the East line to an unorthodox bottomhole location 662 feet from the South line and 2133 feet from the East line of Section 8, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Wrotenbery:

EOG Resources, Inc. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2)-(4) adopted on August 12, 1999, of an unorthodox well location for its Oatmeal "8" Federal Com Well No. 1 to be directionally drilled from a surface location 882 feet from the South line and 2133 feet from the East line to an unorthodox bottomhole location 662 feet from the South line and 2133 feet from the East line of Section 8, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed surface location is required by the BLM due to topographic conditions This well will be drilled to a depth sufficient to test the Morrow and the Mississippian Chester formations, Sand Tank-Morrow Gas Pool. A standard 320-acre spacing and proration unit comprised of the E/2 of Section 8 will be dedicated to the well.

This bottom hole location in the Morrow and Missippian Chester formations is unorthodox because it is governed by the Division's statewide rules which provide for wells on 320-spacing units to be located no closer than 660 feet to the Administrative application for unorthodox well location Oatmeal "8" Federal Com Well No. 1 March 26, 2002 Page 2

outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The proposed unorthodox well location is 507 feet from an outer boundary of a quarter section line.

An unorthodox bottomhole location for this well is required by geologic conditions. EOG's geologic model for this area is that there is greater potential for Morrow sands in thicker intervals rather than thins. Seismic data does not "see" Morrow sands but shows a thickening of the Morrow interval which suggests the potential for Morrow sands at the proposed bottom hole location. Exhibit A is an isochron map between a maker in the Middle Morrow clastics interval and the Lower Morrow. The blue-purple areas are thicks on this map. Our bottom hole location is in the seismic thick. Exhibit B is a north-south seismic line through EOG's proposed bottom hole location. This line shows the relative thickening between the MrrwM Marker and the Mrrw Lower. This exhibit also shows the discrete nature of the thick. Exhibit C is a west-east seismic line through EOG's proposed bottom hole location. This seismic line shows not only the seismic thickening but also a subtle change in the seismic character internal to the thick. The proposed location is in the thicker portion of the interval, as defined by seismic, and is slightly different than that in the west half of the section. Exhibit C crosses Exhibit B at the proposed bottom hole location. Comparing the two seismic lines at the requested bottom hole location, one can see the difference in the seismic character at the intersection verses the west half of Section 8. EOG believes Morrow sands would be associated with this seismic character and therefore are proposing to drill to this bottom hole Based on its seismic interpretation, EOG's proposed bottom hole location. location for the Oatmeal "8" Federal Com Well No. 1 is in a position to maximize EOG's ability to effectively recover the hydrocarbons from this E/2 spacing unit.

Attached hereto as Exhibit D is a plat which shows the subject area, the 320-acre spacing unit comprised of all of the E/2 of Section 22 and the proposed surface and unorthodox bottom hole location. Since this well encroaches on an EOG operated tract to the West, a copy of this application, including a copy of the plat described above has been sent to all working interest owners in this offsetting spacing unit by certified mail-return receipt requested in accordance with Rule 1207 (A)(5). These owners are identified on Exhibit E to this application and have been a advised that if they have an objection to this application it must be

Administrative application for unorthodox well location Oatmeal "8" Federal Com Well No. 1 March 26, 2002 Page 3

filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Enclosed in hard copy and disc is a proposed administrative order of the Division.

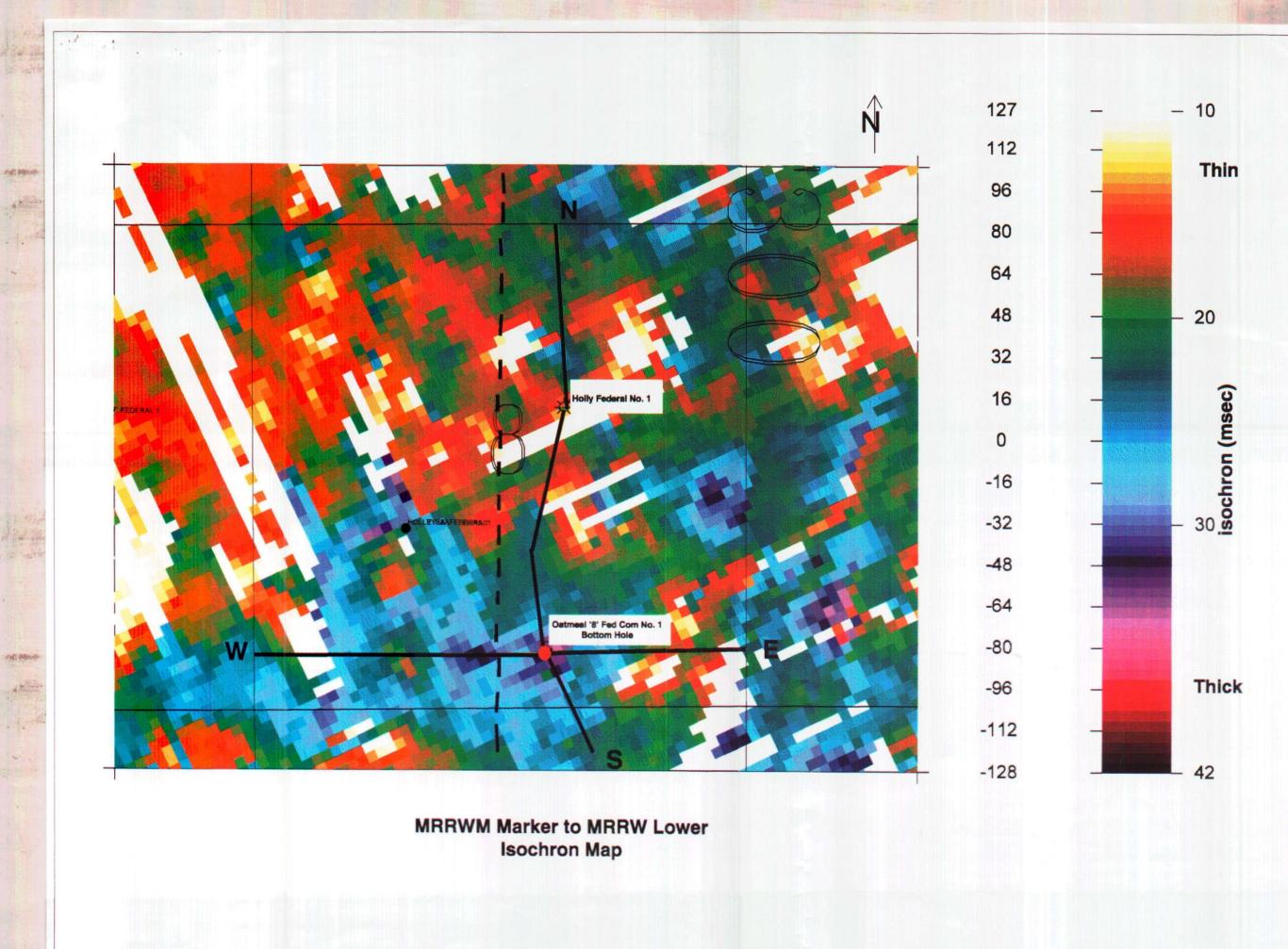
Your attention to this application is appreciated.

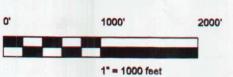
Very truly yours

William F. Carr Attorney for EOG Resources, Inc.

Enclosures

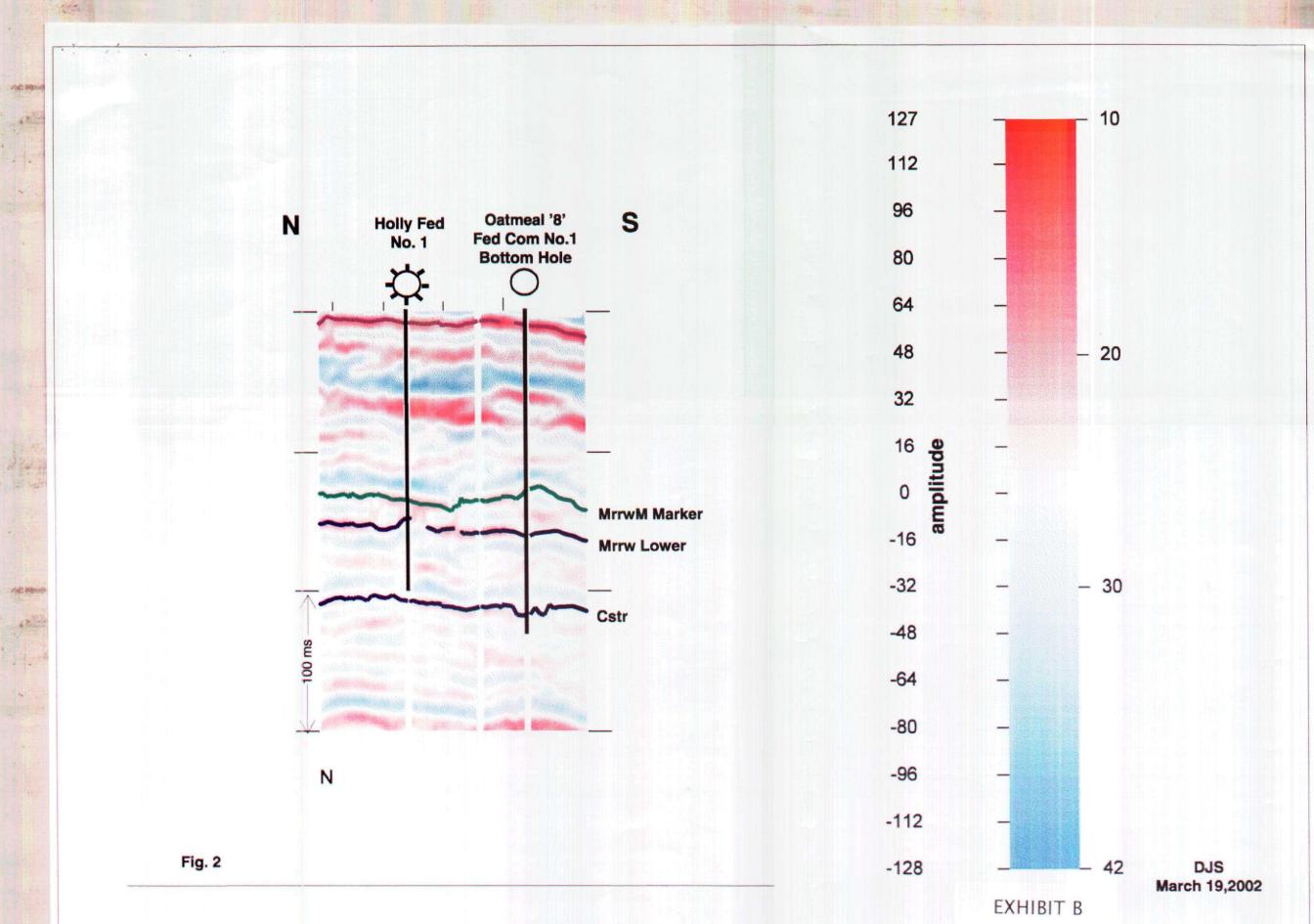
cc: Patrick J. Tower, Project Landman EOG Resources, Inc. Post Office Box 2267 Midland, Texas 79702





Oatmeal '8' Fed Com #1 DJS March 19, 2002

EXHIBIT A



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<u>EXHIBIT E</u>

NOTIFICATION LIST

Application of EOG Resources, Inc. administrative approval of an unorthodox bottom hole gas well location Oatmeal "8" Federal Com Well No. 1 320 acres (East Half) Section 8, Township 18 South, Range 30 East, NMPM Eddy County, New Mexico.

Cannon Exploration Company 3608 S. County Road, #1184 Midland, TX 79706

Cibola Energy Co. P. O. Box 484 Albuquerque, NM 87103

Estate of William P. Dooley c/o Paula Dooley 1006 South Second Street Artesia, NM 88210

Harvey E. Yates Company P. O. Box 1933 Roswell, NM 88202-1933

MRI Associates Inc. 7633 East 63rd Place #220 Tulsa, OK 74133-1272

Estate of Wirt Rhea 8917 Livenshire Dallas, TX 75238

Rio Pecos Corporation 4501 Green Tree Boulevard Midland, TX 79707

Sharbro Oil Ltd. Co. P. O. Box 840 Artesia, NM 88210 The Robert T. and Holly L. Elliott Family Limited Partnership 4105 Baybrook Drive Midland, TX 79707

EOG Resources, Inc. P. O. Box 4362 Houston, TX 77210-4362

Fair Oil, Ltd. P. O. Box 689 Tyler, TX 75710-0689

Manning Investments 6136 S. 219th Broken Arrow, OK 74014

Pathfinder Exploration Company 4512 Bent Tree Trail Midland, TX 79707

Rialto Energy, Inc. 440 Louisiana, Suite 715 Houston, TX 77002

Sacramento Partners Limited Partnership 105 South Fourth Street Artesia, NM 88210

Paul Slayton P. O. Box 2035 Roswell, NM 88201 Jo Sue Starkweather 6976 County Road #3219 Lone Oak, TX 75453-6029

Westway Petro 500 North Akard Street, Suite 200 Dallas, TX 75201

John A. Yates 331 West Main, Suite A Artesia, NM 88210

Trust Q Uwo Peggy A. Yates, deceased John A. Yates, Trustee 331 West Main, Suite A Artesia, NM 88210

Jalapeno Corporation P. O. Box 1668 Albuquerque, NM 87103-1608 Tara-Jon Corporation 8003 Meadow View Lane Midland, TX 79707

Willischild Oil & Gas Corp. 904 G Street Snyder, OK 73566

Estate of Lillie M. Yates, deceased Harper, Personal Representatives of Estate P. O. Box 840 Artesia, NM 88211-0840

Yates Energy Corporation Attn: Sharon R. Hamilton P. O. Box 2323 Roswell, NM 88202-2323

Yates Petroleum Corporation Attn: Robert Bullock 105 South Fourth Street Artesia, NM 88210

HOLLAND & HART LLP

DENVER • ASPEN BOULDER • COLORADO SPRINGS DENVER TECH CENTER BILLINGS • BOISE CHEYENNE • JACKSON HOLE SALT LAKE CITY • SANTA FE WASHINGTON, D.C P O. BOX 2208 SANTA FE, NEW MEXICO 87504-2208 110 NORTH GUADALUPE, SUITE 1 SANTA FE, NEW MEXICO 87501-6525 TELEPHONE (505) 988-4421 FACSIMILE (505) 983-6043

William F. Carr wcarr@hollandhart.com

March 26, 2002

<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO AFFECTED WORKING INTEREST OWNERS

Re: Application of EOG Resources, Inc. administrative approval of an unorthodox bottomhole well location for its Oatmeal "8" Federal Com Well No. 1, to be directionally drilled from a surface location 882 feet from the South line and 2133 feet from the East line to an unorthodox bottomhole location 662 feet from the South line and 2133 feet from the East line of Section 8, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application and attached plat which was filed with the New Mexico Oil Conservation Division on this date by EOG Resources, Inc. for administrative approval of an unorthodox bottomhole well location for its Oatmeal "8" Well No. 1, to be directionally drilled from a surface location 882 feet from the South line and 2133 feet from the East line to an unorthodox bottomhole location at a point 662 feet from the South line and 2133 feet from the East line of Section 8, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

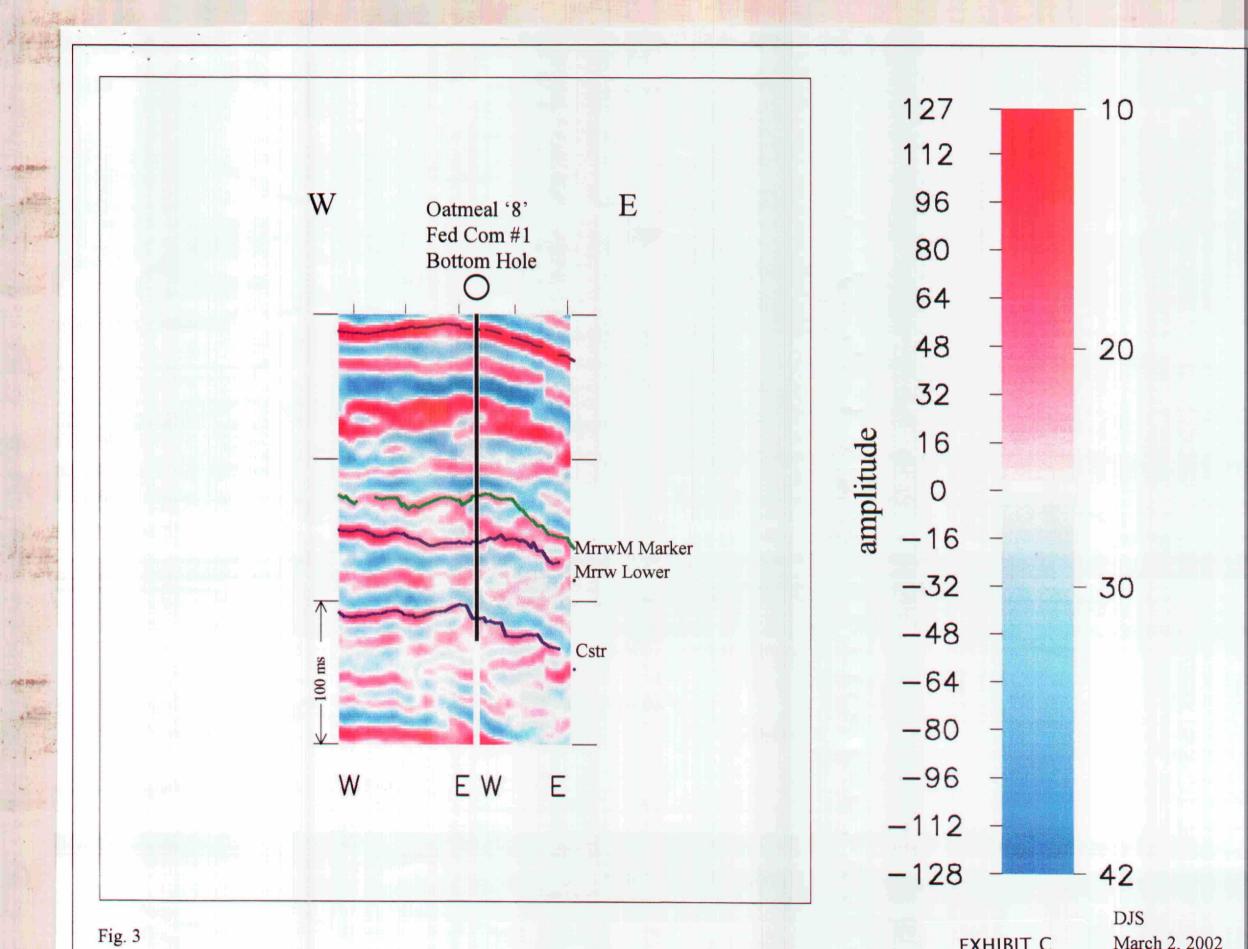
As an owner of an interest which may be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from this date. If no objection is received within this twenty-day period, this application for unorthodox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

truly yours

William F. Carr Attorney for EOG Resources, Inc.

Enclosures

cc: Patrick J. Tower EOG Resources, Inc.



EOG Resources, Inc. Post Office Box 2267 Midland, Texas 79705

Attention: Patrick J. Tower

Administrative Order NSL-

Dear Mr. Tower:

Reference is made to your application dated March 26, 2002 for an unorthodox bottomhole well location for a well to be drilled to the Morrow and Mississippian Chester formations Sand Tank-Morrow Gas Pool, for your proposed Oatmeal "8" Federal Com. Well No. 1. Said well to be drilled at an unorthodox gas well location in the Morrow and Mississippian Chester from a surface location 882 feet from South line ahd 2133 feet from the East line to an unorthodox bottomhole location 662 feet from the South line and 2133 feet from the East line (Unit N) of Section 8, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

A 320-acre spacing and protation unit in the Morrow and Mississippian Chester formations comprising the E/2 of said Section 8 is to be dedicated to said well.

By authority granted me under the provisions of Rule 104.F(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case 11,351 on January 18, 1996, the above-described unorthodox well location is hereby approved.

Sincerely,

Lori Wrotenbery Director

cc: Oil Conservation Division - Hobbs/Artesia U. S. Bureau of Land Management - Carlsbad

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31	32	33	34	35	
escription	· W/2 Sec. 7 (1	1-10642,8	-19-96)		

COUNTY E	ddy P	DOL San	d Tank-	morrow	Gas
TOWNSHIP /	8 South R.	ANGE 30	East N	MPM	
6		4	3	2	
	14				
		9	10		
	/				
	17-17-	-16		14	
	20	21		23	24
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31	32		34	35	
Descriptio	n: E/2 Sec	8 (R->>08	8,10-25-8	(ψ)	
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County Eddy	Pool Sand Tank -	Queen
Tounship 18 South		
6 5	4	21
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AVE SE O		
Description: NE4 SE4 Sec.	<u>7(l-2679,4-1-64)</u>	•••••••••••••••••••••••••••••••••••••••
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Abolis	hed R. 4304, 6-1.7	12
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CMD : OG5SECT	ONGAF INQUIRE LANI	RD D BY SECTION	04/03/02 15:22: OGOMES -TP PAGE NO:
Sec : 08 Twp : 18S	Rng: 30E Sectio	on Type : NORMAL	
D	C	В	A
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
E	F		-
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
PF01 HELP PF02	PF03 EXIT	PF04 GoTo PF05	PF06
PF07 BKWD PF08 FW	D PF09 PRINT	PF10 SDIV PF11	PF12

Date: 4/3/2002 Time: 03:21:20 PM

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CMD : OG5SECT	ONGARD INQUIRE LAND I		04/03/02 15:22: OGOMES -TP PAGE NO:
Sec : 08 Twp : 18S	Rng: 30E Section	Type : NORMAL	
 L	K	J	I
40.00	40.00	40.00	40.00
Federal owned	Federal owned A	Federal owned	Federal owned
M	N	0	P
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
PF01 HELP PF02 PF07 BKWD PF08 FW	PF03 EXIT P D PF09 PRINT P	F04 GoTo PF05 F10 SDIV PF11	PF06 PF12

CMD :		ONGA	RD	04/0	03/02 15:23:
OG6IWCM		INQUIRE WELI	COMPLETIONS		OGOMES -TP
Pool Idn OGRID Idn	: 84872 SA : 26485 B	4298 Eff Date ND TANK;MORROW (URLINGTON RESOUP OLLY 8 FEDERAL (GAS) CES OIL & GAS		p
Well No GL Elevatio					
	,				
	U/L Se	c Township Rang	ge North/South	East/West	Prop/Act(P/
Lot Identif Dedicated A Lease Type	: G 8 ier: cre: : F	c Township Rang 18S 30E (Comm, Unit, For	FTG 1980 F 1	 N FTG 1980 F E	
Lot Identif Dedicated A Lease Type Type of con	: G 8 fier: acre: : F solidation	18S 30E (Comm, Unit, For	FTG 1980 F 1	 N FTG 1980 F E	
Lot Identif Dedicated A Lease Type Type of con M00	: G 8 dier: cre: : F solidation	18S 30E	FTG 1980 F 1 ced Pooling -	N FTG 1980 F E C/U/F/O) :	

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County Eddy TOWNSHIP /8 Sout 6 6 7 8 7 7 8 7 7 8 7 7 8 7 7 7 7 7 7 7 7 7 7 7 7 7			► NMPM	
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Ext: 5/2 Sec. 4 (R-72				
	79,5-17-83)E	<u>8-82)</u> Exti <u>N/2Sec</u> .	.5 (R-10619, 7	-2-96)
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