

**BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT**

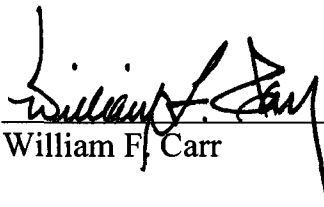
**IN THE MATTER OF THE APPLICATION OF EOG
RESOURCES, INC. FOR COMPULSORY POOLING
AND DIRECTIONAL DRILLING, EDDY COUNTY,
NEW MEXICO.**

CASE NO. 13324

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of EOG Resources, Inc., the applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was mailed to the Interested Parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

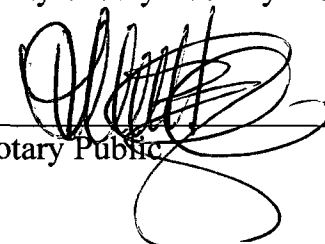


William F. Carr

SUBSCRIBED AND SWORN to before this 27th day of July 2004 by William F. Carr.



OFFICIAL SEAL
LISAMARIE ORTIZ
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires 01/14/07



Notary Public

My Commission Expires: 01/14/07

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage)

OFFICIAL U

Postage	\$ 1.60
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.65

PS Form 3800, July 1999

Sent To Jetta X-2, L.P.
Attn: Joe Glazner
777 Taylor Street, PI-D
Fort Worth, TX 76102-49

PS Form 3800, July 1999

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Jetta X-2, L.P.
Attn: Joe Glazner
777 Taylor Street, PI-D
Fort Worth, TX 76102-4919

2. Article Number (Copy from:

7001 1140 0002 5602 4753

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Nadel and Gussman Permian L.L.C.
Attn: Sam Jolliffe
601 N. Marienfeld, Suite 508
Midland, TX 79701

2. Article Number (Copy from se

7001 1140 0002 5602 4760

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

SDX Properties, Inc.
Attn: Steve Sell
Post Office Box 5061
Midland, Texas 79704

2. Article Number (Copy fr

7001 1140 0002 5602 4517

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

JUL 30 2004

C. Signature

X [Signature] ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered ☒ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

A. Received by (Please Print Clearly) B. Date of Delivery

Emerald Jones 7/3/04

C. Signature

X [Signature] ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered ☒ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

A. Received by (Please Print Clearly) B. Date of Delivery

Bonnie Atwater 7-30-04

C. Signature

X [Signature] ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered ☒ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

EXHIBIT A

**APPLICATION OF
EOG RESOURCES, INC.
FOR COMPULSORY POOLING
N/2 OF SECTION 32, TOWNSHIP 19 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

SDX Properties, Inc.
Post Office Box 5061
Midland, Texas 79704
Attention: Steve Sell

Jetta X-2, L.P.
777 Taylor Street, PI-D
Fort Worth, Texas 76102-4919
Attention: Joe Glazner

Nadel and Gussman Permian, L.L.C.
601 N. Marienfeld, Suite 508
Midland, Texas, 79701
Attention: Sam Jolliffe



July 23, 2004

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

ALL AFFECTED INTEREST OWNERS

Re: Application of EOG Resources, Inc. for compulsory pooling and directional drilling, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that EOG Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests from the surface to the base of the Morrow formation in the N/2 of Section 32, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. EOG proposes to dedicate the referenced pooled units to its State "32" State Com Well No. 2 to be directionally drilled from a surface location 2404 feet from the North line and 1083 feet from the West line to a standard bottomhole gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 32, to a depth sufficient to test any and all formations in the pooled interval to the base of the Morrow formation. The well will be at a standard location in all formations.

This application has been set for hearing before a Division Examiner on August 19, 2004. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr
ATTORNEY FOR EOG RESOURCES,
INC.

cc: Patrick J. Tower
EOG Resources, Inc.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF EOG RESOURCES, INC. FOR
COMPULSORY POOLING AND
DIRECTIONAL DRILLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

EOG RESOURCES, INC., ("EOG") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the N/2 of Section 32, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Winchester-Morrow Gas Pool, the Undesignated Winchester-Atoka Gas Pool, and the Undesignated Burton Flat-Strawn Gas Pool; and the NW/4 for all formations and/or pools developed on 160-acre spacing, and in support of its application states:

1. EOG is a working interest owner in the N/2 of said Section 32 and has the right to drill thereon.
2. EOG proposes to dedicate the above-referenced spacing or proration units to its State "32" Com. Well No. 2 to be drilled from a surface location 2404 feet from the North line and 1083 feet from the West line to a standard bottomhole gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 32, to a depth sufficient to test any and all formations in the pooled interval to the base of the Morrow formation. The well will be at a standard location in all formations subject to pooling.
3. EOG has sought and been unable to obtain a voluntary agreement for the development of these lands from certain working interest owners in the subject spacing units who are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the EOG to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and EOG Resources, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, EOG Resources, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 19, 2004 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating EOG Resources, Inc. operator of these units and the well to be drilled thereon,
- C. authorizing EOG Resources, Inc. to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a 200% penalty for the risk assumed by EOG Resources, Inc. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR EOG RESOURCES, INC.

CASE _____:

Application of EOG Resources, Inc. for compulsory pooling and directional drilling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the N/2 of Section 32, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Winchester-Morrow Gas Pool, the Undesignated Winchester-Atoka Gas Pool, and the Undesignated Burton Flat-Strawn Gas; and the NW/4 for all formations and/or pools developed on 160-acre spacing. Said units are to be dedicated to its State "32" Com Well No. 2 to be directionally drilled from a surface location 2404 feet from the North line and 1083 feet from the West line to a standard bottomhole gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 32, to a depth sufficient to test any and all formations in the pooled interval to the base of the Morrow formation. The well will be at a standard location in all formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northeast of Carlsbad, New Mexico.

Affidavit of Publication

NO. 18557

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks/days on the same day as follows:

First Publication August 1 2004

Second Publication

Third Publication

Fourth Publication

Gary D. Scott

Subscribed and sworn to before me this

4th Day August 2004

Barbara Ann Brown

Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2007

NOTICE OF
PUBLICATION
STATE OF NEW
MEXICO

Co

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on August 19, 2004, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by August 13, 2004. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public. (NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 13324:

Application of EOG Resources, Inc. for compulsory pooling and directional drilling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the N/2 of Section 32, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Winches-

and units are to be dedicated to its State "32" Com Well No. 2 to be directionally drilled from a surface location 2404 feet from the North line and 1083 feet from the West line to a standard bottomhole gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 32, to a depth sufficient to test any and all formations in the pooled interval to the base of the Morrow formation. The well will be at a standard location in all formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of EOG Resources, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles north-east of Carlsbad, New Mexico.

In accordance with Oil Conservation Division Rules, notice of the above-referenced Application was mailed to the interested parties listed below:

Jetta X-2, L.P.
Attn: Joe Glazner
777 Taylor Street, PI-D
Fort Worth, Texas
76102-4919
Nadel and Gussman Permian L.L.C.
Attn: Sam Jolliffe
601 N. Marienfeld, Suite 508

Midland, TX 79701
SDX Properties, Inc.
Attn: Steve Sell
Post Office Box 5061
Midland, TX 79704
Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 27th day of July 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E.,
Director
Published in the Artesia Daily Press, Artesia, N.M. August 1, 2004.
Legal 18557