



EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(915) 686-3600

November 16, 2000

Pogo Producing Company
P. O. Box 10340
Midland, Texas 79702-7340

Attention: Mr. Terry Gant

RE: Red Tank "23" Fed Com No. 1
1830' FEL & 1980' FSL
Section 23, T-22-S, R-32-E
Lea County, New Mexico
K0012970

Gentlemen:

Reference is made to those letters dated September 29, 200 and October 24, 2000 concerning EOG Resources, Inc.'s ("EOG") proposal of the captioned well and that letter dated November 2, 2000 wherein Pogo Producing Company ("Pogo") proposed a different location and proration unit orientation.

EOG has filed with the BLM an Application for Permit to Drill (APD) for the captioned well based on a S/2 Section 23 proration unit. EOG has also filed an APD being 1660' FNL & 1980' FEL of Section 23 and being within a proration unit in the N/2 Section 23.

EOG believes the "lay down" proration units in Section 23 to be the optimum method of development based on sound geological, geophysical and engineering interpretations. EOG continues to solicit Pogo's participation in the drilling of the captioned well in the S/2 of Section 23.

Should there be any questions, please feel free to call the undersigned at (915) 686-3730.

Sincerely,

EOG RESOURCES, INC.

Larry D. Cunningham
Project Landman