

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-109  
Revised March 17, 1999

Instructions on  
Reverse Side

APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.

If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator EOG Resources, Inc.		Address P. O. Box 2267, Midland, Tx. 79702	
Lease Name Oak Lake "25" Federal		Well No. 1	County Eddy
Well Location Unit Letter <u>D</u> <u>850</u> Feet from The <u>North</u> Line and <u>750</u> Feet From the <u>West</u> Line of Section <u>25</u> Township <u>17S</u> Range <u>30E</u> NMPM			
Suggested Pool Names (List in order of Preference) 1. <u>Oak Lake</u> 2. <u>Loco Hills South</u> 3. <u></u>			
Name of Producing Formation <u>Strawn</u>	Perforations <u>10,240-10,467</u>	Depth of Top Perf from GL <u>10,223'</u>	Date of Filing Form C-104 <u>3/15/01</u>
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? <u>No</u>	If yes, Give Date of Filing	Date Well was Spudded <u>2/06/01</u>	Date Compl. Ready to Prod. <u>3/11/01</u>
Total Depth <u>10,854'</u>	Plugged Back Depth <u>10,720 (WL)</u>	Depth Casing Shoe <u>10,842'</u>	Tubing Depth <u>10,165'</u>
Elevation (Gr., DF, RKB, RT, etc.) <u>GL 3670', RKB-3687'</u>			
Oil Well Potential (Test to be taken only after all load oil has been recovered) <u>1,036</u> Bbls. Oil Per Day Based On <u>1,036</u> Bbls In <u>24</u> Hours: <u>0</u> Bbls Water Per Day Based on <u>0</u> Bbls In <u>24</u> Hours: Gas Production During Test: <u>3305</u> MCF: Gas-Oil Ratio <u>3190</u> Method Of Producing <u>Flowing</u> Choke Size <u>20/64</u>			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name <u>Grayburg-Jackson</u>	Name of Producing Formation <u>Queen-Grayburg-San Andres</u>	Top of Pay <u>2000'</u>	Bottom of Pay <u>3600'</u>	Currently Producing? <u>Yes</u>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest well in this Pool <u>90' Northwest</u>		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool <u>6640'</u>		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production for this pay or formation only):

Pool Name <u>Cedar Lake North</u>	Top of Pay <u>10,389'</u>	Bottom of Pay <u>10,534'</u>	Currently Producing <u>Yes</u>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool <u>4000' Southwest</u>			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? <u>N/A</u>	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
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Is the Subject Well Multiple Completion? <u>No</u>	Is Discovery Allowable Requested for Other Zone(s)? <u>No</u>	If Yes, Name all Such Formations
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(Continue on reverse side)

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 12649 Exhibit No. 7  
Submitted by:  
EOG Resources, Inc.  
Hearing Date: May 3, 2001