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William F. Carr

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January 14, 2003

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Case 13003

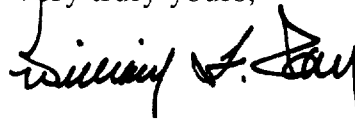
RECEIVED
JAN 14 2003
NEW MEXICO DEPT OF ENERGY

Re: Application of EOG Resources, Inc. for simultaneous dedication
Eddy County, New Mexico.

Dear Ms Wrotenbery:

Enclosed in triplicate is the Application of EOG Resources, Inc. in the above-referenced case as well as a copy of a legal advertisement. EOG requests that this application be placed on the docket for the February 6, 2002 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Patrick J. Tower (w/ enclosures)
EOG Resources, Inc.

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

**IN THE MATTER OF THE APPLICATION OF
EOG RESOURCES, INC. FOR AN UNORTHODOX
SURFACE LOCATION, DIRECTIONAL DRILLING
AND SIMULTANEOUS DEDICATION,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 13003

APPLICATION

EOG Resources, Inc. (EOG), through its undersigned attorneys, hereby makes application for an order authorizing the simultaneous dedication of the following wells to an existing a non-standard gas spacing unit containing 292.32 acres comprised of Lots 1 and 2, E/2 NW/4 and NE/4 (N/2 equivalent), in irregular Section 7, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico in the South Empire-Morrow Gas Pool:

- A. Warp Speed "7" Federal Com Well No. 1 (**API No. 30-015-31476**)
located at a standard gas well location 2280 feet from the North line
and 1930 feet from the West line of Section 7, and
- B. Warp Speed "7" Federal Com Well No. 2 (**API No. 30-015-25628**)
located at a previously approved unorthodox surface location 1985 feet
from the North line and 526 feet from the West line of Section 7 and a
standard bottomhole location in the Lower Morrow Sand at a point
1980 feet from the North line and 660 feet from the West line of said
Section 7.

In support of its application, EOG states:

1. The Morrow formation in the South Empire-Morrow Gas Pool consists of multiple reservoirs in the Middle and Lower Morrow Sands that are separate from and not in communication with each other or other pay intervals in the Morrow formation.

2. EOG is the operator of a 292.32-acre spacing and proration comprised of the N/2 of irregular Section 7, Township 17 South, Range 29 East, NMPM, Eddy County New Mexico. This spacing unit is currently dedicated in the Warp Speed "7" Federal Com. Well No. 2 which was recently completed in the Lower Morrow Sand. This well enables EOG to compete with the Murchison Oil & Gas, Inc. Yogi Bear State Com Well No. 1 (Murchison Well) which was recently completed in the Lower Morrow Sand as a direct west offset at a location 1980 feet from the North line and 660 feet from the East line of Section 12, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The Warpspeed "7" Federal Com well No. 2 is necessary to offset drainage from the Murchison Well.

3. The Lower Morrow Sand under the N/2 of Section 7 was previously being produced in the EOG Warp Speed "7" Federal Com. Well No. 1. This well produced from a zone that is not in communication with Lower Morrow Sand that is produced by the Murchison Well and was shut in when the Warp Speed "7" Federal Well No. 2 was completed.

4. This pool is governed by the acreage and well location requirements of Division Rule 104.C.(2) of the General Rules and Regulations of the Oil Conservation Division which provide in part:

(A) the initial well on a 320-acre unit shall be located no closer than 660 feet to the 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; and

(B) only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section on the 320-acre unit not containing the initial well and is no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

5. EOG seeks an exception to Rule 104.C.(2)(b) to permit it to simultaneously dedicate the Warp Speed “7” Federal Com. Well Nos. 1 and 2 to the Morrow Sand of the South Empire-Morrow Gas Pool. These locations are in the same quarter section of this spacing unit. EOG seeks permission for only two wells on this irregular 292.32-acre unit but desires to locate the infill well in the same quarter section as the initial well.

6. Approval of the simultaneous dedication of the Warp Speed “7” Federal Com. Well No. 1 and the Warp Speed “7” Federal Com Well Nos. 2 to the 292.32-acre Morrow spacing unit comprised of the N/2 of irregular Section 7 will protect correlative rights by affording EOG the opportunity to efficiently produce the reserves from the separate and distinct Morrow pay zones under this spacing unit in the Lower Morrow Sands which are currently subject to drainage by offset wells.

7. Notice of this application has been provided to all affected offset owners

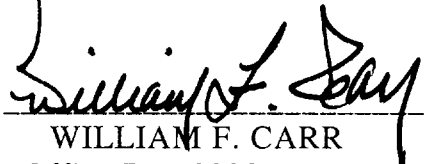
in accordance with Oil Conservation Division Rules and Regulations.

8. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, EOG Resources, Inc. request that this application be set for hearing before an Examiner of the Oil Conservation Division on February 6, 2003 and after notice and hearing as required by law, the Division enter its order granting an exception to Division Rule 104.C.(2)(b) and approving the simultaneous dedication of the existing 292.32-acre spacing unit comprised of the N/2 of irregular Section 7 to the EOG Warp Speed "7" Federal Com Well No. 1 at a location 2280 feet from the North line and 1930 feet from the West line of Section 7; and the EOG Warp Speed "7" Federal Com Well No. 2 at an unorthodox surface location 1985 feet from the North line and 526 feet from the West line and a standard bottomhole location in the Lower Morrow Sand at a point 1980 feet from the North line and 660 feet from the West line of said irregular Section 7.

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.

Application of EOG Resources, Inc. for simultaneous dedication, Eddy County, New Mexico. Applicant in the above-styled cause seeks an exception to Division Rule 104.C.(2)(b) to permit the simultaneous dedication of the following wells to an existing 292.32-acre spacing and proration unit in the Morrow formation, South Empire-Morrow Gas Pool, comprised of the N/2 of irregular Section 7, Township 17 South, Range 29 East, NMPM:

- A. Warp Speed A "7" Federal Com Well No. 1 located at a standard gas well location 2280 feet from the North line and 1930 feet from the West line (Unit F) of Section 7, and
- B. Warp Speed "7" Federal Com Well No. 2 located at an unorthodox surface location 1985 feet from the North line and 526 feet from the West line of Section 7 and a standard bottomhole location in the Lower Morrow Sand at a point 1980 feet from the North line and 660 feet from the West line.

Said area is located approximately 7 miles Northwest of Loco Hills, New Mexico.

CASE 13003

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