



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

May 15, 2003



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 (NMOCD administrative application reference No. pMES0-313571671) for an exception to Division Rule 104.C (2) (a) for EOG Resources, Inc.'s ("EOG") existing Sand Tank "1" Federal Com. Well No. 1 (API No. 30-015-29221) to be applicable to the deep gas bearing Strawn formation underlying a 320-acre stand-up gas spacing unit comprising the E/2 of Section 1, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Carr:

I have reviewed the subject application and there apparently is some confusion. This well was the discovery well for the Bear Grass Draw-Strawn Pool (97261) recently established by Division Order No. R-11952, issued in Case No. 13062 on April 30, 2003 (see copy attached). The Bear Grass Draw-Strawn Pool is an oil pool subject to Division Rule 104.B (1) (40-acre spacing with wells to be located no closer than 330 feet to the outer boundary of such 40-acre tract), not Division Rule 104.C (2) which requires 320-acre spacing units.

The location of EOG's above-described Sand Tank "1" Federal Com. Well No. 1 is considered to be standard for a Strawn oil completion; therefore, your application, deemed unnecessary, is hereby withdrawn and is being returned to you at this time.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: ~~New Mexico Oil Conservation Division - Artesia~~
U. S. Bureau of Land Management - Carlsbad
Ms. Kathy Valdes - NMOCD, Santa Fe

DATE IN 6-14-03	SUSPENSE NA	ENGINEER WVS	LOGGED IN 5/14/03	TYPE NSL	APP NO. PMESD-313571671
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ~~X~~ Does Not Apply

- [A] ☐ 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

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF 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.

William F. Carr
Print or Type Name

William F. Carr
Signature

Attorney
Title

5/14/03
Date

wcarr@hollandhart.com
e-mail Address

Oil Conservation Division

MAY 14 2003

RECEIVED

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

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BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

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TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

May 14, 2003

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. for administrative approval of an unorthodox well location for its Sand Tank "1" Federal Com Well No. 1, (API No. 30-015-29221) located 2155 feet from the North line and 687 feet from the East line of Section 1, Township 18 South, Range 29 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 in the Strawn formation for its Sand Tank "1" Federal Com Well No. 1 located 2155 feet from the North line and 687 feet from the East line of Section 1, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. This well was drilled to the to test the Morrow formation in the fall of 1996 and completed in the Sand Tank-Morrow Gas Pool. A standard 320-acre spacing and proration unit comprised of the E/2 of Section 1 was dedicated to the well in the Morrow formation. At that time and the location was standard for a deep gas well drilled on this 320-acre spacing unit. EOG originally proposed the well to the Strawn formation, Undesignated Sand Tank Strawn Pool, as well as to the Morrow formation but the well was not completed in the Strawn at that time.

This well location in the Strawn formation is now unorthodox because it is governed by the Division's statewide rules which were amended after the well was drilled and now provide for deep gas wells on 320-spacing units to 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

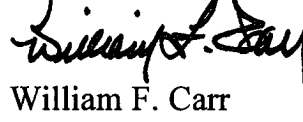
Administrative application for unorthodox well location
Sand Tank "1" Federal Com Well No. 1
May 14 2003
Page 2

10 feet to any quarter-quarter section line or subdivision inner boundary. The proposed unorthodox well location is unorthodox because it is 485 feet from the outer boundary of a quarter section on which it is located.

Attached hereto as Exhibit 1 is a plat which shows the subject area, the 320-acre spacing unit comprised of all of the E/2 of Section 1 and the proposed unorthodox location. Since this well location only encroaches on the SE/4 of the Section and this acreage will be dedicated to the well, the ownership in this tract and the drill tract is identical and there are no "affected parties" to whom notice of this application is required pursuant to Division Rule 1207.

Your attention to this application is appreciated.

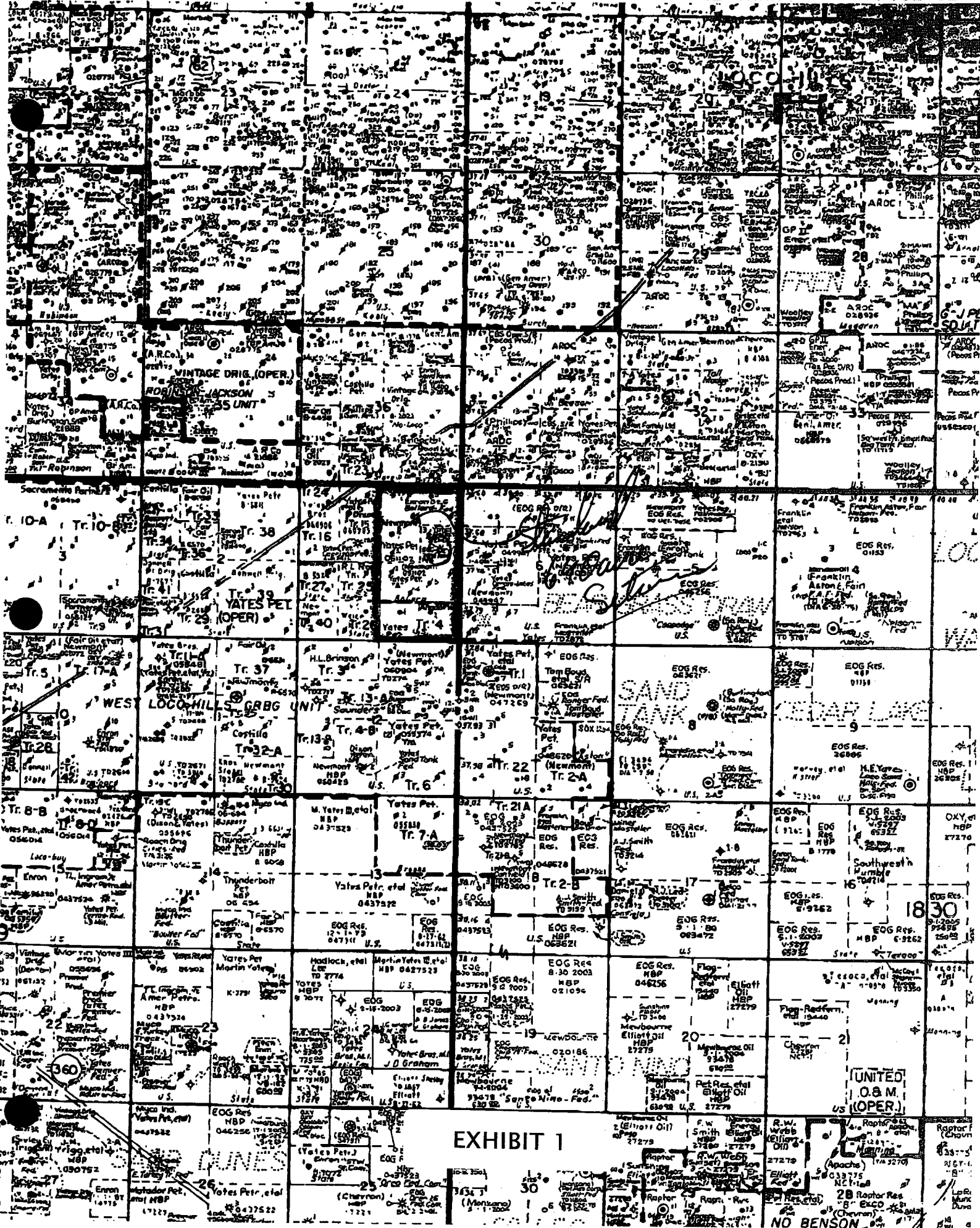
Very truly yours,



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



County Eddy

Pool Bear Grass Draw-Strawn

TOWNSHIP

18 South

Range

29 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: N¹/₄ Sec. 1 (A-11952, 4-30-05)

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 13062
Order No. R-11952

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN CHAVES AND
EDDY COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 24, 2003, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of April, 2003, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Strawn formation, bearing the designation of Bear Grass Draw-Strawn Pool (Pool Code 97261). The Bear Grass Draw-Strawn Pool was discovered by the EOG Resources, Inc. Sand Tank "1" Federal Com. Well No. 1 (API No. 30-015-29221) located in Unit H of Section 1, Township 18 South, Range 29 East, NMPM, which was completed in the Strawn formation on October 26, 2002. The top of the perforations is at 10,368 feet.

(3) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Abo formation, bearing the designation of Berrendo-Abo Gas Pool (Pool Code 96506). The Berrendo-Abo Gas Pool was discovered by the Yates Petroleum Corporation Berrendo Well No. 1 (API No. 30-005-61274) located in Unit I of Section 5, Township 10 South, Range 24 East,

NMPM, which was completed in the Abo formation on February 1, 1983. The top of the perforations is at 3,587 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Atoka formation, bearing the designation of North Cedar Lake-Atoka Pool (**Pool Code 97257**). The North Cedar Lake-Atoka Pool was discovered by the Marbob Energy Corporation Inc. Fair "17" Federal Well No. 1 (**API No. 30-015-28969**) located in Unit E of Section 17, Township 17 South, Range 31 East, NMPM, which was completed in the Atoka formation on February 12, 2002. The top of the perforations is at 10,880 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Strawn formation, bearing the designation of Fadeaway Ridge-Strawn Gas Pool (**Pool Code 97260**). The Fadeaway Ridge-Strawn Gas Pool was discovered by the Devon Energy Production Company, L.P. State "BW" Com. Well No. 1 (**API No. 30-015-23966**) located in Unit A of Section 27, Township 18 South, Range 28 East, NMPM, which was completed in the Strawn formation on November 19, 2002. The top of the perforations is at 9,696 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Atoka formation, bearing the designation of Remuda Basin-Atoka Gas Pool (**Pool Code 97262**). The Remuda Basin-Atoka Gas Pool was discovered by the Bass Enterprises Production Company Poker Lake Unit Well No. 153 (**API No. 30-015-31412**) located in Unit G of Section 6, Township 24 South, Range 30 East, NMPM, which was completed in the Atoka formation on February 5, 2003. The top of the perforations is at 12,848 feet.

(7) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Bone Spring formation, bearing the designation of Travis-Bone Spring Pool (**Pool Code 97257**). The Travis-Bone Spring Pool was discovered by the V-F Petroleum, Inc. Walker State Com. Well No. 1 (**API No. 30-015-30566**) located in Unit K of Section 33, Township 18 South, Range 28 East, NMPM, which was completed in the Bone Spring formation on March 27, 1999. The top of the perforations is at 7,998 feet.

(8) There is need for extensions to the Artesia-Glorieta-Yeso Pool, the Southwest Avalon-Wolfcamp Pool, the East Burton Flat-Morrow Gas Pool, the West Burton Flat-Strawn Gas Pool, the East Dagger Draw-Strawn Gas Pool, the South Diamond Mound-Atoka Gas Pool, the Happy Valley-Delaware Pool, the Southeast Loafer Draw-Morrow Gas Pool, the Loco Hills-Cisco Pool, the Maljamar-Grayburg-San Andres Pool, the East Pierce Crossing-Bone Spring Pool, the Shugart-Strawn Pool, the Staple Canyon Rim-Atoka Gas Pool, and the Travis-Upper Pennsylvanian Pool, all in Eddy County, New Mexico; and the North Pecos Slope-Abo Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as an oil pool for Strawn production is hereby created and designated as the Bear Grass Draw-Strawn Pool (Pool Code 97261), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 1: NE/4

(b) A new pool in Chaves County, New Mexico classified as a gas pool for Abo production is hereby created and designated as the Berrendo-Abo Gas Pool (Pool Code 96506), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 24 EAST, NMPM

Section 5: SE/4

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Atoka production is hereby created and designated as the North Cedar Lake-Atoka Pool (Pool Code 97257), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: NW/4

(d) A new pool in Eddy County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the Fadeaway Ridge-Strawn Gas Pool (Pool Code 97260), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 27: E/2

(e) A new pool in Eddy County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Remuda Basin-Atoka Gas Pool (Pool Code 97262), consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 6: N/2

(f) A new pool in Eddy County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the Travis-Bone Spring Pool (Pool Code 97257), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 33: SW/4

(g) The Artesia-Glorieta-Yeso Pool (Pool Code 96830) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 28: NW/4

(h) The Southwest Avalon-Wolfcamp Pool (Pool Code 97068) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 31: S/2

(i) The East Burton Flat-Morrow Gas Pool (Pool Code 73320) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 5: W/2

(j) The West Burton Flat-Strawn Gas Pool (Pool Code 73440) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 11: S/2

(k) The East Dagger Draw-Strawn Gas Pool (Pool Code 96793) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 9: S/2

Section 10: SW/4

(l) The South Diamond Mound-Atoka Gas Pool (Pool Code 97002) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 27: S/2

Section 34: E/2

(m) The Happy Valley-Delaware Pool (Pool Code 29665) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 3: SW/4

(n) The Southeast Loafer Draw-Morrow Gas Pool (Pool Code 97181) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM
Section 33: S/2

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM
Section 5: N/2

(o) The Loco Hills-Cisco Pool (**Pool Code 39516**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 4: E/2
Section 9: N/2

(p) The Maljamar-Grayburg-San Andres Pool (**Pool Code 43329**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 36: SE/4 and S/2 NE/4

(q) The North Pecos Slope-Abo Gas Pool (**Pool Code 82733**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 4 SOUTH, RANGE 22 EAST, NMPM
Section 29: W/2 and SE/4

(r) The East Pierce Crossing-Bone Spring Pool (**Pool Code 96473**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 10: S/2

(s) The Shugart-Strawn Pool (**Pool Code 97239**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 5: SE/4

(t) The Staple Canyon Rim-Atoka Gas Pool (**Pool Code 97139**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 17: W/2

(u) The Travis-Upper Pennsylvanian Pool (**Pool Code 59860**) in Eddy County, New Mexico is hereby extended to include:

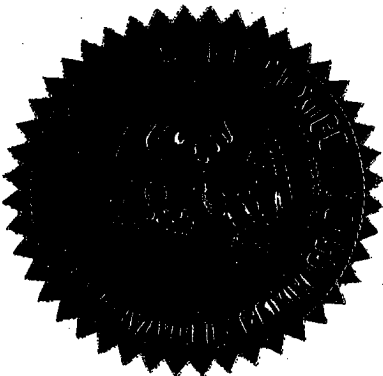
TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 28: NE/4

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that well or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within that 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations and extensions included herein shall be May 1, 2003.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg

LORI WROTENBERY
Director