



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 21, 2006

EOG Resources, Inc.
c/o Ms. Ocean Munds-Dry
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504



Administrative Order NSL-5538
Administrative Order SD-200630

Re: EOG Resources, Inc.
San Saba B 12 Fee Well No. 1H
API No. 30-015-34478
Unit I, Section 12, Twsp 16S, Range 24E
Eddy County

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (**administrative NSL application reference No. pTDS06-30046483 and administrative SD application reference No. pTDS06-31048552**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 26, 2006, on behalf of EOG Resources, Inc. (EOG);

(b) your letter dated November 27, 2006;

(c) your e-mail communication of December 21, 2006; and

(d) the Division's records pertinent to EOG's request.

EOG has requested to drill its proposed San Saba B 12 Fee Well No. 1H (API No. 30-015-34478), as a horizontal gas well to be completed in the Wolfcamp formation, from an unorthodox surface location 1964 feet from the South line and 413 feet from the East line (Unit I) of Section 12, Township 16 South, Range 24 East, N.M.P.M., in Eddy County, New Mexico. The S/2 of Section 12 will be dedicated to this well in order to form a standard 320-acre gas spacing unit in the West Cottonwood Creek-Wolfcamp Gas Pool (75260).

THIS AUTHORIZATION IS CONDITIONED, however, such that (1) if the proposed well encounters the Wolfcamp formation at a location outside the producing area, as defined in Rule 111.A(7), the portion of the wellbore lying outside the producing area shall be cased off and not perforated unless and until approval for an unorthodox downhole location is obtained, and (2) if the proposed well is not drilled and completed with a horizontal drainhole substantially as described above, this order shall be of no further effect, and the well shall not be produced unless and until otherwise ordered by the Division.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia